

# Financial Supervision Commission Act

Promulgated, State Gazette No. 8/28.01.2003, effective 1.03.2003, amended, SG No. 31/4.04.2003, amended and supplemented, SG No. 67/29.07.2003, amended, SG No. 112/23.12.2003, amended and supplemented, SG No. 85/28.09.2004, SG No. 39/10.05.2005, SG No. 103/23.12.2005, effective 1.01.2006, amended, SG No. 105/29.12.2005, effective 1.01.2006, SG No. 30/11.04.2006, effective 12.07.2006, SG No. 56/11.07.2006, effective 1.01.2007, SG No. 59/21.07.2006, effective 1.01.2007, amended and supplemented, SG No. 84/17.10.2006, effective 1.01.2007, SG No. 52/29.06.2007, effective 1.11.2007, SG No. 97/23.11.2007, amended, SG No. 109/20.12.2007, effective 1.01.2008, supplemented, SG No. 67/29.07.2008, amended, SG No. 24/31.03.2009, effective 31.03.2009, supplemented, SG No. 42/5.06.2009, amended and supplemented, SG No. 43/8.06.2010, amended, SG No. 97/10.12.2010, effective 10.12.2010, amended and supplemented, SG No. 77/4.10.2011, SG No. 21/13.03.2012, SG No. 38/18.05.2012, effective 1.07.2012, amended, SG No. 60/7.08.2012, effective 7.08.2012, SG No. 102/21.12.2012, effective 1.01.2013, amended and supplemented, SG No. 103/28.12.2012, amended, SG No. 15/15.02.2013, effective 1.01.2014, amended and supplemented, SG No. 109/20.12.2013, effective 20.12.2013, SG No. 34/12.05.2015, SG No. 62/14.08.2015, effective 14.08.2015, SG No. 102/29.12.2015, effective 1.01.2016, SG No. 42/3.06.2016, SG No. 76/30.09.2016, effective 30.09.2016; amended with Judgment No. 10/6.07.2017 by the Constitutional Court of the Republic of Bulgaria - SG No. 57/14.07.2017; amended, SG No. 62/1.08.2017, amended and supplemented, SG No. 92/17.11.2017, SG No. 95/28.11.2017, effective 1.01.2018, supplemented, SG No. 103/28.12.2017, effective 1.01.2018, amended and supplemented, SG No. 7/19.01.2018, SG No. 15/16.02.2018, effective 16.02.2018, amended, SG No. 24/16.03.2018, amended and supplemented, SG No. 27/27.03.2018, amended, SG No. 77/18.09.2018, effective 1.01.2019

Text in Bulgarian: Закон за Комисията за финансов надзор

## Chapter One GENERAL PROVISIONS

Subject-matter of Act

**Article 1.** (1) This Act shall provide for the establishment, scope of activities, structure, functions, and operation of the Financial Supervision Commission.

(2) Within the meaning given by this Act, financial supervision shall be the supervision over:

1. (supplemented, SG No. 52/2007, SG No. 43/2010, amended and supplemented, SG No. 77/2011, supplemented, SG No. 103/2012, amended and supplemented, SG No. 109/2013, effective 20.12.2013, supplemented, SG No. 62/2015, effective 14.08.2015, SG No. 42/2016, amended, SG No. 76/2016, effective 30.09.2016, SG No. 95/2017, effective 1.01.2018, supplemented, SG No. 15/2018, effective 16.02.2018) the activities of the regulated securities markets, investment firms, tied agents, multilateral trading systems, including growth markets, the organised trading systems, central securities depositories, the Investor Compensation Fund, data reporting services providers, collective investment schemes, national investment funds and management companies, alternative investment fund managers, including venture capital fund managers, social entrepreneurship funds or long-term investment funds, individuals who conduct transactions directly in securities and investment advice, public companies and other issuers of securities, credit rating agencies, central counterparties, benchmark administrators under the Public Offering of Securities Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments, the Recovery and Resolution of Credit Institutions and Investment Firms Act and the Collective Investment Schemes and Other Undertakings for Collective Investments Act, Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ, L 201/1 of 27 July 2012), hereinafter referred to as "Regulation 648/2012", Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ, L 302/1 of 17 November 2009), hereinafter referred to as "Regulation 1060/2009", Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on the indices used as benchmarks in financial instruments and financial

contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014 (OJ, L 171/1, of 29 June 2016), hereinafter referred to as "Regulation (EU) No. 2016/1011", Regulation (EU) No. 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ, L 115/1 of 25 April 2013), hereinafter referred to as "Regulation (EU) No. 345/2013", Regulation (EU) No. 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ, L 115/18 of 25 April 2013), hereinafter referred to as "Regulation (EU) No. 346/2013", and Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (OJ, L 123/98 of 19 May 2015), hereinafter referred to as "Regulation (EU) 2015/760";

2. (supplemented, SG No. 67/2003, SG No. 97/2007, amended, SG No. 60/2012, effective 7.08.2012, SG No. 102/2015, effective 1.01.2016) activities of insurers under the Insurance Code and the Health Insurance Act, activities of reinsurers, insurance brokers and insurance agents under the Insurance Code and the activity of the Guarantee Fund under Article 518 of the Insurance Code;

3. (amended, SG No. 67/2003, SG No. 92/2017) activities of supplementary social insurance companies, of funds managed thereby and of the social insurance intermediaries according to the Social Insurance Code;

4. (new, SG No. 43/2010, repealed, SG No. 103/2012, new, SG No. 95/2017, effective 1.01.2018) activities of other entities that have obligations under the acts referred to in Items 1 and 2;

5. (new, SG No. 95/2017, effective 1.01.2018) activities of the persons under Items 1 – 4, as well as non-financial counterparties, persons with net short positions in financial instruments, persons who are parties to the securities financing transactions and of other persons in connection with the implementation of the requirements of Regulation 1060/2009, Regulation 648/2012, Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ, L 86/1 of 24 March 2012), hereinafter referred to as "Regulation (EU) No. 236/2012", Regulation (EC) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (OJ, L 176/1 of 27 June 2013), hereinafter referred to as "Regulation (EU) No. 575/2013", Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012 (OJ, L 257/1 of 28 August 2014), hereinafter referred to as "Regulation (EU) No. 909/2014", Regulation (EU) No. 2016/1011, Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (OJ L 173/84 of 12 June 2014), hereinafter referred to as "Regulation (EU) No. 600/2014", Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (OJ, L 9, 352/1 of 9 December 2014), hereinafter referred to as "Regulation (EU) No. 1286/2014", 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 June 2014), hereinafter referred to as "Regulation (EU) No. 596/2014", and Regulation (EU) No. 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012 (OJ, L 337/1 of 23 December 2015), hereinafter referred to as "Regulation (EU) No. 2015/2365".

(3) The Financial Supervision Commission, the authorities thereof and empowered officials shall exercise supervision through:

1. issuance of authorizations (licences) and approvals, as well as refusals to issue such authorizations and approvals;
2. conduct of off-site and on-site inspections on the operations of the persons covered under Paragraph (2);
3. application of coercive administrative measures and imposition of administrative sanctions.

