

# Public Offering of Securities Act

Promulgated, State Gazette No. 114/30.12.1999, effective 31.01.2000, amended, SG No. 63/1.08.2000, SG No. 92/10.11.2000, effective 1.01.2001, SG No. 28/19.03.2002, amended and supplemented, SG No. 61/21.06.2002, amended, SG No. 93/1.10.2002, SG No. 101/29.10.2002, effective 1.01.2003, SG No. 8/28.01.2003, effective 1.03.2003, supplemented, SG No. 31/4.04.2003, effective 4.04.2003, amended, SG No. 67/29.07.2003, supplemented, SG No. 71/12.08.2003, amended, SG No. 37/4.05.2004, effective 4.08.2004, supplemented, SG No. 19/1.03.2005, SG No. 31/8.04.2005, effective 8.10.2005, amended and supplemented, SG No. 39/10.05.2005, amended, SG No. 103/23.12.2005, effective 1.01.2006, SG No. 105/29.12.2005, effective 1.01.2006, SG No. 30/11.04.2006, effective 12.07.2006, SG No. 33/21.04.2006, amended and supplemented, SG No. 34/25.04.2006, effective 1.01.2008 (\*) (\*\*), SG No. 59/21.07.2006, effective 1.01.2007, amended and supplemented, SG No. 63/4.08.2006, effective 4.08.2006, amended, SG No. 84/17.10.2006, effective 1.07.2006, amended and supplemented, SG No. 86/24.10.2006, effective 1.01.2007, SG No. 105/22.12.2006, effective 1.01.2007, SG No. 25/23.03.2007, SG No. 52/29.06.2007, effective 1.11.2007, amended, SG No. 109/20.12.2007, effective 1.01.2008, SG No. 67/29.07.2008, SG No. 69/5.08.2008, amended and supplemented, SG No. 23/27.03.2009, effective 27.03.2009, amended, SG No. 24/31.03.2009, effective 31.03.2009, supplemented, SG No. 42/5.06.2009, amended, SG No. 93/24.11.2009, effective 25.12.2009, amended and supplemented, SG No. 43/8.06.2010, SG No. 101/28.12.2010, effective 30.06.2011, SG No. 57/26.07.2011, SG No. 77/4.10.2011, SG No. 21/13.03.2012, supplemented, SG No. 94/30.11.2012, effective 1.01.2013, amended and supplemented, SG No. 103/28.12.2012, SG No. 109/20.12.2013, effective 20.12.2013, SG No. 34/12.05.2015, amended, SG No. 61/11.08.2015, supplemented, SG No. 62/14.08.2015, effective 14.08.2015, amended, SG No. 95/8.12.2015, effective 1.01.2016, SG No. 102/29.12.2015, effective 1.01.2016, supplemented, SG No. 33/26.04.2016, effective 26.04.2016, amended and supplemented, SG No. 42/3.06.2016, supplemented, SG No. 62/9.08.2016, effective 9.08.2016, amended, SG No. 76/30.09.2016, effective 30.09.2016, amended and supplemented, SG No. 62/1.08.2017, supplemented, SG No. 91/14.11.2017, amended and supplemented, SG No. 95/28.11.2017, effective 1.01.2018, amended, SG No. 7/19.01.2018, amended and supplemented, SG No. 15/16.02.2018, effective 16.02.2018, amended, SG No. 20/6.03.2018, effective 6.03.2018, SG No. 24/16.03.2018

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(\*) effective 1.07.2007 - amended, SG No. 80/3.10.2006, effective 3.10.2006

(\*\*) effective 1.01.2008 - amended, SG No. 53/30.06.2007, effective 30.06.2007

Text in Bulgarian: Закон за публичното предлагане на ценни книжа

## Title One

### GENERAL DISPOSITIONS

## Chapter One

### SECURITIES

#### Article 1

(Amended, SG No. 61/2002)

(1) This Act regulates:

1. (amended, SG No. 52/2007) the public offering of, the issuing and disposition of dematerialized securities, including outside the cases of public offering, as well as the restrictions regarding the disposition of securities issued through non-public offering;

2. (amended, SG No. 86/2006, SG No. 52/2007, SG No. 77/2011, supplemented, SG No. 103/2012) the operation of the Central Depository and the Compensation Fund for Investors;
3. the requirements to the public companies and to the other issuers of securities;
4. (supplemented, SG No. 39/2005, repealed, SG No. 62/2017);
5. (amended, SG No. 86/2006) the state supervision to ensure compliance with this Act.

(2) The purpose of this Act is:

1. (amended, SG No. 86/2006) to ensure the protection of investors in securities, inter alia by creating conditions to supply them with fuller and more appropriate information regarding the capital market;
2. (amended, SG No. 86/2006) to create conditions for the development of a transparent, open and efficient capital market;
3. (amended, SG No. 86/2006) to maintain the stability and the public confidence in the capital market.

(3) (New, SG No. 86/2006, amended, SG No. 52/2007) This Act shall not apply to the issuing, acquisition, redemption and transactions in government securities, the systems for registration and settlement of government securities, the regulation of the government securities market and the control over transactions in government securities, as well as to the other financial transactions effected for the purpose of management of the public debt.

## Article 2

(1) (Supplemented, SG No. 61/2002, SG No. 39/2005, amended, SG No. 86/2006, SG No. 52/2007, supplemented, SG No. 91/2017) "Securities" shall be any transferable rights entered on accounts with the Central Depository, and for government securities and for government securities emitted by the Bulgarian National Bank – registered on accounts with the Bulgarian National Bank or with a government securities sub-depository, or with foreign institutions conducting such activity (dematerialised securities), or any instruments materialising transferable rights (physical securities) which are negotiable on the capital market, with the exception of instruments of payment, such as:

1. shares in companies and other securities equivalent to shares in companies, partnerships and other legal persons, as well as depository receipts in respect of shares;
2. bonds and other forms of debt securities, including depository receipts in respect of such securities;
3. any other securities giving the right to acquire or sell any such securities or giving rise to a cash settlement determined by reference to securities, exchange rates, interest rates or yields, commodities or other indices or measures.

(2) The debt securities within the meaning given by this Act shall express transferable claims to an income determined or determinable in advance against the issuer of the said securities, which claims have arisen out of the extension to the said issuer of a loan of money or other property rights. Debt securities may furthermore express other rights, unless this is contrary to the law.

(3) (Amended, SG No. 86/2006) "Equity securities", within the meaning given by this Act, shall be:

1. any shares in companies;
2. any other securities equivalent to shares in companies;
3. any other type of securities giving the right to acquire shares and securities equivalent to shares as a consequence of their being converted or the rights conferred thereby being exercised, provided that securities of the latter type are issued by the issuer of the underlying shares or by a legal person belonging to the group of the said issuer.

(4) (New, SG No. 86/2006) "Non-equity securities" shall be all securities that are not equity securities within the meaning given by Paragraph (3).

## Article 3

Public offering of the following shall be prohibited:

1. physical securities, save in the cases provided for in a statute;

2. dematerialized securities whereof the transfer is subject to restrictions or conditions.

#### **Article 4**

(1) (Amended, SG No. 61/2002, SG No. 86/2006, SG No. 62/2017) "Public offering of securities" shall be a communication on offer of securities addressed to 150 and more persons or to an unrestricted circle of persons in any form whatsoever and by any means whatsoever, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable investors to decide to subscribe to or purchase the said securities. The placing of securities through a financial intermediary shall likewise be treated as public offering if it fulfils the conditions under the first sentence.

(2) Public offering shall furthermore be in effect where a person who or which is not an investment intermediary or holder of the securities takes part in the offering of the said securities.

(3) (Amended, SG No. 61/2002, SG No. 86/2006) Public offering shall not be in effect where the securities are offered in the cases of liquidation, enforcement proceedings or bankruptcy proceedings according to a procedure established by a law.

#### **Article 5**

(1) (Previous text of Article 5, SG No. 61/2002) "Initial public offering" shall mean offering made under the terms established by Article 4 herein of:

1. securities for subscribing by the issuer thereof or by an investment intermediary thereby authorized (subscription), or
  2. securities for primary distribution by an investment intermediary according to an underwriting agreement concluded with the issuer of the said securities;
  3. (supplemented, SG No. 39/2005, repealed, SG No. 86/2006).
- (2) (New, SG No. 61/2002, repealed, SG No. 86/2006).

#### **Article 6**

(Amended, SG No. 61/2002, supplemented, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 7**

(Amended, SG No. 86/2006, repealed, SG No. 52/2007).

## **Chapter Two**

### **FINANCIAL SUPERVISION COMMISSION**

#### **Article 8**

(Amended, SG No. 61/2002)

(1) (Amended, SG No. 8/2003, supplemented, SG No. 39/2005, amended, SG No. 86/2006) The persons, activities and transactions covered under Article 1 (1) herein shall be regulated and supervised by the Financial Supervision Commission, hereinafter referred to as "the Commission," as well as by the Deputy Chairperson of the said Commission in charge of the Investment Activity Supervision Department, hereinafter referred to as "the Deputy Chairperson".

(2) (Amended, SG No. 39/2005) In performance of the functions thereof, the Commission shall adopt clear and consistent decisions, and shall be open and responsible in the acts thereof, shall assess the burden of regulatory restrictions and the benefit expected therefrom, and shall encourage fair competition.

**Article 9**

(Amended, SG No. 61/2002, repealed, SG No. 8/2003).

**Article 10**

(Amended and supplemented, SG No. 61/2002, repealed, SG No. 8/2003).

**Article 11**

(Repealed, SG No. 8/2003).

**Article 12**

(Repealed, SG No. 8/2003).

**Article 13**

(Amended and supplemented, SG No. 61/2002, repealed, SG No. 8/2003).

**Article 14**

(Repealed, SG No. 8/2003)

**Article 15**

(Amended and supplemented, SG No. 61/2002, repealed, SG No. 8/2003).

**Article 16**

(Supplemented, SG No. 61/2002, repealed, SG No. 8/2003).

**Article 16a**

(New, SG No. 61/2002, repealed, SG No. 8/2003).

**Article 17**

(Supplemented, SG No. 61/2002, repealed, SG No. 8/2003).

**Article 18**

(Supplemented, SG No. 61/2002, repealed, SG No. 8/2003).

**Article 19**

(Amended and supplemented, SG No. 61/2002, repealed, SG No. 8/2003).

**Title Two**

**REGULATED SECURITIES MARKETS**



# **Chapter Three**

## **STOCK EXCHANGE**

### **Section I**

#### **Incorporation and Management**

##### **Article 20**

(Amended and supplemented, SG No. 61/2002, supplemented, SG No. 71/2003, amended, SG No. 39/2005, repealed, SG No. 52/2007).

##### **Article 21**

(Amended, SG No. 86/2006, effective 28.10.2006, repealed, SG No. 52/2007).

##### **Article 22**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

##### **Article 23**

(Supplemented, SG No. 86/2006, effective 28.10.2006, repealed, SG No. 52/2007).

##### **Article 24**

(Repealed, SG No. 52/2007).

##### **Article 25**

(Repealed, SG No. 52/2007).

##### **Article 26**

(Amended, SG No. 86/2006, repealed, SG No. 52/2007).

##### **Article 27**

(Amended, SG No. 61/2002, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 52/2007).

### **Section II**

#### **Grant and Revocation of Authorization**

##### **Article 28**

(Amended, SG No. 61/2002, amended and supplemented, SG No. 39/2005, repealed, SG No. 52/2007).

##### **Article 29**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

### **Article 30**

(Repealed, SG No. 52/2007.)

### **Article 31**

(Amended, SG No. 39/2005, SG No. 34/2006, repealed, SG No. 52/2007).

### **Article 32**

(Repealed, SG No. 52/2007).

### **Article 33**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

### **Article 34**

(Amended and supplemented, SG No. 39/2005, repealed, SG No. 52/2007).

### **Article 35**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

### **Article 36**

(Amended, SG No. 39/2005, amended and supplemented, SG No. 34/2006, repealed, SG No. 52/2007).

## **Section III Membership and Exchange Arbitration**

### **Article 37**

(Repealed, SG No. 52/2007).

### **Article 38**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

### **Article 39**

(Repealed, SG No. 52/2007).

### **Article 40**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

### **Article 41**

(Repealed, SG No. 52/2007).

#### **Article 42**

(Repealed, SG No. 52/2007).

#### **Article 43**

(Repealed, SG No. 52/2007).

### **Chapter Four**

## **SECOND-TIER SECURITIES MARKET**

#### **Article 44**

(Amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 45**

(Repealed, SG No. 52/2007).

#### **Article 46**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

#### **Article 47**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

#### **Article 48**

(Repealed, SG No. 52/2007).

#### **Article 49**

(Amended, SG No. 39/2005, SG No. 34/2006, repealed, SG No. 52/2007).

#### **Article 50**

(Repealed, SG No. 52/2007).

#### **Article 51**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

#### **Article 52**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

#### **Article 53**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

## **Title Three**

### **TRANSACTIONS IN SECURITIES**

## **Chapter Five**

### **INVESTMENT INTERMEDIARIES**

## **Section I**

### **General Provisions**

#### **Article 54**

(Supplemented, SG No. 61/2002, amended, SG No. 39/2005, effective 1.01.2006, SG No. 59/2006, supplemented, SG No. 86/2006, SG No. 25/2007, repealed, SG No. 52/2007).

#### **Article 55**

(Amended, SG No. 39/2005, effective 1.01.2006)

(1) (Repealed, SG No. 52/2007).

(2) (Repealed, SG No. 52/2007).

(3) (Repealed, SG No. 52/2007).

(4) (Amended, SG No. 86/2006, repealed, SG No. 52/2007).

(5) (Amended, SG No. 86/2006, repealed, SG No. 52/2007).

(6) (Amended, SG No. 86/2006, repealed, SG No. 52/2007).

(7) (Amended, SG No. 86/2006, repealed, SG No. 52/2007).

(8) (New, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) On request from the European Commission the Commission shall limit or suspend for a term of three months granting of authorizations for provision of services and activities under Article 54, Paragraphs 2 and 3 on the territory of the Republic of Bulgaria by a legal person from a third country. By a decision of the Council of the European Union the term under the first sentence may be extended.

(9) (New, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) Paragraph 8 shall not apply in respect of a subsidiary of an investment intermediary which has obtained authorisation for conduct of activity within the European Union or in respect of a subsidiary of such subsidiary.

#### **Article 56**

(Amended and supplemented, SG No. 61/2002, SG No. 39/2005, effective 1.01.2006, amended, SG No. 25/2007, repealed, SG No. 52/2007).

#### **Article 56a**

(New, SG No. 39/2005, amended, SG No. 59/2006, repealed, SG No. 52/2007).

**Article 57**

(Repealed, SG No. 52/2007).

**Article 58**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

**Article 59**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

**Article 60**

(Amended and supplemented, SG No. 39/2005, amended, SG No. 25/2007, repealed, SG No. 52/2007).

**Article 61**

(Repealed, SG No. 52/2007).

**Section II  
Issuing and Revocation of Licence****Article 62**

(Amended and supplemented, SG No. 39/2005, supplemented, SG No. 86/2006, amended and supplemented, SG No. 25/2007, repealed, SG No. 52/2007).

**Article 63**

(Amended and supplemented, SG No. 39/2005, SG No. 25/2007, repealed, SG No. 52/2007).

**Article 64**

(Amended and supplemented, SG No. 39/2005, supplemented, SG No. 86/2006, amended and supplemented, SG No. 25/2007, repealed, SG No. 52/2007).

**Article 65**

(Amended, SG No. 39/2005, repealed, SG No. 52/2007).

**Article 66**

(Amended and supplemented, SG No. 39/2005, repealed, SG No. 52/2007).

**Article 67**

(Amended, SG No. 39/2005, SG No. 34/2006, repealed, SG No. 52/2007).

**Article 68**

(Amended and supplemented, SG No. 39/2005, amended, SG No. 84/2006, repealed, SG No. 52/2007).

#### **Article 68a**

(New, SG No. 61/2002, amended, SG No. 39/2005, repealed, SG No. 52/2007).

#### **Article 68b**

(New, SG No. 61/2002, amended, SG No. 39/2005, repealed, SG No. 52/2007).

#### **Article 69**

(Amended, SG No. 61/2002, SG No. 8/2003, SG No. 39/2005, repealed, SG No. 52/2007).

### **Section IIa**

**(New, SG No. 39/2005, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)  
Conduct of Business by Investment Intermediaries in a Member State  
(Title amended, SG No. 86/2006)**

#### **Article 69a**

(Amended, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 69b**

(Repealed, SG No. 52/2007).

#### **Article 69c**

(New, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 69d**

(Previous Article 69c, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 69e**

(New, SG No. 86/2006, repealed, SG No. 52/2007).

### **Section IIb**

**(New, SG No. 39/2005, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)  
Conduct of Business in the Republic of Bulgaria by Investment  
Intermediaries with Registered Office in a Member State  
(Title amended, SG No. 86/2006)**

#### **Article 69f**

(Previous Article 69d, amended and supplemented, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 69g**

(Previous Article 69e, amended, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 69h**

(Previous Article 69f, amended, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 69i**

(Previous Article 69g, amended, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 69j**

(New, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 69k**

(New, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 69l**

(New, SG No. 86/2006, repealed, SG No. 52/2007).

### **Section III**

## **Requirements to the Business of Investment Intermediaries**

#### **Article 70**

(Amended and supplemented, SG No. 39/2005, repealed, SG No. 52/2007).

#### **Article 71**

(1) (Repealed, SG No. 52/2007).

(2) (Amended and supplemented, SG No. 39/2005, repealed, SG No. 52/2007).

(3) (Repealed, SG No. 52/2007).

(4) (Repealed, SG No. 52/2007).

(5) (Amended, SG No. 39/2005, repealed, SG No. 52/2007).

(6) Any (competent) court of law may order a disclosure of the information covered under Paragraph (5) acting on motion by:

1. (repealed, SG No. 52/2007);

2. (new, SG No. 63/2006, repealed, SG No. 52/2007);

3. (amended, SG No. 105/2005, previous item 2, SG No. 63/2006, repealed, SG No. 52/2007);

4. (new, SG No. 19/2005, previous item 2a, SG No. 63/2006, repealed, SG No. 52/2007);
  5. (amended, SG No. 92/2000, SG No. 101/2002, SG No. 33/2006, previous item 3, SG No. 63/2006, repealed No. 52/2007);
  6. (amended, SG No. 63/2000, previous item 4, SG No. 63/2006, repealed, SG No. 52/2007);
  7. (new, SG No. 52/2007, effective 3.07.2007 - 1.11.2007, amended, SG No. 69/2008) the director of the Pre-Trial Proceedings Directorate General - for the purposes of investigation under initiated criminal proceedings;
  8. (new, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) the director of the National Security Service - where required for the purposes of national security protection.
- (7) (Repealed, SG No. 52/2007).
- (8) (New, SG No. 105/2006, repealed, SG No. 52/2007).
- (9) (New, SG No. 52/2007, effective 3.07.2007 - 1.11.2007, amended, SG No. 69/2008, SG No. 93/2009, effective 25.12.2009) On written request from the director of the National Investigation Service, the National Security Service or the Secretary General of the Ministry of the Interior investment intermediaries shall provide information on available funds and flows on the accounts of companies with over 50 per cent state and/or municipal participation.
- (10) (New, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) Upon available data about organized criminal activity or money laundering the chief prosecutor or a deputy authorized by him may require from investment intermediaries to provide the particulars under Paragraph 2.

#### **Article 71a**

(New, SG No. 25/2007, repealed, SG No. 52/2007).

#### **Article 72**

(Repealed, SG No. 52/2007).

#### **Article 73**

(Repealed, SG No. 52/2007).

#### **Article 74**

(Amended and supplemented, SG No. 39/2005, amended, SG No. 25/2007, repealed, SG No. 52/2007).

#### **Article 74a**

(New, SG No. 39/2005, amended, SG No. 34/2006, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 74b**

(New, SG No. 86/2006)

(1) (Amended, SG No. 25/2007, repealed, SG No. 52/2007).

(2) (Amended, SG No. 25/2007, repealed, SG No. 52/2007).

(3) (Repealed, SG No. 52/2007).

(4) (Repealed, SG No. 52/2007).

(5) (Amended, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) Within one month after the notification of Paragraph (4), the Deputy Chairperson may issue a prohibition against effecting the acquisition or transfer referred to in Paragraphs (1) to (3), if the said Deputy Chairperson finds that the requirements of the law have not been fulfilled, that the



notifier has submitted untrue particulars or documents making a false statement, that the stable management and security of the investment intermediary are jeopardized, or that the interests of the client of the investment intermediary are not safeguarded in any other way. If the Deputy Chairperson does not issue a prohibition within the time limit referred to in the first sentence, the said Deputy Chairperson may set a time limit wherewithin the acquisition or transfer is to be effected.

(6) (Repealed, SG No. 52/2007).

(7) (Repealed, SG No. 52/2007).

(8) (New, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) On request from the European Commission examination of the notifications under Paragraph 5 concerning direct or indirect acquisition by a parent undertaking governed by the law of a third country shall be restricted or suspended for a period of three months. By a decision of the European Union's Council the term under the first sentence may be extended

#### **Article 74c**

(New, SG No. 86/2006, amended, SG No. 25/2007, repealed, SG No. 52/2007).

#### **Article 74d**

(New, SG No. 39/2005, previous Article 74b, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 75**

(Amended and supplemented, SG No. 61/2002, amended, SG No. 39/2005, supplemented, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 76**

(Amended, SG No. 39/2005, supplemented, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 76a**

(New, SG No. 39/2005, amended, SG No. 86/2006, repealed, SG No. 52/2007).

#### **Article 76b**

(New, SG No. 39/2005, repealed, SG No. 52/2007).

#### **Article 77**

(Amended, SG No. 86/2006, repealed, SG No. 52/2007).

### **Section IV**

**(New, SG No. 39/2005)**

### **Investor Compensation**

#### **Article 77a**

(New, SG No. 39/2005)

(1) (Amended, SG No. 52/2007) There shall be established a Compensation Fund for Investors in hereinafter referred to as "the Fund," as a legal person with registered office in Sofia.

(2) The Fund shall pay compensation to the clients of an investment intermediary and of the branches thereof in host Member States under the terms and according to the procedure established by this Act through the resources raised in the Fund in the cases where the investment intermediary is unable to meet the obligations thereof to the clients for reasons directly related to the financial circumstances of the said intermediary.

(3) (Amended, SG No. 86/2006) Each investment intermediary, which holds, administers or manages money and/or financial instruments of clients and in respect of which, for this reason, obligations to clients may arise, shall be obligated to make money contributions to the Fund according to Article 77m (1) and (2) herein.

(4) (Amended, SG No. 52/2007) The obligation referred to in Paragraph (3) shall furthermore apply to the branches of investment intermediaries from a third country in the Republic of Bulgaria in the cases where:

1. (amended, SG No. 52/2007) a compensation scheme for investors in financial instruments does not operate in the State in which the registered office of the investment intermediary is situated or the said scheme does not cover the branches of the said intermediary abroad;

2. (amended, SG No. 52/2007) the level or scope of cover offered by the compensation scheme for investors in financial instruments existing in the State in which the registered office of the investment intermediary is situated is lower than the level or scope of the cover provided for in this Act; in such case the compensation provided by the Fund shall cover the excess over the compensation offered by the compensation scheme for investors in financial instruments in (the State in which) the registered office of the investment intermediary is situated.

(5) Where the level or scope, including the percentage, of the cover provided for in this Act exceeds the level or scope of the cover offered in the Member State in which the registered office of the investment intermediary which carries on business in the Republic of Bulgaria through a branch is located, the investment intermediary may participate in the Fund for the purpose of offering supplementary cover to the clients of the branch thereof. In such case the Fund shall cover the excess over the compensation offered by the compensation scheme for investors in financial instruments in (the State in which) the registered office of the investment intermediary is situated.

(6) The investment intermediary referred to in Paragraph (5) shall be obligated to make contributions solely under Article 77m (2) herein, whereof the amount shall be fixed in proportion to the supplementary cover provided by the Fund.

(7) Non-payment of the contributions due under this Act by the investment intermediary shall not deprive the rightful clients of the said investment intermediary of compensation up to the levels provided for in Article 77d herein.

## **Article 77b**

(New, SG No. 39/2005)

(1) The Fund shall pay compensation to the clients of the investment intermediary up to the levels provided for in Article 77d herein in the cases where:

1. bankruptcy proceedings against the investment intermediary have been instituted by judgment of the competent district court, including where the bankruptcy proceedings have been closed in pursuance of Article 632 of the Commerce Act;

2. (amended, SG No. 59/2006, SG No. 52/2007, SG No. 15/2018, effective 16.02.2018) the licence or authorization, as the case may be, for conduct of business in an investment-intermediary capacity has been revoked by a decision of the competent authority in the cases referred to in Item 6 of Article 27 (1) of the Markets in Financial Instruments Act and, applicable to investment intermediaries which are banks, in the cases covered under Article 36 (2) of the Credit Institutions Act;

3. (new, SG No. 62/2017) it is established with a decision of the Commission that the following conditions are simultaneously in place:

a) the financial instruments and/or funds held by the investment intermediary on account of its clients are not available in the corresponding accounts for reasons other than the fulfilment of contractual relationships with clients;

b) in the Commission's opinion, at the specific moment the investment intermediary is unable, for reasons directly related to its financial condition, to pay funds, respectively to recover financial instruments to clients, and will not be able to do so in the short-term.

(2) (New, SG No. 62/2017, amended, SG No. 15/2018, effective 16.02.2018) The decision referred to in Item 3 of Paragraph 1 shall be made within 10 business days of becoming aware that the investment intermediary does not fulfil its obligations to clients for payment of funds and/or transfer of financial instruments. The Financial Supervision

Commission can also make a decision under Item 3 of Paragraph 1 following the revocation of the licence of the investment intermediary for performance of activities outside the cases covered under Item 6 of Article 27 (1) of the Markets in Financial Instruments Act.

(3) (Renumbered from Paragraph 2, amended, SG No. 62/2017) The authority referred to in Item 1 – 3 of Paragraph 1 shall be obligated to transmit a transcript of the decision to the Fund not later than before the end of the day next succeeding the rendition of the said decision.

(4) (New, SG No. 52/2007, renumbered from Paragraph 3, SG No. 62/2017) The Fund shall pay compensation to the clients of a foreign investment intermediary on occurrence of events analogous to those under Paragraph 1, which serve as a ground for payment of compensation under the relevant legislation.

(5) (Renumbered from Paragraph 3, SG No. 52/2007, renumbered from paragraph 4, amended, SG No. 62/2017) Within seven days after receipt of the decision referred to in Paragraph (1), the Fund shall give public notice, by insertion in at least two national daily newspapers and by posting on the Internet site thereof, of the decision rendered under Paragraph (1) and of the time limit under Article 77t (2) herein, wherewithin the clients of the investment intermediary may claim payment of compensation from the Fund, as well as the bank wherethrough the compensation is to be paid.

(6) (New, SG No. 103/2012, renumbered from Paragraph 5, supplemented, SG No. 62/2017) In the cases of paragraph 1, item 1, the claims of investment intermediary's clients shall be considered made and shall be registered by the trustee in bankruptcy, of the latter's own motion, in the list referred to in item 2 of Article 686 (1) of the Commerce Act.

### **Article 77c**

(New, SG No. 39/2005)

(1) Compensation shall be paid for claims arising out of an inability of the investment intermediary to return the clients' assets in accordance with the legal and contractual conditions.

(2) (Amended, SG No. 86/2006, SG No. 52/2007, SG No. 15/2018, effective 16.02.2018) "Clients' assets," within the meaning given by this Section, shall be the cash resources, financial instruments and other assets belonging to the clients of an investment intermediary which the said intermediary holds, administers or manages for the account of the said clients in connection with the services provided by the said intermediary under Article 6, Paragraphs 2 and 3 of the Markets in Financial Instruments Act including interest, dividends and other such payments. The clients' assets of any investment intermediaries which are banks shall not include the deposits within the meaning given by Item 1 of § 1 of the Supplementary Provision of the Bank Deposits Guarantee Act.

(3) (Amended, SG No. 86/2006) The amount of a claim referred to in Paragraph (1) shall be calculated on the date of rendition of the decision referred to in Article 77b (1) herein in accordance with the legal and contractual conditions, with the value of the clients' assets being determined under terms and according to a procedure established by ordinance.

### **Article 77d**

(New, SG No. 39/2005)

(1) The Fund shall pay each client of an investment intermediary compensation amounting to the lesser of 90 per cent of the value of the claim and BGN 40,000.

(2) No compensation shall be paid to:

1. the members of the management body and the supervisory body of the investment intermediary, as well as to the managerial agents thereof;

2. (amended, SG No. 25/2007) the persons who or which hold, whether directly or indirectly, 5 or more than 5 per cent of the votes in the General Meeting of the investment intermediary or who or which can control the said intermediary, as well as the persons within the same group as the investment intermediary, for which consolidated accounts are prepared;

3. the registered auditor which has audited the annual financial statement of the investment intermediary;

4. the spouses or lineal relatives to any persons referred to in Items 1, 2 and 3 up to any degree of consanguinity, the collateral relatives thereto up to the second degree of consanguinity and the relatives by marriage thereto up to the second degree of affinity;

5. the investment intermediaries;
6. (amended, SG No. 86/2006) the credit institutions;
7. the insurers;
8. the pension and social insurance funds;
9. (amended, SG No. 86/2006, SG No. 109/2013, effective 20.12.2013) the collective investment schemes, the national investment funds, the alternative investment funds managed by persons managing alternative investment funds, and the special purpose investment companies;
10. the State and the institutions of State;
11. the municipalities;
12. (amended, SG No. 103/2005, SG No. 102/2015, effective 1.01.2016) the Compensation Fund for Investors in Securities, the Bank Deposit Insurance Fund-Bulgaria and the Guarantee Fund under Article 518 of the Insurance Code;
13. (new, SG No. 86/2006) the investors, who have taken advantage of any circumstances relating to the intermediary and which have led to a deterioration of the financial situation thereof, as well as the investors who have contributed to the said situation;
14. (renumbered from Item 13, SG No. 86/2006, amended, SG No. 52/2007, SG No. 15/2018, effective 16.02.2018) other professional clients within the meaning of § 1, item 10 of the supplementary provisions of the Markets in Financial Instruments Act.

(3) The Fund shall not pay compensation for claims arising out of and/or in relation to any transactions and actions constituting "money laundering" within the meaning given by Article 2 of the Measures against Money Laundering Act, if the perpetrator is convicted by an effective sentence.

(4) The circumstances justifying the exclusions covered under Paragraphs (2) and (3) shall be established on the date of the decision referred to in Article 77b (1) herein.

#### **Article 77e**

(New, SG No. 39/2005)

(1) The Fund shall be transformed, dissolved and liquidated by statute.

(2) Upon liquidation of the Fund, any remainder of the property thereof after payment of the obligations thereof shall be distributed among the investment intermediaries in proportion to the contributions paid thereby, with the exception of such investment intermediaries whereof the obligations to clients have been paid by the Fund.

(3) (New, SG No. 103/2012) The Commission shall supervise the operations of the Fund. Checks shall be conducted by employees of the Commission's administration appointed by an order of the Chairperson.

(4) (New, SG No. 103/2012) Upon request, the Fund shall furnish the Commission with all information and documents related to its operations.

(5) (Renumbered from Paragraph 3, SG No. 103/2012) The Commission shall adopt Rules of Organization and Operation of the Fund, which shall be promulgated in the State Gazette.

(6) (Renumbered from Paragraph 4, amended, SG No. 103/2012) The National Audit Office shall audit the Compensation Fund for Investors.

#### **Article 77f**

(New, SG No. 39/2005)

(1) The Management Board of the Fund shall be elected by the Commission and shall consist of five members: a Chairperson, a Deputy Chairperson, and three members.

(2) The Chairperson and the Deputy Chairperson of the Management Board of the Fund shall be nominated by the Deputy Chairperson of the Commission.

(3) The remaining three members of the Management Board of the Fund shall be nominated as follows:

1. (amended, SG No. 52/2007, SG No. 15/2018, effective 16.02.2018) a person nominated by an association or associations representing the persons which have obtained a licence for provision of services and performance of activities covered under Article 6, Paragraphs 2 and 3 of the Markets in Financial Instruments Act, with the exception of banks, and which are obligated to make money contributions to the Fund under the terms and according to the procedure established by this Act;

2. (amended, SG No. 52/2007, SG No. 15/2018, effective 16.02.2018) a person nominated by an association or associations representing the investment intermediaries which are banks, which have obtained a licence for provision of services and performance of activities covered under Article 6, Paragraphs 2 and 3 of the Markets in Financial Instruments Act and which are obligated to make money contributions to the Fund under the terms and according to the procedure established by this Act;

3. (amended, SG No. 62/2017) a person nominated by an association or associations representing management companies, which have obtained a licence for performance of activities and provision of services covered under Article 86 (1) and (2) of the Collective Investment Schemes and Other Undertakings for Collective Investments Act, and which are obligated to make money contributions to the Fund under the terms and according to the procedure established by this Act.

(4) In the cases where the Deputy Chairperson, as well as the association or associations referred to in Paragraph (3), fail to nominate a person for election as member of the Management Board of the Fund within the time limit referred to in Article 77g (2) herein, the Chairperson of the Commission shall nominate a person at his or her discretion.

(5) To be eligible for the office of member of the Management Board, a person must hold a degree of higher education in Economics or Law and possess professional experience of not less than five years in law, finance, accounting, trading in financial instruments, or banking.

(6) Membership of the Management Board of the Fund shall be limited to persons who:

1. have not been members of a management body or a supervisory body of, or general partner in, any corporation whereagainst bankruptcy proceedings have been instituted or any corporation dissolved by bankruptcy and leaving any creditor unsatisfied;

2. have not been adjudicated bankrupt, nor be the subject of bankruptcy proceedings as sole traders;

3. are not spouses or lineal or collateral relatives to any other member of the Management Board of the Fund up to the third degree of consanguinity, or relatives by marriage thereto up to the third degree of affinity;

4. have not been convicted of a premeditated offence at public law;

5. are under no disqualification from occupying a position of property accountability.

(7) The Chairperson and the Deputy Chairperson of the Management Board of the Fund may not engage in any other remunerative activity except research and teaching.

(8) (Amended, SG No. 95/2017, effective 1.01.2018) The remunerations of the Chairperson, the Deputy Chairperson and the Members of the Fund's management board shall be determined in the Fund's rules.

(9) (New, SG No. 103/2012) The relations between the Fund and the members of the Management Board shall be regulated by a management contract. The contract shall be executed in writing, on behalf of the Fund, by the Chairperson of the Commission or a person authorised thereof.

## **Article 77g**

(New, SG No. 39/2005)

(1) The term of office of the Management Board shall be five years. The members of the Management Board of the Fund shall continue to exercise the powers thereof and to perform the functions thereof even after expiry of the term of office thereof until the new members take office. The members of the Management Board shall be re-eligible without limitation.

(2) (Supplemented, SG No. 62/2017) Within three months prior to the expiry of the term of office of the members of the Management Board of the Fund, the Deputy Chairperson, the association or associations referred to in Article 77f (3) herein shall submit the nominations thereof for persons to be elected as members of the Management Board of the Fund. The Deputy Chairperson shall notify the associations referred to in Article 77f (3) herein of the start of the three-month

time period for submission of nominations for members of the Management Board of the Fund.

(3) The term of office of a member of the Management Board shall be terminated prior to the expiry of the said term by decision of the Commission:

1. upon tendering of resignation;
2. if the said member ceases to satisfy the requirements established by Article 77f(6) herein;
3. in the event of actual inability to discharge the duties thereof in the course of a period exceeding six months;
4. upon breach of Article 77f(7) herein;
5. upon non-attendance, without reasonable excuse, of three or more successive meetings of the Management Board;
6. (new, SG No. 42/2009, amended, SG No. 62/2017, SG No. 7/2018) upon entry into force of an act which ascertains a conflict of interest under the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act.

(4) Upon pre-term termination of the office of a member of the Management Board, a replacement shall be elected to serve the remainder of the term. Paragraph (2) shall apply accordingly.

### **Article 77h**

(New, SG No. 39/2005)

(1) The Management Fund of the Fund shall perform the following functions:

1. determine and collect the entrance and annual contributions from the investment intermediaries in conformity with the rules established in this Act and in the instruments for the application thereof;
2. (amended, SG No. 86/2006) identify, after collection of relevant evidence, the branches of non-resident investment intermediaries in Bulgaria in respect of which the prerequisites covered under Article 77a (4) herein are in place;
3. (amended and supplemented, SG No. 62/2017) make decisions regarding the investing of the assets of the Fund in compliance with the requirements established by this Act and adopted internal rules and limits;
4. organize the payment of compensation up to the limits provided for in Article 77d herein under the terms and according to the procedure established by this Act and the instruments for the application thereof;
5. adopt an annual report on the operation of the Fund and an annual financial statement and lay the said report and statement before the Commission and before the National Audit Office on or before the 30th day of May of the next succeeding year;
6. adopt an annual budget of the administrative expenses of the Fund and a report on the implementation of the said budget, and lay the said budget and report before the Commission for approval; the budget and the report on implementation thereof as approved shall be submitted to the National Audit Office;
7. prepare draft ordinances on the application of this Section and lay the said drafts before the Commission for consideration and approval;
8. adopt a staffing schedule of the Fund and fix the amount of remuneration of the employees thereof and lay the said schedule and amount before the Commission for endorsement;
9. consider and address other issues related to the operation of the Fund.

(2) The Fund may require that the investment intermediaries provide all documents as shall be necessary to make an objective evaluation of the existence and amount of clients' assets on which compensation is paid.

(3) At the request of the Fund, the Deputy Chairperson of the Commission or the Deputy Governor heading the Banking Supervision Department of the Bulgarian National Bank may cause the conduct of limited examinations of investment intermediaries and shall provide the results of the said examinations to the Fund.

(4) The Fund shall publish information on the operation thereof on the Internet site thereof or in another appropriate manner.

### **Article 77i**

(New, SG No. 39/2005)

- (1) The Management Board of the Fund shall consider and address all matters within the competence thereof at meetings held at least once every three months.
- (2) The meetings shall be convened by the Chairperson or on a requisition of three of the members of the Management Board.
- (3) For the valid transaction of business at a meeting, more than one-half of the members of the Management Board shall have to be present thereat.
- (4) The decisions of the Management Board of the Fund shall be made by a simple majority of the members thereof.

### **Article 77j**

(New, SG No. 39/2005)

- (1) The Chairperson of the Management Board of the Fund shall exercise the following powers:
  1. represent the Fund at home and abroad;
  2. organize and direct the day-to-day operation of the Fund;
  3. convene and preside over the meetings of the Management Board;
  4. conclude and terminate the contracts with the members of the administration of the Fund;
  5. organize and implement current control over the implementation of the budget as approved by the Commission.
- (2) The Chairperson may delegate some of the powers thereof to a member of the Management Board.

### **Article 77k**

(New, SG No. 39/2005)

- (1) (Amended, SG No. 103/2012) The operation of the Fund shall be assisted by an administration whereof the composition, structure, rights and duties shall be determined by the Rules referred to in Article 77e (5) herein.
- (2) The legal relationships with the employees of the administration shall be settled in accordance with the Labour Code.

### **Article 77l**

(New, SG No. 39/2005)

- (1) The resources of the Fund shall be raised from the following sources:
  1. the entrance contributions referred to in Article 77m (1) herein;
  2. the annual contributions referred to in Article 77m (2) herein;
  3. the proceeds from the investment of the resources raised in the Fund;
  4. (amended, SG No. 86/2006, effective 28.10.2006) the amounts from the property of the investment intermediaries received by the Fund in the cases referred to in Article 77t (6) herein;
  5. other sources, such as loans, donations, foreign assistance.
- (2) The Bulgarian National Bank shall be the depository of the resources of the Fund.
- (3) (New, SG No. 94/2012, effective 1.01.2013, supplemented, SG No. 62/2017, effective 1.01.2018) The fund shall be exempt from paying corporate tax on activities concerning Investor Compensation and on activities relating to the recovery and resolution of investment intermediaries.

## **Article 77m**

(New, SG No. 39/2005)

(1) (Amended, SG No. 52/2007, SG No. 15/2018, effective 16.02.2018) The entrance contribution shall be made in a lump sum and shall amount to 1 per cent of the minimum amount of capital required for an investment intermediary depending on the licensed services and activities covered under Article 6, Paragraphs 2 and 3 of the Markets in Financial Instruments Act herein.

(2) Each investment intermediary shall make an annual contribution at the rate of:

1. up to 0.5 per cent of the total amount of the funds; and

2. up to 0.1 per cent of the total amount of the rest of the clients' assets for the last preceding year, determined on an average monthly basis.

(3) The percentages referred to in Paragraph 2 for the relevant year shall be fixed by the Management Board not later than the 31st day of December of the preceding year and shall be equal for all investment intermediaries.

(4) Annual contribution shall be remitted in four equal instalments within 30 days after the end of each quarter.

(5) Upon calculation of the amount of the annual contribution due, the funds held in foreign currency terms shall be translated at the exchange rate of the Bulgarian National Bank as applicable on the last date of the month, and the value of the financial instruments and the other assets shall be determined on the last day of the month, if possible at the market value thereof, in accordance with rules established by ordinance.

(6) The assets of the persons covered under Article 77d (2) herein shall be excluded from the total amount of the clients' assets referred to in Paragraph 2.

(7) (Amended, SG No. 62/2017) The amount of the annual contribution due by an investment intermediary which has received a business licence during the relevant year shall be calculated on the total amount of clients' assets at the end of the said year in proportion to the period commencing with the obtaining of the licence to operate as an investment intermediary and ending at the end of the year, with any such year presumed to consist of 360 days. In such cases, the contribution shall be payable on or before the 31st day of January of the year next succeeding the year during which the investment intermediary has received a business licence.

(8) (New, SG No. 103/2012) The amount of the annual contribution due by an investment intermediary whose business licence has been revoked during the relevant year shall be calculated pro rata to the time from the beginning of the year to the date of the decision revoking the licence on the basis of 360 calendar days per year.

(9) (Renumbered from Paragraph 8, SG No. 103/2012) In the event of a failure to pay the relevant instalment of the annual contribution within the time limit referred to in Paragraph 4, interest at the rate of the legal interest shall be charged and recoverable on the amount due for the period of delay.

(10) (Renumbered from Paragraph 9, SG No. 103/2012) The entrance and annual contributions shall be reported as accounting expense for the current year.

(11) (Renumbered from Paragraph 10, SG No. 103/2012) Any contributions made by the investment intermediaries shall be non-refundable, save as where misremitted or over-remitted.

(12) (Renumbered from Paragraph 11, SG No. 103/2012) On or before the 10th day of each month, the investment intermediary shall be obligated to submit to the Commission and to the Fund information of the clients' assets on the last day of the preceding month, presented in a standard form approved by the Deputy Chairperson of the Commission.

(13) (New, SG No. 62/2017) Where the amount of the clients' assets referred to in Paragraph 2, determined on an average monthly basis, is above zero, the amount of the annual instalment shall be not lower than BGN 100.

(14) (New, SG No. 86/2006, renumbered from Paragraph 12, SG No. 103/2012, renumbered from Paragraph 13, SG No. 62/2017) The investment intermediaries which are banks shall not make annual contributions under Item 1 of Paragraph 2.

## **Article 77n**

(New, SG No. 39/2005)

(1) (Amended, SG No. 59/2006, SG No. 86/2006, effective 28.10.2006, amended and supplemented, SG No. 52/2007, amended, SG No. 95/2017, effective 1.01.2018, SG No. 15/2018, effective 16.02.2018) Should any investment



intermediary fail to pay any exigible amount of the annual contribution, the Fund shall notify the Commission for the purpose of taking the action referred to in Article 276 (1) of the Markets in Financial Instruments Act herein, and in the cases where the investment intermediary is a bank, the Bulgarian National Bank or the Deputy Governor heading the Banking Supervision Department for the purpose of taking the action referred to in the Credit Institutions Act. If despite the measures taken under the first sentence the investment intermediary fails to meet its obligation for payment, the Commission or the Bulgarian National Bank, as the case may be, shall withdraw the licence of the investment intermediary.

(2) (Amended, SG No. 86/2006, effective 28.10.2006) Should any investment intermediary referred to in Article 77a (5) herein fail to pay any exigible amount of the annual contribution, the Fund shall notify the competent authority which has issued the licence to carry on business to the said investment intermediary for the purpose of taking the action necessary for payment of the amount due by the intermediary. Should the investment intermediary fail to pay the amount due despite the action taken, the Fund, acting with the consent of the competent authority referred to in the first sentence, may suspend the provision of supplementary cover on a twelve months' notice. The Fund shall give notice of the date as from which the provision of supplementary cover is suspended by insertion in at least two national daily newspapers.

(3) (Amended, SG No. 86/2006, effective 28.10.2006) The Fund shall provide payment of compensation even after withdrawal of the licence of the investment intermediary to carry on business or after suspension of the provision of supplementary cover under Paragraph (2), as the case may be, in respect of any claims related to the services provided by the investment intermediary prior to the withdrawal of the said licence or prior to suspension of the provision of supplementary cover.

### **Article 77o**

(New, SG No. 39/2005)

(1) When so requested by the Fund, the Commission and the Bulgarian National Bank shall provide all information available thereto regarding the amount of the clients' assets held with the investment intermediaries as may be necessary for calculation of the contributions due from the investment intermediaries.

(2) The Fund may use the particulars obtained solely for the performance of the functions thereto entrusted.

(3) The members of the Management Board of the Fund and the employees of the administration thereof may not disclose, whether personally or through another person, any information as may come to the knowledge thereof in the course of performance of the functions thereof, should the said information constitute a bank secret, a trade secret or another secret protected by law.

### **Article 77p**

(New, SG No. 39/2005)

(1) The resources of the Fund may be used solely for payment of compensation up to the limits provided for in Article 77d herein in the cases provided for by this Act, for repayment of principal and payment of interest on loans contracted by the Fund, as well as for defrayal of the operating expenses incurred by the Fund.

(2) The resources of the Fund shall be invested in:

1. financial instruments issued or guaranteed by the (Bulgarian) State;
2. short-term deposits with banks;
3. deposits with the Bulgarian National Bank.

### **Article 77q**

(New, SG No. 39/2005)

(1) Should the resources of the Fund be insufficient to cover the liabilities thereof under this Act, by decision of the Management Board any such deficit shall be covered in one of the following manners:

1. by obligating the investment intermediaries to remit the entire annual contribution in a lump sum;
2. by obligating the investment intermediaries to remit the annual contribution for the next succeeding year in advance,

using the total amount of the clients' assets on the last day of the last preceding month as a base for calculation of the said contribution;

3. by increasing the annual contribution;

4. by contracting loans under terms which are not less favourable than the market terms.

(2) Any decisions of the Management Board under Paragraph 1 shall have to be approved by the Commission.

(3) Any amount paid in advance under Item 2 of Paragraph 1 shall be deducted from the annual contribution due from the investment intermediary for the next succeeding year, and any amount remitted in excess shall be refundable.

(4) The maximum amount of the annual contribution as increased under Item 3 of Paragraph 1 may not exceed the double amount referred to in Article 77m (2) and (6) herein.

(5) The loans contracted by the Fund may be secured by assets of the Fund, including the future receivables of the Fund.

#### **Article 77r**

(New, SG No. 39/2005)

(1) Should the resources accumulated in the Fund exceed 5 per cent of the total amount of the clients' assets with all investment intermediaries, the Management Board may make a decision that payment of the annual contributions be temporarily discontinued. Any such decision of the Management Board shall have to be approved by the Commission.

(2) Payment of annual contributions shall resume should the resources in the Fund fall below the level as specified in Paragraph 1.

#### **Article 77s**

(New, SG No. 39/2005)

(1) (Amended and supplemented, SG No. 86/2006, effective 28.10.2006) The value of the claim referred to in Article 77d (1) herein shall be calculated on the basis of the sum total of all claims of the relevant client to the investment intermediary, irrespective of the number of accounts and the place where the said accounts have been opened.

(2) In the cases where the clients' assets are held in foreign currency terms or in financial instruments, the client shall be paid the lev equivalent of the claims thereof in the amount referred to in Article 77d (1) herein, determined on the date of the decision referred to in Article 77b (1) herein.

(3) In the cases where clients' assets belong to more than one person, the share of each one of the said persons shall be taken into account in determining the aggregate amount of the claims thereof to the investment intermediary. Unless otherwise stipulated, the shares of the clients shall be presumed to be equal.

(4) In the cases where the client of the investment intermediary has acted for another's account, the compensation shall be paid to the person for whose account the said client has acted, subject to the condition that the said person is or can be identified prior to the date of the decision referred to in Article 77b (1) herein. If the client of the investment intermediary has acted for the account of two or more persons, Paragraph 3 shall apply.

(5) Any clients' assets which are encumbered or serve as collateral security shall be included in the calculation of the amount of the compensation according to the procedure established by Paragraph 1, while the relevant portion of the compensation appertaining for the clients' assets shall not be paid to the asset-holding client until release of the encumbrance or security. If any clients' assets referred to in the first sentence are subject to an effective act of a judicial authority, the Fund shall pay the compensation due in respect of the clients' assets to the person indicated in the said act as entitled to receive the compensation on the clients' assets.

(6) (New, SG No. 86/2006, effective 28.10.2006) In the cases where the client has any obligations to the investment intermediary, the amount of the said obligations shall be deducted upon determination of the value of the claim referred to in Article 77d (1) herein.

#### **Article 77t**

(New, SG No. 39/2005)

(1) (Supplemented, SG No. 62/2017) Within 30 days after the decision referred to in Article 77b (1) herein, the conservator, liquidator or trustee in bankruptcy as appointed shall submit to the Fund information in writing regarding the clients' assets. In the cases referred to in Item 3 of Article 77b (1), if the Commission has not made a decision for appointing a conservator, the Deputy Chairperson shall submit to the Fund information in writing regarding the clients' assets.

(2) (Amended, SG No. 86/2006, effective 28.10.2006, SG No. 52/2007, SG No. 62/2017) The Fund can be approached in writing with a request for payment of compensation within one year after publication of the notice referred to in Article 77b (5) herein, unless the deadline was missed due to special unforeseen circumstances. The entitlement to compensation shall be extinguished upon the lapse of the period referred to in the first sentence.

(3) (Amended, SG No. 86/2006, effective 28.10.2006) The Fund shall consider the request as submitted and shall pay the compensation not later than three months after ascertainment of the grounds for and amount of the claim from the client of the investment intermediary.

(4) In special cases, the time limit for payment of compensation to the clients of the investment intermediary may be extended by not more than three months by permission of the Commission.

(5) (New, SG No. 86/2006, effective 28.10.2006) In case of a dispute regarding the right to compensation, the client may bring an action against the Fund according to the procedure established by the Code of Civil Procedure within three years after the day of receipt of the communication on the decision on the request for payment of compensation.

(6) (Renumbered from Paragraph 5, SG No. 86/2006, effective 28.10.2006) The Fund shall accede to the rights of the clients against the investment intermediary up to the amount of the compensation paid.

(7) (Renumbered from Paragraph 6, SG No. 86/2006, effective 28.10.2006) The Fund shall periodically notify the conservator, the liquidator or the trustee in bankruptcy of the amount of the compensation paid to each client.

(8) (Renumbered from Paragraph 7, SG No. 86/2006, effective 28.10.2006) In respect of any claims in excess of the amount of the compensation paid by the Fund, clients shall be satisfied from the property of the investment intermediary in accordance with effective legislation.

(9) (Renumbered from Paragraph 8, supplemented, SG No. 86/2006, effective 28.10.2006) The procedure and manner for consideration of the request and payment of compensation from the Fund shall be regulated by ordinance.

#### **Article 77u**

(New, SG No. 39/2005)

The Fund shall owe no interest on the amounts guaranteed.

#### **Article 77v**

(New, SG No. 39/2005)

Notwithstanding the time limit established in Article 77t (3) or (4) herein, where a client of the investment intermediary or any other person entitled to compensation be charged with the commission of a criminal offence arising from or related to money laundering, the Fund may suspend payment of compensation until pronouncement of the court.

#### **Article 77w**

(New, SG No. 39/2005)

Investment intermediaries may not advertise payment of compensation to any amounts in excess of the amounts established in this Act.

## **Chapter Six**

### **PUBLIC OFFER OF SECURITIES AND ADMISSION OF SECURITIES TO TRADING ON REGULATED MARKET**

**(Title amended, SG No. 86/2006)**

# Section I

## General Dispositions

### Article 77x

(New, SG No. 86/2006)

(1) Within the meaning given by this Chapter:

1. (amended, SG No. 103/2012, supplemented, SG No. 34/2015, amended, SG No. 15/2018, effective 16.02.2018) "qualified investors" shall mean persons that are referred to in Section I, Items 1, 2, 3 and 4 of the Annex to § 1, item 10 of the additional provisions of the Markets in Financial Instruments Act and persons who are, on request, treated as professional clients in accordance with Section II of the said Annex or recognised as eligible counter parties within the meaning of Article 89, paragraph 2 of the Markets in Financial Instruments Act, unless they have requested that they be treated as non-professional clients. Investment intermediaries, respectively banks, shall communicate their classification (the criteria underlying their judgment to classify the clients concerned as qualified investors) on request to the issuer without prejudice to the Personal Data Protection Act and the provisions concerning business secrecy; the investment intermediaries shall be entitled to treat as qualified investors their clients, classified as professional clients;

2. "small and medium sized enterprises" shall be companies which, according to their last annual financial statement or consolidated accounts, meet at least two of the following criteria:

(a) an average number of employees during the financial year of less than 250;

(b) total balance-sheet assets not exceeding the lev equivalent of EUR 43,000,000;

(c) an annual net turnover not exceeding the lev equivalent of EUR 50,000,000;

3. "offering programme" shall be a plan for the issuance in a continuous or repeated manner, during a specified issuing period, of non-equity securities, including warrants in any form, having a similar type and/or class;

4. "securities issued in a continuous or repeated manner" shall be issues of securities issued on tap or at least two separate issues of securities of a similar type and/or class over a period of one year;

5. (amended, SG No. 42/2016) "confirmation of a prospectus" shall be the positive decision of the Commission or of the relevant competent authority of the Member State of origin at the outcome of the scrutiny of the completeness of the prospectus, including the consistency and comprehensibility of the information given therein;

6. (amended, SG No. 42/2016) "member State of origin" shall be:

(a) the Member State where the issuer has its registered office, or where the securities were or are to be admitted to trading on a regulated market, or where the securities are offered to the public, at the choice of the issuer, the offeror or the person asking for admission: for any issues of non-equity securities whose denomination per unit amounts to at least the lev equivalent of EUR 1,000 or the equivalent in another currency in which the securities are denominated, and for any issues of non-equity securities giving the right to acquire any securities or to receive a cash amount as a consequence of their being converted or the rights conferred thereby being exercised, provided that the issuer of the non-equity securities is not the issuer of the underlying securities or a legal person belonging to the group of the latter issuer;

(b) the Member State where the issuer has its registered office: for all issuers incorporated in Member States which are not mentioned in Littera (a);

(c) (amended and supplemented, SG No. 42/2016) the Member State where the securities were offered to the public for the first time after the 26th day of November 2013 or where the first application for admission to trading on a regulated market is made, at the choice of the issuer, the offeror or the person asking for admission: for all issuers of securities having their registered office in third countries, which are not mentioned in Letter (a); the choice referred to in the previous sentence may be subject to a subsequent amendment by issuers having their registered office in third countries if the home Member State was not determined by their choice or in accordance with Article 100j, Paragraph 2, Item 1, Letter (c);

7. (amended, SG No. 42/2016) "host Member State" shall be the Member State where securities are offered to the public or admission of securities to trading on a regulated market is sought, when the said State is different from the Member State of origin;

8. (new, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 77/2011) "collective investment undertaking other than the closed end type" shall be an investment undertaking, common fund or unit trust whose objective is collective investment of funds raised through public offering of units, operating on the principle of risk-spreading and on request from holders of such units buys back directly or indirectly its units at a price based on its net asset value;

9. (new, SG No. 52/2007, effective 3.07.2007) "units of collective investment undertaking" shall be securities issued by a collective investment undertaking, representing the rights of their holders to the assets of the collective investment undertaking;

10. (new, SG No. 103/2012) "key information" shall mean essential and appropriately structured information which is to be provided to investors with a view to enabling them to understand the nature and the risks of the issuer, guarantor and the securities that are being offered to them or admitted to trading on a regulated market and, without prejudice to the principle that each investment decision shall be based on the investor's review of the prospectus as a whole, to decide which offers of securities to consider further. In light of the offer and securities concerned, the key information shall include the following elements:

a) a short description of the risks associated with the issuer and any guarantor, as well as their essential characteristics, including the assets, liabilities and financial position;

b) a short description of the essential characteristics of the investment in the relevant security, including any rights attaching to the securities, as well as the investment risk associated with them;

c) general terms of the offer, including estimated expenses charged to the investor by the issuer or the offeror;

d) details of the admission to trading;

e) reasons for the offer and use of proceeds;

11. (new, SG No. 103/2012) "company with reduced market capitalisation" shall mean a company listed on a regulated market that had an average market capitalisation of less than EUR 100,000,000 calculated on the basis of the closing price of the last trading day when transactions were concluded in respect of the securities concerned, each calendar year for the previous three calendar years.

(2) This Chapter shall furthermore apply to any money market instruments having a maturity of more than twelve months.

## **Article 78**

(1) (Amended, SG No. 86/2006) Any offer of securities to the public and any admission of securities to trading on a regulated market shall not be allowed without prior publication by the issuer, offeror or person asking for admission of the securities to trading on a regulated market of a prospectus in the manner and with the content as established in this Act and in the instruments for the application thereof.

(2) (Amended, SG No. 39/2005, SG No. 86/2006) No prospectus for an offer to the public or for admission to trading on a regulated market may be published until the Commission has granted a written confirmation of the prospectus.

(3) (Supplemented, SG No. 86/2006) Any subscription for or sale of, or any offer to subscribe for or to sell securities, as well as any admission of securities to trading on a regulated market, in violation of the requirements of Paragraphs (1) and (2) shall be prohibited.

(4) (Amended, SG No. 61/2002) In the event of a subscription or sale in violation of the prohibition under Paragraph 3, as well as should any material information contained in the prospectus prove to be untrue, or should any material information be withheld from the prospectus, any investor shall be entitled to demand that the acquisition of the securities be declared null and void within three months after ascertainment of the relevant circumstance but not later than one year after the subscription has been closed or the sale effected, save as where the said investor has acted in bad faith.

## **Article 78a**

(New, SG No. 86/2006)

(1) The provisions of this Chapter shall not apply to:

1. (amended, SG No. 52/2007, effective 3.07.2007) units issued by collective investment undertakings other than the closed end type;

2. non-equity securities issued by the Republic of Bulgaria or by another Member State, by the regional or local authorities thereof, by international organizations whereof the Republic of Bulgaria or another Member State is a member, by the European Central Bank, by the Bulgarian National Bank or by the central banks of the other Member States;

3. shares in the capital of the central banks of the Member States;

4. securities unconditionally and irrevocably guaranteed by the Republic of Bulgaria or by another Member State or by their regional or local authorities;

5. securities issued by non-profit-making bodies, recognized in a Member State, with a view to their obtaining the means necessary to achieve their objectives;

6. non-equity securities issued in a continuous or repeated manner by banks, provided that the said securities:

(a) are not subordinated, convertible or exchangeable;

(b) do not give a right to subscribe to or acquire other types of securities and that they are not linked to a derivative financial instrument;

(c) materialize reception of repayable deposits;

(d) are covered by the Bank Deposit Insurance Fund-Bulgaria or by a similar deposit guarantee scheme in another State;

7. non-fungible shares of capital whose main purpose is to provide the holder thereof with a right to occupy an apartment, or other form of immovable property or a part thereof, and where the shares cannot be sold on without this right being given up;

8. (new, SG No. 62/2017) an offer of securities with a total consideration in the European Union of the lev equivalent of less than EUR 1 000 000, which shall be calculated over a period of 12 months;

9. (amended, SG No. 103/2012, renumbered form Item 8, SG No. 62/2017) non-equity securities issued in a continuous or repeated manner by banks, where the total consideration of the offer in the European Union is less than the lev equivalent of EUR 75,000,000, which shall be calculated over a period of one year, provided that the said securities:

(a) are not subordinated, convertible or exchangeable;

(b) do not give a right to subscribe to or acquire other types of securities and that they are not linked to a derivative financial instrument.

(2) (Amended, SG No. 62/2017) In the cases referred to in Items 2, 4 and 9 of Paragraph 1, the issuer, the offeror or the person asking for admission to trading on a regulated market may draw up a prospectus in accordance with the requirements of this Act and the instruments for the application thereof, when the securities are offered to the public or admitted to trading.

(3) (New, SG No. 62/2017) For the purposes of admission to trading on a regulated market of securities referred to in Item 8 of Paragraph 1, the issuer, the offeror or the person asking for admission to trading on a regulated market shall be obliged to draw up a prospectus in accordance with the requirements of this Act and the instruments for the application thereof.

## **Article 79**

(1) (Amended, SG No. 61/2002, SG No. 86/2006) The obligation to publish a prospectus shall not apply to the following types of offer:

1. an offer of securities addressed solely to qualified investors;

2. (amended, SG No. 103/2012, SG No. 34/2015) an offer of securities addressed to fewer than 150 natural or legal persons in the Republic of Bulgaria and in any other Member State, other than qualified investors;

3. (amended, SG No. 103/2012) an offer of securities addressed to investors who acquire securities for a total consideration of the lev equivalent of at least EUR 100,000 per investor, for each separate offer;

4. (amended, SG No. 103/2012) an offer of securities whose denomination per unit amounts to the lev equivalent of at least EUR 100,000;

5. (amended, SG No. 103/2012) an offer of securities with a total consideration in the European Union of the lev equivalent of less than EUR 100,000, which shall be calculated over a period of 12 months.

(2) (New, SG No. 61/2002, amended, SG No. 86/2006) Any subsequent resale of securities which were previously the subject of one or more of the types of offer covered under Paragraph 1 shall be regarded as a separate offer for the purposes of Article 4 (1) herein. The placement of securities through investment intermediaries shall be admitted after publication of a prospectus if any of the conditions covered under Paragraph 1 is not met.

(3) (New, SG No. 103/2012) The obligation to publish a prospectus shall not apply to any such subsequent resale of securities or final placement of securities through investment intermediaries as long as a valid prospectus is available in accordance with Article 92b and the issuer or the person responsible for drawing up such prospectus has consented to its use by means of a written agreement.

(4) (Renumbered from Paragraph 2, amended, SG No. 61/2002, SG No. 86/2006, renumbered from Paragraph 3, SG No. 103/2012) The obligation to publish a prospectus shall not apply to offers of securities to the public of the following types of securities:

1. shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve any increase of capital;

2. securities offered in connection with a takeover by means of an exchange offer, provided that a document is made available to the persons containing information which is regarded by the Commission as being equivalent to the information contained in the prospectus;

3. (amended, SG No. 103/2012) securities offered, allotted or to be allotted in connection with a merger or division nad spin-off provided that a document is made available to the persons containing information which is regarded by the Commission as being equivalent to the information contained in the prospectus;

4. (amended, SG No. 103/2012) dividends paid out to existing shareholders in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that a document is made available containing information on the reasons for the offer of the shares, the number and nature of the shares, the rights conferred by the shares and the manner of exercise of the said rights, the terms and procedure for acquisition of the shares, as well as other details of the offer;

5. (amended, SG No. 103/2012) securities offered, allotted or to be allotted to existing and/or former members of the management and supervisory bodies and/or factory and office workers by their employer or by an affiliated undertaking provided that the company has its registered office or seat in the European Union, provided that a document is made available to the persons concerned containing information on the reasons for the offer of the securities, the number and nature of the securities, the rights conferred by the securities and the manner of exercise of the said rights, the terms and procedure for acquisition of the securities, as well as other details of the offer;

6. (new, SG No. 103/2012) securities offered, allotted or to be allotted to existing and/or former members of the management and supervisory bodies and/or factory and office workers by their employer - a company established outside the European Union whose securities are admitted to trading either on a regulated market or on a third-country market recognised as equivalent to a regulated market by the European Commission upon the request of the competent authority of a Member State. In the latter case, the exemption shall apply provided that adequate information, including a document that meets the requirements referred to in point 5 above, is made available to the persons concerned at least in a language customary in the sphere of international finance.

(5) (New, SG No. 86/2006, renumbered from Paragraph 4, SG No. 103/2012) The obligation to publish a prospectus shall not apply to the admission to trading on a regulated market of the following types of securities:

1. shares representing, over a period of one year, less than 10 per cent of the number of shares of the same class already admitted to trading on the same regulated market;

2. shares issued in substitution for shares of the same class already admitted to trading on the same regulated market, if the issuing of such shares does not involve any increase of capital;

3. securities offered in connection with a takeover by means of an exchange offer, provided that a document is made available to the persons containing information which is regarded by the Commission as being equivalent to the information contained in the prospectus;

4. (amended, SG No. 103/2012) securities offered, allotted or to be allotted in connection with a merger or division and spin-off, provided that a document is made available to the persons containing information which is regarded by the Commission as being equivalent to the information contained in the prospectus;

5. shares offered, allotted or to be allotted free of charge to existing shareholders, as well as dividends paid out in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that the said shares are of the same class as the shares already admitted to trading on the same regulated market and that a document is made available to the persons containing information on the reasons for the offer of the shares, on the number and nature of the shares, on the rights conferred by the shares and the manner of exercise of the said rights, on the terms and procedure for acquisition of the shares, as well as other details of the offer;

6. securities offered, allotted or to be allotted to existing or former members of the management or supervisory bodies and/or factory and office workers by the employer thereof or a person related thereto, provided that the said securities are of the same class as the securities already admitted to trading on the same regulated market and that a document is made available to the persons containing information on the reasons for the offer of the securities, on the number and nature of the securities, on the rights conferred by the securities and the manner of exercise of the said rights, on the terms and procedure for acquisition of the securities, as well as other details of the offer;

7. shares resulting from the conversion or exchange of other securities or from the exercise of the rights conferred by other securities, provided that the said shares are of the same class as the shares already admitted to trading on the same regulated market;

8. securities already admitted to trading on another regulated market, provided that:

(a) these securities, or securities of the same class, have been admitted to trading on that other regulated market for more than 18 months;

(b) the admission to trading on that other regulated market was preceded by confirmation of a prospectus and the publication thereof according to Article 92a (5) herein: for securities first admitted to trading on a regulated market after the 31st day of December 2003;

(c) except where Littera (b) applies, for securities first admitted to listing after the 30th day of June 1983, a prospectus for admission to trading was confirmed;

(d) the ongoing obligations for trading on that other regulated market have been fulfilled;

(e) the person asking for the admission of securities to trading on a regulated market in the Republic of Bulgaria, invoking this exemption, makes a summary document available to the public in a language accepted by the Commission, and the said summary document was published according to Article 92a (5) herein in the Republic of Bulgaria, and the contents of the said summary document is responsive to the requirements of the Act and the instruments for the application thereof and the said document states where the most recent prospectus can be obtained and where the financial information published by the issuer according to his ongoing disclosure obligations is available.

(6) (New, SG No. 61/2002, renumbered from Paragraph 4, amended and supplemented, SG No. 86/2006, renumbered from Paragraph 5, SG No. 103/2012) In the cases where no prospectus has been published, the investors shall have the right referred to in Article 78(4) herein if the other information regarding the offer to the public or the admission of securities to trading on a regulated market, as circulated by the issuer or the offeror or the person asking for admission of securities to trading on a regulated market, is untrue or if material information has been withheld.

## **Article 79a**

(New, SG No. 61/2002)

(1) (Amended, SG No. 86/2006, SG No. 62/2017) Should more than one issue of securities of the same class be issued within the relevant calendar and each of the said issue be offered to fewer than 150 persons but the total number of offerees of the said issues exceeds 150 persons, Article 78 herein shall apply to the issue exceeding this limit.

(2) (Amended, SG No. 39/2005) The Commission shall grant a confirmation of the prospectus under Paragraph 1 if the securities of the issues issued theretofore during the year satisfy the requirements of Article 3 herein. All issues of securities referred to in Paragraph 1 shall be registered with the said Commission as public under terms and according to a procedure established by ordinance.

## **Article 79b**



(New, SG No. 62/2017)

(1) In order to be admitted to trading on a regulated market, issuers of securities shall have Legal Entity Identifiers.

(2) (Amended, SG No. 95/2017, effective 1.01.2018) The issuer shall notify the Commission and the regulated market, in which the securities have been admitted to trading, of its identifier within 7 days of the issuance of such identifier.

(3) The information regarding issuers and their issues, submitted to the European Securities and Markets Authority, shall contain a reference to the corresponding identifiers.

## **Article 80**

(1) (Amended, SG No. 86/2006) A subscription may furthermore be organized on a regulated market, subject to the condition that the terms and conditions of the said subscription provide for full payment of the issue price of the securities.

(2) (Repealed, SG No. 86/2006).

(3) (Amended, SG No. 39/2005, SG No. 86/2006) A subscription of shares in the cases referred to in Paragraph 1 shall be possible solely after the lapse of the time limit established by Article 194 (3) of the Commerce Act.

## **Article 80a**

(New, SG No. 61/2002)

The Commerce Act shall apply to any cases regarding the issuing of securities under the terms of primary public offering which are unregulated by this Act.

## **Section II Prospectus**

### **Article 81**

(1) (Amended, SG No. 86/2006) The prospectus shall contain all information which, according to the particular nature of the issuer and of the securities offered to the public or admitted to trading on a regulated market, is necessary to enable investors to make an accurate assessment of the economic situation and financial position, assets and liabilities, profit and losses, and prospects of development of the issuer and of the guarantors of the securities, as well as of the rights attaching to such securities. A prospectus may not contain untrue, misleading or deficient particulars.

(2) (Amended, SG No. 86/2006) The prospectus shall be signed by the issuer and the offeror or by the person asking for admission of the securities to trading on a regulated market, as well as by the guarantor of the securities, who shall declare that the prospectus conforms to the statutory requirements.

(3) (Amended, SG No. 61/2002, SG No. 86/2006, SG No. 105/2006, SG No. 95/2015, effective 1.01.2016) The members of the management body of the issuer and the managerial agent thereof, as well as the offeror, the person asking admission of the securities to trading on a regulated market, and the guarantor of the securities shall incur solidary liability for any detriment as may be inflicted by reason of any untrue, misleading or deficient particulars in the prospectus. The persons referred to in Article 18 of the Accountancy Act shall incur solidary liability with the persons referred to in the first sentence for any detriment as may be inflicted by any untrue, misleading or deficient particulars in the financial statements of the issuer, and the registered auditors shall incur solidary liability with the said persons for any detriment as may be inflicted by the financial statements thereby audited.

(4) (New, SG No. 86/2006, supplemented, SG No. 103/2012, SG No. 34/2015) Liability under Paragraph 3 may not arise solely on the basis of the summary of the prospectus, including any translation thereof, unless the information contained therein is misleading, false or inconsistent when read in conjunction with the other parts of the prospectus, or the summary, when read in conjunction with the other parts of the prospectus, does not provide the key information needed to facilitate investors in taking a decision whether to invest in the securities concerned. The summary shall contain a clear warning of the circumstances under the first sentence.

(5) (New, SG No. 86/2006) The prospectus shall clearly identify the persons referred to in Paragraph 3 by name and position or, respectively, by business name, registered office and address of the place of management, who shall declare that, to the best of their knowledge, the information contained in the prospectus is true and full.

(6) (New, SG No. 61/2002, renumbered from Paragraph 4, amended and supplemented, SG No. 86/2006) In the cases where no prospectus has been published, Paragraph 3 shall apply accordingly to the other information circulated by the issuer, the offeror or the person asking for admission of the securities to trading on a regulated market in connection with the public offering or the admission to trading on a regulated market.

## **Article 82**

(1) (Amended, SG No. 86/2006, supplemented, SG No. 103/2012) The prospectus shall contain information concerning the issuer and the securities to be offered to the public or to be admitted to trading on a regulated market, and shall also include a summary. The summary shall be drawn up in a common format in order to facilitate comparability of the summaries of similar securities and shall provide-in a concise manner and in non-technical language-key information in the language in which the prospectus was originally drawn up. The format and content of the summary of the prospectus shall provide, in conjunction with the prospectus, appropriate information about essential elements of the securities concerned in order to aid investors when considering whether to invest in such securities.

(2) (New, SG No. 86/2006, amended, SG No. 103/2012) There shall be no requirement to provide a summary, where the prospectus relates to the admission to trading on a regulated market of non-equity securities having a denomination per unit of at least the lev equivalent of EUR 100,000, save where the Commission or the competent authority of the relevant Member State requests the provision of such summary.

(3) (New, SG No. 86/2006) The issuer, the offeror or the person asking for the admission of the securities to trading on a regulated market may draw up the prospectus as a single document or separate documents. A prospectus composed of separate documents shall contain the information required by this Act and the instruments for the application thereof, divided into three documents:

1. a registration document, containing information relating to the issuer;
2. a securities note, containing information concerning the securities offered to the public or to be admitted to trading on a regulated market;
3. a summary note.

(4) (New, SG No. 86/2006) The information which must be contained in the prospectus shall be determined by an ordinance.

(5) (New, SG No. 86/2006, amended, SG No. 103/2012) The prospectus shall be considered to contain the relevant information covered under Paragraph 1 even when the said information is incorporated in the prospectus by reference to one or more previously or simultaneously published documents which have been approved by the Commission or filed with it in accordance with this chapter or Chapter Six "a", provided that the information contained in the said documents is the most recent available to the issuer and a detailed cross-reference list is drawn up in order to enable investors to identify easily specific items of information referred to. The first sentence shall not apply in respect of the summary.

(6) (Renumbered from Paragraph 2, amended, SG No. 86/2006) Should any particulars of the required contents of a prospectus prove inapplicable to any specific issuer by reason of the corporate objects or legal form of business organization thereof, or the securities to which the prospectus relates, the said particulars shall be replaced by equivalent information. In case equivalent information is not available, the requirement for replacement of the particulars under the first sentence shall not apply.

(7) (New, SG No. 103/2012) Where securities are guaranteed by a Member State, an issuer, an offeror or a person asking for admission to trading on a regulated market, when drawing up a prospectus in accordance with Article 78a(2), shall be entitled to omit information about such guarantor.

(8) (Renumbered from Paragraph 3, supplemented, SG No. 86/2006, renumbered from Paragraph 7, SG No. 103/2012) The information contained in a prospectus must be provided in an easily analyzable and comprehensible form for the investors, enabling them to achieve the purposes of Article 81 (1) herein.

## **Article 82a**

(New, SG No. 86/2006)

(1) Where an issuer already has a registration document confirmed by the Commission, when securities are offered to the public or admitted to trading on a regulated market, only a securities note and a summary note may be drawn up.

(2) (Amended, SG No. 103/2012) In the cases referred to in Paragraph 1, the securities note shall also provide the latest available information that would normally be provided in the registration document when a material change has been made in the particulars contained in the registration document since it was last updated or new circumstances which could affect investors' assessments have occurred, unless the said information has been provided as an addition to the prospectus pursuant to Article 85(2).

(3) The Commission shall pronounce on the securities note and the summary note according to the procedure established by Article 91 herein. Where the issuer has a registration document which has been submitted to the Commission without being confirmed, the Commission shall pronounce on the entire prospectus, including any updated information.

#### **Article 82b**

(New, SG No. 86/2006, repealed, SG No. 103/2012).

#### **Article 83**

(Amended, SG No. 39/2005)

The Deputy Chairperson shall give directions regarding the graphic design of the prospectus with a view to the protection of investors.

#### **Article 84**

(1) (Amended, SG No. 39/2005, SG No. 86/2006) Any issuer or offeror, which solicits subscriptions for securities offered to the public, may extend the subscription period once by not more than sixty days, amending the prospectus accordingly and notifying the Commission. In such a case, the last day of the period as extended shall be deemed as the latest date for the subscription.

(2) (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 103/2012) The issuer or the offeror shall give immediate notice of the extension of the period referred to in Paragraph 1 to the Commission, on the websites of the issuer, when the securities have been offered by the latter, and to the investment intermediaries participating in the offering. The issuer or the offeror shall also apply for publishing of the extension in the commercial register and in the daily newspapers referred to in Article 92a(2).

(3) (Amended, SG No. 39/2005, SG No. 86/2006) The issuer or the offeror shall notify the Commission of the result of the subscription within seven days after the latest date therefor.

(4) It shall be illegal to subscribe for securities prior to the earliest date and after the latest date for a subscription.

#### **Article 85**

(1) (Amended, SG No. 39/2005, SG No. 86/2006) During the period commencing with the submission of an application for confirmation of a prospectus and ending with the making of decision by the Commission, the issuer, offeror or person asking for admission of the securities to trading on a regulated market must notify the Commission of any intervening changes as may necessitate amendments to the prospectus within three working days after occurrence or learning of the said changes, as the case may be, and must amend the prospectus accordingly.

(2) (Amended, SG No. 39/2005, SG No. 86/2006, supplemented, SG No. 103/2012) During the period between the time when confirmation of the prospectus is granted and the final closing of the offer to the public or the time when trading on a regulated market begins, whichever occurs later, the issuer, offeror or person asking for admission of the securities to trading on a regulated market must draw up a supplement to the prospectus and submit the said supplement to the Commission before the lapse of the next succeeding working day after the occurrence or the learning, as the case may be, of every significant new factor, material mistake or inaccuracy relating to the information contained in the prospectus which is capable of affecting the assessment of the securities offered. The summary, as well as any translations thereof, shall also be supplemented, if necessary to take into account the new information included in the supplement to the prospectus.

(3) (New, SG No. 86/2006) The Commission shall pronounce on the supplement to the prospectus within seven working

days after receipt of the said prospectus, or, where additional particulars and documents have been requested, within seven working days after receipt of the said particulars and documents. Article 91 herein shall apply accordingly.

(4) (New, SG No. 86/2006) The Commission shall refuse to approve the supplement to the prospectus if the requirements of this Act and the instruments for the application thereof are not complied with. In such case, the Commission may discontinue the public offering or the trading in the securities according to the procedure established by Article 212 herein.

(5) (New, SG No. 86/2006, amended, SG No. 34/2015, SG No. 102/2015, effective 1.01.2016) The issuer, offeror or person asking for admission of the securities to trading on a regulated market must give public notice of any such supplement and make the supplement available to the public according to the procedure established by Article 92a herein as soon as practicable, but in any case within one business day after the decision of the Commission to confirm the supplement to the prospectus.

(6) (Renumbered from Paragraph 3, amended, SG No. 86/2006, SG No. 103/2012) In the cases referred to in Paragraph 2, where the prospectus relates to an offer of securities to the public, persons who have already subscribed for or, respectively, purchased securities before the supplement to the prospectus is published shall have the right-exercisable within two working days after the publication of the supplement notice or within any longer time limit specified by the issuer or offeror-to withdraw their acceptances, provided that the new factor, mistake or inaccuracy referred to in paragraph 2 arose before the final closing of the offer to the public and the delivery of the securities. The final date of the right of withdrawal referred to in the first sentence shall be stated in the supplement. The withdrawal of acceptance referred to in the first sentence shall be effected by means of a written declaration at the place where the securities were subscribed for or purchased, as the case may be.

(7) (Renumbered from Paragraph 4, amended, SG No. 86/2006) The issuer, offeror or person asking for admission of the securities to trading on a regulated market shall incur joint liability for any detriment inflicted by non-fulfilment of any obligation under Paragraphs (1), (2) and (5).

## **Article 86**

(Amended, SG No. 86/2006)

(1) The issuer, offeror or person asking for admission of the securities to trading on a regulated market may draw up the prospectus as a base prospectus where the following types of securities are offered to the public or are to be admitted to trading on a regulated market:

1. non-equity securities, including warrants in any form, issued under an offering programme;
2. non-equity securities issued in a continuous or repeated manner by banks where:

(a) the sums deriving from the issue of the said securities are placed in assets which provide sufficient coverage for the liability deriving from securities until the maturity date thereof;

(b) in the event of bankruptcy of the issuer bank, the sums referred to in Littera (a) are intended, as a priority, to repay the principal and interest falling due.

(2) The base prospectus shall contain the relevant information concerning the issuer and the securities offered to the public or to be admitted to trading on a regulated market, as well as, at the discretion of the issuer, the final terms of the offer. If necessary, the information given in the base prospectus shall be supplemented according to Article 85 herein with updated information on the issuer and on the securities to be offered to the public or to be admitted to trading on a regulated market.

(3) (Amended, SG No. 103/2012, SG No. 102/2015, effective 1.01.2016) Where neither the base prospectus nor any supplement thereto includes information on the final terms of the offer, the issuer, offeror or person asking for admission of the securities to trading on a regulated market shall make the said information available to the public according to Article 92a(5) and file it with the Commission, while the Commission shall communicate it to the competent authority of the host Member State(s) when each particular public offer is made as soon as practicable and, if possible, in advance of the beginning of the offer or admission to trading. The Commission shall notify the European Securities and Markets Authorities of these final terms and conditions. The final terms shall contain information that relates to the securities note and shall not be used to supplement the base prospectus. The first sentence of Article 87a(1) shall apply in the cases referred to in the first sentence above.

## **Article 87**

(Amended, SG No. 39/2005, SG No. 86/2006)

The Commission may authorize the omission from the prospectus of certain information which is required under this Act or the instruments for the application thereof if the Commission considers that:

1. disclosure of such information would be contrary to the public interest;
2. disclosure of such information would be seriously detrimental to the issuer, provided that the omission would not be likely to mislead investors with regard to facts and circumstances essential for attainment of the objective referred to in Article 81 (1) herein;
3. such information is of minor importance only for a specific offer or admission to trading on a regulated market and is not such as will influence the assessment of the financial position and prospects of the issuer, offeror or guarantor of the securities

## **Article 87a**

(New, SG No. 86/2006)

(1) Where information on the final offer price and on the final amount of securities which will be offered cannot be included in the prospectus, the maximum price or the criteria and/or the conditions in accordance with which the final price and the final amount of securities will be determined shall be disclosed therein. If the information referred to in the first sentence is not disclosed in the prospectus, the persons who have subscribed for or purchased securities, as the case may be, may withdraw the acceptances of the subscription or purchase within two working days or within another longer time limit as provided for in the prospectus after submission to the Commission of the information on the final price and the final amount of the securities which will be offered by means of a written declaration at the places where the securities were subscribed for or purchased, as the case may be. The person shall not incur any liability for the withdrawal of the acceptance thereof under the second sentence save as where the said person has acted in bad faith.

(2) The issuer, offeror or person asking for admission of the securities to trading on a regulated market shall be obligated to inform commission forthwith of the final price and the final amount of securities which will be offered and to publish this information according to Article 92 (5) herein.

## **Article 88**

(Amended, SG No. 39/2005, repealed, SG No. 86/2006).

## **Article 89**

(1) (Amended, SG No. 61/2002) Any subscribers for securities shall credit the amounts due to a special account with a bank named by the issuer. Where the issuer is a bank, the said account shall be opened with another bank.

(2) (New, SG No. 61/2002, amended, SG No. 34/2006) The amounts on any such account may not be used prior to closure of the subscription and recording of the increase of capital in the Commercial Register.

(3) (Renumbered from Paragraph 2, SG No. 61/2002) Should a subscription be closed unsuccessfully, without fulfilment of the terms and conditions as provided in the prospectus, the amounts raised shall be refunded to the subscribers for the securities within one month after the public notice referred to in Article 84 (3) herein inclusive of the interest paid by the bank referred to in Paragraph 1.

(4) (Renumbered from Paragraph 3, amended, SG No. 61/2002, SG No. 86/2006, SG No. 103/2012) In cases under Paragraph 3, on the date of the public notice referred to in Article 84(3), the issuer or the offeror shall notify the bank of the result of the subscription and shall publish an invitation to the persons who have subscribed for securities on the websites of the issuer, when the securities have been offered by the latter, and shall communicate it to the investment intermediaries participating in the offering. The invitation shall specify the conditions and procedures for refunding the amounts raised. The issuer or the offeror shall also apply for publishing of the invitation in the commercial register and in the daily newspapers referred to in Article 92a(2).

## **Section III**

# Approval, How Granted and Refused

## Article 90

(Amended, SG No. 39/2005, SG No. 86/2006)

The issuer, offeror or person asking for admission of the securities to trading on a regulated market shall submit to the Commission an application for confirmation of a prospectus for an offer to the public or for admission to trading on a regulated market, enclosing therewith:

1. the prospectus;
2. the issuer's Articles of Association;
3. the issuer's last annual financial statement, as audited by a registered auditor;
4. any other documents as may be prescribed by ordinance.

## Article 91

(1) (Previous text of Article 91, SG No. 61/2002, amended, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007) The Commission shall establish whether the requirements for issuance of the requested confirmation are met. If the particulars and documents provided are incomplete or inconsistent or additional information or evidence of the veracity of data are necessary, the Commission shall send a notification of the established incompleteness and inconsistencies and/or of the requested information and documents within 10 working days from receipt of the application.

(2) (New, SG No. 52/2007) If the notification under Paragraph 1 is not accepted at the correspondence address specified by the applicant, the time limit for their submission shall be effective from posting thereof on a notice board expressly provided therefor on the premises of the Commission. Any such posting shall be attested by a memorandum drawn up by officers designated by an order of the Chairperson of the Commission.

(3) (New, SG No. 52/2007, amended and supplemented, SG No. 21/2012) The Commission shall pronounce on the application within 10 working days after the date of receipt thereof or, where additional particulars and documents have been requested additional particulars and documents have been provided at the initiative of the applicant, within 10 working days after the date of receipt of the said particulars and documents.

(4) (New, SG No. 86/2006, renumbered from Paragraph 2, amended, SG No. 52/2007, SG No. 62/2017) In the cases where the public offer involves securities issued by an issuer which does not have any securities admitted to trading on a regulated market and which has not previously offered securities to the public, the time limit referred to in Paragraph 3 shall be up to 15 business days.

(5) (New, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 2, amended, SG No. 86/2006, renumbered from Paragraph 3, amended, SG No. 52/2007) Article 7 of the Act Restricting Administrative Regulation and Administrative Control over Economic Activity shall not apply in the cases referred to in Paragraphs (1).

(6) (New, SG No. 21/2012) The Commission shall notify the European Securities and Markets Authority (ESMA) of the confirmation of the prospectus issued and shall provide it with a copy of the confirmed prospectus simultaneously with the notification of the applicant of the confirmation issued.

(7) (New, SG No. 86/2006, renumbered from paragraph 4, amended, SG No. 52/2007, renumbered from paragraph 6, supplemented, SG No. 21/2012, amended, SG No. 42/2016) Where the Republic of Bulgaria is a Member State of origin, the Commission may, because of the type of the issuer and the securities offered or the peculiarities of the public offer, subject to prior notification of ESMA and with the agreement of the relevant competent authority of another Member State, transfer the confirmation of a specific prospectus to the said competent authority. In such case, the Commission shall notify the issuer, the offeror or the person asking for admission of the securities to trading on a regulated market within three working days from the date of the decision taken by the Commission to transfer the confirmation. The time limit for pronouncement by the relevant competent authority referred to in Paragraph 3 or in Paragraph 4, as the case may be, shall apply as from the date of the decision referred to in the second sentence. In the cases referred to in this paragraph, Article 28, paragraph 4 of Regulation (EU) No. 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC, hereinafter referred to as

"Regulation (EU) No. 1095/2010" shall not apply.

(8) (New, SG No. 86/2006, renumbered from paragraph 5, amended, SG No. 52/2007, renumbered from paragraph 7, amended, SG No. 21/2012, SG No. 42/2016) Where the Republic of Bulgaria is not a Member State of origin, the Commission, acting under the terms established by Paragraph 7, may assume the confirmation of a prospectus from the competent authority of another Member State. Paragraph 7 shall apply, *mutatis mutandis*.

## **Article 92**

(1) (Amended, SG No. 39/2005) The Commission shall refuse to grant confirmation under Article 78 (2) herein by a reasoned decision in writing on any of the following grounds:

1. (supplemented, SG No. 62/2017) where the prospectus does not satisfy the statutory requirements and/or the applicable European Union law;

2. where the issue price of the shares is lower than the balance-sheet value per share before the increase of capital, calculated at the time of passage of a resolution on an increase of capital, and the interests of shareholders are thus impaired;

3. on account of the special rights attaching to the shares, or for any other reason the interests of investors are not safeguarded.

(2) (Amended, SG No. 39/2005) The Commission may refuse to grant confirmation solely if the applicant has failed to cure the non-conformities or to submit the documents as required within the time limit set by the Commission, which may not be shorter than one month.

(3) (Amended, SG No. 39/2005) The Commission shall not be held responsible for the accuracy of any particulars contained in a prospectus.

(4) (Amended, SG No. 39/2005, SG No. 34/2006, SG No. 86/2006) Except in the cases where confirmation of a prospectus is not required, recordings in the Commercial Register shall include the increase of capital under the terms established by Article 5 herein after presentation of the confirmation issued by the Commission.

## **Article 92a**

(New, SG No. 86/2006)

(1) The issuer or offeror shall give public notice of the public offering, the earliest and latest date for the subscription or the earliest and latest date for the sale, as the case may be, the registered number of the confirmation as granted by the Commission, and the place, time and manner of inspection of the prospectus, as well as other particulars as may be prescribed by ordinance.

(2) (Amended, SG No. 103/2012, SG No. 62/2017) Any notice referred to in Paragraph 1 shall be published in at least one national daily newspaper or on the website of a news agency or other media which can ensure the effective dissemination of the regulated information to the public in all Member States, and on the websites of the issuer, when the securities are offered by the latter, and of the investment intermediaries participating in the offering at least 7 days prior to the earliest date for the subscription or the commencement of the sale.

(3) The publication date of the notice referred to in Paragraph 1 shall be deemed as commencement of the public offering.

(4) The earliest date as stated in the notice referred to in Paragraph 1, whereon the issuer's securities can be subscribed for or purchased, as the case may be, shall be deemed as commencement of the subscription or sale, as the case may be.

(5) (Supplemented, SG No. 103/2012) The issuer, the offeror or the person asking for admission of the securities to trading on a regulated market shall be obligated to make the prospectus available to the public through insertion in the press, in the form of a brochure, or in another appropriate manner not later than at the beginning of the offer to the public or the admission of the securities to trading on a regulated market. If the prospectus is made available to the public by a press publication or by printed copies distributed at the places where the securities concerned are offered for subscription or purchase, the prospectus shall also be published, in an electronic form, on the website of the issuer or, if applicable, on the websites of the financial institutions participating in the offering.

(6) In the case of an initial public offer of a class of shares not already admitted to trading on a regulated market and whose admission to trading is to be sought for the first time, the prospectus shall be made available to the public at least

six working days before the end of the offer.

(7) Any advertisement and insert in connection with a public offer of securities or admission of securities to trading on a regulated market shall state that the prospectus is or will be made available to the public, as well as the manner in which investors can inspect the said prospectus. Such an advertisement and insert may not contain any untrue or misleading information, or any information inconsistent with the information contained in the prospectus as submitted to the Commission. The Commission shall exercise supervision as to the conformity of the advertisements and inserts with the requirements of this Act and the instruments on the application thereof.

(8) The issuer, the offeror and the person asking for admission of the securities to trading on a regulated market may not make any statements which are inconsistent with the information contained in the prospectus as submitted to the Commission or which contain any material information which is not available in the prospectus.

(9) The requirements for making the prospectus and the other information, related to the public offer or admission to trading on a regulated market, available to the public, for the advertisements and inserts referred to in Paragraph 7, for the time limits and places for distribution, for insertion of a summary in the press or for dissemination of the information through a news agency, shall be established by an ordinance.

## **Article 92b**

(New, SG No. 86/2006)

(1) (Amended, SG No. 103/2012) A prospectus shall be valid for a period of twelve months after its approval for the purposes of public offering or admission to trading on a regulated market, provided that the requirements set out in Article 85(2) have been complied with.

(2) (Amended, SG No. 103/2012) Registration documents referred to in Article 82(3)(1) that have been submitted to the Commission and approved by it shall be valid for a period of up to twelve months. Registration documents that have been updated according to Article 82a or Article 85(2), along with the securities note and the summary, shall be considered to constitute a valid prospectus.

(3) In the cases of an offering programme, the base prospectus shall be valid for a period of twelve months.

(4) In the cases referred to in Item 2 of Article 86 (1) herein, the prospectus shall be valid until no more of the securities are issued in a continuous or repeated manner.

## **Article 92c**

(New, SG No. 86/2006)

(1) (Supplemented, SG No. 21/2012, amended, SG No. 42/2016) Where the Republic of Bulgaria is a Member State of origin, securities may be offered to the public or admission of securities to trading on a regulated market may be sought within the territory of one or more host Member States on the basis of a prospectus confirmed by the Commission, after the competent authorities of the host Member States and ESMA are notified in advance according to the procedure established by Paragraph 4.

(2) Where an offer to the public is made or admission to trading on a regulated market is sought within the territory of one or more host Member States, the issuer or the person responsible for drawing up the prospectus must notify the Commission of this in advance.

(3) A notification referred to in Paragraph 2 shall indicate the host Member State or States, as the case may be. The prospectus shall be attached to any such notification unless confirmed by the Commission.

(4) (Supplemented, SG No. 21/2012, amended, SG No. 103/2012) Within three working days after the receipt of the notification referred to in Paragraph 2 or, respectively, within one working day after the confirmation of the prospectus, if the prospectus has been submitted for confirmation together with the notification, the Commission shall dispatch to the competent authority of the host Member State a certificate attesting that the prospectus has been drawn up in accordance with the requirements of Directive 2003/71/EC of the European Parliament and of the Council [on the prospectus to be published when securities are offered to the public or admitted to trading] and amending Directive 2001/34/EC, as well as a copy of the prospectus under Paragraph 3, and shall notify ESMA simultaneously thereof. The issuer, or the person responsible for drawing up the prospectus, respectively, shall be notified by the Commission of the dispatch of the documents referred to in the first sentence at the same time as the certificate was sent to the competent authority of the host Member State.



(5) Paragraphs (2) to (4) shall apply, mutatis mutandis, to the supplements to the prospectus referred to in Article 85 (2) herein.

(6) Where the Commission has authorized the omission from the prospectus of certain particulars in accordance with Article 87 herein or where Article 82 (5) herein has been applied, this shall be stated in the certificate referred to in Paragraph 4 together with the justification for application of these provisions.

(7) Where the Commission is informed by the competent authority of the host Member State of any violations of the effective legislation of that State committed by the issuer or by the persons commissioned to carry out the offer to the public, or of any breaches of the obligations attaching to the issuer by reason of the fact that the securities are admitted to trading on a regulated market, the Commission shall apply the relevant measures under Article 212 herein and shall notify the host Member State of the measures taken.

## **Article 92d**

(New, SG No. 86/2006)

(1) (Amended, SG No. 42/2016) Where the Republic of Bulgaria is a host Member State, securities may be offered to the public or may be admitted to trading on a regulated market within the territory thereof after the Commission receives from the relevant competent authority of the Member State of origin:

1. a certificate attesting that a confirmed prospectus exists for the securities, which has been drawn up in accordance with the requirements of Directive 2003/71/EC of the European Parliament and of the Council [on the prospectus to be published when securities are offered to the public or admitted to trading] and amending Directive 2001/34/EC, as well as information whether any particulars have been omitted from or substituted in the prospectus, the particulars which have been omitted or substituted, as well as justification of the omission or substitution of the said particulars;

2. a copy of the confirmed prospectus.

(2) The Commission shall forthwith notify the issuer or the person responsible for drawing up the prospectus, as the case may be, of the receipt of the documents referred to in Paragraph 1.

(3) (Amended, SG No. 62/2017) The issuer, the offeror or the person asking for admission of the securities to trading on a regulated market shall be obligated to make the prospectus available to the public according to the procedure established by Article 92a herein. The prospectus shall be made available to the public in a language customary in the sphere of international finance or in the Bulgarian language, at the choice of the issuer, offeror, or person asking for admission of the securities to trading on a regulated market.

(4) Paragraphs (1) to (3) shall apply, mutatis mutandis, to the supplements to the prospectus.

(5) (New, SG No. 21/2012) The Commission shall publish on its website and shall update the list of received certificates under Paragraphs (1) and (4) and any such disclosed information shall be published for a period of at least 12 months.

(6) (Renumbered from Paragraph 5, supplemented, SG No. 21/2012, amended, SG No. 42/2016) Where the Commission learns of any significant new factor, material mistake or inaccuracy in the prospectus, the Commission shall draw the attention of the competent authority of the Member State of origin to the need of a supplement to the prospectus and ESMA.

(7) (Renumbered from Paragraph 6, supplemented, SG No. 21/2012, amended, SG No. 42/2016) Where the Commission finds that the issuer or the persons commissioned to carry out the offer to the public in the Republic of Bulgaria violate this Act or the instruments for the application thereof, or that the issuer breaches the obligations attaching thereto by reason of the fact that the securities are admitted to trading on a regulated market within the Republic of Bulgaria, the Commission shall notify the competent authority of the Member State of origin and ESMA.

(8) (Renumbered from Paragraph 7, supplemented, SG No. 21/2012, amended, SG No. 42/2016) If, despite the measures taken by the competent authority of the Member State of origin and ESMA or because such measures have proved inadequate, the issuer or the person commissioned to carry out the offer to the public in the Republic of Bulgaria persists in committing violations of this Act or of the instruments for the application thereof, the Commission may, after informing the competent authority of the Member State of origin, take the appropriate measures in order to protect investors. The Commission shall notify the European Commission and ESMA of the measures taken within 7 days after their implementation.

## **Article 92e**

(New, SG No. 86/2006)

(1) (Amended, SG No. 42/2016) Where an offer to the public is made or admission to trading on a regulated market is sought only in the Republic of Bulgaria and the Member State of origin is the Republic of Bulgaria, the prospectus shall be drawn up in the Bulgarian language.

(2) (Amended, SG No. 42/2016) Where an offer to the public is made or admission to trading on a regulated market is sought in one or more Member States excluding the Republic of Bulgaria and the Member State of origin is the Republic of Bulgaria, the prospectus shall be drawn up either in a language accepted by the competent authorities of those Member States or in a language customary in the sphere of international finance, at the choice of the issuer, offeror or person asking for admission of the securities to trading on a regulated market. For the purposes of confirmation of the prospectus by the Commission, the prospectus shall be drawn up in the Bulgarian or the English language, at the choice of the issuer, offeror or person asking for admission of the securities to trading on a regulated market.

(3) (Amended, SG No. 42/2016) Where an offer to the public is made or admission to trading on a regulated market is sought in more than one Member State including the Republic of Bulgaria and the Member State of origin is the Republic of Bulgaria, the prospectus shall be drawn up in the Bulgarian language. In such cases, the prospectus shall also be made available to the public either in a language accepted by the competent authorities of each host Member State or in a language customary in the sphere of international finance, at the choice of the issuer, offeror, or person asking for admission of the securities to trading on a regulated market.

(4) (Amended, SG No. 103/2012, SG No. 42/2016) Where admission to trading on a regulated market of non-equity securities whose denomination per unit amounts to at least the lev equivalent of EUR 100,000 is sought in one or more Member States, the prospectus shall be drawn up either in a language accepted by the competent authorities of the home and Member States of origin or in a language customary in the sphere of international finance, at the choice of the issuer, offeror or person asking for admission of the securities to trading on a regulated market.

#### **Article 92f**

(New, SG No. 86/2006)

(1) (Amended, SG No. 42/2016) Where the Republic of Bulgaria is the Member State of origin of an issuer having its registered office in a third country, the Commission may confirm a prospectus for an offer to the public or for admission to trading on a regulated market, drawn up in accordance with the legislation of a third country, provided that:

1. the prospectus has been drawn up in accordance with international standards set by international securities commission organizations, including the IOSCO disclosure standards;
2. the information requirements, including information of a financial nature, are equivalent to the requirements under this Act and the instruments for the application thereof.

(2) (Amended, SG No. 42/2016) In the case of an offer to the public or admission to trading on a regulated market of securities, issued by an issuer having its registered office in a third country, in a Member State other than the Republic of Bulgaria and the Member State of origin is the Republic of Bulgaria, Articles 92c and 92e herein shall apply, *mutatis mutandis*.