(4) The provisions of this Act shall not apply to:

1. the National Social Security Institute;
2. the National Health Insurance Fund.

## **Chapter Two**

# **STATUS, STRUCTURE AND MANAGEMENT OF FINANCIAL SUPERVISION COMMISSION**

## Financial Supervision Commission Status

**Article 2.** (1) There shall be established a Financial Supervision Commission, hereinafter referred to as "the Commission."

(2) The Commission shall be a specialized state body for regulation and supervision of the activities of persons covered under Article 1 (2) herein, hereinafter referred to as "supervised persons".

(3) The Commission shall be a public-financed legal person with a head office in Sofia. It may establish territorial divisions.

(4) The Commission, in exercising the powers thereof, shall be independent of the executive branch of government, and shall be accountable for the activities thereof under this Act to the National Assembly.

## Commission Membership

**Article 3.** (Amended, SG No. 43/2010) The Commission shall consist of five members:

1. a Chairperson
2. a Deputy Chairperson in charge of the Investment Activity Supervision Department;
3. a Deputy Chairperson in charge of the Insurance Supervision Department;
4. a Deputy Chairperson in charge of the Social Insurance Supervision Department;
5. a Member of the Commission supporting its policy for analysis and assessment of the risks of the financial markets, enhancement of the supervisory practice and protection of the interests of investors, insured and social-insured persons.

## Eligibility Requirements for Commission Members

**Article 4.** (1) (Amended, SG No. 43/2010, SG No. 95/2017, effective 1.01.2018) The members of the Commission may be only Bulgarian citizens with higher education and with minimum educational qualification degree "master" in economics, finance, law, mathematics, informatics and other appropriate fields with a view to the supervision and the regulation of the non-banking financial sector, who have good reputation, knowledge, skills and professional experience and have relevant employment and/or service experience of no less than 5 years for the last 10 years.

(2) (New, SG No. 95/2017, effective 1.01.2018) For the members of the Commission the relevant employment and/or service experience under Paragraph 1 shall be acquired:

1. at governmental institutions or other public entities;
2. at a banking and/or a non-banking financial sector regulatory authority;
3. at a bank and/or an undertaking from the non-banking financial sector;
4. at a management position with functions for financial management and/or control at undertakings in the non-financial sector.

(3) (Renumbered from Paragraph 2, SG No. 95/2017, effective 1.01.2018) Members of the Commission shall be elected among persons who:

1. have not been convicted of an intentional publicly prosecutable offence;
2. have not been adjudicated bankrupt as sole traders, unlimited partners in commercial corporations, and are not subject to bankruptcy proceedings;
3. have not been members of a management or supervisory body of a corporation or, respectively, a co operative, wound

up through bankruptcy during the two years last preceding the date of adjudication in bankruptcy, if there are unsatisfied creditors;

4. are not managing directors, executive directors, members of a management or supervisory body, or unlimited partners in a supervised person within the meaning given by this Act;

5. (supplemented, SG No. 42/2009) are not spouses or de facto cohabitants or lineal or collateral relatives up to the third degree of consanguinity, or affines up to the third degree of affinity, to another member of the Commission or to a person covered under Item 4;

6. do not exercise control over a supervised person within the meaning given by this Act;

7. (new, SG No. 43/2010) do not hold, directly or through related persons, over 5 percent of the votes in the general meeting or of the capital of the supervised person.

(4) (Amended, SG No. 112/2003, SG No. 85/2004, SG No. 43/2010, renumbered from Paragraph 3, supplemented, SG No. 95/2017, effective 1.01.2018) The members of the Commission may not engage in any other salaried activities except teaching or scientific and research activities, or as members of international organisations or of European supervision authorities in connection with the activities of the Commission.

(5) (Amended, SG No. 112/2003, SG No. 85/2004, SG No. 43/2010, SG No. 95/2017, effective 1.01.2018) The circumstances covered under Items 2 - 7 of Paragraph (3) and Paragraph (4) shall be declared by the members of the Commission before the President of the National Assembly upon assumption of office.

(6) (Repealed, SG No. 112/2003, renumbered from Paragraph 4, new, SG No. 103/2017, effective 1.01.2018) The circumstances under Paragraph 2, item 1 shall be established ex officio by the administration of the National Assembly.

## Commission Members Election

**Article 5.** (1) (Amended, SG No. 43/2010) The Chairperson of the Commission shall be elected by the National Assembly.

(2) (New, SG No. 43/2010) The National Assembly shall elect the remaining members of the Commission following a proposal by its Chairperson.

(3) (Renumbered from Paragraph 2, SG No. 43/2010) Upon assumption of office, the members of the Commission shall take before the National Assembly the following oath: "I do swear in the name of the Republic of Bulgaria to observe the Constitution and the laws of this country, to work for the implementation of the objectives of the Financial Supervision Commission, guided by the principles of independence, impartiality and good faith in the discharge of the duties assigned to me by the law. I have sworn".

(4) (Renumbered from Paragraph 3, SG No. 43/2010; declared unconstitutional with Judgment No. 10 by the Constitutional Court of the Republic of Bulgaria - SG No. 57/2017)

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Any irregularities in the election of a Member of the Commission shall not vitiate the decisions of the Commission.

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## Term of Office of Commission Members

**Article 6.** (1) (Amended, SG No. 43/2010) The term of office of the members of the Commission shall be 6 years. The election of new members of the Commission shall be held not earlier than three months and not later than one month before the expiry of the term of office of the acting members. The members of the Commission shall perform their functions even after the expiry of their term of office until the new members assume office.

(2) The term of office of a member of the Commission shall be terminated before the expiry of the said term by the National Assembly:

1. upon tendering of resignation;
2. in the event of actual inability of a member to discharge the duties thereof for more than six months;
3. (amended, SG No. 95/2017, effective 1.01.2018) if the member no longer satisfies the eligibility requirements covered under Article 4 (3) herein;
4. (amended, SG No. 112/2003, SG No. 95/2017, effective 1.01.2018) in the event of a violation of Article 4 (4) herein;
5. if the member fails to attend three or more successive sessions of the Commission without good reasons;
6. (new, SG No. 42/2009, amended, SG No. 97/2010, effective 10.12.2010, SG No. 7/2018) upon entry into force of an act which ascertains any conflict of interest under the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act.

(3) In case of a pre-term termination of a member of the Commission's term of office, a replacement shall be elected to serve the remainder of the said member's term of office.

## Remuneration

**Article 7.** (Supplemented, SG No. 85/2004, amended, SG No. 43/2010, SG No. 38/2012, effective 1.07.2012, SG No. 95/2017, effective 1.01.2018) (1) The remuneration of the Chairperson and of the other members of the Commission shall be determined in accordance with the internal rules for the payroll, adopted by the Commission, and the remuneration may not be lower than the average remuneration of permanent nature of the members of the management bodies in investment firms, management companies, insurers, reinsurers and pension insurance companies, determined on the basis of the last reporting year, and shall not exceed the level of remuneration of the Governor and Deputy Governors of the Bulgarian National Bank.