#### **Article 92g**

(New, SG No. 86/2006)

(1) (New, SG No. 21/2012) In the exercise of its powers and in performance of its functions under this Act and the instruments for the application thereof, the Commission shall cooperate with ESMA and shall provide it with information for the performance of its duties in accordance with the requirements of Regulation (EU) No. 1095/2010.

(2) (Amended, SG No. 57/2007, renumbered from Paragraph 1, amended, SG No. 21/2012, SG No. 42/2016) The Commission shall cooperate and exchange information with the relevant competent authorities of the other Member States when this is necessary for the implementation of the powers of the Commission and shall render assistance to the said authorities with a view to their performing their functions, in particular when an issuer has two or more Member States of origin and, respectively, competent authority because of the various classes of securities issued thereby, or where the confirmation of the prospectus has been transferred to the competent authority of another Member State according to Article 91 (7) herein. The Commission shall closely cooperate with the authorities referred to in Paragraph 1 when one or several of the said authorities require suspension or discontinuance of trading in particular securities traded in various

Member States in order to ensure a level playing field between trading venues and protection of investors.

(3) (Amended, SG No. 57/2007, renumbered from Paragraph 2, amended, SG No. 21/2012, SG No. 42/2016) Where the Republic of Bulgaria is a host Member State, the Commission may request the assistance of the competent authorities of the Member State of origin from the stage at which a specific case file is scrutinised, in particular in the cases where the case file concerns a new type or rare forms of securities. Where the Republic of Bulgaria is a home Member State, the Commission shall be obligated to render assistance to the competent authorities of the Member State of origin in the cases referred to in Paragraph 2.

(4) (Renumbered from Paragraph 3, SG No. 21/2012, amended, SG No. 42/2016) The Commission may ask for information from the competent authority of the host Member State on any items specific to the capital market in that State. When approached by the competent authorities of the Member State of origin, the Commission shall be obligated to provide information on the Bulgarian market.

(5) (Renumbered from Paragraph 4, SG No. 21/2012) The Commission may consult with the regulated markets as necessary and, in particular, when making a decision on suspension or discontinuance of trading in particular securities.

(6) (New, SG No. 21/2012) Where the Commission has not received the requested information on a timely basis or where receipt of such information or cooperation is refused, the Commission may notify ESMA in order to ensure cooperation in accordance with Regulation (EU) No. 1095/2010.

## **Article 92h**

(New, SG No. 86/2006)

(1) To ensure compliance with the provisions of this Chapter, in addition to the powers provided for in the other parts of this Act and the instruments for the application thereof, the Commission shall also be empowered:

1. to require issuers, offerors or persons asking for admission to trading on a regulated market to include in the prospectus specific information, if necessary for investor protection;
2. to require issuers, offerors or persons asking for admission to trading on a regulated market, and the persons that control them or are controlled by them, to provide specific information and documents;
3. to require the auditors, the members of the management and supervisory bodies and the managerial agents of the issuers, offerors or persons asking for admission to trading on a regulated market, as well as the persons commissioned to carry out the offer to the public or to ask for admission to trading, to provide specific information;
4. to suspend a public offer or admission to trading for a maximum of ten consecutive working days on any single occasion if it has reasonable grounds for suspecting that the provisions of this Act or the instruments for the application thereof have been infringed;
5. to prohibit or suspend a specific advertisement for a maximum of ten consecutive working days on any single occasion if it has reasonable grounds for believing that the provisions of this Act or the instruments for the application thereof have been infringed;
6. to prohibit the carrying out of a public offer if it has reasonable grounds for believing that the provisions of this Act or the instruments for the application thereof have been or would be infringed;
7. to make public the fact that a specific issuer is failing to comply with its obligations under this Act or the instruments for the application thereof.

(2) (Amended and supplemented, SG No. 103/2012) The Commission may disclose to the public every coercive administrative measure applied and sanction imposed for infringement of the provisions of this Act or the instruments for the application thereof, unless such disclosure would seriously jeopardize the stability of the financial markets or cause disproportionate damage to the parties concerned.

## **Article 93**

(Amended and supplemented, SG No. 61/2002, amended, SG No. 39/2005, repealed, SG No. 86/2006).

## **Section IV**

**(Repealed, SG No. 52/2007, effective 3.07.2007)**

## **Disclosure of Information**

### **Article 93a**

(New - SG No. 61/2002, amended, SG No. 105/2006, repealed, SG No. 52/2007, effective 3.07.2007).

### **Article 94.**

(Amended and supplemented - SG No. 61/2002, amended, SG No. 39/2005, amended and supplemented, SG No. 86/2006, amended, SG No. 105/2006, repealed, SG No. 52/2007, effective 3.07.2007).

### **Article 95**

(Amended - SG No. 61/2002, SG No. 39/2005, repealed, SG No. 52 2007, effective 3.07.2007).

### **Article 95a**

(New - SG No. 39/2005, repealed, SG No. 52/2007, effective 3.07.2007).

### **Article 96**

(Amended - SG No. 61/2002, SG No. 39/2005, repealed, SG No. 52/2007, effective 3.07.2007).

### **Article 97**

(Amended - SG No. 61/2002, repealed, SG No. 39/2005).

### **Article 98**

(Amended - SG No. 61/2002, SG No. 39/2005, SG No. 84/2006, repealed, SG No. 52/2007, effective 3.07.2007).

### **Article 98a**

(New - SG No. 61/2002, amended, SG No. 39/2005, repealed, SG No. 52/2007, effective 3.07.2007).

### **Article 99**

(Amended and supplemented - SG No. 61/2002, amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 52/2007, effective 3.07.2007).

### **Article 100**

(Amended and supplemented - SG No. 61/2002, amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005, repealed, SG No. 52/2007, effective 3.07.2007).

## **Section V**

**(New, SG No. 61/2002)**

**Special Requirements upon Initial public offering of Bonds**

**(Heading amended, SG No. 103/2012)**

## **Article 100a**

(New, SG No. 61/2002)

(1) (Supplemented, SG No. 103/2012) For admission of an initial public offering of covered bonds, the issuer of the said bonds shall be required to have concluded a contract with a bondholders' trustee. Issuers of covered bonds which have been offered under conditions other than those for public offering and which, according to the conditions of the issue, are to be admitted to trading on a regulated market of securities, shall enter into a contract with a bondholders' trustee within 7 days from the date of the first general bondholders' meeting. Article 208, Article 209(2) and Articles 210 -213 of the Commerce Act shall not apply.

(2) (New, SG No. 62/2017) In the event that following the expiry of 6 months of the issuance of the bond issue the bonds have not been admitted to trading on a regulated market of securities, the issuer shall be obliged, at a request by a bondholder, to repurchase the bonds at their issue price within 7 days of receiving such request.

(3) (New, SG No. 103/2012, renumbered from Paragraph 2, SG No. 62/2017) The trustee shall be appointed at the choice of the issuer. If the trustee is not specified in the proposal for subscription of bonds which have been offered under conditions other than those for public offering and which, according to the conditions of the issue, are to be admitted to trading on a regulated market of securities, the general bondholders' meeting shall approve one of the minimum two trustee nominations proposed by the issuer which shall be supported by draft contracts and the nominated persons' consent. The general bondholders' meeting shall also give its prior consent for a change of trustee.

(4) (Renumbered from Paragraph 2, SG No. 103/2012, renumbered from Paragraph 3, SG No. 62/2017) The bondholders' trustee shall act on its own behalf in the cases specified in this Act and in the contract referred to in Paragraph 1.

(5) (Renumbered from Paragraph 3, SG No. 103/2012, renumbered from Paragraph 4, SG No. 62/2017) The compensation of the trustee shall be for the account of the bond issuer.

(6) (Renumbered from Paragraph 4, SG No. 103/2012, renumbered from Paragraph 5, SG No. 62/2017) The requirement of Paragraph 1 shall not apply in respect of any bonds issued under the Mortgage Bonds Act.

(7) (Renumbered from Paragraph 5, SG No. 103/2012, renumbered from Paragraph 6, SG No. 62/2017) The requirement of Paragraph 1 shall apply in respect of any debentures if so provided for in the resolution on the issuing of the bond loan under Article 204 (3) of the Commerce Act.

(8) (Renumbered from Paragraph 6, supplemented, SG No. 103/2012, renumbered from Paragraph 7, supplemented, SG No. 62/2017) The holders of bonds of the same issue or class may resolve matters of mutual interest at a general meeting. Any such general meeting shall be convened by the bondholders' trustee according to the procedure established by Article 214 of the Commerce Act. The issuer shall assist the bondholders' trustee in the preparation for and the holding of the general meeting of bondholders. The right to vote shall be exercised by the persons registered as bondholders with the Central Depository five days before the date of the general meeting.

(9) (New, SG No. 62/2017) Unless otherwise stipulated in the terms and conditions of the issue and/or in an agreement between the bondholders, the costs of enforcement on the issuer's assets for covering the claims of the bondholders, including but not limited to fees, legal counsel and legal fees, shall be distributed by a resolution of the general meeting of bondholders taken in accordance with the procedure established by Article 204 (3) of the Commerce Act. The trustee shall not be responsible for collecting the bondholders' claims in the event that the issuer fails to discharge its obligations under the bond loan, if the general meeting of bondholders fails to vote a resolution according to the first sentence herein or if less than 80 percent of the amounts payable by bondholders for costs of enforcement according to the resolution referred to in the first sentence herein are transferred.

## **Article 100b**

(New, SG No. 61/2002)

(1) (Supplemented, SG No. 103/2012) In the case of bonds which have been offered under conditions other than those for public offering and which, according to the conditions of the issue, are to be admitted to trading on a regulated market of securities, every prospectus for a bond issue and the proposal referred to in Article 205(2) of the Commerce Act must include:

1. the terms and conditions whereunder the bond issuer is obligated to repay the bond loan before maturity;
2. an obligation of the bond issuer to observe specific financial performance indicators until redemption of the bond loan,

including a maximum value of the ratio of liabilities to assets according to the balance sheet and a minimum value of an interest coverage ratio;

3. the conditions which the bond issuer must fulfil for the issuing of new bond issues of the same class;

4. (new, SG No. 103/2012, amended, SG No. 62/2017) the conditions and procedures for modifying the conditions under which the bonds were issued, including the specific parameters of the bond issue subject to subsequent modification.

(2) The interest coverage rate referred to in Item 2 of Paragraph 1 shall be calculated by adding the expenses on interest payable to the profit from ordinary activities and dividing the sum total by the expenses on interest payable.

(3) (New, SG No. 62/2017) Changes in the conditions under which the bonds were issued, including the specific parameters of the bond issue, may be made no later than two months before the maturity of the bond issue.

(4) (New, SG No. 62/2017) Any modifications under Item 4 of Paragraph 1 shall be adopted by the general meeting of bondholders, at which not less than two-thirds of the issued bonds are represented, by a resolution taken by a majority of not less than three quarters of the represented bonds. A larger quorum and a majority for voting resolutions to change the terms, conditions and parameters of the bond issue can be envisaged in the prospectus or in the proposal for subscription of bonds.

(5) (New, SG No. 62/2017) If the resolution referred to in Paragraph 4 is for partial repayment of the bond issue before maturity, such repayment shall be made in proportion to each issued bond.

(6) (New, SG No. 62/2017) Any changes in the bond issue other than those specified in Item 4 of Paragraph 1, and any changes made in violation of Paragraphs 3 – 5, shall be nil and void.

(7) (New, SG No. 62/2017) Within 5 business days from the resolution referred to in Paragraph 4, an information document shall be prepared. It shall include up-to-date information about all parameters of the bond issue. Within the time limit specified in the previous sentence, the information document shall be disclosed to the public by being provided to the Commission, the regulated market and the public in accordance with the procedure established by Paragraphs 3 and 4 of Article 100r.

(8) (Amended, SG No. 39/2005, SG No. 103/2012, renumbered from Paragraph 3, SG No. 62/2017) In the cases where the bond issuer has not concluded a contract with a bondholders' trustee, the said issuer shall submit a quarterly report on the compliance with the bond loan terms and conditions to the bulletin of the regulated market on which the bonds are traded and to the Commission within thirty days after the end of each quarter. Issuers that deliver consolidated statements and have undertaken to comply with financial indicators on a consolidated basis shall submit the said report within sixty days after the end of each quarter. Any such report shall contain information regarding:

1. fulfilment of the bond issuer's obligations to the bondholders according to the terms and conditions of the issue, including observance of the specific financial performance indicators;

2. the spending of the proceeds from the bond loan;

3. other circumstances as shall be specified by ordinance.

### **Article 100c**

(New, SG No. 61/2002)

(1) The bondholders' trustee shall be obligated to act in the best interest of the bondholders.

(2) Any stipulations whereby the liability of the bondholders' trustee to the bondholders in the event of negligence is excluded or limited shall be invalid.

(3) The bondholders' trustee shall not be liable to the bondholders for any detriment sustained thereby where the acts or omissions of the said trustee are in pursuance of a resolution of the Bondholders' General Meeting passed by a majority exceeding one half of the votes of the bondholders who subscribed for the loan.

### **Article 100d**

(New, SG No. 61/2002)

(1) (Amended and supplemented, SG No. 62/2017) To be eligible for the position of bondholders' trustee, a person may

be a bank with registered office in Bulgaria, a bank which conducts business in Bulgaria through a subsidiary authorised by the Bulgarian National Bank, or a bank with a registered office in a European Union Member State, under the conditions of establishment.

(2) (New, SG No. 62/2017) The following investment intermediaries shall also be eligible for the position of bondholders' trustee:

1. an investment intermediary which holds a licence issued by the Commission for the provision of investment services and/or for carrying out investment activities under the Markets in Financial Instruments Act or is an investment intermediary from a Member State that carries out such activities in the territory of the Republic of Bulgaria through a subsidiary;
2. an investment intermediary which has equity in an amount of not less than 1 500 000 lev and satisfies the requirements for capital adequacy of investment intermediaries;
3. an investment intermediary which has sufficient personnel and information for the effective performance of its functions and duties as a trustee according to the requirements of this Act, the instruments for the application thereof and the contract under Article 100a.

(3) (Renumbered from Paragraph 2, amended, SG No. 62/2017) The following banks or investment intermediaries shall be ineligible for the position of bondholders' trustee:

1. (amended, SG No. 62/2017) any bank or investment intermediary which underwrites the bond issue or which is a trustee in respect of bonds of another class issued by the same issuer;
2. (amended, SG No. 62/2017) any bank or investment intermediary which controls the issuer, whether directly or indirectly, or which is controlled by the bond issuer, whether directly or indirectly;
3. (new, SG No. 103/2012, amended, SG No. 62/2017) any bank or investment intermediary to which the issuer, or a party economically related to the issuer within the meaning of § 1 (1) (5) of the Supplementary Provisions of the Credit Institutions Act, has a conditional or unconditional obligation under a credit agreement or under a bank guarantee issued by that bank;
4. (renumbered from Item 3, SG No. 103/2012, amended, SG No. 62/2017) in other cases, where a conflict exists or may arise between the interest of the bank or the investment intermediary, or of a person controlling the said bank or investment intermediary, and the interest of the bondholders.

(4) (Renumbered from Paragraph 3, amended, SG No. 62/2017) Should any of the circumstances covered under Paragraph 3 occur after conclusion of the contract referred to in Article 100a herein, the bondholders' trustee shall be obligated to notify forthwith the bond issuer and to eliminate the non conformity with the law within 30 days after occurrence of the said circumstances. Where the non-conformity cannot be eliminated, the bond issuer shall be obligated to terminate the contract with the bondholders' trustee not later than 45 days after occurrence of the non-conformity and to conclude a new contract under Article 100a herein with another person. The trustee shall continue to fulfil the obligations thereof to the bondholders until conclusion of the new contract.

(5) (New, SG No. 62/2017) The issuer shall notify the Commission and the public in accordance with the procedure established by Paragraphs 3 and 4 of Article 100r of the need to terminate the contract with the bondholders' trustee within 7 days of the expiry of the 30-day time-period defined in Paragraph 4, where the non-conformity with the circumstances specified in Paragraph 3 is not eliminated.

(6) (New, SG No. 62/2017) Within 7 days of the conclusion of the contract with the new bondholders' trustee, the change in the bondholders' trustee shall be notified to the relevant register of collaterals, without affecting the ranking of the collateral.

(7) (New, SG No. 62/2017) The change referred to in Paragraph 6 shall be recorded in the relevant register, in which the collateral is entered, based on the contract concluded with the new trustee and the resolution of the general meeting of bondholders agreeing to the change of the trustee. If the recording shall be made in the property register, the contract concluded with the new trustee shall have a notary certification of signatures.

(8) (New, SG No. 62/2017) In case of change under Paragraph 6, the current trustee shall be obliged to cooperate fully with the issuer and the new trustee in connection with the actions under Paragraphs 6 and 7, including by carrying out the necessary legal and factual actions required for the effective replacement of the trustee without changing the ranking of the collateral.

(9) (Renumbered from Paragraph 4, amended, SG No. 62/2017) The provision of Paragraph 4 shall furthermore apply

accordingly in the cases where the authorisation for conduct of business of the bondholders' trustee has been revoked, where a resolution on voluntary liquidation has been passed, or where bankruptcy proceedings have been instituted thereagainst.

(10) (New, SG No. 62/2017) In case a circumstance under Paragraph 9 exists, the issuer of the bonds shall be obliged to convene a general meeting of bondholders within 30 days of the date of entering the circumstance under Paragraph 9 in the commercial register. Within the time limit specified in the first sentence herein, the issuer shall be obliged to submit to the Commission the invitation together with the materials specified in the second sentence of Article 100a (3), subject to the requirements of Paragraphs 2 and 3, in accordance with the procedure established by Article 100r (4), as well as to disclose it to the public in accordance with the procedure established by Article 100r (3). The contract with the newly elected bondholders' trustee shall be concluded within the deadline specified in the second sentence of Article 100a (1).

### **Article 100e**

(New, SG No. 61/2002)

(1) The contract referred to in Article 100a herein must fully define the rights and obligations of the bondholders' trustee in respect of the bond issuer, the obligations of the trustee in respect of the bondholders, as well as the obligations of the issuer to the bondholders' trustee.

(2) The contract referred to in Article 100a herein shall be part of the prospectus for the bond issue.

### **Article 100f**

(New, SG No. 61/2002)

(1) The bond issuer shall be obligated:

1. (amended, SG No. 52/2007) to supply the bondholders' trustee with the information covered under Chapter Six "a" within the appropriate time limits;

2. (amended, SG No. 103/2012) within 30 days after the end of each quarter, to furnish the bondholders' trustee with a report on the fulfilment of its obligations according to the terms and conditions of the bond issue, including the spending of the proceeds from the bond loan, the observance of the specific financial performance indicators, and the state of the collateral; Issuers that deliver consolidated statements and have undertaken to comply with financial indicators on a consolidated basis shall submit the said report within sixty days after the end of each quarter;

3. (supplemented, SG No. 62/2017) to notify the bondholders' trustee and the public, in accordance with the provisions established by Article 100r (3), not later than the end of the next succeeding business day of:

(a) any changes in the collateral as pledged to secure the bond issue, including any material changes in the value of the property pledged;

(b) any breach of the obligation to observe the financial performance indicators as specified in the contract;

(c) (new, SG No. 103/2012) any circumstance that may have a negative impact on the fulfilment of the issuer's obligations related to the bond issue;

(d) (new, SG No. 103/2012, amended, SG No. 62/2017) any interest or principal payment made in respect of the bonds issued;

4. (new, SG No. 103/2012, amended, SG No. 62/2017) subject to the conditions laid down in the contract, as well as upon the request of the trustee, to make available to it any other information and documents specified in the contract or necessary for the fulfilment of the trustee's obligations. If the contract is silent on the time limit for the submission of the information, it shall be made available within three business days from the date when the trustee made its request.

(2) (Amended, SG No. 39/2005, SG No. 62/2017) The issuer shall submit the report referred to in Item 2 of Article 1 herein to the Commission and to the public in accordance with the procedure established by Article 100r (3) and (4), as well as to the regulated market of securities to which the bonds were admitted to trading.

### **Article 100g**

(New, SG No. 61/2002)



(1) The bondholders' trustee shall be obligated:

1. (amended, SG No. 103/2012, supplemented, SG No. 42/2016) to analyse the issuer's financial statements and notifications under Article 100n<sup>1</sup>, where applicable, within 14 days following their disclosure and to evaluate the impact of the regulated information disclosed by the issuer in respect of the circumstances influencing its financial position within a 7-day time limit from its disclosure in terms of the issuer's ability to fulfil its obligations to bondholders;

2. (new, SG No. 103/2012) When establishing that the issuer's financial position has deteriorated, within three business days after the expiration of the time limit concerning the analysis under Item 1, to request information and evidence as to the measures taken to ensure the fulfilment of the issuer's obligations for the bond issue concerned;

3. (amended, SG No. 39/2005, renumbered from Item 2, amended, SG No. 103/2012, SG No. 62/2017) within thirty days after the submission of the report referred to in Article 100f(1)(2), or after the expiration of the time limit to do so-if the report was not timely submitted-to furnish the regulated market on which the bonds are traded and the Commission with a report for the period lapsed, containing the information under Article 100b(8), as well as information regarding:

(a) the state of the collaterals of the bond issue, where such terms and conditions exist;

(b) the financial position of the bond issuer in terms of the ability to fulfil the obligations thereof to the bondholders;

(c) (new, SG No. 103/2012) the measures undertaken by the issuer according Item 2;

(d) (renumbered from Litterae "c", SG No. 103/2012) the acts performed thereby in fulfilment of the obligations thereof;

(e) (renumbered from Litterae "d", SG No. 103/2012, amended, SG No. 62/2017) the existence or non-existence of circumstances covered under Article 100d (3) herein;

4. (renumbered from Item 3, SG No. 103/2012) to verify regularly the availability and state of the collateral;

5. (renumbered from Item 4, SG No. 103/2012) to reply in writing to any questions by the bondholders in connection with the bond issue.

6. (new, SG No. 103/2012) to monitor the timely transfers of the payments due in respect of the bond issue in the amount set;

7. (new, SG No. 103/2012, amended, SG No. 62/2017) within 14 days after the expiration of the time limit to submit the report referred to in Item 2 of Article 100f (1) - if the report was not timely submitted - to furnish the regulated market on which the bonds are admitted to trading and the Commission with information about it.

(2) Should the issuer fail to fulfil an obligation according to the terms and conditions of the bond issue, the bondholders' trustee shall be obligated:

1. (amended, SG No. 39/2005, SG No. 62/2017) by the end of the working day following the day of becoming aware of the failure of the issuer to fulfil its obligations, to notify of such failure the regulated market on which the bonds are admitted to trading and the Commission;

2. to take steps as shall be necessary for safeguarding the rights and interests of the bondholders, including:

(a) to demand from the bond issuer the provision of additional collateral to an amount as shall be necessary to guarantee the interests of the bondholders;

(b) to notify the bond issuer of the amount of the bond loan which becomes exigible in the event of overdue payment of a specific portion of the pecuniary obligations to the bondholders;

(c) to proceed with out-of-court execution against the collateral of the bond issue in the cases admissible by the law;

d) (supplemented, SG No. 62/2017) to bring actions against the bond issuer, to represent the bondholders and to protect their rights in substantive proceedings;

e) (supplemented, SG No. 62/2017) to petition the institution of bankruptcy proceedings against the bond issuer, to represent the bondholders and to protect their rights in bankruptcy proceedings against the issuer;

f) (new, SG No. 62/2017) to proceed with individual enforcement under the Code of Civil Procedure against the issuer or third parties who have provided collateral in connection with the obligations of the issuer under the bond loan;

3. (new, SG No. 62/2017) by the end of the next succeeding working day, to notify the regulated market on which the

bonds are admitted to trading and the Commission of the steps taken in accordance with Item 2 herein.

(3) (New, SG No. 62/2017) By the end of the business day on which it was notified, the regulated market shall disclose on its website the information under Items 1 and 2 of Paragraph 2 herein.

(4) (Supplemented, SG No. 103/2012, renumbered from Paragraph 3, amended, SG No. 62/2017) The Central Depository shall make available the register of bondholders upon the request of the trustee that represents them, respectively of the issued in the cases specified in Article 100d (5).

### **Article 100h**

(New, SG No. 61/2002)

(1) (Amended, SG No. 62/2017) The claims of the bondholders may be secured by a pledge, a mortgage or an insurance, and the bond issue shall be named secured creditor.

(2) (Repealed, SG No. 62/2017).

(3) (Amended, SG No. 62/2017) Only first-ranking pledges and mortgages may be created in favour of the bondholders, except where the bond issue is made to refinance liabilities of the issuer already secured by a pledge or a mortgage, which will serve as collateral for the new bond issue. Pledges and mortgages established in favour of the bondholders may be other than first-ranking, and the terms and conditions of the issue shall stipulate the time limit during which the collaterals on the refinanced obligations shall be deleted, and following such deletion the collaterals for the new bond issue will become first-ranking.

(4) (New, SG No. 62/2017) In the event that the collateral is in the form of insurance, the latter shall be taken from an insurer with the minimum credit rating specified in the ordinance referred to in Item 4 of Article 100n (4). An insurance shall be accepted as collateral within the meaning of Paragraph 1 only if the insurer has assumed an unconditional obligation for the entire duration of the insurance contract, regardless of whether the premium has been paid in full.

### **Article 100i**

(New, SG No. 61/2002)

(1) (Supplemented, SG No. 103/2012, effective 29.03.2013, amended and supplemented, SG No. 62/2017) Initial public offering of a bond issue for which collateral is envisaged shall be permitted after the collateral has been established, unless the terms and conditions of the bond issue provide that the funds raised from the bond loan can be released after the collateral is established within a time limit specified in the terms and conditions of the issue. If a collateral is not established within the time limit referred to in the first sentence herein, the funds raised shall be returned to the subscribers of the bonds under the conditions and within the time limits specified in Article 89. In the event of an unsuccessful initial public offering of a bond issue covered by collateral, as well as after paying the issuer's obligations under a bond issue covered by collateral, the trustee shall give its consent for the deregistration of the security interest within three days upon the request of the issuer or a third party that has provided the collateral.

(2) The requirement referred to in Paragraph 1 shall not apply where the collateral is property acquired on funds raised by the bond loan. Until acquisition of the said property, the funds raised shall be kept on a bank account in the name of the trustee. The trustee shall see to the creation of collateral according to the terms and conditions of the contract referred to in Article 100a herein.

(3) (Amended, SG No. 103/2012, effective 29.03.2013, SG No. 109/2013, effective 20.12.2013, SG No. 62/2017) At the time of creating collateral - or, if it was created before the contract was concluded, immediately thereupon - and within the time limits set in the contract, but at least once a year, as well as upon the occurrence of events enabling the presumption that the collateral value has been decreased by at least 5 per cent, the trustee shall commission, at the issuer's expense, independent valuers under Article 5 of the Independent Valuers Act to determine the market value of the property pledged and mortgaged.

(4) The initial appraisal of the collateral referred to in Paragraph 1 shall be attached to the prospectus for the bond issue, and in the rest of the cases the appraisals shall be attached to the reports of the issuer on fulfilment of the obligations thereof under the loan.

## **Chapter Six "a"**

(New, SG No. 52/2007, effective 3.07.2007)

## DISCLOSURE OF INFORMATION

### Section I

#### General Provisions

##### Article 100j

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Supplemented, SG No. 103/2012, amended, SG No. 42/2016) This Chapter shall establish the requirements for disclosure of information by issuers for which the Republic of Bulgaria is a Member State of origin and whose securities are admitted to trading on a regulated market as well as by issuers who have conducted public offering of securities in the Republic of Bulgaria that have not been admitted to trading on a regulated market in a Member State.

(2) Within the meaning of this Chapter:

1. (Amended, SG No. 42/2016) "Member State of origin" shall be::

a) for an issuer of shares or debt securities with single nominal value of less than the lev equivalent of EUR 1000 or equivalent amount in another currency in which the securities are denominated at the date of issue thereof:

aa) for an issuer from a Member State - the Member State where its registered office is located;

bb) (amended, SG No. 103/2012, SG No. 42/2016) for an issuer registered in a third state - the Member State chosen by the issuer from amongst the Member States, in which the issuer's securities are admitted to trade on a regulated market; the choice of the Member State of origin shall remain valid, unless the issuer has chosen a new Member State of origin according to Letter "c" and has disclosed his or her choice to the public in accordance with Paragraph 3;

b) (amended, SG No. 42/2016) outside of the cases under Letter "a" - the Member State, in which the issuer's registered office is located or in which the issuer's securities have been admitted to trade on a regulated market, at the discretionary choice of the issuer; the issuer may specify only one Member State of origin, where the issuer's choice shall be valid for a period not shorter than three years, unless the securities are no longer admitted to trade on a regulated market in the Republic of Bulgaria or in another Member State or when the issuer falls within the scope of applicability of Letters "a" or "c" within this 3-year time period;

c) (new, SG No. 42/2016) for the issuer whose securities are not longer admitted to trade on a regulated market in the Member State of origin, specified according to Letter "a", Sub-Letter "bb" or Letter "b" but are admitted to trade in one or more other Member States - the Member State, in which the issuer's registered office is located or in which the issuer's securities are admitted to trade on a regulated market, at the discretionary choice of the issuer;

2. (amended, SG No. 42/2016) "host country" shall be the Member State in which the securities are admitted to trading on a regulated market where this country is different from the Member State of origin;

3. "securities issued on a continuous basis or periodically" shall be issues of debt securities of one and the same issuer, issued regularly, or at least two separate issues of securities of similar type and/or class;

4. "debt securities" shall be bonds or other transferable securitized debts, except for securities equivalent to shares in companies, or such which upon conversion or exercise of the rights thereto entitle their holder to acquire shares or securities equivalent to shares in companies.

(3) (Amended, SG No. 42/2016) The issuer shall disclose to the public its Member State of origin according to Paragraph 2, Item 1, Letters "a" - "c" under the terms and according to the procedure laid down in Article 100r and 100t.

(4) (New, SG No. 42/2016) The issuer shall inform the Commission of its Member State of origin, when its registered office is located on the territory of the Republic of Bulgaria, as well as the competent authority of the Member State of origin and the competent authorities of every host state.

(5) (New, SG No. 42/2016) When the issuer fails to disclose to the public its Member State of origin, specified

according to Paragraph 2, Item 1, Letter "a", Sub-Letter "bb" or Letter "b", within a 3-month time limit from the date on which the issuer's securities were admitted to trade on a regulated market, Member State of origin shall be the Member State in which the issuer's securities were admitted to trade on a regulated market. When the issuer's securities have been admitted to trade on regulated markets, located on the territory or performing operations in more than one Member States, these Member States shall be Member States of origin of the issuer for as long as the issuer does not choose a single Member State of origin, according to Paragraph 2, Item 1, Letters "a" - "c" and does not disclose to the public such fact.

### **Article 100k**

(New, SG No. 52/2007, effective 3.07.2007)

The provisions of this Chapter shall not apply to:

1. units of collective investment undertakings other than the closed end type within the meaning of Article 77x, Paragraph 1, items 8 and 9, or for units acquired or transferred within such collective investment undertakings;
2. money market instruments with a maturity of less than 12 months.

### **Article 100l**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 103/2012) The reports, notifications and the other information that shall be made public under this Act must contain information as investors may need to make a reasoned investment decision. Any such reports, notifications and information may not contain untrue, misleading or deficient particulars.

(2) (Amended, SG No. 42/2016, SG No. 62/2017) The members of the management body of the issuer shall be responsible for the preparation and public disclosure of the notifications under Article 100n<sup>1</sup> and the financial statements.

(3) (Amended, SG No. 95/2015, effective 1.01.2016, SG No. 42/2016) The members of the management body of the issuer as well as its procurator shall incur joint liability for any detriment as may be inflicted by reason of any untrue, misleading or deficient particulars in the reports, notifications and any other information disclosed under this Chapter. The persons referred to in Article 18 of the Accountancy Act shall incur joint liability with the persons referred to in the first sentence for any detriment as may be inflicted by any untrue, misleading or deficient particulars in the notifications and the financial statements of the issuer, and the registered auditors shall incur joint liability with the said persons for any detriment as may be inflicted by the financial statements thereby audited.

## **Section II**

### **Disclosure of Regular Information**

#### **Article 100m**

(New, SG No. 52/2007, effective 3.07.2007)

(1) Any issuer shall disclose publicly its annual financial report within 90 days after the end of each financial year.

(2) Any issuer who is obligated to prepare consolidated financial statements shall disclose publicly its annual consolidated financial statements on its activity within 120 days after the end of each financial year.

(3) (Amended, SG No. 42/2016) The issuer shall be obligated to ensure that the annual financial statements and the consolidated financial statements remain publicly available for a period of at least 10 years.

(4) The annual financial report shall contain:

1. annual financial statements under the Accountancy Act audited by a registered auditor as well as an audit report;
2. an annual report;
3. (amended, SG No. 42/2016) a statement by the auditor who has certified the annual financial statement on the issuing

company's activity with specification of its names and mailing address, certifying that:

- a) the financial statements, prepared in accordance with the applicable accounting standards, present correctly and fairly the information about the issuer's assets and liabilities, financial standing and profit or loss;
- b) the information pertaining to the transactions with related persons is duly disclosed and announced according to the applicable accounting standards;
- c) the information pertaining to the significant transactions for the public company over the respective reporting period, is duly disclosed in the appendices to the financial statements;

4. declarations by the responsible persons within the issuer, specifying their names and functions, certifying that to the best of their knowledge:

- a) the financial statements, prepared in accordance with the applicable accounting standards, present correctly and fairly the information about the issuer's assets and liabilities, financial standing and profit or loss and of the companies included in the consolidation;
- b) the activity report shall contain a truthful review of the development and results from the activity of the issuer, as well as the condition of the issuer and the companies included in the consolidation, together with a description of major risks and uncertainties faced thereby;

5. any other information as shall be specified by ordinance.

(5) Where the issuer is obligated to prepare consolidated financial statements the annual consolidated activity report shall have the contents laid down in Paragraph 4, items 1, 2, 4 and 5, and the financial statements shall be prepared in accordance with the International Accounting Standards and shall be presented together with the annual audited financial statements of the parent undertaking, prepared in accordance with the national legislation of the Member State at the registered office of the parent undertaking.

(6) Where the issuer is not obligated to prepare consolidated financial statements under Paragraph 5 the audited financial statements shall be prepared in accordance with the national legislation of the Member State at its registered office.

(7) (Amended, SG No. 42/2016) The annual activity report shall include in addition to the information under the Accountancy Act the following:

1. a declaration of corporate management;
2. any other information as shall be specified by ordinance.

(8) (New, SG No. 42/2016) The declaration of corporate management shall contain:

1. information whether the issuer complies as appropriate with the following:
  - a) (amended, SG No. 95/2017, effective 1.01.2018) the corporate management code approved by the Commission, or
  - b) another corporate management code;
  - c) information regarding the corporate management practices, which are applied by the issuer in addition to the code under Letter "a" or Letter "b";
2. explanation by the issuer as to which parts of the corporate management code under Item 1, Letter "a" or Letter "b" the issuer does not comply with and as to what the ground for this non-compliance are, and when the issuer has opted not to refer to any of the rules of the corporate management code - the grounds for that;
3. description of the main characteristics of the internal control system and of the risk management system of the issuer in connection with the financial reporting process;
4. information under Article 10, Paragraph 1, Letters "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regarding take-over offers;
5. the composition and functioning of the administrative, managerial and supervisory bodies and their committees, as well as
6. description of the diversity policy applied as regards the administrative, managerial and supervisory bodies of the issuer in connection with aspects such as age, gender or education and professional experience, the objectives of such diversity policy, its method of application and the results therefrom during the reporting period; when no such policy is

applied, the declaration shall contain an explanation regarding the reasons for that.

(9) (New, SG No. 42/2016) The corporate management code under Paragraph 8, Item 1, Letter "a" shall be published on the web page of the Commission. When the issuer has adopted another code under Paragraph 8, Item 1, Letter "b" to comply with, the corporate management declaration shall state explicitly where the respective texts are accessible to the public. In the cases under Paragraph 8, Item 1, Letter "c", the issuer shall disclose to the public details about its corporate management practices.

(10) (New, SG No. 42/2016) The registered auditor, which performs an independent financial audit of annual and consolidated financial statements, shall obligatorily express in the auditor's report an opinion under Paragraph 8, Items 3 and 4 and shall verify whether the information under Paragraph 8, Items 1, 2, 5 and 6 has been presented.

(11) (New, SG No. 42/2016) The requirements of Paragraph 8, Items 1, 2, 5 and 6 shall not be applied to issuers who have issued securities, other than shares of stock, admitted to trade on a regulated market only, unless such issuers have issued shares of stock which are traded on a multi-lateral trading system.

(12) (New, SG No. 42/2016) The requirements of Paragraph 8, Item 6 shall not be applied to the small and medium enterprises.

## **Article 100n**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 42/2016) The issuer shall be obligated to disclose to the public a 6-month financial statement on its activities, encompassing the first 6 months of the financial year, within a time limit of 30 days from the end of the relevant 6-month period.

(2) (Amended, SG No. 42/2016) The issuer, which prepares the consolidated annual financial statements, shall be obligated to disclose to the public a 6-month consolidated financial statement on its activities, encompassing the first 6 months of the financial year, within a time limit of 60 days from the end of the relevant 6-month period.

(3) (Amended, SG No. 42/2016) The issuer shall be obligated to ensure that the six-month financial report and the six-month consolidated financial statements remain publicly available for a period of at least ten years.

(4) (Amended, SG No. 103/2012, SG No. 42/2016) The six-month financial report on the activity shall contain:

1. a set of financial statements drawn up in accordance with the applicable accounting standards;
2. an interim report on the activity containing information about major events in the six-months, and about their impact on the results in the financial statements, as well as a description of major risks and uncertainties faced by the issuer in the remaining part of the year; for the issuers of shares the report shall contain information about large transactions concluded between close links, whose minimum contents shall be specified by ordinance.

3. declarations by the responsible persons within the issuer, specifying their names and functions, certifying that to the best of their knowledge:

- a) the financial statements, prepared in accordance with the applicable accounting standards, present truly and fairly the information about the issuer's assets and liabilities, financial standing and profit or loss and of the companies included in the consolidation;

- b) the interim report on the activity shall contain a truthful review of the information under item 2;

4. any other information as shall be specified by ordinance.

(5) (Amended, SG No. 42/2016) Where the issuer is obligated to prepare consolidated financial statements, the six months consolidated activity report shall have the contents laid down in paragraph 4, and the financial statements shall be prepared in accordance with the International Accounting Standards applicable to the preparation of interim statements.

(6) Where the issuer is not obligated to prepare interim consolidated financial statements under Paragraph 5, in the cases where they are not prepared in accordance with the International Accounting Standards, they shall contain at least a condensed balance sheet, a condensed income statement and selected notes whose contents shall be specified by ordinance. The same principles of recognition and reporting shall apply to the preparation of the condensed balance sheet and the condensed income statement as those applied to the preparation of the annual financial statements.

(7) If the interim financial statements have been audited by a registered auditor or an audit review has been conducted

thereof under conditions and with contents as specified by ordinance, the auditor report or the results of the review, as the case may be, shall be made public together with the financial statements. If the financial statements are not audited or no review thereof has been conducted, the issuer shall state this circumstance.

### **Article 100n<sup>1</sup>**

(New, SG No. 42/2016)

(1) The issuer shall be obligated to disclose to the public a notification of its financial conditions within a time limit of 30 days from the end of the first, third and fourth quarter.

(2) Any issuer who is obligated to prepare annual consolidated financial statements shall disclose a public notification of its financial condition on a consolidated basis within a time limit of 60 days from the end of the first, third and fourth quarter.

(3) The issuer shall be obligated to ensure that the notifications under Paragraphs 1 and 2 remain available to the public for a period of not less than 5 years.

(4) The notifications under Paragraphs 1 and 2 shall contain:

1. information summaries according to a template specified by the Deputy Chairperson;
2. explanatory notes;
3. any other information as shall be specified by ordinance.

(5) The explanatory notes under Paragraph 4, Item 2 shall contain, as a minimum, information on important events that have occurred during the respective quarter and with accrual from the beginning of the financial year to the end of the respective quarter, and on their impact on the results contained in the information summaries under Item 1, as well as a description of the major risks and uncertainties confronting the issuer during the remainder of the financial year, transactions with related persons or stakeholders, as well as information on newly-arising significant receivables and/or liabilities for the respective reporting period.

(6) The notifications under Paragraphs 1 and 2 shall be signed by the person who represents the issuer.

(7) The requirements of Paragraphs 1 - 6 shall not be applied in case the issuer discloses to the public quarterly financial reports on its activity, within a time limit of 30 days from the end of the first, third and fourth quarter, having the respective content under Article 100n (4) and subject to appropriate application of Article 100n, Paragraphs 2, 5, 6 and 7. In this case the issuer shall ensure that the quarterly financial report and the quarterly consolidated financial statements remain publicly available for a period of at least 5 years.

### **Article 100o**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Supplemented, SG No. 21/2012) The requirements under Articles 100m and 100n shall not apply to issuers from a third country if the Commission deems that the law of such third country stipulates requirements equivalent to the requirements herein and the statutory instruments for application of this Act. The Commission shall notify ESMA of its

judgement under the first sentence. The conditions where the Commission may deem the requirements of the law of the third country as equivalent to the requirements herein or the statutory instruments for application of this Act shall be laid down by ordinance.

(2) The information that the persons under Paragraph 1 must disclose in accordance with their national law shall be disclosed under the terms and procedure of Articles 100r and 100t.

(3) The persons under Paragraph 1 shall furthermore disclose information under the terms and procedure of Articles 100r and 100t, as required under their national law, including where it is not regulated but could be of importance for the public in the Member States.

(4) The Commission shall publish on its website a list of the countries in respect of which it considers that their laws set out requirements equivalent to the requirements herein and the statutory instruments for application of this Act.

### **Article 100p**

(New, SG No. 52/2007, effective 3.07.2007)

(1) The provisions of Articles 100o and 100n shall not apply to:

1. (Supplemented, SG No. 42/2016) Republic of Bulgaria, regional or local authorities in the Republic of Bulgaria, public international organisations, in which at least one Member State participates, the European Central Bank, the European Financial Stability Facility (EFSF) established by the Framework Agreement of the EFSF and any other mechanism established for the purpose of preserving the financial stability of the European Monetary Union through providing temporary financial assistance to the Member States, whose monetary unit is the Euro, the Bulgarian Central Bank and the central banks of the other Member States, regardless of whether they are issuers of shares of stock or of other securities;

2. (amended, SG No. 103/2012) issuers of shares who issue only debt securities admitted to trading on the regulated market with a nominal value of no less than the lev equivalent of EUR 100,000 or in the cases of debt securities denominated in a currency other than euro, with a nominal value at the date of their issue of no less than the lev equivalent of EUR 100,000.

(2) The provisions of Article 100n shall not apply to banks whose shares are not admitted to trading on a regulated market and which have issued only debt securities issued by them on a continuous basis or periodically, provided that:

1. the total nominal value of the debt securities is lower than the lev equivalent of EUR 100,000,000;

2. have not published a prospectus.

(3) (New, SG No. 103/2012, supplemented, SG No. 42/2016) In cases other than that referred to in Paragraph 1, Item 2, the provisions of Articles 100m and 100n shall not apply to issuers of exclusively debt securities the denomination per unit of which is at least EUR 50,000 or, in the case of debt securities denominated in a currency other than euro, the value of such denomination per unit is, at the date of the issue, at least the lev equivalent of EUR 50,000, which were admitted to trading on a regulated market in the European Union before 31 December 2010, pending the full repayment of the debt thereunder.

### **Article 100q**

(New, SG No. 52/2007, effective 3.07.2007)

(1) The issuer of securities other than shares shall disclose publicly without delay any changes in the rights of the holders of securities other than shares, including changes in the time limits and conditions of such securities, which could affect indirectly such rights, resulting from a change in the conditions of the loan or the interest rate.

(2) (Repealed, SG No. 42/2016).

(3) (New, SG No. 21/2012, amended, SG No. 42/2016) The requirements under Paragraph (1) shall not apply to issuers from a third country and relevant application of Article 100o.

### **Article 100r**

(New, SG No. 52/2007, effective 3.07.2007)



(1) (Amended, SG No. 109/2013, effective 20.12.2013) The issuer or the person who has requested, without the consent of the issuer, admission of the securities to trading on a regulated market shall disclose the publicly regulated information by providing it to the Commission and to the public. The issuer who has conducted only public offering of securities shall disclose the information under the first sentence first on the territory of the Republic of Bulgaria.

(2) (Amended and supplemented, SG No. 42/2016) Paragraph 1 shall also apply to issuers whose securities are admitted to trading on a regulated market in the Republic of Bulgaria but are not admitted to trading on a regulated market in the Member State of origin. In this case the regulated information shall meet the minimum conditions of Directive 2004/109/EC of the European Parliament of 15th December 2004 and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EO.

(3) The regulated information shall be disclosed to the public in such a manner so as to cover simultaneously as wide a circle of people as possible and in a non-discriminating manner. The issuer shall use a news agency or another media to ensure the efficient dissemination of the regulated information to the public in all Member States. The requirements as to the form and content of the regulated information as well as the conditions, methods and procedures for its disclosure shall be set out by ordinance.

(4) (New, SG No. 109/2013, effective 20.12.2013) The regulated information shall be disclosed to the Commission electronically. The requirements as to the form and content of the regulated information as well as the conditions, methods and procedures for its disclosure shall be set out by ordinance.

(5) (Renumbered from Paragraph 4, SG No. 109/2013, effective 20.12.2013) The issuer or the person who has requested admission of the securities to trading on a regulated market may not collect charges from investors for access to the regulated information.

#### **Article 100s**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 42/2016) The Commission shall create and keep centralized storage database of the regulated information received from issuers whose securities are admitted to trading on a regulated market and whose Member State of origin is the Republic of Bulgaria.

(2) The information under Paragraph 1 shall be made public and access to it shall be free of charge.

(3) The creation and keeping of centralized storage database of the regulated information, as well as the security requirements to the information, reliability of its sources, the time, procedure and manner of providing access to it shall be set out by ordinance.

#### **Article 100t**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 42/2016) Where the securities are admitted to trading only on a regulated market in the Republic of Bulgaria and the Republic of Bulgaria is the Member State of origin, the regulated information shall be disclosed in Bulgarian. Where the securities are publicly offered on the territory of the Republic of Bulgaria the regulated information shall be disclosed in Bulgarian.

(2) (Amended, SG No. 42/2016) Where the securities are admitted to trading on a regulated market in one or more Member States simultaneously, including the Republic of Bulgaria, and the Republic of Bulgaria is the Member State of origin, the regulated information shall be disclosed in Bulgarian and in a language adopted by the competent authority of such Member States, or in the customary language in the sphere of international finance, at the option of the issuer.

(3) (Amended, SG No. 42/2016) Where the securities are admitted to trading on a regulated market in one or more Member States simultaneously, excluding the Republic of Bulgaria, and the Republic of Bulgaria is the Member State of origin, the regulated information shall be disclosed in a language adopted by the competent authority of such Member States, or in the customary language in the sphere of international finance, at the option of the issuer. For the purposes of the Commission's supervisory functions the information shall also be disclosed either in Bulgarian or in English, at the option of the issuer.

(4) Where the securities are admitted to trading on a regulated market without the consent of the issuer, the provisions under Paragraphs 1 - 3 shall apply to the person who has requested the securities to be admitted to trading on a regulated

market.

(5) (Amended, SG No. 103/2012, supplemented, SG No. 34/2015, amended, SG No. 42/2016) In cases other than those referred to in paragraphs 1 – 4, where securities with a single nominal value of at least the lev equivalent of EUR 100,000 or debt securities with a nominal value in a currency other than euro of at least the lev equivalent of EUR 100,000, at the date of their issue, are admitted to trading on a regulated market in one or more Member States, the regulated information shall be disclosed in a language adopted by the Member State of origin and the host states or in a customary language in the sphere of international finance, at the option of the issuer or of the person who has requested the securities to be admitted to trading on a regulated market without the issuer's consent.

(6) (New, SG No. 103/2012, supplemented, SG No. 34/2015) The provision of Paragraph 5 shall also apply to debt securities the denomination per unit of which is at least the lev equivalent of EUR 50,000 or, in the case of debt securities denominated in a currency other than euro, the value of such denomination per unit is, at the date of the issue, at least the lev equivalent of EUR 50,000, which had been were admitted to trading on a regulated market in one or more Member States before 31 December 2010 until the debt in regard to them would be repaid.

## **Section IIa**

**(New, SG No. 42/2016)**

**Disclosure of information on the payments to the executive authorities in the Republic of Bulgaria, to a national, regional or local authority of a Member State or of a third state, as well as to persons controlled thereby**

### **Article 100t<sup>1</sup>**

(New, SG No. 42/2016)

The obligation for disclosure of information on the payments to the executive authorities in the Republic of Bulgaria, to a national, regional or local authority of a Member State or of a third state or to other persons controlled by such authorities, shall apply to an issuer whose activity is:

1. associated with prospecting, search, discovery, development of deposits and extraction of mineral resources, crude oil, natural gas or other raw materials, falling within the scope of the economic activities according to Appendix I, Section C, Items 05-08 of Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006 on Establishing a Statistical Classification of the Economic Activities Revision 2 and for Amendment of Regulation (EEC) No. 3037/90 of the Council, as well as of some EC regulations concerning the specific statistical areas, hereinafter referred to as "Regulation (EC) No. 1893/2006";
2. timber harvesting according to Appendix I, Section A, Item 02, Group 02.2 of Regulation (EC) No. 1893/2006.

### **Article 100t<sup>2</sup>**

(New, SG No. 42/2016)

- (1) The issuer under Article 100t<sup>1</sup> be obligated to disclose publicly its annual payments report within a time limit of 150 days after the end of each financial year.
- (2) An issuer under Article 100t<sup>1</sup> who is obligated to prepare annual consolidated financial statements shall be obligated to disclose publicly its annual consolidated financial statements on payments, within a time limit of 180 days after the end of each financial year.
- (3) The issuer under Article 100t<sup>1</sup> shall be obligated to ensure that the annual payments statement and the consolidated statement on payments remain publicly available to the public for a period of at least 10 years.

### **Article 100t<sup>3</sup>**

(New, SG No. 42/2016)

The content and scope of the annual payment report, as well as the applicable definitions shall be stipulated by the Accountancy Act.

### **Section III**

## **Requirements to issuers of bonds for provision of information to the holders of bonds and other debt securities**

### **Article 100u**

(New, SG No. 52/2007, effective 3.07.2007)

(1) The issuer of bonds shall ensure equal treatment of the bondholders enjoying equal status regarding all rights attaching to the bonds.

(2) The bondholders may be represented by a proxy with a power of attorney executed in accordance with the laws of the country in which the registered office of the issuer is located.

(3) The person under Paragraph 1 shall:

1. ensure all the necessary conditions and information so as to enable the bondholders to exercise their rights, as well as to guarantee the completeness of such information;

2. submit a copy of the power of attorney under Paragraph 2 on paper or electronically, where applicable, together with the materials for the general meeting or on request and after its convening;

3. specify at least one financial institution through which payments on the bonds shall be made; the types of financial institutions through which payments may be made shall be set out by ordinance.

(4) The issuer may use electronic means to provide information to the bondholders if the general meeting has passed a resolution thereof and subject to the following conditions:

1. use of electronic means is not contingent on the registered office or address of the bondholders or their proxies;

2. measures are taken for identification so as to ensure effective provision of the information to the bondholders;

3. the bondholders have expressly stated their written consent for providing the information electronically or within 14 days from receipt of a request from the issuer of such consent have not expressly objected thereof; at request of the bondholders the issuer shall also provide the information to them at all times on paper;

4. determination of the costs for the provision of information electronically does not prejudice the principle under Paragraph 1 for ensuring equal treatment.

(5) Paragraphs 1 - 4 shall apply mutatis mutandis to provision of information by issuers of other debt securities to their holders.

### **Article 100v**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Supplemented, SG No. 103/2012, SG No. 62/2017) The issuer of bonds shall send to the Commission and disclose to the public in accordance with the procedure established by Article 100r (3) and (4) the invitation under Article 214, Paragraph 1 of the Commerce Act at least 15 days before the general meeting, and the minutes of the general bondholders' meeting within three business days afterwards. In addition to the information under Article 223, paragraph 4 of the Commerce Act, the invitation for the general meeting shall include information about the right of the bondholders to participate in it.

(2) (Supplemented, SG No. 62/2017) The issuer of bonds shall notify the Commission of and disclose to the public in accordance with the procedure established by Article 100r (3) and (4):

1. the payment of interest;
2. (supplemented, SG No. 62/2017) the decisions on conversion, repayment before maturity, buy-back, exchange, subscription or cancellation of rights on the bonds and payments thereon.
- (3) The obligation under paragraph 2 shall be performed by the end of the working day following the day of taking the decision, and where it is subject to entry in the commercial register, by the end of the working day following the day of coming of knowledge of the entry but no later than 7 days after the entry.
- (4) (Amended, SG No. 103/2012, SG No. 42/2016) Where the invitation for the general meeting refers only to holders of bonds with single nominal value of at least the lev equivalent of EUR 100,000 or the equivalent amount of another currency in which the bonds are denominated at the date of their issue, the issuer of the bonds for whom the Republic of Bulgaria is a Member State of origin may take a decision for the general meeting to be held in any Member State, provided that all the necessary conditions and information are ensured in such Member State so as the bondholders be able to exercise their rights. In this case the issuer shall notify the Commission of its choice.
- (5) (New, SG No. 103/2012) While complying with the requirements of Paragraph 4, the procedure set out therein shall also apply to holders of bonds the denomination per unit of which is at least the lev equivalent of EUR 50,000 or the equivalent amount in any other currency of denomination of the bonds at the date of the issue, which were admitted to trading on a regulated market in the European Union before 31 December 2010.
- (6) (Renumbered from Paragraph 5, SG No. 103/2012) The Commission shall make public the information received through the register of public companies and other issuers of securities kept by it.
- (7) (Renumbered from Paragraph 6, amended, SG No. 103/2012) Paragraphs 1 - 6 shall apply mutatis mutandis to issuers of other debt securities.

#### **Article 100w**

(New, SG No. 52/2007, effective 3.07.2007)

- (1) (Supplemented, SG No. 21/2012) The requirements under this Section shall not apply to issuers from a third country if the Commission deems that the law of the third country in question lays down equivalent requirements to those stipulated herein and in the statutory instruments for application of this Act. The Commission shall notify ESMA of its judgement under the first sentence. The conditions under which the Commission may deem that the requirements of the law of the third country are equivalent to the requirements herein and the statutory instruments for application of this Act shall be set out by ordinance.
- (2) The information that the persons under Paragraph 1 shall disclose according to national law shall be disclosed under the terms of Articles 100r and 100t.
- (3) The persons under Paragraph 1 shall disclose under the terms of Articles 100r and 100t the information which they disclose under their national law and which may be of importance for the public in the Community, even if such information is not regulated information.
- (4) The Commission shall publish on its website a list of the countries whose laws provide for requirements equivalent to the requirements herein and the statutory instruments for application of this Act.

## **Section IV**

### **Supervision requirements**

#### **Article 100x**

(New, SG No. 52/2007, effective 3.07.2007)

- (1) The issuer shall notify the Commission of:
  1. any changes in its articles of association;
  2. any changes in its management and supervisory bodies;

3. the decision on transformation of the company;

4. other circumstances specified by ordinance.

(2) The obligation under Paragraph 1 shall be performed by the issuer by the close of the working day following the day of taking the decision or coming of knowledge of the specific circumstance, and where it is subject to entry in the commercial register, by the close of the working day following the day of coming of knowledge of the entry but no later than 7 days after the entry.

(3) The Commission shall make public the information received under Paragraph 1 through the register of public companies and other issuers of securities kept by it.

### **Article 100y**

(New, SG No. 52/2007, effective 3.07.2007)

(1) The requirements to the format of the reports and notifications under this Chapter, the procedure and manner of their submission to the Commission, as well as the procedure and manner of making the reports public shall be set out by ordinance.

(2) The circumstances subject to disclosure by an issuer undergoing liquidation or bankruptcy proceedings shall be set out by ordinance.

(3) (Amended, SG No. 95/2017, effective 1.01.2018) The obligations of the issuer under this Chapter shall be terminated by the decision of the Commission on deleting the issuer from the register under Article 30, paragraph 1, item 3 of the Financial Supervision Commission Act

(4) The terms and procedure for entry and deletion of issuers from the register under Article 30, Paragraph 1, item 3 of the Financial Supervision Commission Act shall be set out by ordinance.

## **Section V Supervision and cooperation**

### **Article 100z**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 95/2017, effective 1.01.2018) To ensure compliance with the provisions of this Chapter, besides the powers provided for in the other titles herein and in the statutory instruments for application of this Act, the Commission or the Deputy Chairperson, as appropriate, may:

1. require from auditors, the issuer and the persons controlling it or which are controlled by it to provide specific information and documents;

2. require from the issuer to disclose publicly the information under item 1 in a manner and within a time limit set out by him/her;

3. publish, after presentation of an explanation by the issuer, the information under item 1 at his/her own initiative in the cases where the issuer or the persons that control it or are controlled by it have not fulfilled their obligation under item 2;

4. require from the members of the management and supervisory bodies and the procurators of the issuer to provide information set out in this Chapter and where necessary, additional information and documents;

5. ban trading in specific securities on a regulated market for a period not exceeding 10 days if he/she has reasonable grounds to assume that the provisions of this Chapter and the instruments for its application are violated;

6. ban trading on a regulated market if the provisions of this Chapter and the instruments for its application are violated or there are reasonable grounds for him/her to assume that they are violated;

7. obligate the issuer to take specific measures for timely disclosure of information to ensure public access to it

simultaneously in all Member States in which the issuer's securities are admitted to trading;

8. (repealed, SG No. 42/2016);

9. obligate the issuer within a reasonable time limit set by it to remove any deficiencies or non-conformities herewith and with the statutory instruments for application of this Act, including the International Accounting Standards, established in the financial statements, records and other accounting documents.

(2) In the cases under Paragraph 1, item 1 the auditor shall be exempt from the limitations on disclosure of information set out in law, by-law or contract. The auditor shall not be responsible for disclosure of information under Paragraph 1, item 1 to the Commission and the Deputy Chairperson.

(3) (New, SG No. 103/2012, amended, SG No. 95/2017, effective 1.01.2018) The powers referred to in Paragraph 1, Items 2, 3, 5 and 6 shall be exercised by the Commission on the initiative of the Deputy Chairperson, and the powers referred to in Paragraph 1, Items 1, 4, 7 and 9 – by the Deputy Chairperson in accordance with the procedure established by Article 213 herein.

(4) (Renumbered from Paragraph 3, amended, SG No. 103/2012, SG No. 15/2018, effective 16.02.2018) The Commission in accordance with the procedure of Article 212a, paragraph 6 shall disclose on its website, as soon as possible, any administrative measure applied and any penal decree issued for violating the provisions of this chapter and of the acts for its implementation.

## **Article 100aa**

(New, SG No. 52/2007, effective 3.07.2007)

(1) The Commission shall cooperate and exchange information with relevant competent authorities of the other Member States, where this necessary for the purpose of carrying out its duties and shall render assistance in view of the exercise of their functions.

(2) (New, SG No. 21/2012) Where a request of the Commission for cooperation under Paragraph 1 is refused or where no timely actions have been taken upon such request, the Commission may notify ESMA in order to ensure cooperation in accordance with Regulation (EU) No. 1095/2010.

(3) (Renumbered from Paragraph 2, supplemented, SG No. 21/2012, amended, SG No. 42/2016) Where the Republic of Bulgaria is a host country and the Commission establishes that an issuer violates the Act and the statutory instruments for its application it shall notify the competent authority in the Member State of origin and ESMA thereof.

(4) (Renumbered from Paragraph 3, supplemented, SG No. 21/2012, amended, SG No. 42/2016) If, despite the measures taken by the competent authority in the Member State of origin or where such measures prove inadequate, the issuer persists in infringing this Act or the statutory instruments for its application, the Commission may, after informing the competent authority of the Member State of origin, take all the appropriate measures in order to protect investors. The Commission shall notify the European Commission and ESMA of the measures taken within 7 days after their implementation.

(5) (Renumbered from Paragraph 4, SG No. 21/2012, amended, SG No. 42/2016) Where the Commission is notified by the relevant competent authority of the host country of an issuer for whom the Republic of Bulgaria is a Member State of origin and who infringes the law of the Member State on whose territory its securities are admitted to trading, the Commission, the Deputy Chairperson respectively, shall apply relevant enforcement administrative measures.

## **Chapter Seven**

### **TRADING IN SECURITIES**

#### **Section I**

**(Repealed, SG No. 52/2007)**

#### **General Dispositions**

## **Article 101**

(Amended, SG No. 61/2002, SG No. 8/2003, amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, repealed, SG No. 52/2007).

## **Section II**

### **(Repealed, SG No. 52/2007)**

### **Trading on Official Securities Market**

## **Article 102**

(Amended, SG No. 61/2002, SG No. 86/2006, repealed, SG No. 52/2007).

## **Article 103**

(Amended, SG No. 86/2006, repealed, SG No. 52/2007).

## **Article 104**

(Amended and supplemented, SG No. 86/2006, SG No. 25/2007, repealed, SG No. 52/2007).

## **Article 105**

(Repealed, SG No. 52/2007).

## **Article 106**

(Amended, SG No. 86/2006, repealed, SG No. 52/2007).

## **Article 107**

(Amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 52/2007).

## **Article 108**

(Amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 52/2007).

## **Section III**

### **(Repealed, SG No. 52/2007)**

### **Trading on Second-Tier Securities Market**

## **Article 109**

(Repealed, SG No. 52/2007).

## **Section IV**

### **(New, SG No. 31/2005, effective 8.10.2005)**

# **Settlement systems for transactions in financial instruments within the Meaning of Article 4 of the Markets in Financial Instruments Act (Title amended, SG No. 101/2010, effective 30.06.2011, SG No. 15/2018, effective 16.02.2018)**

## **Article 109a**

(New, SG No. 31/2005, effective 8.10.2005)

(1) (Amended, SG No. 101/2010, effective 30.06.2011, SG No. 103/2012, SG No. 15/2018, effective 16.02.2018, SG No. 20/2018, effective 6.03.2018) Systems ensuring settlement finality within the meaning of Article 128 of the Payment Services and Payment Systems Act (hereinafter referred to as "systems") shall be established for the settlement of transactions in financial instruments within the meaning of Article 4 of the Markets in Financial Instruments Act according to a procedure established by statute.

(2) The Central Depository, the members thereof and other legal persons, designated in the rules and operating procedures of the system, shall be participants in a system referred to in Paragraph 1. The building and organizing of a system to register and service trading in government securities shall be regulated by a separate statutory instrument.

(3) (Amended, SG No. 103/2012) The rules and operating procedures of the system shall define the moment of settlement finality as a moment after which a book entry transfer order, entered into the system, may not be cancelled by a system participant or by a third party, nor can the execution of any such order be otherwise frustrated.

(4) (New, SG No. 101/2010, effective 30.06.2011, amended, SG No. 20/2018, effective 6.03.2018) The rules of Chapter Eight of the Payment Services and Payment Systems Act shall apply, mutatis mutandis, to the settlement systems for the transactions referred to in Paragraph 1.

## **Article 109b**

(New, SG No. 31/2005, effective 8.10.2005, repealed, SG No. 101/2010, effective 30.06.2011).

## **Article 109c**

(New, SG No. 31/2005, effective 8.10.2005, repealed, SG No. 101/2010, effective 30.06.2011).

## **Chapter Eight PUBLIC COMPANY**

### **Section I General Dispositions**

#### **Article 110**

(1) (Supplemented, SG No. 23/2009, effective 27.03.2009) To be public, a joint-stock company having a registered office in the Republic of Bulgaria must:

1. have issued shares under the terms of an initial public offering, or

2. (amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) have a share issue recorded in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act for the purpose of trading on a regulated market, or



3. (new, SG No. 39/2005) have more than 10,000 shareholders on the last day of two successive calendar years.

(2) (Amended, SG No. 61/2002) Any company referred to in Article 122 (1) herein shall likewise be public.

(3) (Amended, SG No. 8/2003, supplemented, SG No. 39/2005, amended, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) Any company referred to in Item 1 of Paragraph 1 shall become public as from the recording of the respective company or of the increase of capital thereof in the Commercial Register. Any such company shall be obligated to submit documents for recording referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act in the register within seven days after recording in the Commercial Register.

(4) (Amended, SG No. 86/2006) Any company referred to in Item 2 of Paragraph 1 shall become public as from the decision to register the issue of shares for the purpose of trading on a regulated market.

(5) (New, SG No. 61/2002, repealed, SG No. 86/2006).

(6) (New, SG No. 61/2002, supplemented, SG No. 103/2012) Any company covered under Paragraph 1 shall be recorded as public in the Commercial Register. Any such company shall be obligated to declare that circumstance for recording in the Commercial Register within 7 days upon its occurrence.

(7) (Renumbered from Paragraph 5, SG No. 61/2002, amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005, amended, SG No. 62/2017, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) The Commission shall give any company referred to in Paragraph 1 written notice of the recording thereof in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act within two business days.

(8) (Renumbered from Paragraph 6, amended, SG No. 61/2002, SG No. 8/2003, supplemented, SG No. 39/2005, amended, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) The terms and the procedure for recording and expungement in the register of public companies referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act shall be established by ordinance.

(9) (Renumbered from Paragraph 7, amended, SG No. 61/2002) The persons who manage and represent a public company shall be obligated:

1. (amended, SG No. 8/2003, supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 62/2017, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) to declare each succeeding share issue for recording in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act within two business days after recording in the Commercial Register;

2. (amended, SG No. 8/2003, supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 103/2012, SG No. 62/2017, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) to apply for admission of each succeeding share issue to trading on any regulated market to which an issue of the same class was admitted, within two business days after recording in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act.

(10) (New, SG No. 62/2017, amended, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) The Financial Supervision Commission shall register an issue referred to in Item 1 of Paragraph 9 in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act within two business days of receiving the application, respectively the submission of all documents required for the registration.

### **Article 110a**

(New, SG No. 39/2005, effective 1.01.2006 in respect of the requirements for public companies under Article 94 (1) and (2), Article 95 and Article 98a, repealed, SG No. 86/2006, effective 28.10.2006).

### **Article 110b**

(New, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 23/2009, effective 27.03.2009)

Any public company shall ensure equal treatment of the shareholders enjoying equal status, including participation and voting right in the company's general meeting.

### **Article 110c**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Previous text of Article 110c, SG No. 103/2012) Any public company shall ensure all the necessary conditions and information so as to enable the shareholders to exercise their rights, as well as to guarantee the integrity of this information.

(2) (New, SG No. 103/2012) Public companies shall create and maintain a website. Those that have not priorly been public shall fulfil their obligation to set up a website within three months after gaining the status of a public company.

## **Article 111**

(1) (Amended, SG No. 61/2002) Voting power in the General Meeting of any public company shall arise upon full payment of the issue price of each share and upon recording of the company or of the increase of capital thereof, as the case may be, in the Commercial Register.

(2) The capital of any (public) company may not be reduced by compulsory cancellation of shares.

(3) The shares in any company referred to in Paragraph 1 shall be dematerialized. Sentence two of Article 185 (2) of the Commerce Act shall not apply.

(4) (New, SG No. 61/2002) A public company may not issue preference shares entitling the holder to more than one vote or to extra portion of the residual distribution of the company's assets in the event of winding-up.

(5) (New, SG No. 61/2002) During any calendar year, a public company may not acquire more than 3 per cent of its own voting shares in the event of reduction of capital by cancellation of shares and repurchase save under the terms and according to the procedure of tender offering under Article 149b herein. In such a case, the requirements to holders of at least 5 per cent wishing to acquire more than one third of the voting shares shall not apply.

(6) (New, SG No. 61/2002, amended, SG No. 52/2007, effective 3.07.2007, amended and supplemented, SG No. 62/2017) A public company shall be obligated to notify the Commission and the public in accordance with the procedure established by Article 100r (3) and (4) of the number of own shares which the said company will repurchase within the restriction referred to in paragraph 5 and regarding the investment intermediary wherewith an order of the repurchase has been placed. Notification shall be made no later than the close of the working day preceding the date of the repurchase.

(7) (New, SG No. 61/2002) Upon an offer to acquire its own non voting shares in the cases covered under Paragraph 5, any public company shall be obligated to repurchase the shares held by the shareholders who or which have accepted the offer in proportion to the capital stock held thereby prior to the purchase. In such a case, Article 149b herein shall not apply.

(8) (New, SG No. 62/2017) A public company shall be obligated to notify the Commission and the public in accordance with the procedure established by Article 100r (3) and (4), as well as the regulated market on which the shares are admitted to trading, of the number of own shares repurchased not later than the end of the working day following the working day of the repurchase made in accordance with Paragraph 5.

(9) (New, SG No. 62/2017) In case of non-observance of Article 187a (5), respectively of Article 187d of the Commerce Act, the public company shall be obliged, within one month of the expiration of the time limit stipulated in Article 187a (4), respectively Article 187d of the Commerce Act, to convene a general meeting of the shareholders to vote a resolution on the reduction of the company's capital as a result of the cancellation of the own shares held in violation of these provisions.

(10) (New, SG No. 52/2007, effective 3.07.2007, renumbered from Paragraph 8, SG No. 62/2017) A public company which acquires or transfers its own shares directly or through another person acting on own behalf but on the account of the public company, shall disclose information about the number of votes attaching to such shares, under the terms and procedure of Articles 100r and 100t forthwith, but no later than 4 working days after the acquisition or transfer thereof, where their number reaches, exceeds or falls below 5 or 10 per cent of the voting shares.

(11) (New, SG No. 52/2007, effective 3.07.2007, renumbered from Paragraph 9, SG No. 62/2017) The voting rights shall be calculated on the basis of the total number of voting shares.

## **Article 111a**

(New, SG No. 52/2007, effective 3.07.2007)

(1) Any public company shall disclose under the conditions of Articles 100r and 100t any changes in the rights of separate classes of shares, including changes in the rights to derivative financial instruments issued by it, which give right to

acquisition of shares of the company.

(2) Any public company shall notify the Commission of any decision on issuance of new shares, including decisions on distribution, subscription, cancellation or conversion of bonds into shares.

(3) The obligation under Paragraphs 1 and 2 shall be discharged by the close of the working day following the day of taking the decision, and where it is subject to entry in the commercial register, by the close of the working day following the day of coming of knowledge of the entry but no later than 7 days after the entry.

(4) The Commission shall make public the information received through the register of public companies and other issuers of securities kept by it.

## **Article 112**

(Amended, SG No. 61/2002)

(1) Upon increase of capital of any public company, each shareholder shall have the right to acquire shares in proportion to the capital stock held thereby prior to the increase. Article 194 (4) and Article 196 (3) of the Commerce Act shall not apply.

(2) Upon increase of capital of any public company by issuing of new shares, rights as defined in Item 3 of § 1 herein shall be issued. One right shall be issued for each existing share.

(3) (New, SG No. 103/2012) The requirement set out in Paragraph 2 shall not apply to cases of increasing the capital of public companies in which only members of the management body and/or the supervisory body and/or its employees are eligible to participate. The capital of public companies may not be increased under the first sentence by more than 1 per cent in a given year, whereby no successive increases of capital exceeding 3 per cent of its amount may be made as per this procedure, regardless of the period lapsed between them, unless the capital was successfully increased meanwhile pursuant to Paragraph 2 by at least 10 per cent. Shares issued pursuant to the first sentence may not, at any time, exceed 5 per cent of the capital of the public company. Capital increase decisions under the first sentence may only be taken by the general shareholders' meeting of the public company.

(4) (Renumbered from Paragraph 3, SG No. 103/2012) The capital of a public company may not be increased by increase of the nominal value of previously issued shares, nor by conversion into shares of bonds which have not been issued as convertible.

(5) (Renumbered from Paragraph 4, SG No. 103/2012) Upon increase of the capital of a public company, the issue price of the new shares must be fully paid up, except upon increase of capital according to Article 197 of the Commerce Act, as well as through conversion of bonds into shares. Sentence two of Article 188 (1) of the Commerce Act shall not apply.

## **Article 112a**

(New, SG No. 61/2002, amended, SG No. 39/2005, repealed, SG No. 86/2006).

## **Article 112b**

(New, SG No. 61/2002)

(1) (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007, SG No. 34/2015, SG No. 15/2018, effective 16.02.2018) The resolution or decision on increase of capital of a public company shall name the investment intermediary owning capital to an amount not less than the amount provided for in Article 10, Paragraph 2 of the Markets in Financial Instruments Act, which shall handle the increase of capital, and shall state other essential particulars regarding the issues of rights and shares. The company shall be obligated to transmit to the Commission, to the regulated market and to the Central Depository the minutes recording the resolution or decision on increase of capital before the end of the working day next succeeding the day of holding of the General Meeting or the day of holding of the meeting of the management body.

(2) (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 62/2017) The right to participate in the increase of capital shall be limited to the persons who or which have acquired shares not later than fourteen days after the date of the resolution of the General Meeting on increase of capital or, where the decision on increase of capital has been made by the management body, the persons who or which have acquired shares not later than seven days after the date of publishing of the public notice referred to in Article 92a (1) herein. Within three business days after the expiry of the

14-day, respectively 7-day time limit specified in the first sentence, the Central Depository shall open rights accounts of the persons referred to in the first sentence proceeding from the particulars in the register of shareholders.

(3) (Amended, SG No. 86/2006, SG No. 62/2017) Upon receipt of the resolution of the General Meeting referred to in Paragraph 1 or, where the decision on increase of capital has been made by the management body, upon the publishing of the public notice referred to in Article 92a (1) herein, the regulated market whereon the shares are traded shall forthwith announce the latest date for conclusion of transactions in the said shares as a result of which the transferee of the shares shall be entitled to participate in the increase of capital. For the duration of the period wherein the shares are transferred with a right to participate in the increase of capital, the regulated market may apply special rules regarding price restrictions on the orders or quotations as entered and on the transactions as concluded.

(4) (Amended, SG No. 86/2006) The period between the earliest and latest date for transfer of the rights may not be shorter than fourteen days nor longer than thirty days.

(5) (Amended, SG No. 86/2006) The period between the earliest and latest date for subscription for shares may not be shorter than thirty days. The earliest date for subscription for shares shall be identical with the earliest date for transfer of the rights. The latest date for subscription for shares shall be at least fifteen working days later than the latest date for transfer of the rights.

(6) (Amended, SG No. 86/2006) The transfer of the rights shall be effected on a regulated market. The regulated market, whereto shares in the public company have been admitted to trading, shall be obligated to admit to trading the rights issued by the said company.

(7) On the fifth business day after the latest date for transfer of the rights, the public company, acting through the investment intermediary referred to in Paragraph 1, shall offer the rights, wherefor no shares of the new issue have been subscribed before the latest date for transfer of the rights, for sale under the terms of open-bidding auction on the regulated market. The company shall distribute the proceeds from the sale of unexercised rights, less the cost of the sale, proportionately among the holders of the rights.

(8) The proceeds from the sale of rights shall be credited to a special account opened by the Central Depository and may not be used until recording of the increase of capital.

(9) The public company shall organize the subscription in a manner affording an opportunity for remote subscription for shares through the Central Depository and the members thereof.

(10) At the start of each business day during the subscription, the Central Depository shall make public information regarding the rights as were exercised before the end of the last succeeding business day.

(11) Paragraphs (1) to (10) shall apply, mutatis mutandis, to the issuing of warrants and convertible bonds.

(12) (Amended, SG No. 39/2005) Within three business days after the closure of the subscription, the public company shall notify the Commission of the conduct of the said subscription and the results thereof, including any difficulties, disputes and other such in the trading of the rights and the subscription for the shares. The said notification may not contain any untrue or deficient material particulars.

(13) (New, SG No. 103/2012) Public companies may issue rights in respect of shares subscribed in the period between the subscription completion and the issue of the new shares subscribed at the time of capital increase as per conditions and procedures determined by an ordinance. The capital increase prospectus shall specify the intentions of the public company to issue rights in respect of shares subscribed, the related risks, and the conditions and procedures concerning the issue and transfer of those shares.

(14) (New, SG No. 62/2017) The Commission shall adopt an ordinance on the application of this article.

### **Article 112c**

(New, SG No. 61/2002, amended, SG No. 34/2006, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007, SG No. 23/2009, SG No. 103/2012)

Recording in the Commercial Register of the increase of capital of a public company shall be admissible solely subject to the condition of compliance with the provisions of this chapter. The company shall be obligated to present proofs that the requirements of Article 112(5), Article 112b(2),(8) and the first sentence of Article 112b(12) herein have been complied with or, where the decision on increase of capital of the company has been made by the General Meeting, also the requirements of Article 115(4) herein.

## **Article 112d**

(New, SG No. 61/2002, amended, SG No. 67/2003, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 62/2017).

## **Article 112e**

(New, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 103/2012, amended, SG No. 109/2013, effective 20.12.2013)

Any public company shall disclose under the conditions of Articles 100r and 100t information about the total number of voting shares and the size of the capital at the end of the month in which the change in the capital occurred no later than the 10th day of the month following that in which an increase or reduction occurred. The information shall be disclosed for every class of shares.

## **Article 113**

(Effective 30.12.1999)

(1) (Amended and supplemented, SG No. 61/2002) The capital of a public company may not be increased according to the procedure established by Articles 193, 195 and Article 196 (3) of the Commerce Act.

(2) Paragraph 1 shall not apply:

1. (amended, SG No. 103/2012) to any bank, investment intermediary, insurance company or other company, where the increase of capital is necessary in order to implement a rehabilitation programme to align their capital adequacy with the requirements of the law or where a coercive administrative measure requiring an increase of their capital as per the procedure set out in Article 195 of the Commerce Act has been applied;

2. where the increase of capital according to the procedure established by Article 195 of the Commerce Act shall be necessary for merger by acquisition, tender offer for exchange of shares, or safeguarding the rights of the holders of warrants or convertible bonds.

## **Article 114**

(1) (Amended, SG No. 61/2002, SG No. 103/2012) Persons managing and representing a public company, including the representatives of any legal person that is a member of the public company's management body, may not-without being expressly empowered by the general meeting of the public company concerned-effect transactions as a result of which:

1. (amended, SG No. 103/2012) the company acquires, transfers, receives or surrenders for use or furnishes as security in any form whatsoever any assets to a value exceeding:

(a) (amended, SG No. 62/2017) one third of the lower value of the assets according to the last two prepared balance sheets of the company, at least one of which has been audited and which have been disclosed to the public in accordance with the procedure of Article 100r;

(b) (amended, SG No. 103/2012, SG No. 62/2017) 2 percent of the lower value of the assets according to the last two prepared balance sheets of the company, at least one of which has been audited and which have been disclosed to the public in accordance with the procedure of Article 100r, where interested parties are involved in the transactions;

2. (amended, SG No. 103/2012) the company incurs obligations to a single person or to related parties to an aggregate value exceeding the value referred to in Littera (a) of Item 1 or, where the said obligations are incurred to interested parties or in favour of interested parties, to an aggregate value exceeding the value referred to in Littera (b) of Item 1;

3. (amended, SG No. 103/2012) the receivables of the company from a single person or from related parties exceed the value referred to in Littera (a) of Item 1 or, where interested parties are debtors of the company, over 50 per cent of the value referred to in Littera (b) of Item 1;

4. (new, SG No. 103/2012, amended, SG No. 62/2017) the company participates in the establishing or increasing of the capital of a company or makes additional financial contributions to a company whose total assets value exceeds ten percent of the lower value of the assets according to the last two prepared balance sheets of the company, at least one of which has been audited and which have been disclosed to the public in accordance with the procedure of Article 100r,

and where the transactions are closed in the ordinary course of business of the company and in favour of a subsidiary – whose total asset value exceeds the value referred to in Item 1(a);

5. (new, SG No. 103/2012, amended, SG No. 62/2017) the company participates in the establishing or increasing of the capital of other companies or makes additional financial contributions to companies whose total assets value, for each of the companies, is lower than the threshold referred to in Paragraph 4, if their total value within a given calendar year exceeds the value referred to in Item 1(a);

6. (new, SG No. 103/2012, amended, SG No. 62/2017) the company acquires or transfers a commercial enterprise or acquires or transfers a set of rights, obligations or factual relations comprising part of a commercial enterprise;

7. (new, SG No. 103/2012, amended, SG No. 62/2017) the company transfers, grants the use of, or grants as collateral for a subsidiary assets whose total value exceeds ten per cent of the lower value of the assets according to the last two prepared balance sheets of the company, at least one of which has been audited and which have been disclosed to the public in accordance with the procedure of Article 100r.

(2) (Amended, SG No. 61/2002, SG No. 103/2012) Any transactions of a public company involving the participation of interested parties, other than those covered under Paragraph 1, shall be subject to advance endorsement by the management body of the public company.

(3) (New, SG No. 103/2012) Persons managing and representing a non-public company which is a public company's subsidiary, including the representatives of any legal person that is a member of that company's management body, may not-without the prior approval of the public company's management body-make transactions as a result of which the subsidiary:

1. (amended, SG No. 109/2013, effective 20.12.2013, amended and supplemented, SG No. 62/2017) acquires, transfers, grants the use of, or provides as collateral, in any form, assets whose total value exceeds:

(a) one-third of the of the lower value of the assets according to the subsidiary's balance sheet as last audited or as last prepared;

(b) (amended, SG No. 62/2017) five per cent of the of the lower value of the assets according to the subsidiary's balance sheet as last audited or as last prepared, when the transactions involve the participation of interested parties;

2. (amended, SG No. 62/2017) participates in the establishing and/or increasing of the capital of a company and/or makes additional financial contributions to a company whose total assets value exceeds the thresholds referred to in Item 1.

(4) (New, SG No. 62/2017) The prior approval of the public company's management body shall also not be required for a decision of a subsidiary not to participate in the increasing of the capital of its own subsidiary, as a result of which the subsidiary's interest will fall below 25 per cent or a or a multiple of 25 per cent of the number of the capital of its subsidiary.

(5) (New, SG No. 61/2002, renumbered from Paragraph 3, amended and supplemented, SG No. 103/2012, amended, SG No. 109/2013, effective 20.12.2013, renumbered from Paragraph 4, amended and supplemented, SG No. 62/2017) The value of the property acquired and received for use under Item 1 of Paragraph 1 shall be the agreed price, while the value of the property transferred, surrendered for use or furnished as security under Items 1 and 7 of Paragraph 1 shall be the higher of the market price of the said property or its value according to the financial statement of the company disclosed to the public in accordance with the provisions established by Article 100r herein. The market price under the first sentence shall be the price determined by independent valuers under Article 5 of the Independent Valuers Act. The value of the property that is subject to the transactions referred to in Paragraph 3 shall be the higher value specified in the subsidiary's balance sheet, as last audited or as last prepared. The value of the obligations and receivables referred to in Items 2 and 3 of Paragraph 1 shall include interest as agreed. Where a transaction covered under Paragraphs 1 and 3 entails securities admitted to trading on a regulated market, they shall be appraised at current market price in the case of acquisitions or at market price, in all other cases, if the market price is higher than the value specified in the company's last audited balance sheet, disclosed to the public in accordance with the provisions established by Article 100r herein.

(6) (New, SG No. 61/2002, renumbered from Paragraph 4, amended and supplemented, SG No. 103/2012, renumbered from Paragraph 5, SG No. 62/2017) Any transactions, which separately fall below the thresholds set under Paragraph 1, Items 1 - 4, 6, and 7, as well as under Paragraph 3, but in aggregate lead to a change of property exceeding the said thresholds, shall be treated as a single whole if effected within a period of three calendar years and in favour of a single person or of related parties, or if a single person or related parties are parties to the transactions, as the case may be. In such cases, the act or the transaction whereby the thresholds under Paragraphs 1 and 3 are exceeded shall be subject to endorsement by the general shareholders' meeting, while in the case of transactions under Paragraph 3 the endorsement shall be given by the management body of the public company concerned.

(7) (New, SG No. 61/2002, renumbered from Paragraph 5, amended, SG No. 103/2012, renumbered from Paragraph 6, SG No. 62/2017) "Interested parties" shall be the members of the management bodies and supervisory bodies of the public company, the representatives of legal persons that are members of such bodies, the managerial agent of the public company, as well as any persons holding, directly and/or indirectly, at least 25 per cent of the votes in the general meeting of the company or controlling the said company, while, in the case of transactions of a subsidiary, the term shall encompass the members of its management and supervisory bodies, the representatives of legal persons that are members of such bodies, the managerial agent of the subsidiary, as well as any persons holding, directly and/or indirectly, at least 25 per cent of the votes in the general meeting of the company other than those of the public company, as well as any parties related thereto when the are:

1. are a party, a representative of a party or an intermediary to the transaction, or the transactions or acts are effected in favour of the said persons; or
2. (supplemented, SG No. 109/2013, effective 20.12.2013, SG No. 62/2017) hold, directly and/or indirectly, at least 25 per cent of the votes in the general meeting, or control any legal person which is a counter party, a representative of a party or an intermediary to the transaction, or the transactions or acts are effected in favour of any such legal person, or
3. are members of management bodies or supervisory bodies, representatives of legal persons, the members of such bodies, or managerial agents of any legal person referred to in Items 1 and 2.

(8) (New, SG No. 61/2002, renumbered from Paragraph 6, SG No. 103/2012, renumbered from Paragraph 7, SG No. 62/2017) The receipt or surrender for use in any form whatsoever of fixed assets on the part of a public company must be effected under the terms and according to the procedure established by a contract of joint venture under Section III if the property:

1. is surrendered to a company holding, directly or indirectly, at least 25per cent of the votes in the General Meeting of the public company, or controlling the public company, or is a party related thereto; and
2. serves to carry on the core business of the public company within the meaning of Article 126b (2) herein or of a substantial part of the said core business.

(9) (New, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 7, amended, SG No. 103/2012, renumbered from Paragraph 8, amended, SG No. 62/2017, SG No. 95/2017, effective 1.01.2018) Should the conditions referred to in Items 1 and 2 of Paragraph 8 occur after surrender of the property for use, the public company and the counterparty shall be obligated to take steps forthwith for conclusion of a contract of joint venture, including submission of an application to the Commission under Article 126c herein within one month.

(10) (New, SG No. 61/2002, renumbered from Paragraph 8, amended, SG No. 103/2012, renumbered from paragraph 9, amended, SG No. 62/2017) The provisions of Paragraphs 1 and 3 shall not apply in the case:

1. (amended, SG No. 62/2017) of conclusion of bank loan agreements and furnishing of security thereunder, as well as of transactions effected in the course of the ordinary business activities of the company; the first sentence shall not apply where interested parties participate in any of the said transactions;
2. (amended, SG No. 62/2017) of assuming of obligations and/or furnishing of assets as security by the public company in the cases of or in connection with the granting of bank loans to a subsidiary; the first sentence shall not apply where interested parties - other than the public company and its subsidiary - participate in any of the said transactions;
3. (amended, SG No. 62/2017) of extension of credit to a subsidiary by a parent undertaking and provision of deposits by a subsidiary on terms less favourable than the local market terms;
4. where there is a contract of joint venture under Section III of this Chapter;
5. (new, SG No. 62/2017) of transactions executed in pursuance of imperative provisions regulating the specific industry activity of the company.

(11) (New, SG No. 61/2002, renumbered from Paragraph 9, amended, SG No. 103/2012, renumbered from Paragraph 10, amended, SG No. 62/2017) "Ordinary business activities", as referred to in Paragraph 10(1), shall be the totality of acts and transactions effected by the company within the objects thereof and in conformity with the customary commercial practice, excluding any transactions and acts arising from contingency circumstances.

(12) (New, SG No. 39/2005, renumbered from Paragraph 10, amended, SG No. 103/2012, renumbered from Paragraph 11, amended, SG No. 62/2017) Any transactions effected in violation of Paragraphs 1 - 11 shall be void.

(13) (New, SG No. 86/2006, renumbered from Paragraph 11, amended, SG No. 103/2012, renumbered from paragraph

12, amended, SG No. 62/2017) Where deposits are provided according to Item 3 of Paragraph 10, the parent undertaking shall be obligated to notify the Commission within seven days.

(14) (New, SG No. 62/2017) In the cases of a transaction under Item 5 of Paragraph 10, the persons managing and representing the public company shall be obligated to notify the Commission within seven days prior to the conclusion of such transaction and to disclose, in accordance with the procedure established by Article 100r (3), information regarding the grounds for its conclusion and its terms and conditions, including the parties, subject matter, value, deadline and involvement of stakeholders. If the disclosure of certain data about the transaction might cause material damage to the subsidiary, the data concerned shall not be included in the information under the first sentence, whereby a statement to this effect shall be made. If it is impossible to state certain data in view of the nature of the transaction, a statement to this effect shall be made.

#### **Article 114a**

(New, SG No. 61/2002)

(1) The management body shall present to the General Meeting a reasoned report on the expediency and terms and conditions of the transactions covered under Article 114 (1) herein. The said report shall be part of the materials provided to shareholders upon convocation of the General Meeting. The circumstances disclosable by the management body to the General Meeting shall be prescribed by ordinance.

(2) (Amended, SG No. 62/2017) In the cases of acquisition or disposition of assets referred to in Article 114 (1) herein, the General Meeting of the company shall pass a resolution by a majority of three quarters in value of the capital stock represented and, in the rest of the cases, by a simple majority.

(3) (New, SG No. 103/2012, supplemented, SG No. 62/2017) The management body of the subsidiary shall furnish the management body of the public company with a request for approval under Article 114 (3), with information concerning the appropriateness and fundamental conditions of the transaction, including the parties, subject, value, lifetime and participation of interested parties, as well as the relevant balance sheets underlying the judgment as to exceeding the applicable threshold under Article 114 (3). If the disclosure of certain data about the transaction might cause material damage to the subsidiary, the data concerned shall not be included in the information under the first sentence, whereby a statement to this effect shall be made. The public company shall notify the Commission of such requests and shall submit the documents and information received within up to 4 days thereupon.

(4) (Renumbered from Paragraph 3, amended, SG No. 103/2012, amended and supplemented, SG No. 62/2017) Upon passage of a decision under Article 114 (1) herein, the interested parties shall not exercise their voting power. When determining the quorum for passing resolutions under the first sentence, all votes represented at the general meeting shall be taken into account, and when determining the majority for passing resolutions, the votes of interested parties shall not be included. The members of the management body of the public company that are interested parties shall not take part in decision-making under Article 114 (2) and (3) herein.

(5) (Renumbered from Paragraph 4, SG No. 103/2012, amended, SG No. 109/2013, effective 20.12.2013, supplemented, SG No. 62/2017) The transactions referred to in Item 1 of Article 114 (1) and in Article 114 (2) herein, as well as in Item 6 of Article 114 (1) herein, wherein interested parties participate, may be effected solely at market price. Valuation shall be prepared by the management body or, in the cases of Litterae (b) of Item 1 of Article 114 (1) and Item 6 of Article 114 (1), by independent valuers under Article 5 of the Independent Valuers Act designated by the said management body.

(6) (Renumbered from Paragraph 5, amended, SG No. 103/2012, SG No. 62/2017) The decision referred to in Paragraphs 1 - 3 of Article 114 must specify the fundamental conditions of the transaction, including its lifetime, parties, subject and value, as well as in whose favour the transaction is effected. If the decision does not specify counterparty in the transaction, the calculations for the purposes of Article 114 (1) and (3) shall be made while applying the thresholds for transactions that entail the participation of interested parties. The decision may abstain from specifying the transaction value provided that it refers to both a minimum amount and a maximum amount, whereby the calculation for the purposes of Article 114 (1) and (3) shall be based on latter.

(7) (New, SG No. 103/2012) Public companies shall disclose, as per the conditions and procedures set out in Article 100r(1) and (3), transactions concluded under Article 114(3) within 7 days from the date when they came to the knowledge of the public company concerned.

#### **Article 114b**

(New, SG No. 61/2002)



(1) (Amended, SG No. 39/2005, SG No. 86/2006) The members of the management bodies and supervisory bodies of a public company, the managerial agent of any such company, and the persons holding, directly or indirectly, at least 25 per cent of the votes in the General Meeting of the company or controlling the company, shall be obligated to disclose to the management body of the public company, as well as to the Commission and the regulated market whereon the shares in the company have been admitted to trading, information:

1. regarding the legal persons wherein the said persons hold, directly or indirectly, at least 25 per cent of the votes in the General Meeting or which the said persons control;
2. regarding the legal persons whereof the said persons are members of the management bodies or supervisory bodies or managerial agents;
3. (amended, SG No. 103/2012) regarding any current and future transactions of which they are aware and in which, in their opinion, the said persons may be treated as interested parties.

(2) The members of the management bodies and supervisory bodies of the public company and the managerial agent thereof shall be obligated to disclose the circumstances covered under Paragraph 1 within seven days after election, and the persons holding, directly or indirectly, at least 25 per cent of the votes in the General Meeting of the company or controlling the company shall be obligated to disclose the said circumstances within seven days after acquisition of the votes or of control, as the case may be. The persons referred to in the first sentence shall be obligated to update the disclosure thereof within seven days after occurrence of the relevant circumstances.

## **Article 115**

(1) The General Meeting of any public company shall be held at the registered office thereof. The ordinary general meeting shall be held prior to the end of the first half-year after preparation of annual accounts for the next preceding the accounting year.

(2) (New, SG No. 52/2007, effective 3.07.2007, amended, SG No. 23/2009, effective 27.03.2009) In addition to the information under Article 223 (4) of the Commerce Act the invitation for the general meeting shall include information about:

1. the total number of shares and voting rights in the general meeting as of the day when the decision to hold a general meeting was made, including the total number of shares of each class, if the capital is divided into share classes, as well as the shareholders' right to attend the general the meeting;
2. the shareholders' right to place issues on the general meeting agenda, and to make proposals for decisions on issues included in the general meeting agenda, as well as the deadline to exercise this right; the invitation may contain only the deadline to exercise these rights, if it indicates where on the company's web site more detailed information on these rights can be found;
3. (new, SG No. 62/2017) the shareholders' right to make proposals in substance for resolutions on any matter included in the agenda and in compliance with the requirements of the law, where the restriction stipulated in Article 118 (3) shall apply accordingly; the deadline for exercising this right shall be until the deliberations on this matter are terminated before the general meeting votes the resolution;
4. (renumbered from Item 3, SG No. 62/2017) the shareholders' right to pose questions during the general meeting;
5. (renumbered from Item 4, SG No. 62/2017) the rules of voting by proxy, the forms to be used in voting by proxy, and the ways to inform the company on electronically executed proxy authorisations;
6. (renumbered from Item 5, SG No. 62/2017) the rules of mail-in or electronic voting, where applicable;
7. (renumbered from Item 6, SG No. 62/2017) the date under Article 115b, Paragraph 1, with an instruction that only persons listed as shareholders on this date shall have the right to attend and vote in the general meeting;
8. (renumbered from Item 7, SG No. 62/2017) the place and the means to receive the written materials, related to the general meeting agenda, under Article 224 of the Commerce Act;
9. (renumbered from Item 8, SG No. 62/2017) the web site containing the information under Paragraph 5.

(3) (New, SG No. 23/2009, effective 27.03.2009) The voting rules under Paragraph 2(5) shall be adopted by the general meeting, and, if the Articles of Association allows it, by the company's managing body. The rules shall regulate the requirements in respect of the voting form content, the ways to obtain the aforementioned form by shareholders and the

shareholder identification terms.

(4) (Amended, SG No. 61/2002, SG No. 34/2006, renumbered from Paragraph 2, SG No. 52/2007, renumbered from Paragraph 3, amended, SG No. 23/2009, SG No. 103/2012, SG No. 109/2013, effective 20.12.2013) The company shall be obligated to disclose the notice referred to in Paragraph 2 in the Commercial Register and to publish it under the terms and procedure of Article 100s, Paragraphs 1 and 3, at least thirty days prior to the opening of the General Meeting of Shareholders. A public company shall not collect any fees from its shareholders for invitation production and publication.

(5) (Supplemented, SG No. 61/2002, amended, SG No. 39/2005, SG No. 86/2006, renumbered from Paragraph 3, SG No. 52/2007, effective 3.07.2007, renumbered from Paragraph 4, amended, SG No. 23/2009, effective 27.03.2009, supplemented, SG No. 62/2017) Any notice referred to in Paragraph 2, together with the materials of the General Meeting under Article 224 of the Commerce Act, shall be transmitted to the Commission and the regulated market on which the company's shares are admitted to trading within the time frame under Paragraph 4 and shall be published on the company web site for the time between its announcement under Paragraph 4 and the closing of the general meeting. The information under Sentence One, published on the web page of the public company, must be identical in content with the information provided to the public.

(6) (New, SG No. 23/2009, effective 27.03.2009) The public company shall also publish, under the procedure of Paragraph 5, the proxy or mail-in voting forms, if applicable. If the forms cannot be published for technical reasons, the company shall indicate on its web site the way to request the forms in hard copy, in which case, the company shall send the forms to the requesting shareholder at its own expense.

(7) (New, SG No. 39/2005, supplemented, SG No. 86/2006, renumbered from Paragraph 4, SG No. 52/2007, effective 3.07.2007, renumbered from Paragraph 5, amended, SG No. 23/2009, effective 27.03.2009, SG No. 109/2013, effective 20.12.2013, amended and supplemented, SG No. 62/2017) In the cases referred to in Item 4 of Article 118 (2), the shareholders shall submit the materials referred to Article 223a, Paragraph 4 of the Commerce Act to the Commission, the public company and the regulated market on which the company's shares are admitted to trading not later than on the next business day after announcing the issues in the Commercial Register. The public company shall update the invitation and publish it, together with the written materials, under the terms and procedure of Article 100s, Paragraphs 1 and 3, immediately, but not later than the end of the business day following the day of reception of the notice about the inclusion of the issues on the agenda. The updated invitation shall indicate that shareholders which will vote through proxies shall expressly authorise their proxies for the items on the agenda included in accordance with the procedure established by Item 4 of Article 118 (2).

(8) (Repealed, SG No. 61/2002, new, SG No. 23/2009, effective 27.03.2009, supplemented, SG No. 62/2017) The public company may provide in its Articles of Association and/or in the invitation for convening the general meeting an option for the company's general meeting to be held by electronic means, using one or more of the following forms:

1. real-time broadcast of the general meeting;
2. real-time two-way messages, allowing shareholders remote participation in the discussions and the decision taking process.
3. procedure to vote before or during the general meeting, without the need of authorising a person to attend the general meeting personally.

(9) (Repealed, SG No. 61/2002, new, SG No. 23/2009, effective 27.03.2009) The shareholders' participation in the general meeting using electronic means under Paragraph 8 shall be taken into account when determining the quorum, and the voting shall be registered in the general meeting minutes. The general meeting minutes shall have an attached list of all persons who have exercised their general meeting voting right by electronic means, as well as the number of shares held. The aforementioned list shall be certified by the general meeting Chairperson and Secretary.

(10) (Repealed, SG No. 61/2002, new, SG No. 23/2009, effective 27.03.2009) The public company shall ensure proper means for identification of shareholders and persons representing them in their participation in the general meeting using electronic means, and connection security, as needed for these purposes.

(11) (Amended, SG No. 61/2002, renumbered from Paragraph 4, SG No. 39/2005, renumbered from Paragraph 5, SG No. 52/2007, effective 3.07.2007, renumbered from Paragraph 6, SG No. 23/2009, effective 27.03.2009) The members of the management bodies and supervisory bodies and the managerial agent of the company shall be obligated to give true, exhaustive and to-the-point answers to questions posed by the shareholders at the General Meeting regarding the state of economic affairs, the financial position and the business activities of the company, except regarding any circumstances constituting inside information. The shareholders may pose such questions regardless of whether the said questions are relevant to the agenda.

(12) (Repealed, SG No. 61/2002, new, SG No. 23/2009, effective 27.03.2009) Upon lack of quorum in the cases under Article 227, Paragraphs 1 and 2 of the Commerce Act, a new session may be scheduled in as early as 14 days at least, and it shall be legally independent of the capital presented thereat. The date of the new session may also be indicated on the invitation for the first session. The new session agenda may not include items under the procedure of Article 223a of the Commerce Act.

(13) (Repealed, SG No. 61/2002).