(2) The Chairperson and the other members of the Commission shall enjoy all rights granted under any employment relationship, excluding those rights that are incompatible with or contrary to their legal status.

(3) The Chairperson and the other members of the Commission shall receive an extra performance-based remuneration, determined in accordance with the procedure and manner set out in the internal rules for the payroll.

## Commission Sessions

**Article 8.** (1) (Supplemented, SG No. 43/2010, SG No. 95/2017, effective 1.01.2018) The sessions shall be convened by the Chairperson on his/her initiative or upon a member's request. The Commission shall sit at least four times a month and the agenda of the session shall be approved by the Commission.

(2) The sessions of the Commission shall be chaired by the Chairperson and, in the absence thereof, by a Deputy Chairperson designated by the Chairperson.

(3) The Commission may sit if more than one half of the members thereof are present.

(4) (Amended, SG No. 43/2010) The decisions of the Commission shall be adopted by a majority of not fewer than three votes.

(5) No abstentions shall be admissible.

## Transparency of Commission Operation

**Article 9.** (1) The Commission shall make public the policy pursued and the practice established in application of the statutory instruments, as well as the reasoning for any revision of such instruments.

(2) The policy pursued in application of the statutory instruments, referred to in Paragraph (1), shall cover the means chosen and employed by the Commission in exercising its operational independence for attaining the purposes of the law.

(3) The Commission shall issue an ordinance establishing the procedure for access to the documents in its custody, as well as the terms for obtaining certified transcripts of the said documents.

## Commission Structure

**Article 10.** (1) (Amended, SG No. 38/2012, effective 1.07.2012) The Commission shall be supported by an administration, organized in three principal departments - Investment Activity Supervision Department, Insurance Supervision Department, and Social Insurance Supervision Department, each of the said departments being directly managed by a Deputy Chairperson of the Commission.

(2) Within the powers vested therein by law, the Deputy Chairpersons shall organize, direct, and be in charge of the operation of the respective department.

(3) (Amended, SG No. 43/2010) On a motion by each Deputy Chairperson, the Commission shall designate another Deputy Chairperson or member as deputy of the said Deputy Chairperson, who shall exercise the powers thereof in case of absence.

(4) (New, SG No. 43/2010) In performing his/her duties under this Act, the member of the Commission referred to in Article 3, Item 5 herein shall be assisted by one or more structural units of the Commission, specified in the Rules of the Commission.

(5) (New, SG No. 102/2005, renumbered from Paragraph 4, SG No. 43/2010) In the case of earlier termination of the Commission's Deputy-Chairperson's term in office the Chairperson shall appoint another member to replace him/her and perform his/her duties until the appointment of the new Deputy-Chairperson.

(6) (Renumbered from Paragraph 4, SG No. 103/2005, renumbered from Paragraph 5, SG No. 43/2010) The Commission shall establish by its Rules the structure, specific functions and responsibilities of the departments and directorates, the procedure for interaction among them, and the powers of the officials in charge.

(7) (New, SG No. 38/2012, effective 1.07.2012, repealed, SG No. 95/2017, effective 1.01.2018).

## Chapter Three

### **OBJECTIVES, FUNCTIONS AND POWERS OF THE COMMISSION AND ITS AUTHORITIES**

#### Commission Objectives

**Article 11.** In performing the functions and powers assigned thereto by this Act, the Commission shall be guided by the following objectives:

1. to protect the interests of investors, commercial insured and social-insured persons;
2. (supplemented, SG No. 43/2010) to ensure stability, transparency and credibility of the financial markets, including with the help of rules and risk management systems for these markets;
3. (new, SG No. 43/2010) to ensure an adequate and stable infrastructure at the financial markets.

#### Commission Functions

**Article 12.** (1) (Previous text of Article 12, SG No. 34/2015) The Commission, together with its authorities, shall perform the following functions:

1. (supplemented, SG No. 43/2010) regulate the activities of supervised persons and, to this end, adopt ordinances provided for by law, and issue instructions and directions in line with the objectives specified in Article 11 herein;
2. (supplemented, SG No. 52/2007, SG No. 43/2010, SG No. 77/2011, amended, SG No. 62/2015, effective 14.08.2015, SG No. 76/2016, effective 30.09.2016) exercise state supervision under the Public Offering of Securities Act, the

Implementation of the Measures against Market Abuse with Financial Instruments Act, the Special Purpose Investment Companies Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Markets in Financial Instruments Act and the Recovery and Resolution of Credit Institutions and Investment Firms Act;

3. (supplemented, SG No. 67/2003) exercise state insurance supervision under the Insurance Act and the Health Insurance Act;

4. (amended, SG No. 67/2003) exercise state social insurance supervision under the Social Insurance Code;

5. (new, SG No. 43/2010, amended, SG No. 103/2012, SG No. 95/2017, effective 1.01.2018) be the competent authority for the implementation of Regulation (EU) No. 1060/2009;

6. (new, SG No. 103/2012, amended, SG No. 95/2017, effective 1.01.2018) be the competent authority for the implementation of Regulation (EU) No. 236/2012, except where these have been expressly placed within the competence of the Minister of Finance under the Government Debt Act, and also be the authority responsible for the coordination of the cooperation and exchange of information under Article 32 (2) of Regulation (EU) No. 236/2012;

7. (new, SG No. 109/2013, effective 20.12.2013, amended, SG No. 95/2017, effective 1.01.2018, supplemented, SG No. 15/2018, effective 16.02.2018) be the competent authority for the implementation of Regulation (EU) No. 648/2012 in the cases provided for in this Act;

8. (new, SG No. 34/2015, amended, SG No. 95/2017, effective 1.01.2018) be the competent authority in the Republic of Bulgaria for supervising investment firms within the meaning given by point 40 of Article 4 (1) of Regulation (EU) No. 575/2013;

9. (new, SG No. 62/2015, effective 14.08.2015) is a resolution authority under the Recovery and Resolution of Credit Institutions and Investment Firms Act;

10. (new, SG No. 42/2016, amended, SG No. 95/2017, effective 1.01.2018) be the competent authority for the implementation of Regulation (EU) No. 345/2013;

11. (new, SG No. 42/2016, amended, SG No. 95/2017, effective 1.01.2018) be the competent authority for the implementation of Regulation (EU) No. 346/2013;

12. (new, SG No. 42/2016, amended, SG No. 95/2017, effective 1.01.2018) be the competent authority for the implementation of Regulation (EU) No. 909/2014;

13. (new, SG No. 42/2016, amended, SG No. 95/2017, effective 1.01.2018) be the competent authority for the implementation of Regulation (EU) 2015/760;

14. (new, SG No. 76/2016, effective 30.09.2016, amended, SG No. 95/2017, effective 1.01.2018) be the competent authority for the implementation of Regulation (EU) No. 596/2014;

15. (new, SG No. 15/2018 effective 16.02.2018) is the competent authority for the application of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (OJ, L 173/84 of 12 June 2014), hereinafter referred to as "Regulation (EU) No. 600/2014", in respect of the financial instruments;