### **Article 115a**

(New, SG No. 52/2007, effective 3.07.2007)

Any public company may use electronic means to provide information to the shareholders where the general meeting has taken such a decision and all of the following conditions obtain:

1. the use of electronic means is not contingent on the registered office or address of the shareholders or of the persons under Article 146, Paragraph 1, items 1 - 8;
2. measures for identification are taken so as to ensure effective provision of the information to the shareholders or the persons who are entitled to exercise the voting right or determine its exercise;
3. the shareholders or the persons under Article 146, Paragraph 1, items 1 - 5 who have the right to acquire, transfer or exercise the voting right have expressly stated their written consent for the provision of the information via electronic means or within 14 days from receipt of a request of such consent from the public company have not expressly objected thereof; on request from the persons under the first sentence the public company shall also provide them at all times with the information on paper;
4. determination of the costs relating to the provision of information via electronic means does not prejudice the principle under Article 110b on ensuring equal treatment.

### **Article 115b**

(New, SG No. 61/2002, renumbered from Article 115a, SG No. 52/2007, effective 3.07.2007)

- (1) (Amended, SG No. 62/2017) The right to vote shall be exercised by the persons registered as persons with voting rights in the registers kept by the Central Depository 14 days before the date of the general meeting.
- (2) (Supplemented, SG No. 23/2009, effective 27.03.2009) The Central Depository shall be obligated to provide to the company lists of shareholders referred to in Paragraph 1 and of foreign persons under Article 136, Paragraph 1, upon request by the person empowered to manage and represent the company.
- (3) (Amended, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 23/2009, effective 27.03.2009).
- (4) (New, SG No. 23/2009, effective 27.03.2009) The public company may provide in its Articles of Association the option for the voting right to be exercised prior to the date of the general meeting, using mail-in, including e-mail, courier, or other technically feasible means.
- (5) (New, SG No. 23/2009, effective 27.03.2009) Mail-in voting shall be deemed valid if the vote has been received no later than the day before the date of the general meeting. Shares of mail-in voters shall be taken into account in determining the quorum, and the voting shall be registered in the general meeting minutes. The general meeting minutes shall have an attached list of all persons who have exercised their general meeting voting right using mail-in, as well as the number of shares held. The aforementioned list shall be certified by the general meeting Chairperson and Secretary
- (6) (New, SG No. 23/2009, effective 27.03.2009) If the shareholder is attending the general meeting personally, its mail-in vote shall be deemed valid, unless the shareholder requests otherwise. The shareholder's mail-in votes shall be discarded in respect of any issues on which the shareholder personally votes at the general meeting.
- (7) (New, SG No. 23/2009, effective 27.03.2009) The public company may introduce requirements on shareholder capacity and mail-in voting identification, for the purposes of shareholder identification, only to the extent needed for this purpose.

### **Article 115c**

(New, SG No. 61/2002, renumbered from Article 115b, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 52/2007, effective 3.07.2007, SG No. 62/2017, effective 1.01.2018) Public companies shall have the right to pay a 6-monthly and an annual dividend if this is provided for in the Articles of Association and subject to the corresponding application of Article 247a of the Commerce Act.

(2) (New, SG No. 62/2017, effective 1.01.2018) Public companies shall have the right to pay an interim dividend based on 6-month financial statements only if the following conditions are met:

1. 6-month financial statements have been prepared; as part of these, a report has been prepared on the basis of the accounting information proving that the company has sufficient funds to pay the dividends and that their payment will not result in the company's indebtedness to creditors, personnel, the budget, etc.;

2. the financial result for the 6-month period is profit and there is a resolution of the general meeting of shareholders on distribution of profit;

3. the amount of funds that can be distributed in accordance with Article 247a of the Commerce Act, shall not exceed the total profit obtained as follows:

a) the current financial result for the period from 1 January till 30 June of the current year;

b) the retained earnings from prior years;

c) the amount of reserves, the distribution of which is not prohibited by law or by the company's Articles of Association;

d) the total amount under letters "a" – "c" shall be reduced with the incurred loss and the statutory reserves formed in accordance with the requirements of Article 246 of the Commerce Act and/or the statutory reserves according to the company's Articles of Association;

4. the joint-stock company has no assumed and outstanding liabilities the repayment period of which has expired prior to the adoption of the resolution on distribution of profit, and will be able to discharge its liabilities for the current financial year after the payment of the interim dividend.

(3) (New, SG No. 62/2017, effective 1.01.2018) The right to dividend shall vest in the persons who or which have been recorded in the registers of the Central Depository as persons entitled to dividend on the 14th day after the day of the General Meeting whereat the annual, respectively the 6-month financial statements were adopted and a resolution on distribution of profit was passed. Article 115b, Paragraph 2 herein shall apply accordingly.

(4) (Amended, SG No. 39/2005, supplemented, SG No. 52/2007, effective 3.07.2007, renumbered from paragraph 2, SG No. 62/2017, effective 1.01.2018) The company shall be obligated to notify forthwith the Commission, the Central Depository and the regulated market of the resolution of the General Meeting regarding the type and amount of dividend, as well as regarding the terms and the procedure for payment thereof, including to specify at least one financial institution through which payments will be made. The types of financial institutions through which payments may be made shall be set out by ordinance.

(5) (Renumbered from Paragraph 3, amended, SG No. 62/2017, effective 1.01.2018) Upon receipt of any notice referred to in Paragraph 4, the regulated market on which the shares are admitted to trading shall forthwith announce the latest date for conclusion of transactions in such shares as a result of which the transferee of any such shares shall have the right to claim the dividend carried by the said shares as voted by the General Meeting.

(6) (Renumbered from Paragraph 4, amended, SG No. 62/2017, effective 1.01.2018) Until the lapse of the business days next succeeding the day of notification under Paragraph 4 and the latest day for conclusion of transactions under Paragraph 5, special rules may be applied on the regulated securities market regarding price restrictions on the orders or quotations as placed and the transactions as concluded.

(7) (Renumbered from Paragraph 5, amended, SG No. 62/2017, effective 1.01.2018) The company shall be obligated to ensure payment of the dividend as voted at the General Meeting to the shareholders within 60 days of the holding the said meeting. The costs of payment of the dividend shall be for the account of the company.

(8) (Renumbered from Paragraph 6, SG No. 62/2017, effective 1.01.2018) Paying of the dividend shall be effected with the cooperation of the Central Depository. The procedure for payment of dividend shall be established by ordinance.

## **Article 115d**

(New, SG No. 23/2009, effective 27.03.2009)

- (1) Public company shareholders shall be entitled to authorise any natural person or legal entity to attend and vote in the general meeting on their behalf as proxy. Article 220, Paragraph 1, Sentence Three of the Commerce Act shall not apply if the shareholder has expressly stated the means of voting on each item on the agenda.
- (2) The proxy shall have the same rights to speak and pose questions at the general meeting, as the rights of the shareholder represented.
- (3) The proxy shall vote according to the shareholder's instructions contained in the letter of authorisation.
- (4) The proxy may represent more than one shareholder at the public company general meeting. In this case, the proxy may vote differently on the different shares held by the different shareholders represented.
- (5) The authorisation may be performed electronically as well. The public company shall ensure at least one way to receive authorisations using electronic means. It shall publish on its web site the terms and procedure to receive authorisation using electronic means.
- (6) The public company may introduce requirements in respect of the authorisation, the presentation of the letter of authorisation to the company, and the way voting instructions are to be given by the shareholder, if any. These requirements are required for the purpose of shareholder or proxy identification, or to provide a way to verify the instruction contents, and only to the extent required for these purposes.
- (7) The procedure under Paragraphs 5 and 6 shall also apply in cases of letter of authorisation withdrawals as well.

## **Article 116**

(1) (Amended, SG No. 23/2009, effective 27.03.2009) Any written letter of authorisation to represent a shareholder at the Shareholders' General Meeting of any public company must be granted for a specific General Meeting, must be expressly formulated and contain at least:

1. the data about the shareholder and the proxy;
2. the number of shares to which the letter of authorisation applies;
3. the items on the agenda;
4. the decision proposals regarding each item on the agenda;
5. the voting instructions in respect of each item, if applicable;
6. date and signature.

(2) (Repealed, SG No. 61/2002, new, SG No. 23/2009, effective 27.03.2009) If the letter of authorisation does not contain specific voting instructions in respect of each item on the agenda, it should state that it is within the proxy's discretion whether and how to vote.

(3) (New, SG No. 52/2007, effective 3.07.2007) Any public company shall submit a copy of the written power of attorney on paper or electronically, where applicable, together with the materials for the general meeting or at request after its calling.

(4) (Amended, SG No. 61/2002, renumbered from Paragraph 3, SG No. 52/2007, effective 3.07.2007) Any sub-delegation of the rights referred to in Paragraph 1, as well as any proxy granted in breach of the rules established by Paragraphs (1) and (2), shall be void.

(5) (Renumbered from Paragraph 4, SG No. 52/2007, effective 3.07.2007) Any solicitation of proxy from a shareholder or shareholders holding more than 5 per cent of the votes in the Shareholders' General Meeting of any public company must be inserted in a national daily newspaper or dispatched to each shareholder concerned. Any such solicitation shall contain at a minimum the following particulars:

1. the agenda of the matters proposed for consideration at the General Meeting, and the motions for resolutions thereon;
2. an invitation to the shareholders to provide instructions as to the manner of voting on the matters on the agenda;
3. a statement of the manner in which the solicitor will vote on each of the matters on the agenda, should the shareholder who or which accepts the solicitation fail to provide instructions as to the voting.

(6) (Renumbered from Paragraph 5, amended, SG No. 52/2007, effective 3.07.2007) The solicitor shall be obligated to

vote at the General Meeting of the company in conformity with the instructions of the shareholders as stated in the proxy or, should no such instructions have been provided, in conformity with the statement referred to in Item 3 of Paragraph 5. The solicitor may depart from the instructions of the shareholders or from the statement of the solicitor as to the manner of voting, as the case may be, if:

(a) any circumstances have occurred which were not known at the time of making of the solicitation or of signing of the proxy by the shareholders;

(b) the solicitor has been unable to request in advance new instructions and/or to make a new statement, or has not received promptly new instructions from the shareholders;

(c) the departure is necessary for safeguarding the interests of the shareholders.

(7) (Amended, SG No. 61/2002, renumbered from Paragraph 6, SG No. 52/2007, effective 3.07.2007) The company may not require presentation of the proxies referred to in Paragraph 1 earlier than two business days before the day of the General Meeting. The company shall inform those present at the Shareholders' General Meeting of the proxies as received upon the opening of the General Meeting.

(8) (Amended, SG No. 61/2002, renumbered from Paragraph 7, SG No. 52/2007, effective 3.07.2007) Should more than one proxy referred to in Paragraph 1 be presented as granted by one and the same shareholder, the proxy which has been granted later shall prevail.

(9) (Renumbered from Paragraph 8, SG No. 52/2007, effective 3.07.2007) Unless the company receives written notice from a shareholder of withdrawal of any proxy prior to the opening of the General Meeting, any such proxy shall be deemed to be valid.

(10) (Renumbered from Paragraph 9, SG No. 52/2007, effective 3.07.2007) If the shareholder attends the General Meeting in person, any proxy granted thereby and applicable to the said General Meeting shall be valid unless the said shareholder states otherwise. In respect of the matters on the agenda whereon the shareholder votes in person, the respective right of the proxy shall lapse.

(11) (Amended, SG No. 39/2005, renumbered from Paragraph 10, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 62/2017).

(12) (New, SG No. 61/2002, renumbered from Paragraph 11, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 23/2009, effective 27.03.2009).

## **Article 116a**

(New, SG No. 61/2002)

(1) (Amended, SG No. 62/2017) Any person, who is under an effective sentence for offences against property, economic offences or offences against the financial system, the tax system or the social insurance system, committed in the Republic of Bulgaria or abroad, shall be ineligible to the management bodies and supervisory bodies of any public company unless rehabilitated.

(2) At least one third of the members of the Board of Directors or of the Supervisory Board of any public company must be independent persons. To qualify as independent, a member of the board may not be:

1. a person serving the public company;
2. a shareholder holding, whether directly or through connected persons, at least 25 per cent of the votes in the General Meeting, or a person connected with the company;
3. a person who is in a sustained business relationship with the public company;
4. a member of a management body or supervisory body, a managerial agent or a person serving any commercial corporation or any other legal person referred to in Items 2 and 3;
5. a person connected with another member of a management body or supervisory body of the public company.

(3) Any persons, who have been elected to management bodies and supervisory bodies, shall be obligated to notify immediately the management body of the public company in the event of occurrence of any circumstances covered under Paragraph 1 or (2) after the date of election thereof. In such a case, the said persons shall cease to perform the functions thereof and shall not receive compensation.

(4) (Supplemented, SG No. 103/2012) The candidate for elective office shall prove the non-existence of the circumstances covered under Paragraph 1 by means of a conviction status certificate, and the non-existence of the circumstances covered under Paragraph 2 by a declaration. The documents referred to in the first sentence shall form part of the written material for the general meeting the agenda of which entails the election of members of the board of directors or supervisory board. The persons referred to in the first sentence shall confirm the truthfulness of the documents provided pursuant to the preceding sentence at the general meeting to which their nominations have been put forward for election.

(5) (New, SG No. 103/2012) When electing independent members of the public company's board of directors or supervisory board, the capital presented to the general meeting shall include the shares held by persons referred to in Paragraph 2, Items 1 - 5 only if no other shareholders are present or represented at the general meeting.

### **Article 116b**

(New, SG No. 61/2002)

(1) The members of the management bodies and supervisory bodies of any public company shall be obligated:

1. to perform the duties thereof exercising the care of responsible merchantship, in a manner which they reasonably believe is in the interest of all shareholders of the company, and by using solely information which they reasonably believe is true and comprehensive;

2. to show loyalty to the company by:

(a) placing the interest of the company before their own interest;

(b) (amended, SG No. 62/2017) avoiding direct or indirect conflict of interests between their own interest and the interest of the company or, should any such conflict arise, disclosing the said conflicts promptly and fully in writing to the competent body and not participating nor exerting influence on the rest of the members of the board in decision-making in such cases;

(c) not disclosing nonpublic information of the company even after they cease to be members of the relevant bodies until public disclosure of the relevant circumstances by the company.

(2) The provision of Paragraph 1 shall furthermore apply to any natural persons representing legal persons which are members of the management bodies and supervisory bodies of the company, as well as to any managerial agents of a public company.

(3) (New, SG No. 103/2012) The members of the management body of public companies shall:

1. exercise ongoing control as to the observance of the requirements set out in Article 114(3) and Article 114a(3) in the course of business of the public company's subsidiaries; in connection with the obligation under the first sentence, the public company's representative shall make sure that the subsidiary will provide the relevant information, as well as information concerning all transactions concluded under Article 114(3) within 5 days after their execution date;

2. furnish the Commission with the minutes of the meeting of the public company's management body which reflects the endorsement decisions referred to in Article 114(2) and (3) within 4 days after the date of the meeting.

(4) (New, SG No. 62/2017) "Conflict of Interest" within the meaning of Paragraph 1, Item 2, letter "b" exists where there is a conflict between the duties of a member of a management or supervisory body of a public company in that capacity on the one hand and their private interest on the other hand. Private interest is any interest which results in a benefit of a material or non-material nature to the person or to related persons thereof, including income in cash or in the form of property, acquisition of units or shares, granting, transferring or waving of rights, obtaining goods or services free of charge or at prices below the market ones, receiving support or influence, advantage, obtaining or promise of work, position, gift, reward or promise to avoid loss, liability, sanction or other unfavourable event.

### **Article 116c**

(New, SG No. 61/2002)

(1) (Supplemented, SG No. 21/2012) The public company shall adopt and apply a remuneration policy for its staff and the requirements to the remuneration policy and its disclosure shall be laid down in an ordinance. The compensations and tantiemes of the members of the management bodies and supervisory bodies of any public company, as well as the period

wherefor they are payable, shall mandatorily be fixed by the General Meeting.

(2) The persons referred to in Paragraph 1 shall be obligated to furnish a managerial bond within seven days after the election thereof.

(3) The bond shall be furnished in Bulgarian leva. The amount of the bond shall be fixed by the Shareholders' General Meeting and may not be less than the three-month gross compensation of the persons referred to in Paragraph 1.

(4) The bond shall be blocked in favour of the company with a bank within the territory of Bulgaria. Interest accruing on the bonds blocked with a bank shall not be blocked and shall be withdrawable on demand by the bond furnisher.

(5) (New, SG No. 103/2012) Within 7 days from the date of furnishing the management bond, the persons referred to in Paragraph 1 shall provide the Commission with a document issued by the bank referred to in Paragraph 4 certifying that the bonds have been blocked in compliance with Paragraphs 2-4. The bank referred to in Paragraph 4 shall issue the document upon the request of the person who furnished the bond.

(6) (Renumbered from Paragraph 5, SG No. 103/2012) In the event of failure to furnish the bond within the prescribed time limit, the person affected shall not receive compensation as member of the relevant body until the full amount of the bond is furnished.

(7 (Renumbered from Paragraph 6, SG No. 103/2012) The bond shall be released:

1. in favour of the bond furnisher referred to in Paragraph 1: after the date of General Meeting resolution relieving the said furnisher from liability and after the said furnisher vacates office;

2. in favour of the company: in case the General Meeting has passed a resolution to this effect upon detection of detriment inflicted on the company.

(8) (Amended, SG No. 39/2005, renumbered from Paragraph 7, amended and supplemented, SG No. 103/2012, amended, SG No. 62/2017) The General Meeting may discharge from liability a member of a management body and a supervisory body, provided there is an annual financial statement for the previous year, certified by a registered auditor and adopted at a general meeting of shareholders, and in the cases of discharging a member of a management body and a supervisory body for the current year – provided there is an interim financial statement, certified by a registered auditor, for the period commencing at the beginning of the current year and ending on the last day of the month preceding the month when the notice of convocation of the general meeting was published.

(9) (Renumbered from Paragraph 8, amended, SG No. 103/2012) Paragraphs 1 - 8 shall furthermore apply to managerial agents, with the powers of the General Meeting being executed by the Supervisory Board or by the Board of Directors, as the case may be. These bodies shall account to the General Meeting for the amount of compensations received, the bonds as fixed, and the extent of performance of the duties entrusted to the relevant person.

## **Article 116d**

(New, SG No. 61/2002)

(1) (Supplemented, SG No. 103/2012, SG No. 62/2017) The management body of public companies shall be obligated to appoint an investor relations director to serve under a of the employment. Companies that have not been public shall fulfil their obligation referred to in the first sentence within three months after they gain the status of a public company. Upon terminating the employment contract of the investor relations director, the management body shall appoint a new investor relations director within 2 months of the termination.

(2) The investor relations director must be appropriately qualified and experienced to perform the duties thereof and may not be a member of a management body or supervisory body or a managerial agent of the public company.

(3) The investor relations director shall perform the following functions:

1. implement effective liaison between the management body of the company and the shareholders thereof and the persons who have expressed interest in investing in securities of the company, supplying them with information regarding the current financial position and state of economic affairs of the company, as well as with any other information whereto they are entitled by law in the capacity thereof as shareholders or investors;

2. be in charge of of the dispatch, within the statutory time limit, of the materials on each General Meeting as convened to all shareholders who have requested to familiarize themselves with the said materials;

3. (new, SG No. 62/2017) maintain and keep a record of the meetings of the management body and the supervisory body,



recording in chronological order the date, the time of opening and closing of the meeting, the agenda and the decisions taken, in a way that prevents subsequent amendments or additions thereto;

4. (renumbered from item 3, SG No. 62/2017) take and keep in custody accurate and full minutes of the meetings of the management body and supervisory body of the company;

5. (amended, SG No. 39/2005, renumbered from item 4, amended, SG No. 62/2017) be in charge of the prompt dispatch of all required reports and notices of the company to the Commission, the regulated market on which the securities of the company are admitted to trading, and the Central Depository;

6. (renumbered from item 6, amended, SG No. 62/2017) keep a register of the materials dispatched under Items 2 and 5, as well as for the requests received and the information supplied under Item 1, describing the reasons in case any requested information has not been supplied.

(4) The investor relations director shall account for the performance thereof to the shareholders at the Annual General Meeting.

(5) The persons who manage the company shall be obligated to cooperate with the investor relations director, as well as to control the performance of functions covered under Paragraph 3.

(6) Article 116a (1) and Article 116b herein shall apply to the investor relations director.

### **Article 117**

(1) (New, SG No. 23/2009, effective 27.03.2009, supplemented, SG No. 62/2017) The voting results in the general meeting protocol shall contain information on the number of shares, on which valid votes have been submitted, the part of the capital they represent, the total number of valid votes, the number of "yea" and "nay" votes, and, as needed, the number of abstentions on each item on the agenda. The voting through proxies shall be recorded in the minutes of the general meeting.

(2) (Previous text of Article 117, amended, SG No. 61/2002, SG No. 39/2005, SG No. 86/2006, renumbered from Paragraph 1, amended, SG No. 23/2009, effective 27.03.2009) The company must transmit the minutes of the session of the General Meeting to the Commission within three business days after holding the said meeting.

(3) (New, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 2, amended, SG No. 23/2009, effective 27.03.2009, SG No. 62/2017) Within the time under Paragraph 2, the public company shall publish the general meeting protocol on its web site for no less than five years.

### **Article 118**

(1) Any persons holding, whether jointly or separately, at least 5 per cent of the capital of any public company may bring before the court the actions of the company against third parties upon an omission of the management bodies of the said company to do so should any such omission jeopardize the interests of the company. The company may be called as party to the case.

(2) (Amended, SG No. 61/2002) The persons referred to in Paragraph 1 may:

1. bring an action before the district court exercising jurisdiction over the company's registered office for indemnification of any detriment inflicted on the company wilfully or by gross negligence through acts or omissions by any members of the management bodies and supervisory bodies or by any managerial agent of the company;

2. requisition the General Meeting or the district court to appoint examiners to examine the entire accounting documentation of the company and to report the findings thereof;

3. requisition the district court to convene a General Meeting or to empower a representative thereof to convene a General Meeting with an agenda set thereby;

4. (new, SG No. 23/2009, effective 27.03.2009) ask new issues to be included and propose decisions on already included issues in the general meeting agenda under the procedure of Article 223a of the Commerce Act.

(3) (New, SG No. 62/2017) The rule stipulated in Item 4 of Paragraph 2 shall not apply where the agenda of the general meeting includes an item the subject of which is the voting of a resolution under Article 114 (1). The persons referred to in Paragraph 1 are not entitled to include in the agenda of the general meeting new items relating to the voting of

resolutions under Article 114 (1).

(4) (New, SG No. 61/2002, renumbered from Paragraph 3, SG No. 62/2017) The court shall pronounce forthwith on any requisitions referred to in Items 2 and 3 of Paragraph 2.

### **Article 118a**

(New, SG No. 61/2002)

Any person, who or which controls a public company, as well as any other person, who or which, by means of the influence thereof on a public company has procured any member of the management bodies or supervisory bodies of the said company or a managerial agent of the said company to act or to refrain from acting against the interest of the company, shall incur solidary liability for the detriment inflicted on the company. Item 1 of Article 118 (2) herein shall apply accordingly.

### **Article 119**

(1) (Amended, SG No. 103/2012, SG No. 62/2017, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) Any company referred to in Article 110 (1) herein shall cease to be public as from the decision of the Commission to deregister the said company from the register under Item 3 of Article 30 (1) of the Financial Supervision Commission Act, if:

1. (amended, SG No. 61/2002) the General Meeting of the said company has passed a resolution on the expungement thereof by a majority of two-thirds in value of the capital stock represented and provided that:

(a) the number of shareholders was fewer than 50 persons fourteen days before the General Meeting, as well as on the last day of the two last succeeding calendar years, or

(b) the value of the assets of the company was less than BGN 200,000 according to the latest monthly balance sheet, as well as according to the two latest audited annual balance sheets;

2. (repealed, SG No. 61/2002, new, SG No. 103/2012, supplemented, SG No. 62/2017) the General Meeting of a company at which all shareholders were present or represented has passed a unanimous decision on the deregistration of that company;

3. (amended, SG No. 61/2002) a tender offering has been made under Article 149a herein and:

(a) the shareholders owning at least one-half of the total number of shares subject to the tender offer have accepted the tender offer, or

(b) (amended, SG No. 52/2007, effective 3.07.2007) the General Meeting of the company has passed a resolution on the expungement thereof by a majority of one-half in value of the capital stock represented; the capital stock represented shall exclude the shares which the tender offeror has acquired prior to registration with the Commission of the tender offer referred to in Article 149a (1) herein; the voting power of the tender offeror shall be limited to the shares acquired thereby as a result of the said tender offer and thereafter;

4. (new, SG No. 52/2007, effective 3.07.2007) repurchase of all voting shares in the general meeting of the public company as per Article 157a is in place;

5. (new, SG No. 33/2016, effective 26.04.2016) the company is a bank for which bankruptcy proceedings have been initiated;

6. (new, SG No. 62/2017) the company is declared bankrupt;

7. (new, SG No. 62/2017) a coercive administrative measure under Item 10 of Article 212 (1) has been enforced.

(2) (New, SG No. 103/2012) A company that has become public by way of division may not be deregistered on the grounds of Paragraph 1(2), unless those grounds also exist in respect of the converted public company.

(3) (Amended, SG No. 61/2002, renumbered from Paragraph 2, SG No. 103/2012) Any notice of convocation of a General Meeting referred to in Item 1 of Paragraph 1 must specify the reasoning of the draft resolution on expungement of the company.

(4) (New, SG No. 61/2002, renumbered from Paragraph 3, amended, SG No. 103/2012, SG No. 62/2017, SG No.

62/2017, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) In the application on deregistration from the register under Item 3 of Article 30 (1) of the Financial Supervision Commission Act, the company shall cite the transactions and acts which have materially contributed to a fall of the number of shareholders and of the value of the assets of the company below the respective thresholds referred to in Item 1 of Paragraph 1. Article 91 herein shall apply accordingly.

(5) (New, SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007, renumbered from Paragraph 4, SG No. 103/2012, amended and supplemented, SG No. 62/2017, amended, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) The Financial Supervision Commission shall refuse to expunge in the register under Item 3 of Article 30 (1) of the Financial Supervision Commission Act any public company which does not fulfil the conditions referred to in Items 1 - 3 or 4 of Paragraph 1, inter alia where fulfilment of the said conditions has violated the law.

(6) (New, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 5, SG No. 103/2012, amended and supplemented, SG No. 62/2017, amended, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) Upon the entry into force of the decision of the Commission on expungement of any public company in the register under Item 3 of Article 30 (1) of the Financial Supervision Commission Act, the indication that the said company is public shall be dropped from the Articles of Association thereof. Any such company shall be obligated to declare the said alteration for recording in the Commercial Register, as well as to present updated Articles of Association according to the procedure established by Article 174 (4) of the Commerce Act.

(7) (Renumbered from Paragraph 3, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 6, SG No. 103/2012, amended and supplemented, SG No. 62/2017, amended, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) After a decision by the Commission on expungement from the register under Item 3 of Article 30 (1) of the Financial Supervision Commission Act, the shares in the company may not be traded on a regulated securities market.

(8) (Renumbered from Paragraph 4, SG No. 61/2002, amended, SG No. 39/2005, renumbered from Paragraph 7, SG No. 103/2012, amended and supplemented, SG No. 62/2017, amended, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) Any public company may be transformed into a limited liability company solely after a decision by the Commission on expungement from the register under Item 3 of Article 30 (1) of the Financial Supervision Commission Act.

(9) (Repealed, SG No. 61/2002).

## **Article 120**

(Supplemented, SG No. 61/2002, SG No. 39/2005, amended, SG No. 52/2007, effective 3.07.2007, SG No. 23/2009, effective 27.03.2009)

Chapter Six "a", Section IV herein shall apply to any public company, including the form, manner and procedure for disclosure of information under Article 115 (5) and (7) and Article 117 herein, as well as the public dissemination of any such information.

## **Article 120a**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Supplemented, SG No. 23/2009, effective 27.03.2009, amended, SG No. 42/2016, SG No. 62/2017) Articles 110b, 110c, Article 111, paragraphs 10 and 11, Articles 111a, 112e, Article 115, paragraph 2, item 1, Article 115a, Article 115c, paragraph 4 on specification of a financial institutions and Article 116, paragraph 3 shall also apply to issuers of shares from a third country for whom the Republic of Bulgaria is a Member State of origin under Article 100j, paragraph 2, item 1.

(2) (Supplemented, SG No. 21/2012, amended, SG No. 42/2016) The requirements under paragraph 1 shall not apply to issuers from a third country for whom the Republic of Bulgaria is a Member State of origin if the Commission deems that the law of that country lays down requirements equivalent to the requirements herein and the statutory instruments for the application of this Act. The Commission shall notify ESMA of its judgement under the first sentence. The conditions under which the Commission may deem that the requirements of the law of that country are equivalent to the requirements herein and the statutory instruments for the application of this Act shall be set out by ordinance.

(3) The information that the persons under Paragraph 1 shall disclose according to national law shall be disclosed under the terms of Articles 100r and 100t.

(4) The Commission shall publish on its website a list of the countries whose laws provide for requirements equivalent to

the requirements herein and the statutory instruments for application of this Act.

### **Article 120b**

(New, SG No. 62/2015, effective 14.08.2015)

(1) The provisions of Articles 115 - 116 and Article 117 shall not apply in cases where resolution measures are imposed or powers are exercised and mechanisms are employed under the Recovery and Resolution of Credit Institutions and Investment Firms Act.

(2) In the cases of an increase of the capital of a public company, which is necessitated to prevent occurrence of conditions for resolution under the Recovery and Resolution of Credit Institutions and Investment Firms Act, the call for the convening of a general meeting may be announced and published in a shorter period than the one provided for in Article 115(4), but in no less than 10 calendar days, if the general meeting decides to convene it by a two-third majority of the represented capital or if it amends the provisions of the Statute concerning the convening of the general meeting, and provided that the measures under Articles 44 and 46 of the Recovery and Resolution of Credit Institutions and Investment Firms Act have been applied.

### **Article 121**

(1) (Previous text of Article 121, SG No. 34/2015) The provisions of the Commerce Act shall apply to any cases unregulated hereby.

(2) (New, SG No. 34/2015) The restrictions under Article 3, paragraph 7, items 1 and 2 of the Agricultural Land Ownership and Use Act shall not apply to companies under Article 110 of this Act and to companies under Article 263 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act.

## **Section II Transformation**

### **Article 122**

(1) (Amended, SG No. 39/2005) In the cases of transformation under Chapter Sixteen of the Commerce Act, wherein at least one public company is involved, the new company and the acquiring company or companies shall likewise be public companies.

(2) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 34/2006, SG No. 95/2017, effective 1.01.2018) Recording in the Commercial Register of any company transformed under Paragraph 1 shall be admitted solely after presentation of the decision of the Commission referred to in Article 124, Paragraph 1 herein.

(3) (Amended, SG No. 39/2005) Within seven days after recording in the Commercial Register of the transformation, the management bodies of the any new company or the acquiring company shall be obligated:

1. (amended, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) to submit to the Commission documents for recording in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act;

2. to submit to the Central Depository documents for registration of the share issues thereof and the distribution of the said shares to accounts or the transfer of the shares.

(4) (Repealed, SG No. 39/2005).

(5) (Amended and supplemented, SG No. 61/2002, repealed, SG No. 39/2005).

(6) (Repealed, SG No. 39/2005).

(7) (Repealed, SG No. 39/2005).

(8) (Repealed, SG No. 39/2005).

(9) (New, SG No. 61/2002, repealed, SG No. 39/2005).

### **Article 123**

(Amended, SG No. 39/2005)

(1) In addition to the particulars covered under Article 262g of the Commerce Act, the transformation agreement or plan referred to in Article 262g of the Commerce Act must furthermore state:

1. the fair price of the shares in each of the transforming companies or company, as the case may be, as well as the ratio of exchange of shares in the transforming companies or company, as the case may be, for shares in the new companies or company, as the case may be, or in the acquiring company, fixed at a date which may not precede the date of the transformation agreement or plan by more than one month;
2. justification of the price referred to in Item 1 on the basis of generally accepted valuation methods;
3. other measures offered to the holders of shares whereto special rights are attached and to the holders of securities other than shares, notwithstanding the rights referred to in Item 8 of Article 262g (2) of the Commerce Act, should any such be envisaged.

(2) The requirements for the contents of the justification referred to in Item 2 of Paragraph 2, including the requirements for the application of the valuation methods, shall be established by ordinance.

(3) (Amended, SG No. 95/2017, effective 1.01.2018) The transformation agreement or plan referred to in Paragraph 1 shall be examined by an independent auditor under Article 262k of the Commerce Act, who is included in a list endorsed by the Commission.

### **Article 124**

(Amended and supplemented, SG No. 61/2002, amended, SG No. 39/2005)

(1) (Supplemented, SG No. 103/2012, SG No. 95/2017, effective 1.01.2018) The transformation agreement or plan, as well as the reports of the management body under Article 262i of the Commerce Act and of the auditor under Article 262l of the Commerce Act of each of the companies involved in the transformation, shall be approved by the Commission on a motion by the Deputy Chairperson before taking the decision referred to in Article 262n of the Commerce Act.

(2) The transforming companies or company, as the case may be, shall submit an application for the grant of approval, enclosing therewith:

1. the transformation agreement or plan, satisfying the requirements established by Articles 262f and 262g of the Commerce Act;
2. a report by the management body of each of the transforming and acquiring companies under Article 262i of the Commerce Act, stating inter alia the reasons compelling the transformation;
3. a report by the auditor under Article 262l of the Commerce Act and, respectively, under Article 262t of the Commerce Act, as well as a declaration by the auditor to the effect that the said auditor is not a person connected to any of the companies involved in the transformation and has no other relationships therewith as may give rise to reasonable doubts about the impartiality thereof;
4. (amended, SG No. 95/2015, effective 1.01.2016) the annual financial statements referred to in Article 29 (1) of the Accountancy Act and the reports on the operation of all transforming and acquiring companies for the three last preceding financial years, if such statements and reports exist and have not been submitted to the Commission;
5. a balance sheet drawn up as at the last day of the month preceding the date of the transformation agreement or plan;
6. the draft of new Articles of Association of each of the new companies or of clauses amending and supplementing the Articles of Association of each of the transforming and acquiring companies, as the case may be;
7. a copy of the application to the Central Depository referred to in Article 262w of the Commerce Act;
8. any other documents as may be prescribed by ordinance.

(3) The balance sheet referred to in Item 5 of Paragraph 1 must be prepared applying the same accounting policies and

using the same layout as the last annual financial statement.

#### **Article 124a**

(New, SG No. 61/2002, repealed, SG No. 39/2005).

#### **Article 125**

(Amended, SG No. 61/2002, SG No. 39/2005)

(1) (New, SG No. 103/2012, amended, SG No. 95/2017, effective 1.01.2018) The Commission shall deliver a decision on the application referred to in Article 124 (2) within 20 business days upon receiving it; the same time limit shall apply when additional information and documents are requested.

(2) (Previous text of Article 125, SG No. 103/2012, amended, SG No. 95/2017, effective 1.01.2018) The Commission shall refuse to grant approval if the written materials covered under Article 124 (2) herein do not satisfy the requirements of the law, if the information contained therein is not presented in a way comprehensible to shareholders or does not disclose truthfully and fully the material circumstances of relevance to the making by shareholders of a reasoned decision on the proposed transformation, or if the interests of the shareholders are prejudiced in any other manner. Article 91 and Article 92 (2) and (3) herein shall apply accordingly.

#### **Article 126**

(Amended, SG No. 39/2005)

(1) Each shareholder, who or which has withdrawn from the company according to the procedure established by Article 263q of the Commerce Act, shall be entitled to receive the equivalent of the shares held thereby prior to the transformation at the price specified in the transformation plan or agreement. In such case, Article 111 (5) herein shall not apply.

(2) Within thirty days after the date of notice of termination of participation under Article 263q of the Commerce Act, the new company and/or the acquiring company shall be obligated to buy out the shares held by the shareholders referred to in Paragraph 1.

#### **Article 126a**

(New, SG No. 61/2002, repealed, SG No. 39/2005).

### **Section III**

**(New, SG No. 61/2002)**

#### **Contract of Joint Venture**

#### **Article 126b**

(New, SG No. 61/2002)

(1) By a contract of joint venture, a public company undertakes to carry on the core business thereof or part of the said core business in common interest with another company which holds, directly or indirectly, at least 25 per cent of the votes in the General Meeting of the public company, which controls the said public company or is connected therewith.

(2) "Core business", within the meaning given by Paragraph 1, shall be the totality of legal and factual acts and transactions by the company which generate not less than 25 per cent of the income accruing thereto from the sale of goods and provision of services in conformity with the latest audited annual financial statement.

(3) Any joint venture shall be managed jointly by the management bodies of the companies parties to the contract or independently by the management body of one of the said companies or by persons designated by the management bodies,

as the case may be.

(4) (Amended, SG No. 52/2007, effective 3.07.2007, amended and supplemented, SG No. 42/2016) The persons referred to in Paragraph 3 shall submit to the Commission an annual and a 6-month financial reports on their activity and a notification on the financial conditions or a quarterly financial report under Chapter Six "a", Section II, as well as any other information specified by ordinance. The procedure, terms and the manner of submitting the information under the first sentence to the Commission and the procedure, terms and manner of its dissemination shall be set out by ordinance.

(5) (New, SG No. 52/2007, effective 3.07.2007) The Commission shall make public the information received under Paragraph 1 through the register kept by it under Article 30, Paragraph 1 of the Financial Supervision Commission Act.

(6) (Renumbered from Paragraph 5 - SG No. 52/2007, effective 3.07.2007) The distribution of the operating profit and loss of the joint venture shall conform to the proportion between the assets and the other forms of contribution whereby each of the companies participates in the joint venture.

(7) (Renumbered from Paragraph 6 - SG No. 52/2007, effective 3.07.2007) The contract must regulate the form and manner of participation of each of the companies in the joint venture, the objects, the manner of management, the methods of distribution of the profit and loss of the joint venture, as well as the terms and procedure for termination of the contract.

### **Article 126c**

(New, SG No. 61/2002)

(1) The management body of each public company party to the contract of joint venture shall prepare a written report containing the legal and economic reasoning of the contract, an appraisal of the assets and the other forms of contribution whereby each one of the companies participates in the joint venture, as well as a justification of the fair price of the shares in the relevant public company proceeding from generally accepted valuation methods. The requirements to the contents of the justification of the fair price, including the application of valuation methods, shall be established by ordinance.

(2) (Amended, SG No. 39/2005, SG No. 109/2013, effective 20.12.2013, SG No. 95/2017, effective 1.01.2018) The report referred to in Paragraph 1 must be examined by not more than three independent valuers under Article 5 of the Independent Valuers Act, approved by the Commission on a motion by the companies parties to the contract. The costs of the expert examination shall be for the account of the companies. The costs of the expert examination shall be for the account of the companies.

(3) (Amended, SG No. 39/2005, SG No. 109/2013, effective 20.12.2013) The independent valuers shall prepare a written report to the shareholders, which must specify the methods of valuation of the forms of contribution of the contracting parties and the methods of determination of the fair price of the shares in the public company, how far application of these methods is appropriate, as well as the valuation difficulties, should any such have arisen. The said report shall furthermore indicate any other material circumstances of relevance to the making by shareholders of a reasoned decision on the draft contract.

(4) (New, SG No. 39/2005, amended, SG No. 109/2013, effective 20.12.2013) Each independent valuer shall have the right to access to any information and written materials concerning each of the companies participating in the joint venture as are relevant to the assignment thereof, as well as to conduct all requisite examinations.

### **Article 126d**

(New, SG No. 61/2002)

(1) (Amended, SG No. 39/2005, supplemented, SG No. 95/2017, effective 1.01.2018) The draft contract of joint venture and the reports covered under Article 126c herein must be approved by the Commission on a motion by the Deputy Chairperson.

(2) (Amended, SG No. 39/2005, SG No. 52/2007, SG No. 95/2017, effective 1.01.2018) Each public company party to the contract of joint venture shall submit an application for endorsement to the Commission, enclosing therewith documents referred to in Paragraph 1 and other documents as shall be prescribed by ordinance. The Commission shall pronounce on any such application within thirty days after the date of receipt thereof or, where rectification of deficiencies and non-conformities or submission of additional information has been requested, within fourteen days after the additionally submitted documents.

(3) (New, SG No. 52/2007, amended, SG No. 95/2017, effective 1.01.2018) Based on the documents submitted the

Commission shall determine the extent whereto the requirements for issuing of the approval as requested have been satisfied. Should the particulars and documents as submitted be found deficient or invalid, or should any additional information or evidence authenticating the particulars be required, the Commission shall transmit a communication and shall set a time limit for removal of the deficiencies or non-conformities found and/or for submission of the additional information and documents required.

(4) (New, SG No. 52/2007) If the notification under Paragraph 3 is not accepted at the correspondence address specified by the applicant, the time limit for their submission shall be effective from posting thereof on a notice board expressly provided therefor on the premises of the Commission. Any such posting shall be attested by a memorandum drawn up by officers designated by an order of the Chairperson of the Commission.

(5) (New, SG No. 52/2007) The applicant shall be notified in writing of the decision taken within 7 days.

(6) (Amended, SG No. 39/2005, renumbered from Paragraph 3, SG No. 52/2007, amended, SG No. 95/2017, effective 1.01.2018) The Commission shall issue a reasoned refusal of endorsement solely if the documents referred to in Paragraph 1 do not satisfy the requirements of the law, if the information contained therein is not presented in a way comprehensible to shareholders or does not disclose fairly and fully material circumstances of relevance to the making by shareholders of a reasoned decision on the draft contract, or if the interests of the shareholders in a public company party to the contract of joint venture are prejudiced in any other manner.

### **Article 126e**

(New, SG No. 61/2002)

(1) The contract of joint venture shall enter into force after endorsement by the general meeting of each one of the companies parties to the contract. Any such General Meeting resolution shall be passed by a majority of three-quarters in value of the capital stock represented.

(2) (Amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005, amended, SG No. 95/2017, effective 1.01.2018, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) The companies shall submit the contract of joint venture, the decision of the Commission on the approval of the said contract and the resolutions of the general meetings thereof to the Commercial Register within seven days after the entry of the said contract into force. Within the same time limit, the public company party to the contract shall furthermore declare the said contract for recording in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act.

(3) The termination and rescission of a contract of joint venture shall have a proactive effect. In such cases, Paragraph 1 shall apply accordingly.

(4) Any supervening amendments to the contract of joint venture shall follow, *mutatis mutandis*, the provisions of this Chapter.

### **Article 126f**

(New, SG No. 61/2002)

(1) (Amended, SG No. 39/2005, SG No. 95/2017, effective 1.01.2018) Each shareholder in a public company party to a contract of joint venture shall be entitled to request that the company buy out all or part of the shares owned by the said shareholder at the price named in the report of the management body of the said company as approved by the Commission, if the said shareholder has voted against the General Meeting resolution on approval of the contract or of a supervening amendment thereto. In such a case, Article 111 (5) herein shall not apply.

(2) The contract may provide for an entitlement of the persons referred to in Paragraph 1 to request, in lieu of buy-out by the public company, exchange for shares in the company counterparty to the contract. In such a case, the report of the management body referred to in Article 126c herein must contain data on the rights attaching to the shares in the controlling company and a justification, proceeding from generally accepted valuation methods, of the fair price of the shares in the controlling company and of the ratio of exchange for shares in the public company.

(3) The persons referred to in Paragraph 1 must submit a request for buy-out or exchange of shares to the relevant public company within thirty days after the date of the General Meeting.

(4) Within thirty days after the expiration of the time limit referred to in Paragraph 3, but not prior to the entry into force of the contract of joint venture, the public company shall be obligated to buy out the shares held by the shareholders who or which have so requested.



## **Article 126g**

(New, SG No. 61/2002)

- (1) The persons who manage the joint venture shall be obligated to act in the interest of the parties to the contract and the shareholders thereof. Article 116b herein shall apply accordingly.
- (2) The persons referred to in Paragraph 1 shall incur joint liability for any detriment as may be inflicted on each of the companies that are parties to the contract of joint venture by reason of dereliction of the duties of the said persons in the course of management of the joint venture.
- (3) Any person, who or which, by means of the influence thereof on another person managing the joint venture, has procured the latter person to act or to refrain from acting against the interest of the parties to the contract, shall incur joint liability for the detriment inflicted.
- (4) Any persons holding, whether jointly or separately, at least 5 per cent of the capital of any public company party to a contract of joint venture may bring before the district court exercising competence over the registered office of the public company action for indemnification of any detriment inflicted on the said public company through acts or omissions by the persons referred to in Paragraph 2.

## **Article 126h**

- (1) The contracts of joint venture with an international element shall be governed by the provisions of this Section and the mandatory provisions of Bulgarian law.
- (2) Any parties to the contract, who or which are non-resident persons, as well as any non-resident persons who or which manage the joint venture, shall be obligated to name a representative and an address in Bulgaria.

## **Chapter Nine**

### **CENTRAL DEPOSITORY**

#### **Article 127**

- (1) (Amended, SG No. 103/2012) The issuing and disposition of dematerialized financial instruments shall take effect as from the registration thereof at the Central Depository.
- (2) The Central Depository shall be a joint-stock company with a one-tier management system and the following objects:
  1. (amended, SG No. 103/2012) opening and maintenance of financial instruments accounts for securities referred to in Paragraph 1;
  2. (amended, SG No. 103/2012) registration of transactions in financial instruments referred to in Paragraph 1;
  3. (amended, SG No. 103/2012) maintenance of cash accounts and effecting of payments in connection with transactions in financial instruments referred to in Paragraph 1;
  4. (amended, SG No. 103/2012) administration of financial instruments, including maintenance of share registers for dematerialized shares and bonds;
  5. (amended, SG No. 103/2012) immobilizing financial instruments in the cases covered under Article 141(2) herein;
  6. any other activities as may be specified in the ordinance provided for in Article 140 herein.
- (3) (Amended, SG No. 52/2007) The Central Depository may not effect commercial transactions, save as where necessary for the performance of the activities covered under Paragraph 2.
- (4) (New, SG No. 52/2007) The Central Depository may not:
  1. grant loans or secure receivables of third parties;

2. issue bonds;

3. receive loans under conditions less favourable than the market conditions for the country.

(5) (Renumbered from Paragraph 4, SG No. 52/2007, amended, SG No. 57/2011) The Central Depository shall form a Reserve Fund under the procedure of Article 246 of the Commerce Act and a Guarantee Fund under the procedure of Article 132.

(6) (Renumbered from Paragraph 5, SG No. 52/2007, repealed, SG No. 57/2011).

(7) (Renumbered from Paragraph 6 - SG No. 52/2007) The Central Depository must have skilled personnel, logistics, technical equipment and software as shall be necessary for the effective and secure performance of the activities covered under Paragraph 2.

(8) (Renumbered from Paragraph 7 - SG No. 52/2007) An Arbitration Tribunal shall be established with the Central Depository. The General Meeting of the Central Depository shall adopt Rules of Arbitration and shall elect a President and a Vice President of the Arbitration Tribunal.

(9) (Renumbered from Paragraph 8 - SG No. 52/2007) The Central Depository may not be dissolved by resolution of the General Meeting. No bankruptcy proceedings shall be instituted against the Central Depository.

## **Article 128**

(1) The Central Depository shall issue solely registered shares entitling the holder to a single vote. The Central Depository may not issue preference shares.

(2) (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 57/2011) The Ministry of Finance, the Bulgarian National Bank, banks, investment intermediaries and persons under Article 131, paragraphs 4 and 5 may be shareholders of the Central Depository.

(3) (New, SG No. 57/2011) Up to 10 percent of the capital of the Central Depository may be held by shareholders other than the persons under paragraph 2.

(4) (Amended, SG No. 39/2005, supplemented, SG No. 86/2006, renumbered from Paragraph 3, SG No. 57/2011) No single shareholder of the Central Depository may own more than 5 per cent of the shares therein, whether directly or through related persons. This restriction shall not apply in respect of the participating interest of the Ministry of Finance, the Bulgarian National Bank and the persons referred to in Items 4 and 5 of Article 131 (1) herein.

## **Article 129**

(1) (New, SG No. 86/2006, effective 28.10.2006, amended, SG No. 57/2011) The members of the Board of Directors of the Central Depository must:

1. reside permanently in this country, when authorised to represent the Central Depository;

2. possess qualification and professional experience in the areas of activity, performed by the Central Depository, as well as higher education degree in economics, law, finance, banking or informatics;

3. have a clear felony conviction record;

4. not have been members of a management or control body or general partners in companies, dissolved due to bankruptcy, if unsatisfied creditors have remained;

5. not have been declared bankrupt or not be undergoing a bankruptcy procedure;

6. not be related parties within the meaning of this Act;

7. not be stripped of the right to hold a position of material responsibility.

(2) (New, SG No. 57/2011) The circumstances under paragraph 1, items 4-7 shall be certified by a declaration.

(3) (New, SG No. 57/2011) The requirements under paragraph 1 shall also apply to individuals, who are representing legal persons, members of the Board of Directors of the Central Depository, as well as to other individuals authorised to represent the Central Depository.

(4) (Renumbered from Paragraph 2, supplemented, SG No. 39/2005, renumbered from Paragraph 1, SG No. 86/2006, effective 28.10.2006, renumbered from Paragraph 2, SG No. 57/2011) The Board of Directors of the Central Depository shall exercise the following powers:

1. (supplemented, SG No. 103/2012) adopt Rules of Organization and Operation of the Central Depository containing the operational rules of the system ensuring settlement finality in respect of which the Central Depository acts as a system operator;
2. admit and expel members of the Central Depository;
3. organize and control payments on concluded transactions;
4. impose penalties on the members under terms and according to a procedure established by the ordinance provided for in Article 140 herein;
5. exercise any other rights as may be vested therein according to the law, the ordinance provided for in Article 140 herein, the Articles of Association and the Rules;
6. adopt decisions and issue orders in connection with the exercise of the rights thereof.

(5) (Renumbered from Paragraph 1, amended, SG No. 39/2005, renumbered from Paragraph 2, SG No. 86/2006, effective 28.10.2006, renumbered from Paragraph 3, SG No. 57/2011) Representatives of the Commission may likewise be present at the meetings of the Board of Directors.

### **Article 130**

(1) (Previous text of Article 130, SG No. 57/2011) The Rules of the Central Depository shall establish:

1. the terms and a procedure for the admission of members and for the suspension or expulsion thereof;
2. the terms and a procedure for the performance of the activities and provision of the services covered under Article 127 (2) herein;
3. the organization of internal controls;
4. the terms and a procedure for the imposition of penalties on the members of the Central Depository;
5. the terms and a procedure for disclosure of information on the services provided, the requirements for maintenance of the registers of the Central Depository, as well as verification of compliance therewith;
6. (amended, SG No. 57/2011) the terms and a procedure for raising of funds and management of the Guarantee fund provided for in Article 132 herein and for payment of damages from the said fund.

(2) (New, SG No. 57/2011, supplemented, SG No. 95/2017, effective 1.01.2018, amended, SG No. 15/2018, effective 16.02.2018) Amendments to the Rules of the Central Depository shall be introduced only following prior approval of the Commission on a motion by the Deputy Chairperson. Article 167, paragraphs 4 and 5 of the Markets in Financial Instruments Act shall apply respectively.

### **Article 131**

(1) Membership of the Central Depository shall be limited to:

1. banks;
2. investment intermediaries;
3. management companies;
4. (amended, SG No. 52/2007) regulated markets or market operators where they are persons other than regulated markets.
5. foreign depository and clearing institutions.

(2) No member of the Central Depository may enjoy any privileges over any other member thereof.

## **Article 132**

- (1) A guarantee fund shall function with the Central Depository for indemnification of any detriment as may be incurred upon performance of the operation of the Central Depository.
- (2) (Amended and supplemented, SG No. 57/2011) Each member of the Central Depository shall be obligated to pay an entrance and an annual contribution to an amount determined in the Rules referred to in Article 130 (1) herein. Other source for collecting resources for the said fund shall be deductions from revenue from the company activity under terms and procedure, specified by the Rules of the Central Depository, loans, donations, international aid etc.
- (3) (Amended, SG No. 39/2005, SG No. 103/2012) The management of risks at the settlement of financial instruments shall be regulated by the ordinance provided for in Article 140 herein.

## **Article 133**

- (1) (Amended, SG No. 39/2005, SG No. 103/2012) Each investor shall have the right to access to the registers of the Central Depository through a member of the said Depository solely in respect of the information concerning the financial instruments held by the said investor and transactions in financial instruments whereto the said investor is a party. The Central Depository or any member thereof may not refuse to provide the services referred to in the first sentence.
- (2) (Amended, SG No. 103/2012) No member of the Board of Directors of the Central Depository, no employee thereof, nor any other person working for the said Depository, may disclose, unless authorized therefor, or use to their own benefit or to the benefit of any other persons any facts and circumstances regarding the assets and operations on the financial instruments accounts maintained by the Central Depository as may have come to the knowledge thereof in the discharge of the official and professional duties thereof.
- (3) Upon assumption of position or commencement of activity at the Central Depository, any person covered under Paragraph 2 shall sign a declaration, pledging to safeguard any secrets covered under Paragraph 2.
- (4) The provision of Paragraph 2 shall furthermore apply to the cases where the said persons are off duty or have been suspended.
- (5) (Amended, SG No. 39/2005, SG No. 103/2012) Except to the Commission or to the Deputy Chairperson, as the case may be, for the purposes of the control activities thereof, the Central Depository may disclose any information regarding the assets and operations on the financial instruments accounts that it maintains solely:
  1. with the consent of the members of the Central Depository or of the clients thereof, or
  2. (amended, SG No. 52/2007, SG No. 15/2018, effective 16.02.2018) in pursuance of a judgment of the [competent] court of law rendered under the terms and according to the procedure established by Article 91, paragraphs 2 and 3 of the Markets in Financial Instruments Act;
  3. (new, SG No. 52/2007, effective 3.07.2007, amended, SG No. 109/2007, SG No. 69/2008, SG No. 93/2009, effective 25.12.2009) on a written request from the director of the National Investigation Service, the Chair of the State Agency for National Security or the Secretary General of the Ministry of the Interior regarding companies with over 50 per cent state and/or municipal participation;
  4. (new, SG No. 52/2007, effective 3.07.2007) on a request from the chief prosecutor or his/her authorized deputy upon available data about organized criminal activity or money laundering;
  5. (new, SG No. 62/2016, effective 9.08.2016) by request of the chief inspector or of an inspector from the Inspectorate at the Supreme Judicial Council.

## **Article 134**

- (1) The Central Depository shall maintain an archive of all records, including erroneous and corrected entries, for an indeterminate duration.
- (2) The Central Depository shall maintain at the Bulgarian National Bank a duplicate of the data base storing all records referred to in Paragraph 1.
- (3) The ordinance provided for in Article 140 herein shall specify measures for prevention of loss of information from the

registers of the Central Depository and suspension of the operation thereof in the event of an accident, natural disaster or other such emergency.

### **Article 135**

(1) (Amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005, amended, SG No. 103/2012, SG No. 95/2017, effective 1.01.2018, SG No. 15/2018, effective 16.02.2018, SG No. 24/2018) Any company issuing dematerialized financial instruments shall be obligated to register any such financial instruments at the Central Depository according to a procedure established by the ordinance provided for in Article 140 herein. A registration of an issue of financial instruments at the Central Depository may be closed upon presentation of a decision by the Commission on expungement in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act.

(2) The Central Depository may refuse to effect registration if:

1. all requisite particulars or documents are not available or have not been submitted according to the established procedure;
2. certain essential elements are missing, or the particulars referred to in Paragraph 1 are inaccurate and inconsistent;
3. the assets on the accounts of the transferor or transferee are insufficient for performance of the transaction operation within the settlement period as established by the Rules of the Central Depository;
4. the particulars presented by the transferor and the transferee disagree upon comparison;
5. there are statutorily established prohibitions or restrictions;
6. in any other cases as may be prescribed in the ordinance provided for in Article 140 herein.

(3) In the cases covered under Items 1, 2 and 4 of Paragraph 2, the Central Depository shall require rectification of the defects within an established time limit and shall transmit directions therefor. In the cases referred to in Item 3 of Paragraph 2, the transactions shall be arranged under terms and according to a procedure established by the Rules of the Central Depository.

### **Article 136**

(1) (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007, SG No. 103/2012, SG No. 15/2018, effective 16.02.2018) In the register of the Central Depository there shall be recorded the names of the holders of dematerialized financial instruments, as well the names of the non-resident persons referred to in Article 133 (1) of the Markets in Financial Instruments Act herein who or which have acquired financial instruments acting in their own name but for the account of other non-resident persons.

(2) (Amended and supplemented, SG No. 103/2012) The Central Depository shall maintain the registers of shareholders of companies issuing dematerialized shares, as well as the registers of holders of other dematerialized financial instruments, according to a procedure established in the ordinance provided for in Article 140 herein. The Central Depository may also open and maintain other types of registers and accounts, if its Rules contain provisions to that effect, subject to requirements laid down in a regulation.

(3) (Amended, SG No. 39/2005, SG No. 52/2007, SG No. 103/2012, SG No. 15/2018, effective 16.02.2018) As to the creditors of the Central Depository, the investment intermediaries referred to in Item 1 of Article 6 (3) of the Markets in Financial Instruments Act herein and any other third parties, any financial instruments recorded in the Central Depository shall be deemed to be financial instruments owned by the holders thereof.

(4) The guarantee funds and any performance bonds given by the members of the Central Depository shall not be deemed to be rights of the Central Depository and of the members thereof as to the creditors thereof.

(5) (Amended, SG No. 39/2005, SG No. 52/2007, SG No. 103/2012, SG No. 15/2018, effective 16.02.2018) The distribution of interest, dividend, notifications and performance of other acts comprehended in the administration of financial instruments, as well as the relevant liabilities incurred by the public companies and the other issuers, by the Central Depository and the investment intermediaries referred to in Item 1 of Article 6 (3) of the Markets in Financial Instruments Act herein, shall be regulated by the ordinance provided for in Article 140 herein.

### **Article 137**

(1) (Amended, SG No. 103/2012) The issuing and disposition of dematerialized financial instruments shall be certified by a registration certificate. The terms and procedure for the issuing of a registration certificate for financial instruments or a registration certificate for a non-resident person referred to in Article 136 (1) herein as recorded in the register of the Central Depository shall be established in the ordinance provided for in Article 140 herein.

(2) (Amended, SG No. 103/2012) A statement of registration of financial instruments shall be issued to members of the Central Depository wherefor or wherethrough the recording referred to in Article 127 (1) herein has been effected. At the request of any holder of dematerialized financial instruments, the Central Depository shall issue thereto a certificate of ownership of financial instruments through a member of the Central Depository. The members of the Central Depository may not refuse to provide the service referred to in the second sentence to the clients thereof.

(3) (Amended, SG No. 103/2012) Any non-resident person referred to in Paragraph 2 may issue depository receipts to the non-resident clients thereof for any financial instruments acquired for the account of the said clients after the Central Depository has restricted the disposition of the said financial instruments within Bulgaria.

### **Article 138**

(1) (Amended, SG No. 103/2012) The acquisition of financial instruments on a regulated securities market by a bona fide party shall be valid regardless of whether the transferor owns the said securities.

(2) (Amended, SG No. 103/2012) Any transactions in financial instruments concluded and accepted for execution by the Central Depository shall be finalized according to the Rules of the Central Depository, irrespective of any contestations and presented claims. Exceptions shall be admissible in the cases specified in the ordinance provided for in Article 140 herein. Damages for detriments shall be regulated according to commercial and civil legislation.

(3) The procedure for correction of erroneous entries effected by the Central Depository shall be regulated by the ordinance provided for in Article 140 herein.

### **Article 139**

(1) (Amended, SG No. 39/2005) The Commission and the Deputy Chairperson shall exercise control over the operation of the Central Depository.

(2) (Amended, SG No. 39/2005) The Central Depository shall be obligated to submit to the Commission an annual report on or before the 31st day of March in the next succeeding year, as well as a six-month report on or before the 31st day of August in any current year.

(3) (Amended, SG No. 39/2005) The reports referred to in Paragraph (1) shall state particulars of the operation of the Central Depository, of the composition of the shareholders and the members of the Central Depository, as well as an annual financial statement according to Article 26 (1) of the Accountancy Act as audited by a registered auditor. Any such reports shall be drawn up in a standard form as endorsed by the Deputy Chairperson.

(4) (Amended, SG No. 39/2005) The Central Depository shall be obligated, upon request, to submit to the Commission and to the Deputy Chairperson any other particulars and documents pertaining to the operation thereof.

(5) (Amended, SG No. 39/2005) The Deputy Chairperson shall conduct on-site inspections.

### **Article 140**

(Amended, SG No. 61/2002, SG No. 67/2003, SG No. 39/2005)

The Commission shall issue an ordinance on the application of this Chapter.

## **Chapter Ten**

# **PUBLIC OFFERING IN THE REPUBLIC OF BULGARIA OF SECURITIES ISSUED BY NON-RESIDENT PERSONS. PUBLIC OFFERING ABROAD OF SECURITIES ISSUED BY RESIDENT PERSONS**

## **Article 141**

(1) (Amended, SG No. 37/2004, SG No. 86/2006) The requirements of Chapters Six and Seven herein shall apply accordingly to the public offering of securities which are issued by persons having their registered office in third countries and which have not been offered to the public and have not been admitted to trading on a regulated market in another Member State, as well as subject to fulfilment of the following conditions:

1. that the securities satisfy the requirements of this Act;
2. that the issuer has presented evidence of conformity with the law of the place of registration thereof;
3. that realization of the rights of the resident investors be guaranteed.

(2) Should any securities referred to in Paragraph 1 be physical, the said securities may be offered to the public after being immobilized at the Central Depository.

(3) (Amended, SG No. 39/2005) Where so provided by an international contract whereto the Republic of Bulgaria is a party, the Commission may recognize the prospectus for securities published according to the law of the place of confirmation thereof if the purposes of Article 81 herein are attained. In such a case, the said Commission may require from the issuer any additional information and documents as may be necessary for performance of the functions thereof.

## **Article 142**

(1) (Amended, SG No. 39/2005, SG No. 86/2006) The Commission shall be notified of any public offering in third countries of securities issued by resident persons.

(2) (Amended, SG No. 39/2005, SG No. 86/2006) Upon submission of documents for public offering in a third country to the competent authorities of the third country, the issuer or the offeror shall submit to the Commission:

1. the draft prospectus and any other documents as may be required according to the foreign law;
2. (amended, SG No. 39/2005, SG No. 86/2006) a declaration pledging to submit to the Commission copies of all documents as may be published or presented in a third country according to the foreign law;
3. any other documents as may be prescribed by ordinance.

## **Article 143**

(Amended, SG No. 37/2004)

The conclusion and/or execution of transactions resulting from a public offering according to the procedure established by Article 141 or Article 142 herein shall furthermore comply with the requirements of the Foreign Exchange Act.

## **Article 144**

(Amended, SG No. 52/2007)

Chapters Six herein shall apply, mutatis mutandis, to any unregulated cases.

## **Chapter Eleven**

### **DISCLOSURE OF PARTICIPATING INTEREST AND TENDER OFFERING FOR SECURITIES**

#### **Section I**

#### **Disclosure of Participating Interest**

## Article 145

(Amended and supplemented, SG No. 61/2002, amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007)

(1) Any shareholder who acquires or transfers directly and/or under Article 146 a voting right in the general meeting of the public company shall notify the Commission and the public company where:

1. following the acquisition or transfer his voting right reaches, exceeds or falls below 5 per cent or a multiple of 5 per cent of the number of voting rights in the general meeting of the company;
2. his voting right reaches, exceeds or falls below the thresholds under item 1 as a result of events leading to a change of the total number of voting rights based on the information disclosed under Article 112e.

(2) The voting rights shall be calculated on the basis of the total amount of voting shares regardless of whether a restriction is imposed on the right to exercise it. Calculation shall be made for every class of shares.

(3) Where the thresholds under Paragraph 1 are reached or exceeded as a result of direct acquisition or transfer of voting shares, the obligation under Paragraph 1 shall also arise for the Central Depository. The format, content and the procedure for notification shall be set out by ordinance.

(4) Paragraph 1 shall not apply to voting rights attaching to:

1. shares acquired only for the purpose of making clearing or settlement within the normal settlement cycle, which may not be longer than three working days from the conclusion of the transaction;
2. shares held by custodians in said capacity and provided that they may exercise voting rights attaching to the shares only on the order of a client given in writing or electronically.

(5) (Supplemented, SG No. 42/2016) No notification is required from a market maker acting in said capacity, where his voting right reaches, exceeds or falls below 5 per cent of the number of the votes in the general meeting, provided that the market maker:

1. (amended, SG No. 42/2016, SG No. 15/2018, effective 16.02.2018) the said market maker has obtained a licence for performing activities as an investment intermediary according to the Markets in Financial Instruments Act, the applicable law of another Member State and possesses initial capital according to Article 10 (1) of the Markets in Financial Instruments Act;
2. does not participate in the management of the company and does not exert influence on the company for the purchase of the shares or maintenance of their prices.

(6) (New, SG No. 42/2016) Paragraph 1 shall not be applied to the voting rights or to the voting rights associated with shares held in a trading portfolio within the meaning of Article 102 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 regarding the Prudential Requirements to the Credit Institutions and Investment Intermediaries and for Amendment of Regulation (EU) No. 648/2012 (OJ, L 176/1 of 27 June 2013), of a credit institution or of an investment intermediary, provided that:

1. the voting rights held in a trading portfolio do not exceed 5 percent of the number of votes in the company's General Meeting, and
2. the voting rights associated with shares held in the trading portfolio are not being exercised or are not being used in any other manner for intervention in the management of the company.

(7) (New, SG No. 42/2016) Paragraph 1 shall not be applied to voting rights associated with shares acquired for stabilisation purposes in accordance with Regulation (EC) No. 2273/2003 of the Commission of 22 December 2003 on Implementation of Directive 2003/6/EC of the European Parliament and of the Council as regards the Exceptions regarding Programmes for Buy-Back and Stabilisation of Financial Instruments, provided that the voting rights associated with such shares are not being exercised or are not being used in any other manner for intervention in the management of the company.

(8) (New, SG No. 62/2017) Paragraph 1 shall not be applied by the parties to repurchase transactions with regard to the relevant volumes entered in the relevant register of repurchase transactions.



## Article 146

(Amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007)

(1) The obligation under Article 145, Paragraph 1 shall furthermore apply to a person who has the right to acquire, transfer or exercise the voting rights in the general meeting of a public company in one or more of the following cases:

1. voting rights held by a third party with whom the person has entered into agreement on pursuit of a long-term common policy on the management of the company through joint exercise of the voting rights held by them;
2. voting rights held by a third party with whom the person has entered into agreement on a temporary transfer of the voting rights;
3. voting rights attaching to shares provided as security to the person, provided that the latter may control the voting rights and has expressly stated its intention to exercise them;
4. voting rights attaching to shares provided for use by the person;
5. voting rights held or which may be exercised under items 1 - 4 by a company controlled by the person;
6. voting rights attaching to shares deposited with the person, which rights the person may exercise at its discretion without special instructions by the shareholders;
7. voting rights held by third parties on their behalf but on the account of the person;
8. (amended, SG No. 103/2012) voting rights that the person may exercise in its capacity as representative where the person may exercise them at his discretion, without special instructions by the shareholders.

(2) (Amended, SG No. 77/2011, SG No. 109/2013, effective 20.12.2013) The voting rights of the parent undertaking of a management company shall not be added to the voting rights of the management company, attaching to shares included in a portfolio managed by it pursuant to Article 86, paragraph 2, item 2 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act, provided that the management company exercises the voting rights independently from the parent undertaking.

(3) (Amended, SG No. 42/2016, SG No. 15/2018, effective 16.02.2018) The voting rights of the investment intermediary, attaching to shares included in a portfolio managed by it under § 1, item 8 of the supplementary provisions of the Markets in Financial Instruments Act shall not be added to the voting rights of the parent undertaking of an investment intermediary who has been granted a licence for carrying on activity according to the Markets in Financial Instruments Act or the applicable law of another Member State of the Council on the investment services in the securities field, provided that:

1. (amended, SG No. 42/2016, SG No. 15/2018, effective 16.02.2018) the investment intermediary is authorized to manage a portfolio under Article 6, paragraph 2, item 4 of the Markets in Financial Instruments Act;
2. (amended, SG No. 77/2011, SG No. 42/2016) the investment intermediary may exercise the voting rights attaching to the shares only on instruction given in writing or electronically, or shall guarantee that the portfolio is managed separately from the other services and under conditions equivalent to the conditions under Council Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ, L 302/32 of 17 November 2009), hereinafter referred to as "Directive 2009/65/EC" by applying appropriate measures;
3. the investment intermediary exercises its voting rights independently from the parent undertaking.

(4) (Amended, SG No. 42/2016) Paragraphs 2 and 3 shall not apply in cases where the parent undertaking or another company controlled by the parent undertaking has invested in voting shares included in a portfolio managed by the management company or the investment intermediary and the management company, as the case may be, and the investment intermediary has not the right to exercise the voting rights at its own discretion but only in accordance with direct or indirect instructions given to it by the parent undertaking or another company controlled by the parent undertaking.

(5) (Amended, SG No. 77/2011, SG No. 42/2016) Paragraphs 2 – 4 shall also apply to companies whose registered office is in a third country for which a licence would be required under Article 6 of Directive 2009/65/EC or for management of a portfolio under item 4 of Section "A" of Appendix I to Directive 2004/39/EEC of the European Parliament and of the Council of 21 April 2004 regarding the Markets in Financial Instruments and for Amendment of Directives 85/611/EEC and 93/6/EEC of the Council and of Directive 2000/12/EC of the European Parliament and of the

Council and for Repealing Directive 93/22/EEC of the Council, if they had a registered office in a Member State, or in the cases of an investment intermediary, if its head office was located in a Member State, provided that equivalent requirements are complied with for independent exercise of the voting rights or in portfolio management as management company or investment intermediary, as the case may be. The conditions where the requirements are considered equivalent shall be set out in ordinance.

#### **Article 147**

(Amended, SG No. 52/2007, effective 3.07.2007)

The requirements under Articles 145 and 146, Paragraph 1, item 3 shall not apply to shares provided to or by the European Central Bank, the Bulgarian National Bank or the central banks of the other Member States in the performance of their monetary policy functions, including shares provided to or by them as security, in repo agreements or similar agreements on liquidity provision for the purposes of the monetary policy or within one payment system, if the transactions are concluded for a short period of time and the voting rights attaching to the shares are not exercised.

#### **Article 148**

(Amended and supplemented, SG No. 86/2006, amended, SG No. 52/2007, effective 3.07.2007)

(1) The notification under Article 145, Paragraph 1 and Article 146, Paragraph 1 shall contain at a minimum:

1. the number of the votes resulting from the change;
2. the controlled persons through which the person exercises the voting rights, where applicable;
3. the date on which the voting rights of the person reach, exceed or fall below the thresholds under Article 145, Paragraph 1;
4. data about the shareholder, regardless of whether he may exercise the voting rights under Article 146, Paragraph 1, and about the persons who have the right to exercise the voting right on account of the shareholder.

(2) The notification shall be prepared either in Bulgarian or in a language normally used in the field of international finance. The public company is not obligated to provide translation of the notification into the language adopted by the Commission or the other competent authorities.

(3) The obligation for notification under Article 145, Paragraph 1 and Article 146, Paragraph 1 shall be fulfilled without delay but no later than 4 working days after the day following the day on which the shareholder or the person under Article 146, Paragraph 1:

1. becomes aware of the acquisition, transfer or the option to exercise his voting rights under Article 146 or on which, depending on the specific circumstances, he should have become aware of, regardless of the date on which the acquisition or transfer was carried out or the option for exercise of the voting rights arose;
2. has been notified of the occurrence of the events under Article 145, Paragraph 1, item 2.

(4) The obligation for notification under Article 145, Paragraph 3 shall be fulfilled no later than the day following the acquisition or the transfer of the shares.

(5) The requirement under Paragraph 1 shall not apply to the person whose obligation for notification has been fulfilled by its parent undertaking, and where the parent undertaking is a controlled company, by its parent undertaking.

(6) Attached to the notification shall be a declaration of existence of the circumstances under Article 145 and/or Article 146.

(7) The form and procedure for giving notification as well as additional requirements to its content, the cases where it is deemed that the person must have become aware of the acquisition and transfer, the conditions where it is deemed that the exercise of the votes or the management of a portfolio by the management company and the investment intermediary are independent, as well as the measures for exercising control on compliance with the conditions for exemption from the obligations for notification under this Section shall be set out by ordinance.

#### **Article 148a**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 42/2016) The obligation for notification under Article 145 (1) shall apply also to the persons who own directly or indirectly:

1. financial instruments, which according to a written contract confer to the persons who own them on the maturity date an unconditional right to acquire shares or a right of discretionary choice as regards their right to acquire voting shares, issued by the company whose shares have been admitted to trade on a regulated market;
2. financial instruments which are not included in Item 1 but are associated with the shares specified in Item 1 and which have an economic effect similar to the effect of the financial instruments specified in Item 1, regardless of whether they provide a right of settlement through delivery of the underlying securities.

(2) (New, SG No. 42/2016) The notification under Paragraph 1 shall include a break-down by types of financial instruments under Paragraph 1, where the financial instruments providing a right of settlement through delivery of the underlying securities shall be distinguished from the financial instruments providing a right of settlement in cash.

(3) (New, SG No. 42/2016) The voting rights shall be calculated on the basis of the nominal value of the underlying assets of the financial instruments, unless the financial instrument guarantees cash settlement only, in which case the voting rights shall be calculated on a basis adjusted relative to the "delta" coefficient", whereby the nominal value of the underlying shares shall be multiplied by the instrument's "delta" coefficient. For the purposes of the notification under Paragraph 1, the persons holding financial instruments shall sum together all the financial instruments associated with that same company which has issued the underlying shares. Only the long positions shall be taken into consideration when calculating the voting rights. The long positions shall not be netted out against short positions associated with that same company which has issued the underlying shares.

(4) (New, SG No. 42/2016) The following shall be considered financial instruments within the meaning of Paragraph 1, if they meet any one of the conditions:

1. securities;
2. options;
3. futures;
4. swaps;
5. forward interest rate contracts;
6. contracts for differences;
7. other contracts or agreements with a similar economic effect, which can be settled through delivery of the underlying securities or through cash settlement;
8. (supplemented, SG No. 95/2017, effective 1.01.2018) other instruments determined with a decision of the Commission on a motion by the Deputy Chairperson.

(5) (New, SG No. 42/2016) The requirements of Paragraphs 1 - 4 shall not be applied in the cases under Article 145, Paragraphs 4 - 6 and under Article 146, Paragraphs 2 - 4.

(6) (Renumbered from Paragraph 2, amended, SG No. 42/2016) The procedure for giving the notification, the nature of the contract, the content, term and form of the notification as well as any other requirements relating to the notification shall be set out by ordinance.

#### **Article 148b**

(New, SG No. 52/2007, effective 3.07.2007)

Any public company shall disclose publicly under the terms of Article 100r the information provided with the notifications by the persons under Article 145 and Article 146 within three working days from notification thereof.

#### **Article 148c**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 95/2017, effective 1.01.2018) To ensure compliance with the provisions of this Section, in addition to the powers provided for in the other parts of the Act and the statutory instruments for its application, the Commission or the Deputy Chairperson, as appropriate, may:

1. require from the public company, the Central Depository, the shareholders, the persons holding other financial instruments, and the persons under Articles 146 and 148a to provide particular information and documents;
2. require from the public company to disclose publicly the information under item 1 in a manner and within the term set by him;
3. publish the information under item 1 at its own initiative in the cases where the public company has not fulfilled its obligation under item 2 and after submission of explanation from the company;
4. require from the Central Depository, the shareholders and the persons holding other financial instruments as well as from the persons under Articles 146 and 148a to provide the information under this Section, and where necessary, additional information and documents;
5. (repealed, SG No. 42/2016).

(2) (Supplemented, SG No. 103/2012) The Commission may disclose any coercive administrative measure taken or penalty imposed for infringement of the provisions of this Section and the instruments for its application, save where such disclosure would seriously jeopardise the stability of financial markets or cause disproportionate damage to the parties involved.

(3) (New, SG No. 95/2017, effective 1.01.2018) The powers referred to in Paragraph 1, Items 1 and 4 shall be exercised by the Deputy Chairperson, and the powers referred to in Paragraph 1, Items 2 and 3 – by the Commission on a motion by the Deputy Chairperson.

#### **Article 148d**

(New, SG No. 52/2007, effective 3.07.2007)

(1) The Commission shall cooperate and exchange information with the relevant competent authorities of the other Member States where this necessary for the purpose of carrying out its duties under this Section and shall render assistance in view of the exercise of their functions.

(2) (New, SG No. 21/2012) Where a request of the Commission for cooperation under Paragraph 1 is refused or where no timely actions have been taken upon such request, the Commission may notify ESMA in order to ensure cooperation in accordance with Regulation (EU) No. 1095/2010.

(3) (Renumbered from Paragraph 2, supplemented, SG No. 21/2012, amended, SG No. 42/2016) Where the Republic of Bulgaria is a host country and the Commission establishes that an issuer, shareholder or holder of other financial instruments or the person under Article 146 infringes this Act and the statutory instruments for its application it shall notify the competent authority in the Member State of origin and ESMA thereof.

(4) (Renumbered from Paragraph 3, supplemented, SG No. 21/2012, amended, SG No. 42/2016) If, despite the measures taken by the competent authority in the Member State of origin or where such measures prove inadequate, the issuer, the shareholder or the holder of other financial instruments or the person under Article 146 persists in infringing this Act or the statutory instruments for its application, the Commission may, after informing the competent authority of the Member State of origin, take all the appropriate measures in order to protect investors. The Commission shall notify the European Commission and ESMA of the measures taken within 7 days after their implementation.

(5) (Renumbered from Paragraph 4, SG No. 21/2012) Where the Commission is notified by the relevant competent authority of the host country within the meaning of Article 100j, paragraph 2, item 2 that a public company, shareholder or holder of other financial instruments or the person under Article 146 infringes the law of the relevant Member State, the Commission, the Deputy Chairperson respectively, shall apply relevant enforcement administrative measures.

#### **Article 148e**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 42/2016) This Section shall furthermore apply to issuers from a third country, whose shares are admitted to trading on a regulated market and for whom the Republic of Bulgaria is a Member State of origin within the

meaning of Article 100j, paragraph 2, item 1.

(2) In the cases of Article 145, Paragraph 1, item 2 where the issuer is from a third country notification shall be made upon occurrence of equivalent events which lead to changes in the total number of voting rights.

(3) (Supplemented, SG No. 21/2012) The requirements of Article 148b for the term for disclosure shall not apply to the persons under paragraph 1 if the Commission considers that the law of that country lays down equivalent requirements. The Commission shall notify ESMA of its judgement under sentence one. The conditions under which the Commission may consider that the requirements of the law of the third country are equivalent to the requirements of Article 148b shall be set out by ordinance.

(4) The Commission shall publish on its website a list of the countries whose laws set out requirements equivalent to the requirements under Article 148b.

### **Article 148f**

(New, SG No. 52/2007, effective 3.07.2007)

The provisions of this Section shall not apply to:

1. the units of collective investment undertakings other than the closed end type within the meaning of Article 77x, Paragraph 1, items 8 and 9, or to units acquired or transferred within such collective investment undertaking;
2. money market instruments with a maturity of less than 12 months.

## **Section II**

### **Tender Offering for Purchase or Exchange of Shares**

#### **Article 148g**

(New, SG No. 42/2016)

(1) The obligation for notification under Articles 145, 146 and 148a shall be applied to the person, non-personified company or trust, when the voting rights held directly or indirectly by such person, non-personified company or trust according to Articles 145 and 146, summed together with the voting rights associated with financial instruments held directly or indirectly according to Article 148a, reach, exceed or drop below 5 percent or below a number multiple of 5 percent of the number of votes in the company's General Meeting according to Article 145 (1).

(2) The notification under Paragraph 1 shall include a breakdown of the voting rights associated with shares held according to Articles 145 and 146 and of the voting rights associated with financial instruments under Article 148a.

(3) For the voting rights associated with financial instruments, for which a notification under Article 148a has already been submitted, a new notification shall be submitted, if the person, the non-personified company or the trust has acquired the underlying shares and, as a result of the acquisition, the total number of voting rights associated with shares issued by that same company reaches or exceeds 5 percent or a number multiple of 5 percent of the number of votes in the company's General Meeting according to Article 145 (1).

#### **Article 148h**

(New, SG No. 52/2007, effective 3.07.2007, amended, SG No. 103/2012, previous Article 148g, SG No. 42/2016)

Within the meaning of this Section, "related parties" shall be the persons who on the basis of an agreement, either express or tacit, either oral or written, aim either at acquiring control of the offeree company or at frustrating the successful outcome of a tender offering. The persons controlled by another person within the meaning of §1, item 44 of the supplementary provisions shall be considered related parties with that person or among themselves, as well as with the persons with whom the controlling party is related under § 1 (13)(c) and (d) of the supplementary provisions. Related parties shall also be any persons referred to in § 1 (13)(c) and (d) of the supplementary provisions.

## **Article 148i**

(New, SG No. 52/2007, effective 3.07.2007, previous Article 148h, SG No. 42/2016)

(1) (Previous text of Article 148h, SG No. 62/2015, effective 14.08.2015) This Section shall not apply to tender offerings regarding:

1. securities issued by companies whose purpose is collective investment of funds raised through public offering of units, operating on the principle of risk-spreading and on request from holders of such units buy back directly or indirectly their units at a price based on their net asset value;
2. shares issued by the central banks of the Member States.

(2) (New, SG No. 62/2015, effective 14.08.2015) The obligation to register the tender offer shall not arise in implementing resolution measures or exercise of powers and use of mechanisms under the Recovery and Resolution of Credit Institutions and Investment Firms Act.

## **Article 149**

(1) (Amended, SG No. 61/2002, SG No. 103/2012) Any person that acquires, directly or through related parties, more than one-third of the votes in the General Meeting of a public company in which nobody-neither independently nor jointly with other persons-holds, directly or through related parties, more than 50 per cent of the votes in the General Meeting, shall, within fourteen days from the acquisition date or, when the threshold has been exceeded due to a conversion or withdrawal of shares, within one month upon registering the conversion or capital decrease with the Commercial Register:

1. (amended, SG No. 39/2005) acting according to Article 151 herein, register with the Commission a tender offer to the rest of the voting shareholders for purchase of the shares thereof and/or for exchange of the said shares for shares which will be issued by the offeror for this purpose; or

2. (amended, SG No. 103/2012) transfer the requisite number of shares so as to hold, whether directly or through related parties, less than one-third of the votes in the General Meeting.

(2) The provisions of Paragraph 1 shall furthermore apply:

1. (amended, SG No. 103/2012) in respect of persons that jointly hold more than one-third of the voting shares and that have concluded an agreement in writing on implementation of a common policy for management of the company concerned through joint exercise of the voting power thereby held;

2. (amended, SG No. 103/2012) where other persons hold, for the account of any person referred to in Paragraph 1, voting shares and the aggregate voting power carried by the said shares exceeds one-third of all votes in the General Meeting.

(3) (Amended, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 62/2017) Upon acquisition through related parties, as well as in the cases referred to in Item 1 of Paragraph 2, the tender offeror shall be the person holding directly the largest number of the aggregate number of votes held, and in the cases referred to in Item 2 of Paragraph 2, the offeror shall be the person for the account whereof the shares are held.

(4) (Amended, SG No. 39/2005) In the cases covered under Paragraph 2, the offeror shall be obligated to register a tender offer with the Commission within fourteen days after conclusion of the agreement or after acquisition of the shares for the account of the person referred to in Paragraph 1, as the case may be.

(5) (Supplemented, SG No. 62/2017) Until publication of the tender offer according to the procedure established by Article 154 herein or until transfer of the shares, as the case may be, no person covered under Paragraphs 1 and 2 shall have the right to exercise the voting power thereof in the General Meeting. Upon acquisition of a shareholding through related parties in the cases covered under Paragraphs (1) and (2), the controlled direct shareholder in the public company shall not be entitled to exercise its voting right in the general meeting until the submission of a tender offer or until the obligated person covered under Paragraphs 1 and 2 loses control over such shareholder.

(6) (Amended, SG No. 61/2002, SG No. 103/2012) The obligation referred to in Paragraph 1(1) shall also arise in respect of any person that acquires-directly, through related parties, or indirectly under Paragraph 2 - more than 50 per cent of the votes in the General Meeting of a public company, as well as in respect of any person that acquires-directly, through related parties, or indirectly under Paragraph 2 - more than two-thirds of the votes in the General Meeting of a public company, unless the person concerned transfers the requisite number of shares within fourteen days from the acquisition date so as to hold, whether directly, through related parties or indirectly under Paragraph 2, less than 50 per

cent or less than two-thirds of the votes. Paragraphs 3, 4 and 5 shall apply accordingly.

(7) (Amended, SG No. 61/2002, SG No. 103/2012) If a person simultaneously exceeds more than one of the thresholds referred to in Paragraphs 1 and 6 or, upon exceeding the lowest threshold, exceeds another threshold set out in Paragraph 6 within the time limit referred to in Paragraph 1, that person shall register a single tender offer. The tender offer registration time limit shall be the period that would expire first, if an obligation arose to file separate tender offers upon exceeding each threshold.

(8) (Amended, SG No. 61/2002, SG No. 103/2012) Any person that holds-directly, through related parties, and/or indirectly under Paragraph 2 - more than one-third of the votes in the General Meeting of a public company but no more than two-thirds, may not acquire, even through related parties or indirectly under Paragraph 2, voting shares, within a given year, which exceed three per cent of the total number of shares in the company, unless that acquisition results from a tender offer under Article 149b. Paragraph 5 shall apply accordingly. In the case of violating the requirement referred to in the first sentence, the voting rights shall be restricted according to Paragraph 5 until the publication of a tender offer under Article 149b. The obligation laid down in the first sentence shall not arise in respect of persons that exceed the threshold as a result of a capital increase entailing the issue of rights.

(9) (New, SG No. 103/2012) The obligation laid down in Paragraphs 6 or 8, respectively, shall not arise in respect of persons that, within a year before exceeding a threshold under Paragraph 6 or Paragraph 8, made a tender offer under Paragraph 1, a tender offer under Paragraph 6 in the case of exceeding the threshold of 50 per cent of the votes in the public company's General Meeting, or a tender offer under Article 149b, whereby the offer was addressed to all shareholders, the price was determined according to Article 150(7) and the tender offer resulted in the person's acquiring more than 50 per cent of the votes in the public company's General Meeting. The same shall apply in respect of persons that have exceeded a threshold under Paragraph 6 or Paragraph 8, respectively, as a result of the aforementioned tender offer.

(10) (New, SG No. 103/2012) The obligation laid down in Paragraph 1 shall not arise in respect of persons that have exceeded the threshold set out therein a result of a tender offer under Article 149b which complies with the requirements.

(11) (New, SG No. 103/2012) The obligation laid down in Paragraph 6 in the case of exceeding the threshold of two-thirds of the votes in the public company's General Meeting shall not arise in respect of persons that have exceeded the threshold as a result of a capital increase entailing the issue of rights, unless the person concerned held more than 50 per cent of the votes in the public company's General Meeting before the capital increase.

(12) (Amended, SG No. 61/2002, SG No. 52/2007, renumbered from Paragraph 9, SG No. 103/2012, amended, SG No. 34/2015, SG No. 15/2018, effective 16.02.2018) The persons referred to in Paragraphs 1, 2, 6 and 8 shall be obligated to effect the tender offering through an investment intermediary thereby authorized, using the opportunities for remote acceptance of the tender offer through the Central Depository. The investment intermediary must possess capital to an amount not less than the amount provided for in Article 10 (2) of the Markets in Financial Instruments Act herein.

## **Article 149a**

(New, SG No. 61/2002)

(1) (Amended, SG No. 52/2007, effective 3.07.2007, SG No. 103/2012) Any person, who or which acquires, whether directly, through related parties or indirectly in the cases covered under Article 149 (2) herein, more than 90 per cent of the votes in the General Meeting of any public company, shall have the right to register a tender offer for purchase of the shares held by the rest of the shareholders. Article 149(3), (4) and (12) herein shall apply accordingly.

(2) (Amended, SG No. 39/2005) If any person referred to in Paragraph 1 fails to register a tender offer within fourteen days after the acquisition of the number of shares referred to in Paragraph 1, the said person shall be obligated to notify the shareholders, the regulated market and the Commission of the intentions thereof to register a tender offer at least three months in advance. The said person shall be obligated to notify forthwith the shareholders, the regulated market and the Commission in case the intentions regarding a tender offer are abandoned, citing the reasons for such abandonment.

(3) (New, SG No. 52/2007, effective 3.07.2007, amended, SG No. 103/2012) If the person referred to in Article 149, Paragraph 1 and/or Paragraph 6 acquires-within the period referred to in Article 149(1) and set pursuant to Article 149(7), if necessary, directly, through related parties, or indirectly under Article 149(2) - more than 90 per cent of the votes in the public company's general meeting, that person may exercise the right under Paragraph 1 by registering one tender offer while fulfilling its obligation under Article 149, Paragraph 1 and/or Paragraph 6.

(4) (Amended, SG No. 39/2005, renumbered from Paragraph 3, SG No. 52/2007, effective 3.07.2007) The Commission may refuse publication of a tender offer referred to in Paragraph 1 if the offeror has breached the requirement established

by Article 149 (8) herein within the last twenty-four months.

(5) (Renumbered from Paragraph 4, SG No. 52/2007, effective 3.07.2007, amended, SG No. 103/2012) Upon expiration of the time limit under Article 152(1) or Article 153(1), respectively, if the Commission has not issued a prohibition within the said time limit, as well as fourteen days upon expiration of the time limit for acceptance of the tender offer, the person referred to in Paragraph 1 shall be obligated to purchase, upon request, the shares held by each shareholder. In such a case, Article 150 (6) herein shall apply accordingly.

## **Article 149b**

(New, SG No. 61/2002)

(1) (Amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007, SG No. 103/2012) Any person holding at least 5 per cent of the votes in the General Meeting of any public company and seeking to acquire, whether directly, through connected persons or indirectly in the cases covered under Article 149 (2) herein, more than one-third of the votes in the General Meeting of the said company, may publish a tender offer for purchase or for exchange of shares to all voting shareholders after advance confirmation of a draft tender offer by the Commission. Article 149 (3), (4) and (12) herein shall apply accordingly.

(2) The offeror referred to in Paragraph 1 shall be obligated to purchase or to exchange, as the case may be, all voting shares held by any shareholder who or which has accepted the offer. Should the number of voting shares deposited on the part of all shareholders who or which have accepted the offer exceed the total quantity of shares under the tender offer, the offeror shall purchase or exchange shares from each of the accepting shareholders in proportion to the shares deposited thereby.

(3) The person referred to in Paragraph 1 may set a minimum number of shares to be offered thereto for acquisition as precondition for validity of the specific offer.

(4) (Amended, SG No. 39/2005) The Commission may suspend trading in shares in the company whereof the shares are subject to the tender offer if this is necessary with a view to the principles covered under Article 150 (1) herein.

## **Article 150**

(1) Tender offering shall be effected in accordance with the following principles:

1. (supplemented, SG No. 52/2007, effective 3.07.2007) ensuring equal treatment of the shareholders enjoying equal status in the company subject to tender offer and protection of the other shareholders upon acquiring control of the company;

2. (supplemented, SG No. 52/2007, effective 3.07.2007) allowing sufficient time and providing sufficient information to the shareholders of the company as may be needed for an informed assessment of the offer and for making a reasoned decision regarding acceptance of the said offer. In the giving of an opinion on the tender offer the management body of the offeree company shall give its opinion on the consequences from accepting the tender offer on the employees, the conditions of the contracts of employment and the place of carrying on activity;

3. (amended, SG No. 52/2007, effective 3.07.2007) the management bodies acting in the best interest of the company as a whole, without preventing the shareholders from the possibility to take decision on the substance of the tender offer;

4. not admitting market manipulation in the securities of the company subject to tender offer, as well as in other companies affected by the tender offering;

5. (new, SG No. 52/2007, effective 3.07.2007) making a tender offer only after providing opportunity for full payment or exchange, as the case may be, of the shares to the shareholders who have accepted the offer;

6. (new, SG No. 52/2007, effective 3.07.2007) the company that is the subject of tender offer shall not be placed in a situation which inhibits its activity for an unjustifiably long period of time.

(2) (Supplemented, SG No. 61/2002) Any offer referred to in Article 149 (1), (6) and (8), Article 149a and Article 149b herein must contain the following information:

1. (amended, SG No. 52/2007, effective 3.07.2007) the name or business name, registered office and address of the tender offeror and of the investment intermediary thereby authorized;



2. (new, SG No. 52/2007, effective 3.07.2007) the shares or the class of shares, as the case may be, for which the tender offer refers;
  3. (supplemented, SG No. 61/2002, renumbered from Item 2 - SG No. 52/2007, effective 3.07.2007) the number of voting shares which the offeror does not hold and is obligated to seek or seeks to acquire;
  4. (amended, SG No. 39/2005, renumbered from Item 3 - SG No. 52/2007, effective 3.07.2007) the proposed price per share issued by the company subject to tender offer and/or the ratio of exchange of such shares for shares referred to in Item 1 of Article 149 (1) herein, the issue price, and particulars of the rights attaching to the said shares;
  5. (new, SG No. 52/2007, effective 3.07.2007) the compensation for the rights of the shareholders which may be restricted under the terms of Article 151a, Paragraph 4, including the procedure and manner of its payment and the methods of its setting;
  6. (renumbered from Item 4 - SG No. 52/2007, effective 3.07.2007) information concerning the types and number of shares which the offeror holds, whether directly or through connected persons, as well as under the terms referred to in Article 149 (2) herein, in the company subject to tender offer;
  7. (renumbered from Item 5 - SG No. 52/2007, effective 3.07.2007) the time limit for acceptance of the offer;
  8. (supplemented, SG No. 61/2002, renumbered from Item 6 - SG No. 52/2007, effective 3.07.2007) the terms and conditions whereunder the offeror shall finance the acquisition of the shares and proof of availability of the resources necessary for the purchase or of the securities necessary for exchange;
  9. (renumbered from Item 7, amended, SG No. 52/2007, effective 3.07.2007) the intentions of the offeror regarding the future operation of the company subject to tender offer and of the offeror - legal person to the extent the latter is affected by the tender offer, regarding retention of the members of the management bodies and the staff of the said companies, including material changes in the terms and conditions of the contracts of employment and in particular the strategic plans of the offeror for the two companies and for the likely repercussions of the offer on the employees and the locations of the companies's places of business;
  10. (renumbered from Item 8 - SG No. 52/2007, effective 3.07.2007) the time limit for fulfilment of obligations upon acceptance of the tender offer;
  11. (renumbered from Item 9 - SG No. 52/2007, effective 3.07.2007) the particulars covered under Article 82 (1) herein, where an exchange of shares is furthermore offered;
  12. (new, SG No. 52/2007, effective 3.07.2007) applicable law to the contracts between the offeror and the shareholders upon acceptance of the tender offer and the competent court;
  13. (amended, SG No. 39/2005, renumbered from Item 10 - SG No. 52/2007, effective 3.07.2007) any other particulars and documents as may be prescribed by ordinance or as may be requested by the Commission according to the procedure established by Article 152 (1) herein.
- (3) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007) Any tender offer referred to in Article 149a herein must indicate that upon expiry of the time limit for acceptance of the said offer the company may cease to be public even if the condition referred to in Item 1 of Article 119 (1) herein is not fulfilled, as well as whether the offeror intends to apply for expungement of the company in the register of the Commission. Items 3 and 11 of Paragraph 2 shall not apply to any such tender offer.
- (4) (Amended, SG No. 61/2002, SG No. 103/2012) Any tender offer shall be signed by the offeror and by the investment intermediary referred to in Article 149 (12) herein, who shall declare that the said offer conforms to the requirements of the law.
- (5) The offeror and the signing investment intermediary shall incur joint liability for any detriment as may be inflicted by reason of any untrue, misleading or deficient particulars in the tender offer.
- (6) (Amended, SG No. 61/2002, SG No. 52/2007, effective 3.07.2007) Any tender offer referred to in Article 149 (1) and (6) herein and in Article 149a herein shall include a justification of the proposed price or of the proposed rate of exchange referred to in Item 4 of Article 150 (2) herein, as the case may be. The said justification shall name the fair price per share in the company, calculated proceeding from generally accepted valuation methods. The requirements to the contents of the justification, including the application of valuation methods, shall be established by ordinance.
- (7) (Amended, SG No. 61/2002) The price of the tender offer or the rate of exchange referred to in Article 149(1) and (6) or Article 149a, as the case may be, may not be lower than the highest value between:

1. (amended, SG No. 52/2007, effective 3.07.2007) the fair price of the share as named in the justification referred to in Paragraph 6;
2. (amended, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 103/2012, amended, SG No. 62/2017) the average weighted market price of the shares during the last six months before the registration of the offer or before the date on which, at the latest, the obligation under Article 149 (1) or (6) should have been fulfilled if the tender offer had not been registered prior to the said date and that price is higher than the average weighted market price of the shares during the last six months before the registration of the offer;
3. (new, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 103/2012) the highest price per share paid by the offeror, the persons related to him or the persons under Article 149, paragraph 2 during the last 6 months before the registration of the offer or before the date on which, at the latest, the obligation under Article 149(1) or (6) should have been fulfilled if the tender offer had not been registered prior to the said date and that price is higher than the highest price per share paid by the same persons during the last 6 months before the registration of the offer; in the cases where the price of the shares cannot be determined in accordance with the preceding sentence, it shall be determined as the last issue value or the last price paid by the tender offeror, whichever is higher.
- (8) (New, SG No. 61/2002, supplemented, SG No. 52/2007, effective 3.07.2007, amended, SG No. 62/2017) The price of any tender offers referred to in Article 149 (8) herein, as well as in Article 149b herein, may not be lower than the average weighted market price of the shares during the six last preceding months or, where no such market price exists, the highest price per share paid by the offeror, by the persons related to him or by the persons under Article 149, paragraph 2 during the six months last preceding the registration of the offer. The tender offeror may justify the price proposed thereby according to Paragraph 6.
- (9) (New, SG No. 103/2012) In order to calculate the highest price per share paid by the offeror, the offeror's related parties, or the persons referred to in Article 149(2) in the case of shares acquired when increasing the capital, the issue price of each new share shall be increased by the highest price paid by the offeror, the offeror's related parties, or the persons referred to in Article 149(2) for obtaining the rights to participate in the capital increase, if such rights have been bought by the offeror, the offeror's related parties, or the persons referred to in Article 149(2).
- (10) (New, SG No. 52/2007, effective 3.07.2007, renumbered from Paragraph 9, SG No. 103/2012) If until expiry of the term of the tender offer the tender offeror acquires directly, through related parties or indirectly under Article 149, paragraph 2 voting shares in the general meeting of the offeree company at a price higher than that offered in the tender offer the tender offeror shall increase the offered price to such higher price. In this case the purchase of the shares shall be effected at the higher price in respect of all shareholders who have accepted the offer before or after the increase.
- (11) (Renumbered from Paragraph 8, SG No. 61/2002, renumbered from Paragraph 9, SG No. 52/2007, effective 3.07.2007, renumbered from Paragraph 10, SG No. 103/2012) Any offer for exchange of shares must mandatorily state an alternative option for purchase of the voting shares held by the rest of the shareholders.
- (12) (Renumbered from Paragraph 9, SG No. 61/2002, renumbered from Paragraph 10, amended and supplemented, SG No. 52/2007, effective 3.07.2007, renumbered from Paragraph 11, SG No. 103/2012) The time limit referred to in Item 7 of Paragraph 2 may not be shorter than twenty-eight days and longer than seventy days after the publication date of the tender offer save in the cases of competitive tender offer made where the term of the tender offer shall be extended until expiry of the term for acceptance of the competitive tender offer.