16. (new, SG No. 15/2018 effective 16.02.2018) is the competent authority for the application of Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ, L 352/1 of 9 December 2014), hereinafter referred to as "Regulation (EU) No. 1286/2014", in respect of packaged retail and insurance-based investment products, created, sold and recommended by Commission regulated persons;

17. (new, SG No. 15/2018 effective 16.02.2018) is the competent authority for the application of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014 (OJ, L 171/1 of 29 June 2016), hereinafter referred to as "Regulation (EU) 2016/1011", with the exception of the cases subject to the express competence of the Bulgarian National Bank, and shall also be an authority responsible for coordinating the cooperation and exchange of information pursuant to Article 40, paragraph 2 of Regulation (EU) 2016/1011;

18. (New, SG No. 15/2018 effective 16.02.2018) is the competent authority for the application of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012 (OJ, L 337/1 of 23 December 2015), hereinafter

referred to as "Regulation (EU) 2015/2365", in the cases set out herein;

19. (new, SG No. 43/2010, renumbered from Item 6, SG No. 103/2012, renumbered from Item 7, SG No. 109/2013, effective 20.12.2013, renumbered from Item 8, SG No. 34/2015, renumbered from Item 9, SG No. 62/2015, renumbered from Item 10, SG No. 42/2016, renumbered from Item 14, SG No. 76/2016, effective 30.09.2016, renumbered from Item 15, SG No. 15/2018, effective 16.02.2018) develop and implement rules and risk management systems for financial markets;

20. (new, SG No. 27/2018) be a supervisory authority under the Measures Against Money Laundering Act and the Measures Against the Financing of Terrorism Act.

(2) (New, SG No. 34/2015) In exercising the functions and powers thereof, the Commission and the authorities thereof shall take into account the possible impact of the decisions thereof on the stability of the financial system in the Republic of Bulgaria, as well as in the other Member States affected, including in emergency situation. The assessment shall be based on the information available at the time of making a decision.

## Commission Powers

**Article 13.** (1) The Commission shall have the following powers:

1. adopt Rules of Organization and Operation thereof;
2. adopt and publish main guidelines for the activities thereof;
3. adopt ordinances and instructions where so provided for in a law;
4. (amended, SG No. 67/2003, supplemented, SG No. 84/2006, SG No. 52/2007, SG No. 43/2010, SG No. 77/2011, SG No. 62/2015, effective 14.08.2015, SG No. 76/2016, effective 30.09.2016) give written directions regarding the application and interpretation of the Social Insurance Code, the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and the Markets in Financial Instruments Act, the Recovery and Resolution of Credit Institutions and Investment Firms Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Insurance Code, the Implementation of the Measures against Market Abuse with Financial Instruments Act and the Health Insurance Act, as well as of the statutory instruments of secondary legislation on the application thereof in connection with the exercise of financial supervision;
5. (amended, SG No. 67/2003, supplemented, SG No. 52/2007, SG No. 43/2010, SG No. 77/2011, amended, SG No. 60/2012, effective 7.08.2012) acting on a motion by the Deputy Chairperson in charge of the respective area of supervision, issue or refuse to issue and withdraw the authorizations (licences) for conduct of activities regulated by the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and the Markets in Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Insurance Act, and the Social Insurance Code, as provided for in the said laws;
6. (amended, SG No. 67/2003, supplemented, SG No. 52/2007, SG No. 43/2010, SG No. 77/2011, amended, SG No. 95/2017, effective 1.01.2018) acting on a motion by the Deputy Chairperson in charge of the respective area of supervision, issue or refuse to issue authorisations and approvals under the Public Offering of Securities Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Insurance Code, and the Social Insurance Code;
7. (new, SG No. 95/2017, effective 1.01.2018) acting on a motion by the Deputy Chairperson in charge of the respective area of supervision, register or deregister persons from the register under Article 30 (1) in the cases set out in the Public Offering of Securities Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Insurance Code, and the Social Insurance Code;
8. (supplemented, SG No. 67/2003, renumbered Item 7, SG No. 95/2017, effective 1.01.2018) in the cases provided for in a law, make decision on submission to the court of a petition in bankruptcy for a supervised person;
9. (supplemented, SG No. 43/2010, SG No. 77/2011, renumbered Item 8, SG No. 95/2017, effective 1.01.2018) under the terms and according to the procedure established by the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Special Purpose Investment Companies Act, and acting on a motion by the Deputy Chairperson in charge of the respective area of supervision, issue or refuse to issue confirmations of prospectuses for public offering of securities or registration of issues for sale on a regulated securities

market;

10. (renumbered Item 9, SG No. 95/2017, effective 1.01.2018) acting on a motion by the Deputy Chairperson in charge of the respective area of supervision, issue a temporary or final prohibition against publication of tender offers for purchase or exchange of shares as provided for in Section II of Chapter Eleven of the Public Offering of Securities Act;
11. (amended, SG No. 67/2003, supplemented, SG No. 52/2007, SG No. 43/2010, SG No. 77/2011, amended, SG No. 60/2012, effective 7.08.2012, renumbered Item 10, SG No. 95/2017, effective 1.01.2018) appoint a conservator in the cases provided for in the Public Offering of Securities Act, the Special Purpose Investment Companies Act, and the Markets in Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Insurance Act and the Social Insurance Code;
12. (amended, SG No. 67/2003, supplemented, SG No. 52/2007, SG No. 77/2011, amended, SG No. 60/2012, effective 7.08.2012, renumbered Item 11, SG No. 95/2017, effective 1.01.2018) issue written orders for the dismissal of one or more persons empowered to manage and represent a supervised person, in the cases provided for in the Public Offering of Securities Act, and the Markets in Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Insurance Act and the Social Insurance Code;
13. (new, SG No. 85/2004, repealed, SG No. 103/2005, new, SG No. 43/2010, amended, SG No. 103/2012, renumbered Item 12, SG No. 95/2017, effective 1.01.2018) acting on a motion by the Deputy Chairperson in charge of the respective area, perform the duties and undertake the actions in connection with the implementation of Regulation No. 1060/2009, as well as undertake the actions envisaged in Regulation (EU) No. 236/2012;
14. (new, SG No. 85/2004, repealed, SG No. 103/2005, new, SG No. 62/2015, effective 14.08.2015, renumbered Item 13, SG No. 95/2017, effective 1.01.2018) exercise the powers of a resolution authority under the Recovery and Resolution of Credit Institutions and Investment Firms Act;
15. (new, SG No. 85/2004, repealed, SG No. 103/2005, new, SG No. 42/2016, renumbered Item 14, SG No. 95/2017, effective 1.01.2018) at the proposal of the respective sectoral Deputy Chairperson, exercise the powers and take measures relating to the implementation of Regulation (EU) No. 345/2013 and Regulation (EU) No. 346/2013;
16. (new, SG No. 85/2004, repealed, SG No. 103/2005, new, SG No. 42/2016, renumbered Item 15, SG No. 95/2017, effective 1.01.2018) at the proposal of the respective sectoral Deputy Chairperson, issue, refuse to issue or withdraw the authorisations envisaged in Regulation (EU) 2015/760, and exercise other powers and take measures relating to its implementation;
17. (new, SG No. 85/2004, repealed, SG No. 103/2005, new, SG No. 42/2016, renumbered Item 16, supplemented, SG No. 95/2017, effective 1.01.2018) acting on a motion by a Deputy Chairperson in charge of the respective area of supervision, issue, refuse to issue or withdraw the licences, authorisations and approvals envisaged in Regulation (EU) No. 909/2014, and exercise the powers specified in Articles 13, 14, 15 of Regulation (EU) No. 909/2014;
18. (new, SG No. 76/2016, effective 30.09.2016, renumbered Item 17, SG No. 95/2017, effective 1.01.2018 ) acting on a proposal by the sectoral Deputy Chairperson, exercise the powers relating to the implementation of Regulation (EU) No. 596/2014;
19. (new, SG No. 95/2017, effective 1.01.2018) acting on a motion by a Deputy Chairperson in charge of the respective area of supervision, lodge claims upon:
  - a) the establishment of inadmissibility or invalidity of entries in the Commercial Register, as well as for the non-existence of an entered circumstance;
  - (b) the enunciation as null and void of transactions related to the activities of the persons controlled by the Commission, or concluded in violation of the Public Offering of Securities Act and the statutory instruments on the application thereof;
  - (c) revocation of a resolution passed by the general meeting of a public company, where the said resolution is in conflict with the mandatory provisions of the Public Offering of Securities Act or with the Articles of Association of the company; any such action shall be brought against the company before the district court exercising jurisdiction over the registered office of the company within fourteen days after receipt of the minutes of proceedings at the session of the General Meeting;
  - (d) declaring the invalidity of agreements under Article 37 (6) of the Collective Investment Schemes and other Undertakings for Collective Investments Act;
20. (new, SG No. 95/2017, effective 1.01.2018) acting on a motion by a Deputy Chairperson in charge of the respective area of supervision, examine and rule on the complaints under Article 33(3), Article 49(4), Article 52(2) and Article