## **Article 151**

- (1) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 103/2012) Tender offers shall be registered with the Commission and may be published unless the Commission issues a temporary prohibition [against such publication] within 20 business days. Any failure of the Commission to deliver a decision within the time limits referred to in the first sentence shall be presumed as tacit confirmation of the tender offer concerned.
- (2) (New, SG No. 52/2007, effective 3.07.2007) Paragraph 1 shall not apply to tender offer for acquisition and/or exchange of voting shares of the company which has its registered office in a Member State and whose shares are admitted to trading on a regulated market in the Republic of Bulgaria, which was subject to approval and has been approved by the competent authority of that Member State. In this case the Commission may require from the tender offeror to make a translation of the tender offer as well as include in it additional information which is specific for the market in the Republic of Bulgaria, relating to the conditions of acceptance of the tender offer, receipt of the price of the shares or their stock exchange value, as well as any fees due thereon.
- (3) (Amended, SG No. 39/2005, SG No. 86/2006, renumbered from Paragraph (2), amended and supplemented, SG No. 52/2007, effective 3.07.2007) On the day of registration under Paragraph 1, the tender offeror shall be obligated to

present the offer to the management body of the company subject to tender offer of the representatives of its employees or, where there are no such representatives, to the employees themselves, as well as on the regulated market whereon the shares in the said company have been admitted to trading. Any such notices shall expressly state that the Commission has not yet pronounced on the tender offer.

(4) (New, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 103/2012, amended, SG No. 62/2017) The members of the management body of the offeree company shall submit the tender offer to the representatives of its employees or, where there are no such representatives, to the employees themselves and by the end of the working day shall disclose the information about the offer received and the material conditions thereof as per the procedure established by Article 100r herein. Material conditions within the meaning of the first sentence shall be: information regarding the tender offeror; the proposed price per share issued by the company subject to tender offer and/or the ratio of exchange of such shares for shares referred to in Item 1 of Article 149 (1) herein; the number of voting shares the offeror does not hold and is obliged to request or wishes to acquire; information regarding the tender offeror's future intentions and strategic plans in connection with the offeree company, and a summary justification of the price.

(5) (Amended, SG No. 61/ 2002, SG No. 39/2005, renumbered from Paragraph (3), amended, SG No. 52/2007, effective 3.07.2007) Within 7 days after receipt of any tender offer, the management body of the company affected shall present a reasoned opinion on the transaction proposed to the Commission, to the offeror, and to the representatives of the employees or, where there are no such representatives, to the employees themselves, inter alia as to the repercussion from accepting the tender offer on the company and the employees and the strategic plans of the offeror for the offeree company and their likely repercussion on the employees and the place of business as per Article 150, Paragraph 2, item 9. The opinion must furthermore contain information concerning the existence of possible agreements stipulating the exercise of the voting power carried by the shares in the offeree company, in so far as any such information is known to the management body, as well as information concerning the number of shares in the company held by the members of the management body thereof and whether the said members intend to accept the offer. When the management body of the offeree company receives within the time limit under the first sentence an opinion from the representatives of the employees on the repercussion of the tender offer on the employees, this opinion shall be attached to the opinion of the management board.

(6) (Renumbered from Paragraph 4, amended, SG No. 52/2007, effective 3.07.2007) Upon receipt of the offer referred to in Paragraph 3 and until publication of the results of the tender offering or until closing of the said offering, as the case may be, the management body of the offeree company may not perform any other acts except for seeking a competitive tender offer, whereof the principal aim is frustration of the acceptance of the tender offer or infliction of material difficulties or material additional expenses on the offeror such as issue of shares or conclusion of transactions which would result in a significant change in the property of the company, unless said acts are performed with the prior approval of the general meeting of the offeree company.

(7) (New, SG No. 52/2007, effective 3.07.2007) The general meeting shall approve any decision of the management body on taking measures under Paragraph 6, taken before receipt of the tender offer, which is not effected in full or in part and which is not part of the ordinary business of the company and which may frustrate acceptance of the tender offer.

## **Article 151a**

(New, SG No. 52/2007, effective 3.07.2007)

(1) All restrictions on the transfer of voting shares provided for in the articles of association of the offeree company, in agreements between the offeree company and the shareholders or in agreements among the shareholders shall not apply to the tender offer within the term for acceptance of the tender offer.

(2) Any restrictions on the voting right provided for in the articles of association of the offeree company, in agreements between the offeree company and the shareholders or in agreements among the shareholders shall not apply in taking decisions by the general meeting concerning the taking of measures under Article 151, Paragraphs 6 and 7.

(3) Where as a result of a tender offer the offeror acquires more than 75 per cent of the votes in the general meeting of a public company, the restrictions under Paragraphs 1 and 2 shall not apply as well as the exclusive rights of the shareholders related to election or dismissal of the members of the management bodies set out in the articles of association of the offeree company.

(4) The offeror shall pay compensation to the shareholders for restricting their rights under Paragraphs 1 - 3. The conditions and procedure for the payment of the compensation shall be determined by the offeror and shall be specified in the tender offer. Any disputes regarding the amount of the compensation set shall be settled under the general procedure.

(5) Paragraphs 2 and 3 shall not apply to shares where the restrictions on the voting right are compensated for by

additional dividend or other pecuniary payments.

(6) Paragraphs 1 - 4 shall not apply to the special rights of the State relating to its participation in the offeree company.

## **Article 152**

(1) (Amended, SG No. 61/2002, SG No. 39/2005, supplemented, SG No. 52/2007, effective 3.07.2007, amended, SG No. 103/2012) Should the documents submitted be found invalid or should any additional information or evidence authenticating the particulars be required, within 20 business days after registration of the offer the Commission shall issue a temporary prohibition against publication of the said offer and shall transmit a communication specifying the deficiencies and non-conformities found or the additional information and evidence required. The Commission may require any information about the tender offer as may be necessary to it for the performance of its functions, and from the members of the management body of the offeror - legal person, the offeree company, the shareholders and the members of the management body of the offeree company, as well as from related parties thereof.

(2) (New, SG No. 61/2002, amended, SG No. 42/2016) The notifications and communications in the procedure under Paragraph 1 shall be made according to the procedure of Article 61 (2) of the Administrative Procedures Code.

(3) (New, SG No. 61/2002, amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005, amended, SG No. 42/2016) When the notifications and communications in the procedure under Paragraph 1 are not accepted according to the procedure of Paragraph 2, they shall be considered duly made by being posted on a specially designated place in the Commission's building or by being published on the Commission's web page. Any such posting or publishing shall be attested by a memorandum drawn up by officers designated by an order of the Chairperson of the Commission.

(4) (Renumbered from Paragraph 2, amended, SG No. 61/2002, SG No. 103/2012, SG No. 62/2017) The person shall rectify the deficiencies or non-conformities as indicated or shall submit the additional information and documents, as required, within 20 business days after receipt of a communication to this effect. Article 151 (3) - (5) shall apply to revised tender offers.

## **Article 153**

(1) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 103/2012, SG No. 62/2017) If the Commission fails to issue a final prohibition against the publication of an offer within 10 business days after receiving the documents required, the offeror may publish the said offer.

(2) (Supplemented, SG No. 61/2002, amended, SG No. 39/2005) The Commission may issue a reasoned prohibition referred to in Paragraph 1 solely if the offer and the enclosures thereto do not satisfy the requirements of this Act and of the instruments for the application thereof, or the interests of investors are otherwise impaired. Article 152 (2) and (3) herein shall apply accordingly.

(3) (New, SG No. 61/2002, amended, SG No. 39/2005) The Commission may issue a final prohibition in respect of a tender offer referred to in Article 149b herein solely if the circumstances covered under Article 150 (2) herein are materially deficient. Article 152 (2) and (3) herein shall apply accordingly.

(4) (Renumbered from Paragraph 3, SG No. 61/2002, amended, SG No. 39/2005) The Commission shall not be held responsible for the accuracy of any particulars contained in a tender offer.

(5) (Renumbered from Paragraph 4, SG No. 61/2002, amended, SG No. 39/2005) The Commission may, by reasoned decision, terminate a tender offering prior to the expiry of the time limit for acceptance of the offer should the requirements of this Act and of the instruments for the application thereof be breached upon or after the publication of the said offer. Acceptance of the offer by the shareholders prior to termination of the tender offer shall be inoperative.

(6) (Renumbered from Paragraph 5, amended, SG No. 61/2002, SG No. 39/2005, supplemented, SG No. 62/2017) Where the Commission has issued a temporary prohibition under Article 152 (1), the effect of the prohibition referred to in Article 149 (5) herein shall be revived until the submission of a corrected tender offer in accordance with Article 152 (4) herein. Where the Commission has issued a final prohibition under Paragraph 1 or has terminated the tender offering under Paragraph 5, the effect of the prohibition referred to in Article 149 (5) herein shall be revived until publication of a successive tender offer.

## **Article 154**

(1) (Amended and supplemented, SG No. 52/2007, effective 3.07.2007, amended, SG No. 103/2012, SG No. 62/2017)

Within three business days of the expiry of the time limit specified in Article 151 (1) or, as the case may be, Article 153 (1) the tender offeror shall publish a notification of the tender offer and the material conditions thereof in accordance with Article 151 (4) in one national daily newspaper or on the website of a news agency or other media which can ensure the effective dissemination of the regulated information to the public in all Member States, and shall submit the final version of the tender offer to the public company and to the regulated market on which the shares are admitted to trading. Within the time limit under the first sentence, the offeror shall make the tender offer to representatives of its employees and to the representatives of the employees of the offeree company or, where there are no such representatives, to the employees themselves. The public company, the investment intermediary referred to in Article 149 (12) and the regulated market on which the public company's shares have been admitted to trading shall disclose the tender offer on their websites until the expiration of the time limit for acceptance of the said offer, and the public company shall also make a disclosure of the tender offer and the opinion of the public company's management body as per the procedure established by Article 100r (3). An ordinance may prescribe additional requirements to communication of the information under the first sentence.

(2) (Amended, SG No. 62/2017) Any advertisement and insert in connection with a tender offering must indicate the issue number and the publication date of the national daily newspaper and the websites referred to in Paragraph 1.

(3) (New, SG No. 52/2007, effective 3.07.2007) Where the shares of the offeree company are admitted to trading on a regulated market in another Member State the offeror shall, within the time limit under Paragraph 1, make available the tender offer to the shareholders in the countries where its shares are admitted to trading. At request from the competent authority of the Member State the tender offeror shall make a translation of the tender offer in the language adopted by the relevant competent authority as well as include additional information which is specific for the relevant market and refers to the conditions of acceptance of the tender offer, receipt of the price of the shares or the stock exchange value or the fees due thereon.

## **Article 155**

(1) (Supplemented, SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007, SG No. 62/2017) In any case other than tender offering referred to in Article 149b herein, a tender offer may not be withdrawn on the part of the offeror after the publication of any such offer. Exceptions shall be admissible solely where the offer may not be effected through circumstances beyond the control of the offeror, the time limit for acceptance of the said offer has not expired, and the Commission has granted approval to the withdrawal. Article 151 (1) and (3), Articles 152 and 153 herein shall apply accordingly. Within seven days after being notified of the approval granted, the offeror shall publish a notice of withdrawal of the offer in one national daily newspaper or on the website of a news agency or other media which can ensure the effective dissemination of the regulated information to the public in all Member States.

(2) Upon withdrawal of any tender offer according to Paragraph 1, the effect of the prohibition referred to in Article 149 (5) herein shall be revived until publication of a successive tender offer.

(3) (Amended, SG No. 39/2005) The Commission shall forthwith notify the regulated market, as well as the investment intermediary or the Central Depository wherewith the documents certifying the shares have been deposited, of the withdrawal of the offer. Within three days after receipt of any such notice, the investment intermediary or the Central Depository shall ensure conditions for restoration of the certifying documents to the shareholders who or which have accepted the offer.

(4) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007, SG No. 103/2012) The offeror may extend the time limit for acceptance of the offer within the maximum admissible period referred to in Article 150 (12) herein, as well as increase the proposed price per share. In such a case, the purchase of shares shall be effected at the higher price in respect of all shareholders who or which have accepted the offer, whether before or after the increase. The offeror may introduce other alterations in the offer as well, subject to approval by the Commission.

(5) (Amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007, SG No. 62/2017) Any alterations referred to in Paragraph 4 shall be registered with the Commission and shall be published forthwith in one national daily newspaper or on the website of a news agency or other media which can ensure the effective dissemination of the regulated information to the public in all Member States, unless the Commission issues a prohibition within three business days. Article 151 (3), Articles 152 and 153 herein shall apply accordingly.

## **Article 156**

(1) (Amended, SG No. 61/2002, SG No. 52/2007, effective 3.07.2007) A tender offer shall be accepted by means of express declaration of will and deposit of the documents certifying the shares with an investment intermediary or with the Central Depository, as well as by performance of other acts as may be necessary in connection with the transfer.

Acceptance of the offer may be withdrawn prior to the expiration of the time limit referred to in Item 7 of Article 150 (2) herein or of the extended time limit referred to in Article 155 (4) herein, as the case may be.

(2) (Amended, SG No. 52/2007, effective 3.07.2007) The transaction shall be deemed concluded as at the time of expiration of the time limit referred to in Item 7 of Article 150 (2) herein or of the extended time limit referred to in Article 155 (4) herein, as the case may be.

(3) Payment of the price or exchange of the securities, as the case may be, shall be effected within seven business days after finalization of the transaction in conformity with Paragraph 1.

(4) The rights attaching to the shares subject to a tender offer shall pass to the offeror by the registration of the transfer of shares at the Central Depository.

## **Article 157**

(Amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007)

Upon expiration of the time limit for acceptance of the offer, the offeror shall forthwith cause publication of the result of the tender offering according to the procedure established by Article 154 herein and shall notify the Commission and the regulated market.

## **Article 157a**

(New, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 103/2012) A person who as a result of a tender offering made to all voting shareholders acquires directly, through related parties or indirectly in the cases under Article 149, paragraph 2 at least 95 per cent of the votes in the general meeting of a public company shall have the right, within three months of the term of the tender offer, to repurchase the voting shares out of the remaining shareholders. Article 149, Paragraphs 3, 4 and 12 herein shall apply *mutatis mutandis*.

(2) The proposed repurchase shall be approved by the Commission.

(3) The price under paragraph 1 shall be at least equal to the price:

1. proposed in the tender offer whereby the threshold under paragraph 1 is reached and upon mandatory making of the offer;

2. proposed in the tender offer whereby the threshold under paragraph 1 is reached and where making of the offer was optional and provided that the person under paragraph 1 has acquired no less than 90 per cent of the voting shares proposed in the said tender offer;

3. determined in accordance with Article 150, paragraphs 6 and 7 - in the other cases.

(4) For issuance of approval the person under paragraph 1 shall submit to the Commission a proposal for repurchase, which shall contain the data under Article 150, paragraph 2, items 1 - 4, 6, 8, 10, 12 and 13. Article 150, paragraphs 4 and 5 herein shall apply *mutatis mutandis*.

(5) The Commission shall pronounce on the application for issuance of approval within 14 days after the date of receipt thereof. Articles 152 and 153 herein shall apply *mutatis mutandis*.

(6) Within three days from issuance of the approval the person under paragraph 1 shall submit the proposal to the company and the regulated market whereon the shares of the company are admitted to trading and shall publish it under Article 154.

(7) (Amended, SG No. 103/2012) The transfer of shares and the payment of the price shall be made simultaneously, within 7 business days from the publication date of the proposal.

## **Article 157b**

(New, SG No. 52/2007, effective 3.07.2007)

(1) Any shareholder may require from the person who has acquired directly, through related parties or indirectly in the

cases of Article 149, Paragraph 2 at least 95 per cent of the votes in the general meeting of a public company as a result of tender offer, to repurchase its voting shares within three months from the deadline of the tender offer. The request shall be in writing and shall contain data about the shareholder and the shares held thereby. In this case Article 157a, Paragraph 3 herein shall apply accordingly.

(2) The person under Paragraph 1 shall repurchase its shares within 30 days from receipt of the application.

### **Article 157c**

(New, SG No. 52/2007, effective 3.07.2007)

(1) The Commission shall supervise tender offers where the offeree company has its registered office in the Republic of Bulgaria and the shares issued thereby are admitted to trading on a regulated market in the Republic of Bulgaria or in a third country.

(2) The Commission shall furthermore supervise the tender offer where the shares of the offeree company are admitted to trading on a regulated market in the Republic of Bulgaria but are not admitted to trading on a regulated market in the Member State at its registered office.

(3) Where the shares of the offeree company under Paragraph 2 are admitted to trading on a regulated market in the Republic of Bulgaria and in another Member State the supervision of the tender offering shall be exercised by the Commission if the shares of the company are admitted to trading on a regulated market in the Republic of Bulgaria for the first time.

(4) Where the shares of the offeree company under Paragraph 2 are admitted to trading on a regulated market in the Republic of Bulgaria and in another Member State the supervision of the tender offering shall be exercised by the Commission if the company has determined it as the competent authority to exercise supervision of tender offering. The company shall communicate its decision to the Commission and the competent authorities of the other Member States in which the shares of the company are admitted to trading on a regulated market as well as the respective regulated markets on the first day of trading.

(5) The Commission shall disclose publicly the decision under Paragraph 4, designating it as the body responsible for the exercise of supervision of the tender offering.

(6) This Act or the statutory instruments for its application shall apply to the cases under Paragraph 2 - 4 on the issues regarding the price and/or the stock exchange value of the tender offer, the decision of the offeror on making a tender offer, the contents of the tender offer and its publication, and to issues regarding the information to be provided to the employees of the offeree company and company law, including the cases wherein an obligation arises for making a tender offer and wherein this obligation is not applied, as well as the circumstances wherein the offeree company may take actions that could frustrate the tender offering the law of the Member State where the registered office of the offeree company is located shall apply.

### **Article 157d**

(New, SG No. 52/2007, effective 3.07.2007)

(1) The Commission shall cooperate and exchange information with the competent authorities of the other Member States, particularly in the cases under Article 157c, Paragraphs 2 - 4.

(2) The competent authorities of the other Member States shall be the authorities exercising supervision of tender offerings, securities markets and other financial instruments and trade on these markets.

(3) The Commission may require from the competent authorities of the other Member States cooperation for serving particular documents in order to bring into effect acts issued by it in relation to tender offering as well as other actions with a view to ascertaining committed or alleged violations under this Act or the statutory instruments for its application.

(4) At request from a competent authority of a Member State the Commission shall serve particular documents with a view to bringing into effect acts issued by it in relation to tender offering, as well as other actions with a view to ascertaining committed or alleged violations of the law of the respective Member State in relation to the tender offerings.

### **Article 157e**

(New, SG No. 61/2002, previous Article 157a, SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 67/2003, SG No. 39/2005) The Commission shall adopt an ordinance on the application of this Section.

(2) (Supplemented, SG No. 52/2007, effective 3.07.2007) In conformity with the purposes of this Act, the ordinance referred to in Paragraph 1 may prescribe any securities other than shares which are subject of tender offering, exemptions from the requirement to register and/or publish a tender offer, terms and a procedure for making a competitive tender offer, for withdrawal of a tender offer, as well as additional terms and a procedure for conduct of tender offerings and repurchase of voting shares under Articles 157a and 157b.

## **Chapter Twelve**

### **UNFAIR TRADING**

**(Title amended, SG No. 84/2006)**

#### **Article 158**

(Amended and supplemented, SG No. 61/2002, repealed, SG No. 84/2006).

#### **Article 159**

(Supplemented, SG No. 39/2005, repealed, SG No. 84/2006).

#### **Article 160**

(Repealed, SG No. 84/2006).

#### **Article 161**

(Amended, SG No. 61/2002, repealed, SG No. 84/2006).

#### **Article 161a**

(New, SG No. 61/2002, amended, SG No. 84/2006, repealed, SG No. 52/2007).

#### **Article 162**

(Amended, SG No. 61/2002, SG No. 84/2006, repealed, SG No. 52/2007).

#### **Article 163**

(Amended, SG No. 67/2003, SG No. 39/2005, repealed, SG No. 84/2006).

## **Title Four**

**(Repealed, SG No. 77/2011)**

### **INVESTMENT COMPANIES AND COMMON FUNDS**

**(Heading supplemented, SG No. 39/2005)**



# **Chapter Thirteen**

## **(Repealed, SG No. 77/2011)**

### **GENERAL DISPOSITIONS**

#### **Article 164**

(Amended and supplemented, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 164a**

(New, SG No. 39/2005, supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 164b**

(New, SG No. 86/2006, supplemented, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 165**

(Supplemented, SG No. 39/2005, repealed, SG No. 77/2011).

#### **Article 166**

(Amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 167**

(Amended, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 168**

(Amended, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 169**

(Repealed, SG No. 77/2011).

#### **Article 170**

(Amended, SG No. 39/2005, repealed, SG No. 77/2011).

#### **Article 171**

(Amended and supplemented, SG No. 39/2005, repealed, SG No. 86/2006).

#### **Article 172**

(Supplemented, SG No. 39/2005, Amended, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

#### **Article 173**

(Amended and supplemented, SG No. 39/2005, SG No. 59/2006, amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007, SG No. 67/2008, repealed, SG No. 77/2011).

#### **Article 174**

(Amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 175**

(Amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 176**

(Amended and supplemented, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 177**

(Amended and supplemented, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 177a**

(New, SG No. 39/2005, amended and supplemented, SG No. 86/2006, amended, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

#### **Article 178**

(Amended, SG No. 39/2005, supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 179**

(Amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

### **Chapter Fourteen**

**(Repealed, SG No. 77/2011)**

### **ISSUING AND REVOCATION OF INVESTMENT COMPANY LICENCE AND OF AUTHORIZATION TO ORGANIZE AND MANAGE A COMMON FUND**

**(Heading amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007)**

#### **Article 180**

(Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 25/2007, amended and supplemented, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 181**

(Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 25/2007, repealed, SG No. 77/2011).

#### **Article 182**

(Supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 183**

(Amended and supplemented, SG No. 39/2005, amended, SG No. 34/2006, repealed, SG No. 77/2011).

#### **Article 184**

(Amended, SG No. 39/2005, repealed, SG No. 77/2011).

#### **Article 185**

(Amended and supplemented, SG No. 39/2005, amended, SG No. 52/2007, repealed, SG No. 77/2011).

### **Chapter Fifteen**

#### **(Repealed, SG No. 77/2011)**

### **PUBLIC OFFERING OF SHARES IN INVESTMENT COMPANY AND UNITS OF COMMON FUND**

#### **(Heading supplemented, SG No. 39/2005)**

#### **Article 186**

(Amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 187**

(Amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

#### **Article 187a**

(New, SG No. 61/2002, amended, SG No. 86/2006, SG No. 105/2006, repealed, SG No. 77/2011).

#### **Article 188**

(Amended and supplemented, SG No. 39/2005, repealed, SG No. 77/2011).

#### **Article 189**

(Supplemented, SG No. 39/2005, amended, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 190**

(Amended, SG No. 39/2005, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 191**

(Amended, SG No. 39/2005, amended and supplemented, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

### **Chapter Sixteen**

#### **(Repealed, SG No. 77/2011)**

### **INVESTMENT COMPANY OF THE OPEN-ENDED TYPE AND COMMON FUND**

## **(Heading supplemented, SG No. 39/2005)**

### **Article 192**

(Amended and supplemented, SG No. 39/2005, amended, SG No. 34/2006, SG No. 86/2006, repealed, SG No. 77/2011).

### **Article 193**

(Amended, SG No. 39/2005, amended and supplemented, SG No. 86/2006, amended, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

### **Article 194**

(Repealed, SG No. 77/2011).

### **Article 195**

(Amended, SG No. 61/2002, amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 25/2007, SG No. 52/2007, repealed, SG No. 77/2011).

### **Article 196**

(Supplemented, SG No. 61/2002, amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

### **Article 197**

(Amended, SG No. 39/2005, supplemented, SG No. 86/2006, amended, SG No. 52/2007, repealed, SG No. 77/2011) .

### **Article 197a**

(New, SG No. 39/2005, Amended, SG No. 86/2006, repealed, SG No. 77/2011).

### **Article 197b**

(New, SG No. 86/2006, repealed, SG No. 77/2011).

## **Chapter Seventeen**

### **(Repealed, SG No. 77/2011)**

## **INVESTMENT COMPANY OF THE CLOSED-ENDED TYPE**

### **Article 198**

(Amended, SG No. 39/2005, repealed, SG No. 77/2011).

### **Article 199**

(Repealed, SG No. 77/2011).

### **Article 200**

(Amended, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 201**

(Amended, SG No. 61/2002, amended and supplemented, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

### **Chapter Eighteen (Repealed, SG No. 77/2011) MANAGEMENT COMPANIES**

#### **Section I General Dispositions**

##### **Article 202**

(Supplemented, SG No. 61/2002, amended and supplemented, SG No. 39/2005, SG No. 86/2006, Amended, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

##### **Article 203**

(Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Section II (Repealed, SG No. 77/2011) Issuing and Revocation of Licence**

##### **Article 204**

(Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 25/2007, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 43/2010, repealed, SG No. 77/2011).

##### **Article 205**

(Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 25/2007, SG No. 52/2007, Amended and supplemented, SG No. 43/2010, repealed, SG No. 77/2011).

##### **Article 206**

(Amended and supplemented, SG No. 39/2005, supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

##### **Article 207**

(Amended, SG No. 39/2005, SG No. 34/2006, repealed, SG No. 77/2011).

##### **Article 208**

(Amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 209**

(Amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 77/2011).

### **Section III**

**(Repealed, SG No. 77/2011)**

#### **Requirements to the Business of Management Companies**

#### **Article 210**

(Amended and supplemented, SG No. 39/2005, SG No. 86/2006, amended, SG No. 86/2006, SG No. 52/2007, SG No. 24/2009, effective 31.03.2009, repealed, SG No. 77/2011).

#### **Article 211**

(Supplemented, SG No. 39/2005, repealed, SG No. 77/2011).

### **Chapter Eighteen A**

**(New, SG No. 39/2005, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, repealed, SG No. 77/2011)**

**CONDUCT OF BUSINESS BY MANAGEMENT COMPANIES IN A MEMBER STATE.  
CONDUCT**

**OF BUSINESS IN THE REPUBLIC OF BULGARIA BY MANAGEMENT  
COMPANIES WITH REGISTERED OFFICE IN A MEMBER STATE. PUBLIC  
OFFERING OF UNITS OF COLLECTIVE  
INVESTMENT SCHEMES IN THE REPUBLIC OF BULGARIA**

**(Heading amended, SG No. 86/2006)**

#### **Section I**

**(Repealed, SG No. 77/2011)**

**Conduct of Business by Management Companies in a Member State**

**(Heading amended, SG No. 86/2006)**

#### **Article 211a**

(New, SG No. 39/2005, effective 1.01.2007, amended and supplemented, SG No. 86/2006, Amended, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 211b**

(New, SG No. 39/2005, effective 1.01.2007, repealed, SG No. 77/2011).

#### **Article 211c**

(New, SG No. 39/2005, effective 1.01.2007, amended, SG No. 86/2006, repealed, SG No. 77/2011).

### **Section II**

**(Repealed, SG No. 77/2011)**

#### **Conduct of Business in the Republic of Bulgaria by Management Companies with Registered Office in a Member State (Heading amended, SG No. 86/2006)**

#### **Article 211d**

(New, SG No. 39/2005, effective 1.01.2007, amended and supplemented, SG No. 86/2006, Amended, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

#### **Article 211e**

(New, SG No. 39/2005, effective 1.01.2007, amended and supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 211f**

(New, SG No. 39/2005, effective 1.01.2007, amended, SG No. 86/2006, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 211g**

(New, SG No. 39/2005, effective 1.01.2007, amended, SG No. 86/2006, repealed, SG No. 77/2011).

### **Section III**

**(Repealed, SG No. 77/2011)**

#### **Public Offering in the Republic of Bulgaria of Units of Non-Resident Collective Investment Schemes with Registered Office in a Member State (Heading amended, SG No. 86/2006)**

#### **Article 211h**

(New, SG No. 39/2005, effective 1.01.2007, amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

#### **Article 211i**

(New, SG No. 39/2005, effective 1.01.2007, amended and supplemented, SG No. 86/2006, repealed, SG No. 77/2011).

#### **Article 211j**

(New, SG No. 39/2005, effective 1.01.2007, amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007, repealed, SG No. 77/2011).

## **Section IV**

**(Repealed, SG No. 77/2011)**

### **Public Offering in the Republic of Bulgaria of Units of Collective Investment Schemes Originating in Third Countries**

**(Heading amended, SG No. 86/2006)**

#### **Article 211k**

(New, SG No. 39/2005, effective 1.01.2007, amended, SG No. 86/2006, repealed, SG No. 77/2011).

## **Title Five**

### **COERCIVE ADMINISTRATIVE MEASURES AND ADMINISTRATIVE PENALTY LIABILITY**

## **Chapter Nineteen**

### **COERCIVE ADMINISTRATIVE MEASURES**

#### **Article 212**

(1) (Amended, SG No. 39/2005, SG No. 52/2007, SG No. 62/2017) Should the Commission or the Deputy Chairperson establish that any supervised persons, any employees of such persons, any persons who perform managerial functions under contract or who conclude transactions for the account of any supervised persons, any receivers or trustees in bankruptcy of any supervised persons, as well as any bondholders' trustees, violation by their actions or omissions this Act, the instruments for the application thereof, any decisions of the Commission or of the Deputy Chairperson, as well as where the exercise of control activity by the Commission or by the Deputy Chairperson is obstructed, or should the interests of investors be jeopardized, the Commission or the Deputy Chairperson, as the case may be, may:

1. obligate any such person to take specific action as may be necessary for prevention and rectification of the violations, of the prejudicial consequences of the said violations or of the jeopardy to the interests of investors within a time limit as Commission shall set;
2. convene a General Meeting and/or schedule a meeting of the management bodies or supervisory bodies of the persons subject to control thereby with an agenda set by the Commission for decision-making on the action which must be taken;
3. (amended, SG No. 61/2002) inform the public of any activities jeopardizing the interests of investors;
4. (amended, SG No. 86/2006, SG No. 62/2017) suspend, for a period not exceeding ten consecutive business days, or discontinue the sale of, or the effecting of transactions in, specified securities;
5. refuse to grant approval to a prospectus for a new issue of securities;
6. (amended, SG No. 39/2005) order in writing a supervised person to remove one or more persons authorized to manage and represent the said person, and divest any such person or persons of the managerial and representative powers held thereby until removal;
7. appoint conservators in the cases prescribed by this Act;
8. (amended, SG No. 39/2005) appoint a registered auditor to conduct a financial or other examination or the supervised person according to requirements as established by the Deputy Chairperson; the costs of any such examination shall be for the account of the auditee;
9. (new, SG No. 39/2005) make a decision on suspension of the re-purchase of shares in an investment company of an open-end type or, respectively, of units of common funds;



10. (new, SG No. 62/2017) suspend definitively the sale of or the conclusions of transactions involving certain securities of the public company if any of the following conditions are met:

- a) for over six months the number of the members of the management or supervisory body of the company is below the minimum number prescribed by law;
- b) for over one year the company cannot be found at the publicly announced registered address and address for correspondence, or by other means of communication;
- c) for over one year the company does not fulfil its obligations under Article 100m;
- d) for over one year the company does not fulfil its obligations under Article 115 (1);
- e) the company is in winding-up proceedings, which have not been completed more than three years as of the registration of such proceedings in the commercial register.

(2) (New, SG No. 61/2002, amended, SG No. 39/2005) The revocation of a licence for conduct of business, as provided for in this Act, shall likewise qualify as a coercive administrative measure save in the cases where the person has expressly relinquished a licence as issued.

(3) (Renumbered from Paragraph 2, SG No. 61/2002) The measures referred to in Item 6 of Paragraph 1 shall not be applied in respect of any public company and any issuer of securities.

(4) (Renumbered from Paragraph 3, SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 62/2017).

(5) (Renumbered from Paragraph 4, SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 62/2017).

(6) (Renumbered from Paragraph 5, SG No. 61/2002, amended, SG No. 39/2005, repealed, SG No. 52/2007).

(7) (Renumbered from Paragraph 6, SG No. 61/2002, amended and supplemented, SG No. 39/2005, amended, SG No. 34/2006, SG No. 95/2017, effective 1.01.2018) Upon request of the commission, the Registry Agency shall enter the circumstances, respectively disclose the acts pursuant to Paragraph 1, into the Commercial Register.

(8) (New, SG No. 43/2010, repealed, SG No. 103/2012).

(9) (New, SG No. 43/2010, repealed, SG No. 103/2012).

## **Article 212a**

(New, SG No. 42/2016)

(1) (Amended, SG No. 95/2017, effective 1.01.2018) When it is found that the issuer has not fulfilled its obligation to disclose to the public within the legislatively prescribed time limit the information under Article 100n, 100o, Article 100r (1), Article 100u2 and Article 111a, the Commission or the Deputy Chairperson, as appropriate, may:

1. inform the public that the issuer does not comply with its obligations, as well as

2. obligate the issuer to take, within a stipulated time limit, specific measures as may be necessary for prevention and rectification of the violations, of the prejudicial consequences of the said violations or of the jeopardy to the interests of investors;

(2) (Amended, SG No. 95/2017, effective 1.01.2018) When the Deputy Chairperson finds that a natural person or a legal entity has failed to fulfil, within the legislatively prescribed time limit, his/her/its obligation for disclosure of a participatory stake under Articles 146, 148, 148a and 148g, the Commission or the Deputy Chairperson, as appropriate, may:

1. inform the public that the person does not comply with its obligations;

2. impose a temporary ban on the exercise of the voting right of such persons in the General Meeting of the public company;

3. obligate any such person to take specific action as may be necessary for prevention and rectification of the violations, of the prejudicial consequences of the said violations or of the jeopardy to the interests of investors within a time limit as set by the Commission;

(3) A coercive administrative measure under Paragraph 1, Item 2 may be applied also to the management and supervisory bodies of the legal entity or to the person with managerial authority in the case of a non-personified company.

(5) (New, SG No. 62/2017) The coercive administrative measure specified in Item 2 of Paragraph 1 may also be imposed on a person under § 1e of the Supplementary Provisions, which fails to perform its obligations under this Act.

(6) (Renumbered from Paragraph 5, SG No. 62/2017, amended, SG No. 15/2018, effective 16.02.2018) The Commission shall disclose on its website, as soon as possible, any coercive administrative measure imposed and any penal decree issued for violating the provisions of this Act and its implementing instruments, and shall specify at least information about the type and nature of the violation, the identity of the natural person or details about the legal entity on which the measure or the penalty is imposed. Disclosure under the first sentence shall be made after consideration of its proportionality.

(7) (New, SG No. 15/2018, effective 16.02.2018) In case of appeal of the decision on the imposition of the measure or the penal decree, included in the disclosure under paragraph 6 shall also be information on the appeal, and where the complaint is filed after the initial disclosure, the information disclosed shall be updated.

(8) (New, SG No. 15/2018, effective 16.02.2018) Disclosure under paragraph 6 may be postponed or made without stating any details about the person on whom the measure is imposed or the penalty is enforced, where:

1. the disclosure of personal data about the natural person on whom a penal decree is enforced is not proportionate;

2. the disclosure would seriously jeopardise the stability of financial markets or would cause disproportionate damage to the parties that this information pertains to, or would hinder the institution of criminal proceedings.

## **Article 212b**

(New, SG No. 42/2016, amended, SG No. 95/2017, effective 1.01.2018)

When applying administrative measures under Article 212a, Paragraph 1, Item 2 and Paragraph 2, Items 2 and 3, the Commission or the Deputy Chairperson, as appropriate, shall take into account all the circumstances of any importance, including those specified in Article 222a, where applicable.

## **Article 213**

(1) (Amended, SG No. 39/2005, supplemented, SG No. 43/2010, amended, SG No. 103/2012, SG No. 62/2017, SG No. 95/2017, effective 1.01.2018) Proceedings for application of coercive administrative measures under Article 212, Paragraph 1, Item 1, Article 212a, Paragraph 1, Item 2 and Article 212a, Paragraph 2, Item 3 shall be initiated by the Deputy Chairperson and, in all other cases – by the Commission.

(2) (Amended, SG No. 42/2016) The notifications and communications in the procedure under Paragraph 1 shall be made

according to the procedure of Article 61 (2) of the Administrative Procedures Code.

(3) (Amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005, amended, SG No. 42/2016, SG No. 62/2017, SG No. 95/2017, effective 1.01.2018) When the notifications and communications in the procedure under Paragraph 1 are not accepted according to the procedure of Paragraph 2, they shall be considered duly made by being posted on a specially designated place in the Commission's building or by being published on the Commission's web page. The act of posting or publishing shall be certified by a memorandum drawn up by officials designated by an order of the Chairperson of the Commission, and in the cases under Article 212, Paragraph 1, Item 1, Article 112a, Paragraph 1, Item 2 and Article 112a, Paragraph 2, Item 3 – by officials designated by an order of the Deputy Chairperson of the Commission.

(4) (Amended, SG No. 39/2005, supplemented, SG No. 43/2010, amended, SG No. 103/2012, supplemented, SG No. 42/2016, amended, SG No. 62/2017, SG No. 95/2017, effective 1.01.2018) The coercive administrative measures referred to in Article 212, Paragraph 1, Item 1, Article 212a, Paragraph 1, Item 2 and Article 212a, Paragraph 2, Item 3 herein shall be applied by a reasoned decision in writing of the Deputy Chairperson, and the coercive administrative measures referred to in Article 212, Paragraph 1, Items 2 – 10 and Article 212a, Paragraph 2, Item 2 shall be applied by a reasoned decision in writing of the Commission, which shall be communicated to the party concerned within seven days after the making of the said decision. The power under Article 212a, Paragraph 1, Item 1 and Paragraph 2, Item 1 shall be exercised by the Commission.

#### **Article 214**

(1) (Repealed, SG No. 39/2005).

(2) (Supplemented, SG No. 61/2002, amended, SG No. 39/2005) Any decision on application of a coercive administrative measure shall be subject to immediate execution, regardless of whether appealed against.

#### **Article 215**

(Amended, SG No. 30/2006)

Save insofar as any special rules are provided for in this Chapter, the provisions of the Administrative Procedure Code shall apply accordingly.

## **Chapter Twenty (Repealed, SG No. 77/2011) CONSERVATOR**

#### **Article 216**

(Amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 217**

(Amended, SG No. 39/2005, SG No. 52/2007, repealed, SG No. 77/2011).

#### **Article 218**

(Amended, SG No. 39/2005, repealed, SG No. 77/2011).

#### **Article 219**

(Repealed, SG No. 77/2011).

## Article 220

(Amended, SG No. 39/2005, repealed, SG No. 77/2011).

## Chapter Twenty-One

### ADMINISTRATIVE PENALTY LIABILITY AND PECUNIARY PENALTIES

#### Article 221

(1) (Amended, SG No. 61/2002, SG No. 8/2003, SG No. 39/2005) Any [natural] person, who shall commit or who shall suffer another to commit a violation of:

1. (amended, SG No. 52/2007, in relation to the replacement, effective 3.07.2007, SG No. 77/2011, SG No. 103/2012, SG No. 109/2013, effective 20.12.2013) Article 100x, (1) and (2), Article 119, (3), herein or of the statutory instruments for application of this Act, shall be liable to a fine of BGN 500 or more, but not exceeding BGN 1,000;

2. (amended, SG No. 84/2006, amended and supplemented, SG No. 86/2006, amended, SG No. 25/2007, SG No. 52/2007, in relation to the replacement, effective 3.07.2007, SG No. 23/2009, SG No. 77/2011, SG No. 103/2012, supplemented, SG No. 109/2013, effective 20.12.2013, amended, SG No. 42/2016, amended and supplemented, SG No. 62/2017) Article 77b(5); Article 77f (7); Article 81(1); Article 84(2), (3) and (4); Article 8(5); Article 86(2) and (3); Article 89(3); Article 92a(2), (5), (6) and the first sentence of Article 92a(7); Article 92d(1), (3) and (4); Article 100a(2) and (3), Article 100b(3), (5), (7) and (8); Article 100f; Article 100g(4); Article 100i; Article 100j(3); Article 100o(2) and (3); Article 100r; Article 100u(3) and (5); Article 100v(1), (2), (3), (5) and (6); Article 100w(2) and (3); the second sentence of Article 110(6) and Article 110(9); Article 110c; the first and the second sentence of Article 111(6); Article 112b(12); Article 115(1) and Article 115(2), (4), (5), (6), (7) and (9); Article 115b(2) and (5); Article 115c(4) and (5); Article 115d(3), (5) and (7); Article 116(3), (5) - (7); Article 116 ; Article 116c(1), (2), (4), (5) and (6); Article 117; Article 118(3), second sentence; Article 120(1) - (3); Article 122(3); Article 142; Article 151(3) - (6); Article 151(4); Article 154(1) and (3); Article 155(5); Article 157; and Article 157(7) shall be liable to a fine of BGN 1,000 or more but not exceeding BGN 2,000;

3. (amended, SG No. 86/2006, SG No. 52/2007, in relation to the replacement, effective 3.07.2007, SG No. 77/2011, SG No. 103/2012, supplemented, SG No. 109/2013, effective 20.12.2013, amended and supplemented, SG No. 42/2016, amended, SG No. 62/2017) Article 77(3) and (4); Article 77d; Article 77m(1), (2), (4) and (12); Article 77p; Article 77w; Article 80(1) and (3); Article 85(1) and (2); the second sentence of Article 89(1) and Article 89(2) and (4); the second sentence of Article 92 (7) and Article 92 (8); Article 92c(2) and (5); Article 100a(1), (5), (7) and (8); Article 100c (1); Article 100g(1) and (2); Article 100n<sup>1</sup>; Article 110(3); Article 111(2), (5), (7) - (10); the first sentence of Article 112b(3) and Article 112b(8); Article 112e; Article 115c(7); Article 116b; Article 116d(1), (3) and (5); the second sentence of Article 119(6) and Article 119(7) and (8); Article 126(2); Article 126f(4); Article 126g(1); Article 127(3) and (4); the second sentence of Article 133(1) and Article 133(3); Article 135(1); Article 141(1) and (2); Article 148b; Article 148c(1); Article 149(5); § 7(2) and § 10(5) of the Transitional and Final Provisions shall be liable to a fine of BGN 3,000 or more but not exceeding BGN 5,000;

4. (amended and supplemented, SG No. 86/2006, amended, SG No. 52/2007, in relation to the replacement, effective 3.07.2007, SG No. 23/2009, SG No. 57/2011, SG No. 77/2011, SG No. 103/2012, SG No. 109/2013, effective 20.12.2013, SG No. 62/2017) Article 78(1), (2) and (3); Article 79(2); Article 100l(1) and (2); Article 100d(2) - (6) and (8) - (10); Article 114(2), (13) and (14), first sentence; Article 114a (1), (3) and (6); Article 114b; Article 115(11); Article 126b(4); Article 128(4); Article 134(1) and 2; Article 139(2) and (4); Article 149(1), (2), (6) and (8); Article 149(2), (3) and (5); Article 149b(2); Article 150(10); Article 157b(2) and § 8 of the Transitional and Final Provisions shall be liable to a fine of BGN 7,000 or more but not exceeding BGN 10,000;

5. (new, SG No. 43/2010) Regulation 1060/2009 shall be liable to a fine of BGN 10,000 or more but not exceeding BGN 20,000.

(2) (New, SG No. 61/2002) In the event of a repeated violation covered under Paragraph 1, the offender will be liable to a fine in an amount as follows:

1. (amended, SG No. 103/2012) for any violations covered under Item 1 of Paragraph 1: BGN 1000 or more but not exceeding BGN 2,000;

2. for any violations covered under Item 2 of Paragraph 1: BGN 2,000 or more but not exceeding BGN 5,000;

3. for any violations covered under Item 3 of Paragraph 1: BGN 5,000 or more but not exceeding BGN 10,000;
4. for any violations covered under Item 4 of Paragraph 1: BGN 10,000 or more but not exceeding BGN 20,000;
5. (new, SG No. 43/2010) for any violations covered under Item 5 of Paragraph 1: BGN 20,000 or more but not exceeding BGN 30,000.

(3) (Renumbered from Paragraph 2, amended, SG No. 61/2002, supplemented, SG No. 39/2005, repealed, SG No. 103/2012).

(4) (Renumbered from Paragraph 3, amended, SG No. 61/2002, amended and supplemented, SG No. 103/2012) Any [natural] person, who shall solicit or who shall suffer another to solicit cash resources and/or other property rights, save under terms and according to a procedure established by another statute, by means of notices (advertising actions) to more than 150 persons or to an unrestricted circle of persons, made inter alia through the mass communication media, without complying with the requirements of this Act and of the instruments issued for the application thereof, will be liable to a fine of BGN 5,000 or more but not exceeding BGN 50,000, unless the act constitutes a criminal offence, while in the case of a repeated violation the fine shall range from BGN 50,000 to BGN 100,000.

(5) (Repealed, renumbered from Paragraph 4, amended, SG No. 61/2002, amended, SG No. 8/2003, SG No. 39/2005, SG No. 84/2006, SG No. 52/2007, SG No. 77/2011, amended and supplemented, SG No. 103/2012, amended, SG No. 62/2017) Anyone who commits or who suffers another to commit a violation of Article 77o(2) and (3), Article 114(1), (3), (4), (8) and (9), Article 114a(4) and (5), Article 126c, Article 133(2) and (4) shall be liable to a fine of BGN 20,000 or more but not exceeding BGN 50,000, unless the act constitutes a criminal offence, while in the case of a repeated violation the fine shall range from BGN 50,000 to BGN 100,000.

(6) (New, SG No. 61/2002, supplemented, SG No. 43/2010, amended and supplemented, SG No. 103/2012, supplemented, SG No. 42/2016) In the event of non-compliance with a coercive administrative measure applied under Items 1, 2, 4, 6 and 8 of Article 212(1), item 2 of Article 212a (1) and Items 2 and 3 of Article 212a (2) the offenders and the sufferers shall be liable to a fine of BGN 5,000 or more but not exceeding BGN 20,000, while in the case of a repeated violation the fine shall range from BGN 10,000 to BGN 50,000.

(7) (New, SG No. 61/2002, amended, SG No. 103/2012) The abettors, aiders and harbourers shall likewise be penalized in the cases referred to in Paragraphs (4) and (5), with due consideration for the nature and degree of the participation thereof.

(8) (New, SG No. 61/2002) For any violation covered under Paragraphs (1) through (6) incl., any legal person or sole trader shall be liable to a pecuniary penalty in amounts as follows:

1. (amended, SG No. 103/2012) for any violations covered under Item 1 of Paragraph 1: BGN 500 or more but not exceeding BGN 2,000 and, for a repeated violation, BGN 2,000 or more but not exceeding BGN 5,000;
2. for any violations covered under Item 2 of Paragraph 1: BGN 2,000 or more but not exceeding BGN 5,000 and, for a repeated violation, BGN 5,000 or more but not exceeding BGN 10,000;
3. for any violations covered under Item 3 of Paragraph 1: BGN 5,000 or more but not exceeding BGN 10,000 and, for a repeated violation, BGN 10,000 or more but not exceeding BGN 20,000;
4. for any violations covered under Item 4 of Paragraph 1: BGN 10,000 or more but not exceeding BGN 20,000 and, for a repeated violation, BGN 20,000 or more but not exceeding BGN 50,000;
5. (new, SG No. 43/2010) for any violations covered under Item 5 of Paragraph 1: BGN 20,000 or more but not exceeding BGN 30,000 and, for a repeated violation, BGN 30,000 or more but not exceeding BGN 40,000;
6. (renumbered from Item 5, SG No. 43/2010, amended, SG No. 103/2012) for any violations covered under Paragraphs (4) and (5): BGN 50,000 or more but not exceeding BGN 100,000 and, for a repeated violation, BGN 100,000 or more but not exceeding BGN 200,000;
7. (renumbered from Item 6, SG No. 43/2010, supplemented, SG No. 103/2012) for any violations covered under Paragraph 6): BGN 10,000 or more but not exceeding BGN 50,000, while in the case of a repeated violation the fine shall range from BGN 20,000 to BGN 100,000.

(9) (New, SG No. 61/2002) The provisions of Paragraphs (1) through (8) incl. shall furthermore apply to any transactions and acts covered under § 1a herein, effected and performed in violation of Chapters Three, Five and Nine herein.

(10) (Renumbered from Paragraph 6, supplemented, SG No. 61/2002) The proceeds from any wrongfully performed

activities shall be confiscated to the extent to which the said proceeds cannot be restituted to the person aggrieved.

### **Article 221a**

(New, SG No. 42/2016)

(1) A issuer who is a natural person or a member of a management or supervisory body of an issuer which is a legal entity, or a person with managerial authority in an issuer which is non-personified company, who fails to fulfil the obligation under Articles 100m, 100n, Article 100q (1), Article 100t<sup>2</sup> and Article 111a, as well as a natural person or a member of a management or supervisory body of a legal entity or a person with managerial authority in a non-personified company or trust, who fails to fulfil the obligation under Articles 145, 146, 148, 148a and 148g, shall be punished by a fine in the amount of BGN 3,000 to BGN 30,000 or in the amount of twice the profit realised or loss avoided as a result of the violation, when such variables can be determined, where the higher of the above two values shall be applied.

(2) A pecuniary sanction in the following amount shall be imposed one legal entity for violations under Paragraph 1:

1. from BGN 5,000 to BGN 50,000 or up to 5 percent of the total annual turnover in accordance with most recent annual financial statements prepared and adopted by the management body, or

2. up to twice the profit realised or the loss avoided as a result of the violation, when the magnitude of the above two variables can be determined, where the higher of the above two values shall be applied.

(3) In the cases under Paragraph 2, Item 1, when the legal entity is a parent undertaking or a subsidiary undertaking of a parent undertaking, which must prepare a consolidated financial statements according to the applicable accounting standards, the total annual turnover or the respective type of income under the respective accounting directives as per the most recent prepared consolidated annual financial statement adopted by the management body of the primary parent undertaking shall be assumed to the respective annual turnover.

(4) The Commission may disclose the punishment imposed, save where such disclosure would seriously jeopardise the stability of financial markets or would cause disproportionate damage to the parties that this information pertains to.

### **Article 222**

(1) (Amended, SG No. 39/2005, supplemented, SG No. 42/2016) The written statements on any violations covered under Article 221 and 221a herein as ascertained shall be drawn up by officers authorized by the Deputy Chairperson, and the penalty decrees shall be issued by the said Deputy Chairperson.

(2) The ascertainment of violations, the issue, appeal against and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

### **Article 222a**

(New, SG No. 42/2016)

(1) (Amended, SG No. 95/2017, effective 1.01.2018) When deciding on the type and magnitude of administrative penalties under Article 221a, the Commission or the Deputy Chairperson, as appropriate, shall take into account all the circumstances of any importance, including the following, where applicable:

1. the gravity and length of the violation;

2. the degree of responsibility of the natural person or of the legal entity, or of the non-personified company;

3. the financial condition of the natural person or of the legal entity, determined based on the total financial turnover of the legal entity or based on the annual income of the natural person;

4. the amount of the profit realised or of the loss avoided by the natural person or the legal entity, or by the non-personified company, to the extent to which this amount can be determined;

5. the amount of the losses sustained by third persons as a result of the violation, to the extent to which this amount can be determined;

6. the level of cooperation, rendered by the natural person or by the legal entity or by the non-personified company to the Deputy Chairperson or to the Commission;

7. previous violations of the natural person or of the legal entity, or of the non-personified company.

(2) (Amended, SG No. 95/2017, effective 1.01.2018) The Commission and the Deputy Chairperson shall have a right of access to tax and social or health insurance information for the purposes of Paragraph 1.

## **Article 222b**

(New, SG No. 42/2016)

A person, who fails, within a 1-month time limit from the entry into force of the penal decree, to pay the pecuniary sanction imposed on him or her, shall owe interest in the amount of the legitimate interest for the period from the date following the date of expiration of the 1-month time limit to the date of payment.

## **SUPPLEMENTARY PROVISIONS** **(Heading amended, SG No. 61/2002)**

§ 1. Within the meaning given by this Act:

1. "Investor" shall be:

(a) a person who puts cash resources or other property rights at risk for his or her own account by means of acquisition, holding and transfer of securities, without possessing the requisite qualifications and experience (non-professional investor);

(b) (repealed, SG No. 52/2007).

(c) (supplemented, SG No. 39/2005, amended, SG No. 77/2011, SG No. 109/2013, effective 20.12.2013, SG No. 42/2016) a bank, a collective investment scheme and a sovereign investment fund, an insurance company, a pension fund or another corporation the scope of activities of which requires acquisition, holding and transfer of securities (institutional investor).

2. (Supplemented, SG No. 61/2002, amended, SG No. 86/2006, SG No. 52/2007, SG No. 15/2018, effective 16.02.2018) "Financial instruments" shall mean the financial instruments within the meaning of Article 4 of the Markets in Financial Instruments Act.

3. "Rights" shall be securities entitling the holder to subscribe for a specified number of shares in connection with a passed resolution on an increase of capital of a public company.

4. "Warrant" shall be a security expressing the holder's right to subscribe for a specified number of securities at a fixed or determinable issue price for a stated time period in the future.

5. (Amended, SG No. 86/2006, repealed, SG No. 52/2007, new, SG No. 103/2012) "Rights in respect of shares subscribed" shall mean securities issued on the basis of shares subscribed when exercising rights in the case of a capital increase of a public company.

6. (Amended, SG No. 86/2006, repealed, SG No. 52/2007).

7. (Amended, SG No. 86/2006, repealed, SG No. 52/2007).

8. (New, SG No. 61/2002, amended, SG No. 42/2016) "Significant transactions" shall be any transaction which:

a) results or may reasonably be expected to result in a favourable or unfavourable change in an amount of 5 or more percent of the issuer's revenues, profit, other financial indicator, as well as the market price of the securities issued by the issuer, and/or

b) is likely to influence the investors when making an investment decision or when exercising the voting right of the securities.

9. (Renumbered from Item 8, SG No. 61/2002, supplemented, SG No. 52/2007, effective 3.07.2007, amended, SG No. 42/2016) "Issuer" shall be the person, non-personified company or trust which is obligated under the securities:

(a) which the said person is issuing or has issued by means of a initial public offering, inter alia upon incorporation of the company and/or;

(b) which have been admitted to trading on a regulated securities market.

In the cases of depositary receipts admitted to trade on a regulated market, "issuer" shall be the person who has issued the underlying securities, regardless of whether these securities have been admitted to trade on a regulated market.

10. (New, SG No. 103/2012) "A public company's subsidiary" shall be a company in which the public company exercises control within the meaning of Item 14.

11. (Renumbered from Item 9, SG No. 61/2002, renumbered from Item 10, SG No. 103/2012) "Subscription" shall be an unconditional and irrevocable expression of will to acquire securities in a process of issuing and to pay the issue price thereof.

12. (Renumbered from Item 10, SG No. 61/2002, renumbered from Item 11, SG No. 103/2012) "Underwriting" shall be in effect where, according to a contract with the issuer, an investment intermediary subscribes or undertakes to subscribe for its own account for part or all securities of a single issue in a process of issuing and to offer the said issue for primary distribution to the public.

13. (Renumbered from Item 11, SG No. 61/2002, renumbered from Item 12, SG No. 103/2012) "Related parties" shall comprehend:

(a) (amended, SG No. 39/2005) any two persons, of whom one controls the other person or a subsidiary thereof;

(b) any number of persons whereof the activity is controlled by a third party;

(c) any number of persons who jointly control a third party;

(d) (amended, SG No. 39/2005) spouses, lineal relatives up to any degree and collateral relatives up to the fourth degree of consanguinity, and relatives by marriage up to the fourth degree of affinity inclusive.

14. (Renumbered from Item 12, amended, SG No. 61/2002, renumbered from Item 13, SG No. 103/2012) "Control" shall be in effect where a person:

(a) holds, inter alia through a subsidiary or by virtue of an agreement entered into with another person, more than 50 per cent of the number of votes in the General Meeting of a company or another legal person; or

(b) (supplemented, SG No. 39/2005) may designate, whether directly or indirectly, more than one-half of the members of the management body or the supervisory body of a legal person; or

(c) may in any other way exert decisive influence on decision making in connection with the business of a legal person.

15. (Renumbered from Item 13, SG No. 61/2002, renumbered from Item 14, SG No. 103/2012) "Clearing" shall be the mutual offsetting of counterclaims between parties to transactions in securities.

16. (Renumbered from Item 14, SG No. 61/2002, renumbered from Item 15, SG No. 103/2012) "Settlement" shall be the discharge of obligations arising from a transaction in securities to register the said securities on a securities account held by the transferee with the Central Depository and to pay for the said securities.

17. (Renumbered from Item 15, SG No. 61/2002, repealed, SG No. 52/2007, effective 3.07.2007, renumbered from Item 16, SG No. 103/2012).

18. (Renumbered from Item 16, SG No. 61/2002, renumbered from Item 17, SG No. 103/2012) "Systematic violation" shall be in effect where three or more administrative violations of the Act or of the instruments for the application thereof have been committed within a single year.

19. (Renumbered from Item 18, SG No. 61/2002, repealed, SG No. 52/2007, effective 3.07.2007).

20. (Renumbered from Item 19, SG No. 61/2002) "Balance-sheet value per share" shall be the quotient of the value of equity capital as shown in the balance sheet and the number of shares issued.

21. (Renumbered from Item 20, SG No. 61/2002) "Administration of securities" shall be the performance of acts, by contract with a public company or an issuer of debt securities for the account of the said parties, connected to exercise of the rights attaching to securities, such as distribution of dividend, interest, principal, rights, scrip issues, effecting or verifying payments in connection with securities, circulation of reports and notices of general meeting and other acts



connected to the acts hereinabove listed.

22. (Renumbered from Item 21, SG No. 61/2002, amended, SG No. 39/2005, repealed, SG No. 77/2011).
23. (New, SG No. 61/2002) "National daily newspaper" shall be a newspaper which is published every business day and is distributed throughout the territory of Bulgaria.
24. (New, SG No. 61/2002) "Repeated violation" shall be any violation which shall be committed within one year after the entry into force of a penalty decree whereby the offender was penalized for a violation of the same kind.
25. (New, SG No. 61/2002) "Market price" shall be the amount of money for which a particular asset should sell at the point of appraisal in a direct transaction between informed, unrelated and willing seller and buyer.
26. (New, SG No. 39/2005, amended and supplemented, SG No. 86/2006, repealed, SG No. 77/2011)
27. (New, SG No. 86/2006) "Money market instruments" shall be instruments normally dealt in on the money market, such as short-term government securities (Treasury bills), certificates of deposit and commercial paper, excluding instruments of payment.
28. (New, SG No. 86/2006) "Certificate of deposit" shall be commercial paper issued by a bank against a time deposit of money.
29. (New, SG No. 86/2006, amended, SG No. 42/2016) "Depository receipts" shall be securities which are issued on the basis of underlying securities and which confer on the holders thereof a right to exercise the rights attaching to the underlying securities.
30. (New, SG No. 86/2006) "Depository receipts in respect of shares" shall be securities which represent the right of the holder thereof to receive income from the issuer to an amount depending on the income accruing to the issuer from the shares of another issuer, and the right to exchange the receipts for shares.
31. (New, SG No. 86/2006, repealed, SG No. 77/2011).
32. (New, SG No. 86/2006) "Offeror" shall be a person who or which offers securities issued thereby to the public
33. (New, SG No. 86/2006) "Person asking for admission of securities to trading on a regulated market" shall be a person which, operating for its own account, makes a request for admission of securities to trading on a regulated market.
34. (New, SG No. 86/2006) "Offsetting transaction" shall be a transaction whereby a transaction reverse to an existing transaction is effected in order to liquidate the position.
35. (New, SG No. 86/2006) "Member State" shall be a State which is a Member of the European Union, or another State which belongs to the European Economic Area.
36. (New, SG No. 86/2006) "Third country" shall be a State which is not a Member State within the meaning given by Item 35.
37. (New, SG No. 86/2006, repealed, SG No. 77/2011).
38. (New, SG No. 86/2006, supplemented, SG No. 25/2007, repealed, SG No. 77/2011).
39. (New, SG No. 86/2006, supplemented, SG No. 25/2007, repealed, SG No. 77/2011).
40. (New, SG No. 25/2007, repealed, SG No. 42/2016).
41. (New, SG No. 52/2007, supplemented, SG No. 42/2016, amended, SG No. 76/2016, effective 30.09.2016) "Regulated information" shall be all information which the issuer, or any other person who has applied for the admission of securities to trading on a regulated market without the issuer's consent, is required to disclose under Chapter Six "a", Section II, Section IIa, Chapter Eleven, Section I of this Act and under Chapter Three of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ, L 173/1 of 12.6.2014) and the statutory instruments for their application.
42. (New, SG No. 52/2007) "Electronic means" are means of electronic equipment for the processing, including digital compression, storage and transmission of data, employing wires, radio, optical technologies, or any other electromagnetic means.
43. (New, SG No. 52/2007) "Shareholder" within the meaning of Chapter Eight and Chapter Eleven, Section I, shall be a

person holding, directly or indirectly:

- a) shares of the issuer on his own behalf and on his account;
- b) shares of the issuer on his own behalf but on account of another person;
- c) depository receipts and in this case the holders of depository receipts shall be considered shareholders of underlying shares in respect of which the depository receipts are issued.

44. (New, SG No. 52/2007) "Controlled company" within the meaning of this Chapter Six "a" and Chapter Eleven, Section I, shall be a company in which a person:

- a) holds, including through a subsidiary, more than half of the votes in the general meeting;
- b) has the right to determine more than half of the members of the management or supervisory body and is a shareholder or partner in the said company; in the case of the first sentence added to the votes of the controlled company shall be the votes over which it exercises control, as well as the votes of the persons who act on their own behalf but on its account or on account of a person controlled by it;
- c) is a shareholder or partner and controls independently by virtue of an agreement with other shareholders or partners in such company more than half of the votes in the general meeting;
- d) has the right to exercise or actually exercises a decisive influence over the company.

45. (New, SG No. 52/2007) "Market maker" means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against his proprietary capital at prices defined by him.

46. (New, SG No. 52/2007) "Tender offer" means a public offer made by the offeror at his discretion or by virtue of law for purchase and/or exchange of all or part of the voting shares in the general meeting of the public company, which follows or has as its objective the acquisition of voting shares in the general meeting of the offeree company above the thresholds set out in law for making a tender offer.

47. (New, SG No. 52/2007) "Offeree company" means a company the securities of which are the subject of a tender offer.

48. (New, SG No. 52/2007) "Tender offeror" means a natural or legal person who makes a tender offer.

49. (New, SG No. 62/2017) "Legal Entity Identifier" is a 20-character alphanumeric code that allows unique identification of the legal entities operating in global financial markets.

**§ 1a.** (New, SG No. 61/2002, amended, SG No. 61/2015\*) Chapters Three, Five and Nine herein shall apply, mutatis mutandis, to any transactions and acts involving compensation notes and home-purchase savings compensation notes under the Indemnification of Nationalized Property Owners Act, as well as involving registered compensation vouchers under the Agricultural Land Ownership and Use Act and the Act Restoring Ownership of Forests and Forest Stock Land Tracts.

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*\*This amendment concerns new spelling of a Bulgarian word which does not affect the English version.*

**§ 1b.** (New, SG No. 86/2006, amended, SG No. 52/2007) The provisions of Title Three, Chapter Nine shall apply to financial instruments mutatis mutandis.

**§ 1c.** (New, SG No. 42/2016) When applying Articles 145, 146 and 148a, the persons shall be obligated to comply with the regulatory technical standards adopted by the European Commission for determining:

1. the method of calculation of the 5 percent threshold specified in Article 145, Paragraphs 5 and 6, including in the case of a group of companies;
2. the method of calculation of the number of voting rights under Article 148a (1) as regards financial instruments based on an index or on a basket of shares;
3. the methods for determining the "delta" coefficient under Article 148a (3) for the purpose of calculating the voting

rights associated with financial instruments conferring a right to cash settlement only.

**§ 1d.** (New, SG No. 68/2006, previous § 1c, SG No. 42/2016) This Act transposes the provisions of:

1. (Repealed, SG No. 77/2011).
2. (Repealed, SG No. 52/2007).
3. Directive 97/9/EC of the European Parliament and of the Council on investor-compensation schemes;
4. Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.
5. (Repealed, SG No. 52/2007).
6. (New, SG No. 52/2007, effective 3.07.2007, amended, SG No. 42/2016) Directive 2004/109/EEC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.
7. (New, SG No. 52/2007, effective 3.07.2007, amended, SG No. 42/2016) Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regarding take-over offers.
8. (New, SG No. 23/2009) Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (OJ, L 184/17, 14 July 2007).
9. (New, SG No. 21/2012) Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ, L 331/120 of 15 December 2010).
10. (New, SG No. 103/2012) Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ, L 327/1 of 11 December 2010).
11. (New, SG No. 42/2016) Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 for Amendment of Directives 2004/109/EC of the European Parliament and of the Council harmonisation of the transparency requirements in respect of the information on the issuers whose securities have been admitted to trade on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading, and Directive 2007/14/EC of the Commission of the Commission on specifying detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ, L 294/13 of 6 November 2013).
12. (New, SG No. 42/2016) Article 20 of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 regarding the annual financial statements, the consolidated financial statements and the related reports of certain types of undertakings and for amending Directive 2006/43/EC of the European Parliament and of the Council and for repealing Directives 78/660/EEC and 83/349/EEC of the Council (OJ, L 182/19 of 29 June 2013).

**§ 1e.** (New, SG No. 42/2016) (1) (Amended, SG No. 62/2017) The requirement for submission, as per the procedure established by Article 100r (4), of financial statements to the Commission in accordance with Article 100m, Paragraph 1, Paragraph 2, and Paragraph 4, Item 1 (only in the cases of mandatory independent financial audit pursuant to Article 37 of the Accountancy Act), Items 2, 4 and 5, as well as Article 100n (1), (2), (4) and (5), shall also be applied to the persons whose activity is regulated under the Energy Act and the Water Supply and Sewerage Services Regulation Act by the Energy and Water Regulatory Commission, and to the commercial undertakings with more than 50% municipal participation in their capital. The persons referred to in the first sentence shall prepare and present their financial statements in accordance with an applicable accounting basis determined as per the procedure established by Chapter Four of the Accountancy Act.

(2) (New, SG No. 62/2017) The requirements of Item 1 of Article 100m (7) shall not apply to the persons referred to in Paragraph 1.

(3) (Renumbered from Paragraph 2, SG No. 62/2017) Paragraph 1 shall not apply to undertakings which meet any two of the following criteria:

1. (amended, SG No. 62/2017) average number of staff for the reporting period – up to 10 people;
2. (amended, SG No. 62/2017) balance sheet value of the assets as of the end of the reporting period – up to BGN 2,000,000;
3. (amended, SG No. 62/2017) net revenues from sales for the year – up to BGN 1,000,000.

## **TRANSITIONAL AND FINAL PROVISIONS**

**§ 2.** This Act shall supersede the Securities, Stock Exchanges and Investment Companies Act (promulgated in the State Gazette No. 63 of 1995; amended in Nos. 68 and 85 of 1996, Nos. 52 and 94 of 1997, Nos. 42, 52 and 127 of 1998, SG No. 29 of 1999).

**§ 3.** (1) Any statutory instruments adopted by the Council of Ministers for the application of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded shall continue in effect insofar as the said instruments do not conflict this Act.

(2) (Amended, SG No. 61/2002, repealed, SG No. 59/2006).

**§ 4.** Upon the entry of this Act into force, the Securities and Stock Exchanges Commission established under Article 5 of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded shall be renamed Bulgarian National Securities Commission. The Chairperson, the Deputy Chairperson and the members of the Securities and Stock Exchanges Commission shall retain the powers thereof until the expiration of the term of office wherefor they have been elected.

**§ 5.** (1) Any authorizations, approvals and endorsements granted according to the procedure established by the Securities, Stock Exchanges and Investment Companies Act as hereby superseded shall continue in effect, and the persons who or which have been granted such authorizations, approvals and endorsements, as well as the banks which have been granted authorization to effect the transactions referred to in Item 4 of Article 1 (2) of the Banking Act, shall be obligated to bring the organization and operation thereof into conformity with the requirements of this Act within three months after the entry of the said Act into force.

(2) Any person, which has been granted authorization to carry on business under Item 2 of Article 129 (1) of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded and under Item 7 of Article 1(2) of the Banking Act since the entry into force of the provision of Article 168 (1) of this Act, shall discontinue the performance of such activities.

(3) Any investment companies, whereinto the privatization funds have reorganized the business thereof, shall be obligated to bring the assets thereof into conformity with the requirements of Articles 195 and 196 or Article 201 herein, as the case may be, within one year after the entry of this Act into force.

(4) Any existing investment companies shall bring the capital thereof into conformity with the minimum amount under Article 166 (1) or (2) herein within one year after the entry of this Act into force.

(5) (Effective 30.12.1999) Any companies, wherein the shares were traded on the official market of the stock exchange without a prospectus in pursuance of § 2a (of the Transitional and Final Provisions) of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded, may be traded without a prospectus under Article 102 (3) herein until the lapse of six months after the entry of this Act into force.

**§ 6.** Any proceedings for the grant of authorizations, approvals and endorsements commenced according to the procedure established by the Securities, Stock Exchanges and Investment Companies Act as hereby superseded shall continue according to the procedure established by this Act. The Deputy Chairperson in charge of the Investment Activity Supervision Department shall give the parties concerned grace to bring the organization and operation thereof into

conformity with the provisions of this Act.

**§ 7.** (1) Any company covered under Article 83a (1) of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded shall be a public company until expungement thereof in the register of the Deputy Chairperson in charge of the Investment Activity Supervision Department according to the procedure established by Article 119 of this Act.

(2) Any company covered under Item 2 of Article 83a (1) of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded, which has not registered at the Deputy Chairperson in charge of the Investment Activity Supervision Department upon the entry of this Act into force, shall be obligated to submit an application completed in a standard form as prepared by the said Deputy Chairperson for registration as a public company within fourteen days after the entry of this Act into force. The said registration shall be effected under the terms and according to the procedure established by this Act.

**§ 8.** Until the grant of authorization by the Deputy Chairperson in charge of the Investment Activity Supervision Department under Article 46 herein, any securities which have not been admitted to the official market of a stock exchange shall be traded only on a stock exchange under the terms and according to the procedure established by the Rules and Regulations of the said exchange. In such a case, Article 44 (4) herein shall not apply.

**§ 9.** Any existing non-public company, which has issued dematerialized securities, shall be obligated to register the said securities at the Central Depository or to make a decision on conversion of the said securities into physical securities within three months after the entry of this Act into force.

**§ 10.** (1) The provisions of this Act regarding the public offering of, and trading in, securities shall not apply in respect of:

1. (amended, SG No. 28/2002, SG No. 61/2002) sale of any shares in the cases of privatization, save as where the sale is effected on a stock exchange or under terms of tender offering;

2. sale of any shares indirectly held by the State through the Bank Consolidation Company PLC of Sofia, or through any holding company which is controlled by the State, save where the said sale is effected on a regulated securities market.

(2) (Amended, SG No. 28/2002, SG No. 61/2002) In respect of the buyers of shares under privatization transactions and under transactions with the Bank Consolidation Company PLC, an obligation under Article 149 (1) herein shall not attach if they exceed the threshold of 50 per cent of the votes in the General Meeting of any public company, nor shall an obligation attach under Article 149 (6) herein if they exceed the threshold of two-thirds of the votes as a result of any such transaction. The exemption referred to in the first sentence shall not apply if the transaction has been concluded on a stock exchange.

(3) Article 113 herein shall not apply in the cases where a contract for privatization predating the entry of this Act into force expressly provides for an increase of capital of the company according to the procedure established by Article 195 of the Commerce Act in favour of the purchaser under the said contract. In such cases, the company shall notify the Deputy Chairperson in charge of the Investment Activity Supervision Department and the regulated securities market whereon shares issued thereby have been admitted for trading of the existence of such a contract within fourteen days after the entry of this Act into force.

(4) (Repealed, SG No. 28/2002).

(5) (Amended, SG No. 28/2002. supplemented, SG No. 61/2002) Any share issues which are subject to sale in whole or in part by a decision made according to the procedure established by Article 32 (1) of the Privatization and Post-privatization Control Act, shall be dematerialized and sentence two of Article 185 (2) of the Commerce Act shall not apply thereto, obviating the need to record the alterations in the Articles of Association of the companies. The General Meeting of any company which has ceased to be public may resolve on conversion of the shares in the said company into physical securities and on inclusion of terms for the transfer of the said shares into the Articles of Association.

(6) (New, SG No. 61/2002) The restrictions under Article 111 (4) herein regarding the issuance of preference shares by a public company shall not apply in the cases of privatization of companies of national importance, where the preference shares are held by the State.

**§ 10a.** (New, SG No. 31/2003) (1) In the cases of privatization according to the procedure established by Item 1 of

Article 32 (1) of the Privatization and Post-privatization Control Act of a state-owned participating interest not exceeding 50 per cent of the capital, a tender offering can be made according to the procedure established by Article 149a herein, inter alia, where the offeror holds less than 90 per cent but not less than two-thirds of the votes in the General Meeting of the company, and the majority required under Item 3 of Article 119 (1) herein shall be three-quarters.

(2) A trade offering under Paragraph 1 may not be made prior to the lapse of twelve months after conclusion of the sale.

**§ 10b.** (New, SG No. 52/2007, effective 3.07.2007) (1) Where at the date of entry into force of Article 157c the voting shares of the offeree company, in accordance with Article 157c, Paragraph 4, have been admitted to trading simultaneously on a regulated market in the Republic of Bulgaria and in another Member State, the Commission and the competent authority of that Member State shall determine jointly who will exercise supervision of the tender offering within 4 weeks from its entry into force. If the competent authorities of the Member States fail to specify who of them shall exercise supervision of the tender offering the offeree company shall determine the authority on the first day of trading following the expiry of the time limit under the first sentence.

(2) The Commission shall make public the decision under Paragraph 1, determining it to exercise supervision of the tender offering

**§ 11.** (Amended, SG No. 8/2003) Any person who holds an office referred to in Article 133 (2) herein upon the entry of this Act into force shall sign the respective declarations within fourteen days after the entry of this Act into force.

**§ 12.** The Banking Act (promulgated in the State Gazette No. 52 of 1997; amended in Nos. 15, 21, 52, 70 and 89 of 1998, Nos. 54 and 103 of 1999) shall be amended as follows:

1. In Paragraph 2 of Article 1:

(a) Item 4 shall be amended to read as follows:

"4. transactions covered under Article 54 (1) of the Public Offering of Securities Act."

(b) Item 7 shall be repealed.

2. In Article 1, Item 6 of Paragraph 5 shall be amended to read as follows:

"6. transactions covered under Article 54 (1) of the Public Offering of Securities Act,"

3. Article 16 shall be amended as follows:

(a) in Paragraph 3 the words "and 7" shall be deleted, and the words "the Securities, Stock Exchanges and Investment Companies Act" shall be replaced by "the Public Offering of Securities Act";

(b) there shall be added the following new paragraph:

"(4) Prior to pronouncing on any application for effecting of transactions covered under Item 4 of Article 1 (2) herein, the Central Bank shall take into consideration the observations in writing of the Bulgarian National Securities Commission, should the said observations be presented within one month after being requested in writing from the Commission by the Central Bank."

**§ 13.** The Commerce Act (promulgated in the State Gazette No. 48 of 1991; amended and supplemented in Nos. 25 of 1992, Nos. 61 and 103 of 1993, SG No. 63 of 1994, SG No. 63 of 1995, Nos. 42, 59, 83, 86 and 104 of 1996, Nos. 58, 100 and 124 of 1997, Nos. 52 and 70 of 1998, Nos. 33, 42, 64, 81, 90 and 103 of 1999) shall be amended as follows:

1. In Article 119, there shall be added the following new paragraph:

"(3) A requisite authorization shall have to be presented for recording in the Commercial Register of the conduct of business of any investment intermediary, as well as of any other business whereof the conduct is subject to authorization by a state body as required by a separate statute."

2. In Article 174, there shall be added the following new paragraph:

"(3) A requisite authorization shall have to be presented for recording in the Commercial Register of the conduct of banking and insurance business, business of a stock exchange, investment intermediary, management company and any other business whereof the conduct is subject to authorization by a state body as required by a separate statute."

3. In Article 187a, Paragraph 3 shall be repealed.

4. Article 187b shall be amended to read as follows:

"Dematerialized Shares

Article 187b

Any joint-stock company may furthermore issue shares which are not represented by share certificates. The issuing and disposition of dematerialized shares shall be effected according to a procedure established by statute."

5. In Article 192, there shall be added the following new paragraph:

"(7) An approval of a prospectus shall have to be presented for recording of any increase of capital by subscription, save in the cases where no such prospectus is required by the law."

6. In Article 204, Paragraphs (1) and (2) shall be amended to read as follows:

"(1) No joint-stock company may issue bonds earlier than two years after the recording thereof in the Commercial Register and unless two Annual Financial Statements have been approved by the General Meeting.

(2) The requirement under Paragraph 1 shall not apply to any bonds issued or guaranteed by banks or by the State."

**§ 14.** In Paragraph 2 of Article 32 of the Administrative Violations and Sanctions Act (promulgated in the State Gazette No. 92 of 1969; amended and supplemented in No. 54 of 1978, SG No. 28 of 1982, Nos. 28 and 101 of 1983, SG No. 89 of 1986, SG No. 24 of 1987, SG No. 94 of 1990, SG No. 105 of 1991, SG No. 59 of 1992, SG No. 102 of 1995, Nos. 12 and 110 of 1996, Nos. 11, 15, 59, 85 and 89 of 1998, Nos. 51 and 67 of 1999), after the word "legislation" there shall be inserted "or regarding the application of the Public Offering of Securities Act".

**§ 15.** The Privatization Funds Act (promulgated in the State Gazette No. 1 of 1996; amended in Nos. 68 and 85 of 1996, Nos. 39 and 52 of 1998) shall be amended as follows:

1. In Paragraph 1 of Article 2, the words "Securities and Stock Exchanges Commission" shall be replaced by "Bulgarian National Securities Commission".

2. Throughout the Act, the words "Securities, Stock Exchanges and Investment Companies Act" shall be replaced by "Public Offering of Securities Act".

**§ 16.** (1) (Amended, SG No. 67/2003) The Financial Supervision Commission shall adopt ordinances for the application of this Act.

(2) (Amended, SG No. 67/2003) The Financial Supervision Commission shall adopt ordinances regarding:

1. the terms and a procedure for sale of securities not held by the transferor;

2. the requirements to securities which are acquired by investors for the first time not under terms of initial public offering and to the transactions in such securities;

3. relaxed requirements to investment, inter alia in corporeal immovables, compared to the requirements established in Articles 175, 195, 196 and 201 herein, effective up to five years after the entry of this Act into force;

4. (new, SG No. 61/2002) the terms and a procedure for restitution of wrongfully acquired proceeds to the persons aggrieved according to Article 221 (10) herein;

5. (new, SG No. 61/2002, repealed, SG No. 42/2016).

(3) (Repealed, SG No. 93/2002).

**§ 17.** (1) (Amended, SG No. 8/2003) This Act shall enter into force one month after the date of promulgation thereof in the State Gazette with the exception of the provision under Article 168 (1) herein, which shall enter into force six months after the entry of this Act into force. The provisions under Article 18 (4) and Item 1 of Article 68 (1) herein shall have a retroactive effect as from the 1st day of January 1999. The provisions under Article 113 and § 5 (5) herein shall enter into

force on the date of promulgation of this Act in the State Gazette.

(2) The regulated securities markets licensed by the Bulgarian National Securities Commission (a stock exchange and an over-the-counter market) shall submit the Rules and Regulations for the operation thereof conforming to the requirements of this Act to the Deputy Chairperson in charge of the Investment Activity Supervision Department for endorsement within three months after the entry of this Act into force.

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## TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Public Offering of Securities Act

(Promulgated, SG No. 61/2002)

§ 91. (1) The provisions of this Act regarding the increase of capital of a public company shall not apply if the resolution on increase of capital was passed prior to the date of entry of this Act into force but not later than one year prior to the said date and the subscription for shares will not commence later than six months after the entry of this Act into force.

(2) The provisions of this Act regarding an expungement of a public company under Article 119 (of the Public Offering of Securities Act) shall not apply if the application on expungement enclosing the requisite documents has been submitted to the Commission prior to the entry of this Act into force.

(3) The obligation to effect tender offering, attaching to any persons who or which have acquired more than two-thirds of the votes in the General Meeting of any public company, shall not attach in respect to any persons who or which acquired the said votes prior to the entry of this Act into force.

(4) In any proceedings regarding tender offers, instituted prior to the entry of this Act into force, the Commission, if necessary, shall give the persons grace to bring the said tender offers in conformity with the provisions of this Act.

§ 92. The public companies shall be obligated to bring the articles of association thereof and the complements of the boards thereof in conformity with this Act at the earliest General Meeting convened after the entry of this Act into force.

§ 93. (1) The procedure, contents and form of declaration of circumstances under Article 145 (1) and (2) (of the Public Offering of Securities Act) shall be established by a decision of the Commission until adoption of the relevant ordinance referred to in Article 145 (5) (of the Public Offering of Securities Act).

(2) The Commission shall make the decision referred to in Paragraph (1) within fourteen days after the entry of this Act into force and shall make the said decision public by means of providing the said decision to a news agency and via the Internet site of the Commission.

(3) The persons who or which, upon the entry of this Act into force, may exercise, under the terms established by Article 48 (of the Public Offering of Securities Act), 5 per cent and more of the voting power in the General Meeting of a company whereof the shares have been admitted to trading on a regulated market shall be obligated to effect notification under Article 145 (1) and (2) (of the Public Offering of Securities Act) and to declare the relevant circumstances to the Commission within three months after expiration of the time limit referred to in Paragraph 2. For non-fulfilment of this obligation, the persons shall incur liability under Article 221 (5) (of the Public Offering of Securities Act).

§ 94. The requirements to the application of valuation methods referred to in Article 122 (9), Article 126c and Article 150 (6) (of the Public Offering of Securities Act) shall be established by a decision of the Commission until adoption of the relevant ordinance.

§ 95. Throughout the Act:

1. The words "accounting reports" shall be replaced by "financial statements".

2. The words "certified by a certified public accountant or specialized auditing entity" shall be replaced by "audited by a registered auditor".



- 3. The words "certified by a certified public accountant" shall be replaced by "audited by a registered auditor".
- 4. The words "Article 40 (1) of the Accountancy Act" shall be replaced by "Article 26 (1) of the Accountancy Act".

TRANSITIONAL AND FINAL PROVISIONS

to the Financial Supervision Commission Act  
(Promulgated, SG No. 8/2003, effective 1.03.2003)

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§ 5. The statutory instruments of secondary legislation adopted on the application of the Public Offering of Securities Act, the Insurance Act, the Compulsory Social Insurance Code, the Supplementary Voluntary Retirement Insurance Act, the Health Insurance Act and the Protection in Unemployment and Employment Promotion Act shall continue in effect insofar as they do not come into conflict with this Act.

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§ 8. The Public Offering of Securities Act (promulgated in the State Gazette No. 114 of 1999; amended in Nos. 63 and 92 of 2000, Nos. 28, 61, 93 and 101 of 2002) shall be amended as follows:

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- 2. Articles 9, 10, 11, 12, 13, 14, 15, 16, 16a, 17, 18 and 19, as well as any references made thereto in the Act, shall be repealed.
  - 3. Throughout the Act, the words "the Commission" shall be replaced by "the Deputy Chairperson in charge of the Investment Activity Supervision Department", with the exception of Chapter Two, Sections II and IV of Chapter Three, Section II of Chapter Five, Section III of Chapter Six, Section I of Chapter Seven, Section II of Chapter Eleven, Chapter Fourteen, Chapter Fifteen and Section II of Chapter Eighteen, where the words "the Commission" shall be replaced by "the Financial Supervision Commission".
- .....

ACT to Amend and Supplement the Public Offering of Securities Act  
(Promulgated, SG No. 39/2005)

Supplementary Provisions

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§ 134. In Article 29, Article 36, Article 40 (3), Article 90, Article 92, Article 93 (1), (6) and (7), Article 112d, Article 140, Item 1 of Article 149 (1), Article 149 (4), Article 149a (2) and (3), Article 149b (1) and (4), Article 151 (1), (2) and (3), Article 157, Article 157a (1), Article 163 and Article 209 (of the Public Offering of Securities Act), the words "the Financial Supervision Commission" shall be replaced by "the Commission".

§ 135. In Article 51 (1) and (2), Article 83, Article 100 (3), Article 107 (3), Article 108 (1), sentence two of Article 112a (3), Article 119 (4), (5), (6) and (7), Article 126f (1), Article 135 (1), Article 197 (2), Article 222 (1) and Item 22 of § 1 of the Supplementary Provisions (of the Public Offering of Securities Act), the words "the Deputy Chairperson in charge of the Investment Activity Supervision Department" shall be replaced by "the Deputy Chairperson".

§ 136. In Article 44 (2), Article 47, Article 51 (3), Article 52, Article 76, Article 78 (2), Article 79a (2), Article 84 (1), (2) and (3), Article 85 (1) and (2), Article 87, Article 88, Article 95 (1), Article 96, Article 100 (1), Article 100b (3), Article 100f (2), Item 1 of Article 100g (1), Item 1 of Article 100g (2), Article 107 (2), the first sentence of Article 112a (3), Article 114b (1), Article 115b (2), Article 116 (10), Item 4 of Article 116d (3), Article 141 (3), Article 142 passim, Article 145 (1), (4) and (6), Article 193 (9) passim, Article 217 (3) passim, Article 218 (1), (5), (6) and (7) and Article

220 (3) (of the Public Offering of Securities Act), the words "the Deputy Chairperson in charge of the Investment Activity Supervision Department" shall be replaced by "the Commission".

§ 137. Throughout Sections I and II of Chapter Three, Chapter Four, Sections I and II of Chapter Five, Chapter Fourteen, Sections I and II of Chapter Eighteen (of the Public Offering of Securities Act), the words "authorization" and "the authorization" shall be replaced, respectively, by "licence" and "the licence".

#### Transitional and Final Provisions

§ 138. Not later than the 31st day of January 2006, all investment intermediaries shall be obligated to submit an application for the issuing of a new licence for conduct of business in an investment-intermediary capacity depending on the services and activities covered under Article 54 (2) and (3) (of the Public Offering of Securities Act) which they intend to offer.

§ 139. Any existing investment intermediaries, management companies and banks shall be obligated to register the registered shares or interim certificates issued thereby as dematerialized at the Central Depository within six months after the entry of this Act into force.

§ 140. (1) All management companies shall bring the capital thereof into conformity with the minimum amount referred to in Article 203 (1) (of the Public Offering of Securities Act) not later than the 1st day of January 2006.

(2) Not later than the 31st day of January 2006, all management companies shall be obligated to submit applications for the issuing of a new licence for conduct of business in a management-company capacity depending on the services referred to in Article 202 (1) and (2) (of the Public Offering of Securities Act) which they intend to provide.

§ 141. (1) Any companies, which had more than 10,000 shareholders on the last day of the two last calendar years preceding the entry of this Act into force, shall likewise be public.

(2) The companies referred to in Paragraph 1 shall be obligated to bring the business thereof into conformity with the requirements of the law within six months after the entry of this Act into force.

(3) The company shall be obligated to declare the shares or interim certificates issued thereby for recording in the register of the Commission within the time limit referred to in Paragraph 2, and to request the admission of the said shares or certificates for trading on a regulated market within seven days after the recording in the register.

§ 142. (1) The members of the Management Board of the Compensation Fund for Investors in Securities shall be elected within three months after the entry of this Act into force, and the term of office thereof shall begin to run from the entry of this Act into force.

(2) The members of the first complement of the Management Board of the Compensation Fund for Investors in Securities, composed according to this Act, shall be elected for the following term of office:

1. the Chairperson: for five years;
2. the Deputy Chairperson: for four years;
3. the other members: for three years.

§ 143. The level of cover provided for under Article 77d (1) (of the Public Offering of Securities Act) is hereby fixed as follows:

1. until the 31st day of December 2006: BGN 12,000;
2. from the 1st day of January to the 31st day of December 2007: BGN 24,000;
3. from the 1st day of January 2008 to the 31st day of December 2009: BGN 30,000;
4. from the 1st day of January 2010: BGN 40,000.

§ 144. (1) Any investment intermediaries, which have obtained a licence (authorization) for conduct of business prior to the entry of this Act into force, shall be obligated to make an entrance contribution to the Compensation Fund for Investors in Securities within one month after the election of the members of the first complement of the Management Board of the Fund.

(2) The persons referred to in Paragraph 1 shall be obligated to make the annual contribution to the Compensation Fund for Investors in Securities for 2005 not later than the 31st day of January 2006. The annual contribution for 2005 shall amount to 0.5 per cent of the total amount of the funds and 0.1 per cent of the total amount of the rest of the clients' assets for the last quarter of 2005, determined on an average monthly basis.

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§ 153. The statutory instruments of secondary legislation, provided for in this Act, shall be issued within six months after the entry of this Act into force.

§ 154. The provisions of § 17, 18 and 19 herein, as well as all references to the provisions amended thereby, shall enter into force on the 1st day of January 2006 with the exception of the requirement for payment up of the entire amount of capital within fourteen days after receipt of a notification referred to in Article 63 (2) (of the Public Offering of Securities Act).

§ 155. The provision of § 52 herein regarding the requirements for public companies under Article 94 (1) and (2), Article 95 and Article 98a (of the Public Offering of Securities Act) shall enter into force on the 1st day of January 2006.

§ 156. (1) The provisions of § 34 and § 126 herein shall enter into force as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union.

(2) Until the entry into force of the provisions referred to in Paragraph 1, any non-resident collective investment scheme which has its registered office or whose management company has its registered office in a Member State of the European Union or in another State participating in the European Economic Area may offer the securities thereof to the public in the Republic of Bulgaria in compliance with the provisions of Article 211k (1) and (3) (of the Public Offering of Securities Act).

(3) Any non-resident collective investment schemes, which offer the securities thereof to the public in the Republic of Bulgaria upon the entry of this Act into force, shall be obligated to bring the business thereof into conformity with Article 211k (1) and (3) (of the Public Offering of Securities Act) within nine months after the entry of this Act into force.

(\* )ACT to Amend the Commercial Register Act

(SG No. 80/2006, effective 3.10.2006)

§ 1. In § 56 of the Transitional and Final Provisions the words "1 October 2006" shall be replaced by "1 July 2007".

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#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Public Offering of Securities Act

(Promulgated, SG No. 86/2006, effective 1.01.2007)

§ 147. Any proceedings for the issuance of a confirmation of a prospectus, which are pending upon the entry into force of this Act, shall continue according to the procedure established by this Act. The Commission shall allow the parties concerned time to bring the prospectuses thereof into conformity with the requirements of this Act.

§ 148. For 2006, the investment intermediaries which are banks shall pay the contribution referred to in Article 77m (2)

[of the Public Offering of Securities Act] to the Compensation Fund for Investors in Securities within the time limit and according to the procedure established in Article 77m (4) [of the Public Offering of Securities Act].

.....

§ 150. This Act shall enter into force on the 1st day of January 2007, with the exception of § 8, 9, 39, 41, 42, 43, 76, 86 and Item 3 of § 106, which shall enter into force three days after the promulgation of this Act in the State Gazette.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Markets in Financial Instruments Act

(SG No. 52/2007, effective 1.11.2007)

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§ 7. The Public Offering of Securities Act (promulgated, SG No. 114/1999; amended, Nos. 63 and 92/2000, Nos. 28, 61, 93 and 101/2002, Nos. 8, 31, 67 and 71/2003, SG No. 37/2004, Nos. 19, 31, 39, 103 and 105/2005, Nos. 30, 33, 34, 59, 63, 84, 86 and 105/2006, SG No. 25/2007) shall be amended and supplemented as follows:

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17. Everywhere in Chapter Five, Section IV the words "securities", "in securities" and "the securities" shall be replaced by "financial instruments", "in financial instruments" and "the financial instruments".

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§ 26. The statutory instruments for the application of the Public Offering of Securities Act adopted until entry into force of this Act shall apply to the extent they do not conflict it.

§ 27. (1) This Act shall come into force on 1 November 2007 with the exception of § 7, items 6, 7, 8, 18, 19, 22 - 24, 26 - 28, 30 - 40, item 44 "b", items 47, 48, item 49 "a", items 50 - 62, 67, 68, 70, 71, 72, 75, 76, 77, item 83 "a" and "d", item 85 "a", items 91, 93, 94, item 98 "a", "aa", sentence two regarding the exchange, "bb", sentence two regarding the exchange, "cc", sentence two regarding the exchange, and "dd", sentence two regarding the exchange, item 99 "d" and "e", item 101 "b" and item 102, § 8, § 9, item 4 "a", items 5 and 7, § 14, item 1 and § 19, which shall enter into force three days after promulgation of the Act in the "State Gazette".

(2) Paragraph 7, items 6, 7 and 8 shall apply until 1 November 2007.

(\*\*)ACT to amend the Commercial Register Act

(SG No. 53/2007, effective 30.06.2007)

§ 1. In § 56 of transitional and final provisions the words "1 July 2007" shall be replaced by "1 January 2008".

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ACT to Amend and Supplement

to the Ministry of Interior Act

(SG No. 93/2009, effective 24.12.2009)

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Supplementary Provision

§ 59. (Effective 24.11.2009 - SG No. 93/2009) This Act introduces:

- 1. The Convention on the establishment of a European Police Office (Europol) adopted on 26 July 1995 (ratified by law, SG No. 105/2006, non-promulgated) and Council Decision 2002/187/JHA of 28 February 2002 setting up Eurojust with a view to reinforcing the fight against serious crime.
- 2. Council Framework Decision 2006/960/JHA of 18 December 2006 on simplifying the exchange of information and intelligence between law enforcement authorities of the Member States of the European Union.

Transitional and Final Provisions

§ 60. Upon entry into force of this Act, existing civil service relations of civil servants employed in the Ministry of Interior shall be retained as per Article 87a of the Civil Servants Act.

§ 61. Upon entry into force of this Act, existing employment relations of persons working in the Ministry of Interior under employment contracts shall not be terminated, in accordance with Article 123 of the Labour Code.

§ 62. (Effective 24.11.2009 - SG No. 93/2009) Incumbent investigating police officers who do not comply with the requirements set out in Article 217(1) shall perform the investigation functions assigned to them in the course of two years from the date of entry into force of this Act.

§ 63. (Effective 24.11.2009 - SG No. 93/2009) The Ministry of Interior shall be the legal successor of assets, liabilities, rights and obligations of the Ministry of Emergency Situations rendered defunct by the National Assembly's Decision adopting the structure of the Council of Ministers of the Republic of Bulgaria (SG No. 60/2009), as well as of any documents which are not subject to archiving under the procedure of the National Archives Stock Act.

§ 64. (Effective 24.11.2009 - SG No. 93/2009) The following persons shall be appointed to the Ministry of Interior without a competition held to this effect and without the special requirements of Article 179, Paragraphs 1(4) and 3 being met: civil servants employed under civil service relations and officials employed under employment relations with the Minister of Emergency Situations who perform functions relating to protection in cases of disasters and enabling citizens' access to the emergency services via the National Emergency Call System Employing the Single European Number "112" prior to the date of entry into force of the National Assembly's Decision adopting the structure of the Council of Ministers of the Republic of Bulgaria (SG No. 60/2009), which rendered the Ministry of Emergency Situations defunct.

§ 65. (Effective 24.11.2009 - SG No. 93/2009) Prior to 31 December 2009, employees under § 64 shall be paid their relevant remunerations, benefits and clothing allowances, as set according to the existing statutory procedure.

§ 66. (Effective 24.11.2009 - SG No. 93/2009) Upon entry into force of this Act, existing civil service relations of civil servants, as well as employment relations of persons working in the Special Courier Service under employment contracts shall not be terminated. The aforementioned relations shall be transformed, accordingly, into civil service or employment relations as employees of the Ministry of Interior, whereby the persons concerned shall be appointed to the same positions which they held prior to the employment relation transformation.

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TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the

Payment Services and Payment Systems Act

(SG No. 101/2010, effective 30.06.2011)

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§ 69. This Act shall enter into force on 30 June 2010 with the exception of:

- 1. § 1 - 16, § 41 - 56, § 62 and 66, which shall enter into force on 30 April 2011.
- 2. § 60 and 68, which shall enter into force on 31 December 2010.

FINAL PROVISIONS  
of the Act to Amend and Supplement  
the Public Offering of Securities Act  
(SG No. 103/2012)

.....

§ 85. Paragraph 29 shall enter into force as from the date of its promulgation in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS  
to the Act to Amend and Supplement to the Bank Bankruptcy Act  
(SG No. 33/2016, effective 26.04.2016)

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§ 32. The receiver of a bank subjected to insolvency proceedings shall disclose the list under Article 63, Paragraph 12, item 5 of the Credit Institutions Act within 6 months of the entry into force of this Act.

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TRANSITIONAL AND FINAL PROVISIONS  
to the Act to Amend and Supplement the Public Offering of Securities Act  
(SG No. 42/2016)

§ 42. After 1 January 2020, the issuer shall prepare the annual financial activity report under Article 100m in a unified electronic format of reporting, provided that the European Commission adopts the regulatory technical standards for specification of such format.

§ 43. The Deputy Chairperson of the Financial Supervision Commission in charge of Investment Activity Supervision Directorate shall approve a corporate management code within the meaning of Article 100m, Paragraph 8, Item 1, Letter "a" within a time limit of one month from the entry into force of this act.

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TRANSITIONAL AND FINAL PROVISIONS  
to the Implementation of the Measures against Market Abuse with Financial Instruments Act  
(SG No. 76/2016, effective 30.09.2016)

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§ 5. Persons who operate in the field of financial services shall adopt the rules referred to in Article 9 (2) within three months of the entry into force of this Act.

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§ 12. (1) Management companies and collective investment schemes shall bring their operations in line with the requirements of § 6 within three months of the entry of this Act into force.

(2) A management company, which prior to the entry of this Act into force has appointed a depositary of a collective investment scheme, which does not satisfy the requirements provided for in Item 13 of § 6, shall appoint a new depositary complying with the requirements of the Act by 18 March 2018.

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TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Public Offering of Securities Act

(SG No. 62/2017)

§ 57. Associations under Item 3 of Article 77f(3) shall make proposals for a member of the Management Board of the Fund upon the first expiration of the term of office of a member of the Management Board after the entry into force of this Act.

§ 58. Changes in bond issues existing before the entry into force of this Act and admitted to trading on a regulated market can be made in compliance with the requirements of Article 100b (3) and (4).

§ 59. (1) Within three months of the entry into force of this Act the Financial Supervision Commission, on a motion by the Deputy Chairperson in charge of the Investment Activity Supervision Department, shall adopt resolutions for expungement from the register, referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act, of public companies which, until the entry into force of this Act, have not been re-registered by registration in the Commercial Register.

(2) Within three months of the entry into force of this Act the Financial Supervision Commission, on a motion by the Deputy Chairperson in charge of the Investment Activity Supervision Department, shall adopt resolutions for expungement from the register, referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act, of public companies which have been declared bankrupt before the entry into force of this Act.

§ 60. Issuers of securities, admitted to trading on a regulated market before the entry into force of this Act, shall be obliged to file applications for the issuance of Legal Entity Identifiers by 30 November 2017.

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§ 69. § 7 and § 34 enter into force as of 1 January 2018.

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Customs Act

(SG No. 24/2018)

§ 17. Everywhere in the Public Offering Of Securities Act (promulgated, SG No. 114/1999; amended, SG No. 63 and 92/2000, SG No. 28, 61, 93 and 101/2002, SG No. 8, 31, 67 and 71/2003, SG No. 37/2004, SG No. 19, 31, 39, 103 and 105/2005, SG No. 30, 33, 34, 59, 63, 80, 84, 86 and 105/2006, SG No. 25, 52, 53 and 109/2007, SG No. 67 and 69/2008, SG No. 23, 24, 42 and 93/2009, SG No. 43 and 101/2010, SG No. 57 and 77/2011, SG No. 21 and 94/2012, SG No. 103 and 109/2013, SG No. 34, 61, 62, 95 and 102/2015, SG No. 33, 42, 62 and 76/2016, SG No. 62, 91 and 95/2017 and SG No. 7 and 15/2018) the words "item 5 of Article 30 (1) of the Financial Supervision Commission Act" shall be replaced by "item 3 of Article 30 (1) of the Financial Supervision Commission Act".

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