53(3) of Regulation (EU) No. 909/2014 within 30 days of their receipt in accordance with a procedure specified in the Rules of the Commission;

21. (new, SG No. 95/2017, effective 1.01.2018) acting on a motion by a Deputy Chairperson in charge of the respective area of supervision, enforce the coercive administrative measures laid down in the Public Offering of Securities Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the Insurance Code and the Social Insurance Code, which are within the express competence of the Commission;

22. (renumbered from Item 12, SG No. 85/2004, renumbered from Item 17, SG No. 76/2016, effective 30.09.2016, renumbered from Item 18, SG No. 95/2017, effective 1.01.2018) on the basis of a report referred to in Paragraph (5), pronounce on appeals against individual administrative acts issued by the Deputy Chairpersons of the Commission;

23. (renumbered from Item 13, SG No. 85/2004, supplemented, SG No. 84/2006, amended, SG No. 97/2007, supplemented, SG No. 43/2010, renumbered from Item 18, SG No. 76/2016, effective 30.09.2016, renumbered from Item 19, SG No. 95/2017, effective 1.01.2018) make decisions on conclusion of agreements on cooperation and information exchange with the Bulgarian National Bank or other Bulgarian or foreign authorities exercising supervisory functions over financial market operations, including with the competent authorities referred to in Article 4 (3) (h) and Article 5(7) of Regulation No. 1060/2009, as well as on the participation in international organizations in the field of financial markets; the cooperation agreements shall set out the circumstances, procedure and conditions for mutual notification and the carrying out of joint actions;

24. (new, SG No. 97/2007, amended, SG No. 24/2009, effective 31.03.2009, SG No. 34/2015, renumbered from Item 19, SG No. 76/2016, effective 30.09.2016, renumbered from Item 20, SG No. 95/2017, effective 1.01.2018) represent the Republic of Bulgaria in the structures of the European Union whose aim is to support the working out of the main guidelines for development in the field of financial markets, the preparation of acts of the European Union institutions, their consistent and timely implementation, as well as the effective cooperation between the authorities of the Member States regulating and supervising financial markets;

25. (new, SG No. 21/2012, supplemented, SG No. 34/2015, renumbered from Item 20, SG No. 76/2016, effective 30.09.2016, renumbered from Item 21, SG No. 95/2017, effective 1.01.2018) co-operate with the European Commission, the European Insurance and Occupational Pensions Authority, the European Securities and Markets Authority, the European Banking Authority and the European Systemic Risk Board and provide them with the information they need to discharge their duties;

26. (new, SG No. 34/2015, renumbered from Item 21, SG No. 76/2016, effective 30.09.2016, renumbered from Item 22, SG No. 95/2017, effective 1.01.2018) make decisions on the application in the supervisory practice thereof of recommendations and guidelines of the European Securities and Markets Authorities, of the European Insurance and Occupational Pensions Authority and of the European Banking Authority, which shall be published on the Internet site of the Commission in the Bulgarian language;

27. (renumbered from Item 14, SG No. 85/2004, renumbered from Item 19, SG No. 97/2007, supplemented, SG No. 43/2010, renumbered from Item 20, SG No. 21/2012, renumbered from Item 21, SG No. 34/2015, renumbered from Item 22, SG No. 76/2016, effective 30.09.2016, renumbered from Item 23, SG No. 95/2017, effective 1.01.2018) discuss periodically the reports on the activity of the principal departments of the Commission, the supervisory policy followed and the practice established for the implementation of statutory instruments, and the reports on financial stability;

28. (new, SG No. 43/2010, renumbered from Item 21, SG No. 21/2012, renumbered from Item 22, SG No. 34/2015, renumbered from Item 23, SG No. 76/2016, effective 30.09.2016, renumbered from Item 24, SG No. 95/2017, effective 1.01.2018) acting on a motion by the member of the Commission referred to in Article 3, Item 5 herein, discuss at regular intervals the analyses and risk assessments of the financial markets;

29. (renumbered from Item 15, SG No. 85/2004, renumbered from Item 20, SG No. 97/2007, renumbered from Item 21, SG No. 43/2010, renumbered from Item 22, SG No. 21/2012, renumbered from Item 23, SG No. 34/2015, renumbered from Item 24, SG No. 76/2016, effective 30.09.2016, renumbered from Item 25, SG No. 95/2017, effective 1.01.2018) adopt the draft annual budget and the reports referred to in Article 29 herein as laid before the Commission by the Chairperson;

30. (new, SG No. 103/2005, renumbered from Item 21, SG No. 97/2007, renumbered from Item 22, SG No. 43/2010, renumbered from Item 23, SG No. 21/2012, renumbered from Item 24, SG No. 34/2015, renumbered from Item 25, SG No. 76/2016, effective 30.09.2016, renumbered from Item 26, SG No. 95/2017, effective 1.01.2018) carries out other powers as well, expressly prescribed by law;

31. (new, SG No. 15/2018, effective 16.02.2018) on the proposal of the responsible Deputy Chairperson, shall exercise the powers of the competent authority under Article 5, paragraph 1, Article 11, paragraph 11, Article 12, paragraph 2, Articles 14 – 20, Article 21, paragraph 4 and Article 22, paragraph 1, first sub-paragraph (in the part for the authorisation of a central counterparty) and second sub-paragraph, Article 24, Articles 30 – 32, Article 41, paragraph 2, Article 48, paragraph 3, Article 49, paragraph 1 and Article 54 of Regulation 648/2012;
32. (new, SG No. 15/2018, effective 16.02.2018) on the proposal of the responsible Deputy Chairperson, shall exercise the powers referred to in Article 17 of Regulation (EU) No. 1286/2014 and shall apply the coercive administrative measures set out in Regulation (EU) No. 1286/2014;
33. (new, SG No. 15/2018, effective 16.02.2018) on the proposal of the responsible Deputy Chairperson, shall issue, refuse to issue, revoke, recognise, deregister and suspend the validity of the licences, approvals and registrations set out in Regulation (EU) 2016/1011;
34. (new, SG No. 27/2018) shall exercise the powers of a supervisory authority under Article 8 (3) and Article 71 (1) of the Measures Against Money Laundering Act.
- (2) (Amended, SG No. 67/2003, supplemented, SG No. 52/2007, amended and supplemented, SG No. 41/2010, supplemented, SG No. 77/2011, amended, SG No. 60/2012, effective 7.08.2012, supplemented, SG No. 42/2016, repealed, SG No. 95/2017, effective 1.01.2018).
- (3) (Supplemented, SG No. 67/2003, SG No. 39/2005, amended, SG No. 103/2005, effective 1.01.2007, supplemented, SG No. 95/2017, effective 1.01.2018, amended, SG No. 77/2018, effective 1.01.2019) The individual administrative acts issued by the Commission shall be reasoned and may be appealed before the Administrative Court - Sofia Region under the procedure of the Code of Administrative Procedure. The appeal procedure shall not stay the execution of the individual administrative act. Article 166 of the Administrative Procedure Code shall not apply in the event of appeal.
- (4) (Amended, SG No. 43/2010, SG No. 34/2015) In the event of appeals and reports lodged against decisions of the Commission or any authorities thereof, a rapporteur for their investigation can be only the member of the Commission referred to in Article 3, Item 5 herein, except in the cases specified in Article 10 (3) herein, where the Commission shall designate a rapporteur among the Deputy Chairpersons.
- (5) (Supplemented, SG No. 43/2010, amended, SG No. 34/2015) The rapporteur referred to in Paragraph (4) shall have all powers required for conduct of a full and comprehensive inspection, including to require and receive information and documents relating to the case from the Commission, the authorities and administration thereof, other government authorities and institutions, natural persons and legal entities, as well as non-governmental organizations having relation to the financial markets. The said rapporteur shall be obligated to prepare a reasoned report on the appeal or report, and to submit the said report to the Commission. Any such report may contain recommendations for taking action in connection with any omissions and violations detected in the operation of the Commission or the authorities thereof.
- (6) (Supplemented, SG No. 43/2010, amended, SG No. 34/2015) The Commission shall be obligated to consider the report referred to in Paragraph (5) and, on the basis of the investigation conducted, to render a decision on the respective appeal or report, and, where necessary, to undertake actions for amending the supervisory policy followed and the practice established for the implementation of statutory instruments, and make these public in accordance with the procedure specified in Article 9 herein. The Commission's authority whereof the decision is appealed shall not participate in the discussion and the voting.
- (7) (Amended, SG No. 67/2003, supplemented, SG No. 85/2004, amended, SG No. 42/2016) The statutory instruments adopted by the Commission under Items 1 and 3 of Paragraph (1), as well as the administrative acts issued by the commission under Items 5 and 6 of Paragraph (1), shall be promulgated in the State Gazette, and the rest shall be published in an appropriate manner. The directions referred to in Item 4 of Paragraph (1) shall be published in the bulletin of the Commission and shall be posted on the Internet site thereof.

## Powers of Commission Chairperson

- Article 14.** (1) (Amended, SG No. 43/2010) The Chairperson of the Commission shall organize and manage the activities of the Commission and the administration thereof, with the exception of such activities as this Act or another law places within the exclusive competence of another member of the Commission.
- (2) The Chairperson of the Commission may delegate some of the powers thereof to other officials, as well as establish advisory councils to assist the performance of the functions of the Chairperson.

(3) The Chairperson of the Commission shall exercise the following powers:

1. represent the Commission in Bulgaria and abroad;
2. convene and preside over the sessions of the Commission;
3. coordinate the activities of the Deputy Chairpersons;
4. (supplemented, SG No. 95/2017, effective 1.01.2018) on a motion by a member of the Commission and/or the secretary general, conclude and terminate the contracts with the persons employed in the Commission's administration and shall fix the remunerations thereof;
5. organize, manage, and control the operation of the administration;
6. organize the preparation of the draft budget and lay the said draft budget before the Commission for adoption;
7. organize the implementation, balancing off, and reporting of the budget, and lay it before the Commission for adoption;
8. (new, SG No. 103/2012) exercise powers in connection with the ascertaining and assigning the collection of public state receivables, payable in favour of the Commission.

#### Powers of Deputy Chairperson in Charge of Investment Activity Supervision Department

**Article 15.** (1) The Deputy Chairperson in charge of the Investment Activity Supervision Department shall have the right to independently:

1. (amended, SG No. 43/2010, supplemented, SG No. 42/2016, amended, SG No. 95/2017, effective 1.01.2018, supplemented, SG No. 15/2018, effective 16.02.2018) make proposals under Items 5 to 7, 9 to 13, and Items 15 to 21, and Items 31 to 33 of Article 13 (1) herein;
2. (supplemented, SG No. 52/2007, amended and supplemented, SG No. 77/2011, amended, SG No. 42/2016, repealed, SG No. 95/2017, effective 1.01.2018);
3. (supplemented, SG No. 52/2007, SG No. 77/2011) send Commission representatives to the meetings of the management bodies of the persons supervised under the Public Offering of Securities Act and the Markets in Financial Instruments Act and the Collective Investment Schemes and Other Undertakings for Collective Investments Act, as well as of the Central Depository;
4. (supplemented, SG No. 84/2006, SG No. 52/2007, SG No. 77/2011, amended, SG No. 109/2013, effective 20.12.2013, SG No. 76/2016, effective 30.09.2016, SG No. 15/2018, effective 16.02.2018) apply the coercive administrative measures under Chapter Nineteen of the Public Offering of Securities Act and Title Three, Chapter Twenty-Four of the Markets in Financial Instruments Act, under Part Four, Chapter Twenty-three of the Collective Investment Schemes and Other Undertakings for Collective Investments Act and under Chapter Three of the Implementation of the Measures against Market Abuse with Financial Instruments Act, which are not within the competence of the Commission;
5. (amended and supplemented, SG No. 39/2005, amended, SG No. 59/2006, SG No. 52/2007, supplemented, SG No. 77/2011, amended, SG No. 34/2015, SG No. 76/2016, effective 30.09.2016, SG No. 62/2017, repealed, SG No. 95/2017, effective 1.01.2018);
6. (amended, SG No. 84/2006, supplemented, SG No. 52/2007, SG No. 43/2010, SG No. 77/2011, amended and supplemented, SG No. 103/2012, supplemented, SG No. 109/2013, effective 20.12.2013, amended, SG No. 34/2015, supplemented, SG No. 42/2016, amended and supplemented, SG No. 76/2016, effective 30.09.2016, supplemented, SG No. 15/2018, effective 16.02.2018, amended, SG No. 27/2018) designate officials of the Commission administration who shall have the right to draw up written statements on ascertained violations of the Public Offering of Securities Act, the Markets in Financial Instruments Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Measures Against Money Laundering Act and their implementing instruments, Regulation 1060/2009, Regulation 648/2012, of Regulation (EU) No. 236/2012, of Regulation (EU) No. 575/2013, Regulation (EU) No. 345/2013, Regulation (EU) No. 346/2013, Regulation (EU) No. 596/2014, Regulation (EU) No. 909/2014, Regulation (EU) 2015/760, Regulation (EU) No. 1286/2014, Regulation (EU) No. 600/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365, as well as of their implementing instruments;

7. (amended, SG No. 84/2006, supplemented, SG No. 52/2007, SG No. 43/2010, SG No. 77/2011, amended and supplemented, SG No. 103/2012, supplemented, SG No. 109/2013, effective 20.12.2013, amended, SG No. 34/2015, supplemented, SG No. 42/2016, amended and supplemented, SG No. 76/2016, effective 30.09.2016, supplemented, SG No. 15/2018, effective 16.02.2018, amended, SG No. 27/2018) impose fines and pecuniary penalties for violations of the Public Offering of Securities Act, the Markets in Financial Instruments Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Measures Against Money Laundering Act and their implementing instruments, Regulation 1060/2009, Regulation 648/2012, of Regulation (EU) No. 236/2012, of Regulation (EU) No. 575/2013, Regulation (EU) No. 345/2013, Regulation (EU) No. 346/2013, Regulation (EU) No. 596/2014, Regulation (EU) No. 909/2014, Regulation (EU) 2015/760, Regulation (EU) No. 1286/2014, Regulation (EU) No. 600/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365, as well as of their implementing instruments;
8. (supplemented, SG No. 76/2016, effective 30.09.2016, repealed, SG No. 95/2017, effective 1.01.2018);
9. (amended, SG No. 77/2011, SG No. 109/2013, effective 20.12.2013, SG No. 95/2017, effective 1.01.2018) determine the standard forms of declarations, reports, information sheets and other documents under the Public Offering of Securities Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act;
10. (amended, SG No. 95/2017, effective 1.01.2018) organize the preparation of all notifications and other documentation to supervised persons, institutions and other persons in connection with the supervision of the investment activities;
11. notify the prosecuting magistracy in case of obtaining information on any criminal offences related to securities, and cooperate with the prosecuting magistracy, if so requested, in the investigation of such offences;
12. (new, SG No. 42/2016, repealed, SG No. 95/2017, effective 1.01.2018);
13. (repealed, SG No. 84/2006, new, SG No. 62/2015, renumbered from Item 12, SG No. 42/2016, amended, SG No. 95/2017, effective 1.01.2018) exercise the powers provided for in the Recovery and Resolution of Credit Institutions and Investment Firms Act;
14. (renumbered from Item 13, SG No. 42/2016, repealed, SG No. 95/2017, effective 1.01.2018);
15. (renumbered from Item 14, SG No. 42/2016) organize and direct the operation of the Investment Activity Supervision Department;
16. (amended, SG No. 84/2006, supplemented, SG No. 52/2007, SG No. 43/2010, amended and supplemented, SG No. 77/2011, SG No. 103/2012, supplemented, SG No. 109/2013, effective 20.12.2013, SG No. 34/2015, renumbered from Item 15, supplemented, SG No. 42/2016, amended and supplemented, SG No. 76/2016, effective 30.09.2016, supplemented, SG No. 15/2018, effective 16.02.2018) address other issues as provided for in this Act, the Public Offering of Securities Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act or the Implementation of the Measures against Market Abuse with Financial Instruments Act in connection with the performance, regulation and control over the financial instruments market, in Regulation 1060/2009, Regulation 648/2012, Regulation (EU) No. 575/2013, as well as in Regulation (EU) No. 236/2012, Regulation (EU) No. 345/2013, Regulation (EU) No. 346/2013, Regulation (EU) No. 596/2014, Regulation (EU) No. 909/2014, Regulation (EU) 2015/760, Regulation (EU) No. 1286/2014, Regulation (EU) No. 600/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365, which have not been expressly placed within the competence of the Commission;
17. (new, SG No. 15/2018, effective 16.02.2018) exercise the powers of the competent authority under Article 4, paragraph 2, Article 10, paragraph 1 and paragraph 5, Article 11, paragraphs 6 – 10, art. 21, paragraphs 1 – 3 and paragraph 5, Article 22, first sub-paragraph 1 (in the part about the oversight of a central counterparty), Article 35, Article 38, paragraph 3 of the Regulation 648/2012:
  - a) on the financial counterparties under Article 2, paragraph 8 of Regulation 648/2012, which are persons under Article 1, paragraph 2, item 1;
  - b) on non-financial counterparties under Article 2, paragraph 9 of Regulation 648/2012;
18. (new, SG No. 15/2018, effective 16.02.2018) exercise the powers of the competent authority under Regulation (EU) 2015/2365 on counterparties under Article 3, item 2 of Regulation (EU) 2015/2365, which are persons referred to in item 17, "a" and "b";
19. (new, SG No. 15/2018, effective 16.02.2018) exercise the powers of the competent authority within the meaning of

Article 4, paragraph 8 of Regulation (EU) No. 1286/2014 on packaged retail and insurance-based investment products, created, distributed or recommended by investment firms, bank investment firms, management companies, investment companies, alternative investment fund managers, which are not subject to the express competence of the Commission;

20. (new, SG No. 27/2018) exercise the powers of a supervisory authority provided for in the Measures Against Money Laundering Act, in the instruments for the application thereof and in the Measures Against the Financing of Terrorism Act, with regard to the persons referred to in Items 8 to 10 and 31 of Article 4 of the Measures Against Money Laundering Act.

(2) (Amended, SG No. 85/2004, SG No. 39/2005, supplemented, SG No. 52/2007, amended and supplemented, SG No. 77/2011, amended, SG No. 109/2013, effective 20.12.2013, repealed, SG No. 95/2017, effective 1.01.2018).

(3) (Amended, SG No. 30/2006) The individual administrative acts of the Deputy Chairperson in charge of the Investment Activity Supervision Department shall be appealable according to an administrative procedure before the Commission with subsidiary application of Administrative Procedure Code.

(4) (Amended, SG No. 39/2005, SG No. 103/2005, effective 1.01.2007, SG No. 77/2018, effective 1.01.2019) The individual administrative acts of the Deputy Chairperson in charge of the Investment Activity Supervision Department shall be appealable before the Administrative court - Sofia Region under the procedure of the Code of Administrative Procedure.

(5) (Supplemented, SG No. 95/2017, effective 1.01.2018) An appeal under Paragraph (4) shall not stay the execution of the individual administrative act. Article 166 of the Administrative Procedure Code shall not apply in the event of appeal.

#### Powers of Deputy Chairperson in Charge of Insurance Supervision Department

**Article 16.** (1) The Deputy Chairperson in Charge of the Insurance Supervision Department shall have the right to independently:

1. (amended, SG No. 95/2017, effective 1.01.2018, SG No. 15/2018, effective 16.02.2018) make proposals under Items 5 to 7, 11, 12, 21, 31 and 32 of Article 13 (1) herein;

2. (repealed, SG No. 103/2005);

3. (amended, SG No. 103/2005, SG No. 102/2015, effective 1.01.2016, repealed, SG No. 95/2017, effective 1.01.2018);

4. (amended, SG No. 103/2005, supplemented, SG No. 97/2007, repealed, SG No. 95/2017, effective 1.01.2018);

5. (amended, SG No. 103/2005, repealed, SG No. 95/2017, effective 1.01.2018);

6. (amended, SG No. 103/2005, SG No. 102/2015, effective 1.01.2016, repealed, SG No. 95/2017, effective 1.01.2018);

7. (repealed, SG No. 103/2005, new, SG No. 15/2018, effective 16.02.2018) exercise the powers of the competent authority under Article 4, paragraph 2, Article 10, paragraph 1 and paragraph 5, Article 11, paragraphs 6 – 10 of Regulation 648/2012 on the financial and non-financial counterparties under Article 2, items 8 and 9 of Regulation 648/2012, which are persons under Article 1, paragraph 2, item 2;

8. (repealed, SG No. 103/2005, new, SG No. 15/2018, effective 16.02.2018) exercise the powers under Regulation (EU) 2015/2365 on counterparties under Article 3, item 2 of Regulation (EU) 2015/2365, which are persons under Article 1, paragraph 2, item 2;

9. (repealed, SG No. 85/2004, new, SG No. 15/2018, effective 16.02.2018) exercise the powers of the competent authority within the meaning of Article 4, paragraph 8 of Regulation (EU) No. 1286/2014 on packaged retail and insurance-based investment products, created, distributed or recommended by insurance and reinsurance companies, which are not subject to the express competence of the Commission;

10. (repealed, SG No. 85/2004);

11. (repealed, SG No. 85/2004);

12. (repealed, SG No. 95/2017, effective 1.01.2018);

13. (amended, SG No. 103/2005, SG No. 102/2015, effective 1.01.2016, repealed, SG No. 95/2017, effective 1.01.2018);

14. (supplemented, SG No. 97/2007) send Commission representatives to attend the meetings of the management bodies of insurers and reinsurers;
  15. (amended, SG No. 60/2012, effective 7.08.2012, supplemented, SG No. 103/2012) apply the coercive administrative measures under the Insurance Code, which are not within the competence of the Commission;
  16. endorse standard forms of declarations, statements, reports, information sheets and other documents under the Insurance Code;
  17. (amended and supplemented, SG No. 103/2005, supplemented, SG No. 97/2007, repealed, SG No. 95/2017, effective 1.01.2018) control the overall activities of insurers, reinsurers, insurance brokers and insurance agents, including compliance with the voluntary nature of insurance;
  18. (amended, SG No. 15/2018, effective 16.02.2018, supplemented, SG No. 27/2018) designate the officials of the Commission administration who have the right to draw up written statements ascertaining violations of the Insurance Code, of the Measures Against Money Laundering Act and of the instruments for the application thereof and of the statutory of Regulation 648/2012, Regulation (EU) No. 1286/2014, Regulation (EU) 2015/2365 and of the instruments for their implementation thereof;
  19. (amended, SG No. 15/2018, effective 16.02.2018, supplemented, SG No. 27/2018) impose fines and pecuniary penalties for violations of the Insurance Code, of the Measures Against Money Laundering Act and of the instruments for the application thereof of Regulation 648/2012, Regulation (EU) No. 1286/2014, Regulation (EU) 2015/2365 and of the instruments for their implementation thereof;
  20. (amended, SG No. 85/2004, repealed, SG No. 103/2005);
  21. (amended, SG No. 95/2017, effective 1.01.2018) organize the preparation of all notifications and other documentation to supervised persons, institutions and other persons in connection with the insurance supervision;
  22. (supplemented, SG No. 95/2017, effective 1.01.2018) notify the prosecutor's office on obtaining information about criminal offences relating to insurance and cooperate to the prosecutor's office, at its demand, in the investigations of such criminal offences;
  23. organize and direct the operation of the Insurance Supervision Department;
  24. (supplemented, SG No. 97/2007) address other issues in connection with insurance and reinsurance supervision, which have not been expressly placed within the competence of the Commission;
  25. exercise the powers of state supervision over voluntary health insurance activities under the Health Insurance Act, which have not been expressly placed within the competence of the Commission;
  26. (new, SG No. 27/2018) exercise the powers of a supervisory authority provided for in the Measures Against Money Laundering Act, in the instruments for the application thereof and in the Measures Against the Financing of Terrorism Act, with regard to the persons referred to in Item 5 of Article 4 of the Measures Against Money Laundering Act.
- (2) (Amended, SG No. 103/2005, repealed, SG No. 95/2017, effective 1.01.2018).
  - (3) (Amended, SG No. 30/2006) The individual administrative acts of the Deputy Chairperson in charge of the Insurance Supervision Department shall be appealable according to an administrative procedure before the Commission with subsidiary application of Administrative Procedure Code.
  - (4) (Amended, SG No. 85/2004, SG No. 103/2005, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, SG No. 77/2018, effective 1.01.2019) The individual administrative acts of the Deputy Chairperson in charge of the Insurance Supervision Department shall be appealable according to a judicial procedure before the Administrative Court - Sofia Region under the procedure established by the Code of Administrative Procedure.
  - (5) (Supplemented, SG No. 95/2017, effective 1.01.2018) An appeal under Paragraph (4) shall not stay the execution of the individual administrative act. Article 166 of the Administrative Procedure Code shall not apply in the event of appeal.
  - (6) (Repealed, SG No. 85/2004).

Powers of Deputy Chairperson in Charge of Social Insurance Supervision Department

**Article 17.** (1) The Deputy Chairperson in Charge of the Social Insurance Supervision Department shall have the right to independently:

1. (amended, SG No. 95/2017, effective 1.01.2018, SG No. 15/2018, effective 16.02.2018) make proposals under Items 5 to 7, 11,12, 21, 31 and 32 of Article 13 (1) herein;
2. (amended, SG No. 67/2003, repealed, SG No. 92/2017);
3. (amended, SG No. 92/2017, repealed, SG No. 95/2017, effective 1.01.2018);
4. (amended, SG No. 67/2003, SG No. 92/2017, repealed, SG No. 95/2017, effective 1.01.2018);
5. (repealed, SG No. 95/2017, effective 1.01.2018);
6. (amended, SG No. 92/2017) endorse standard forms of declarations, statements, reports, information sheets and other documents under Part Two of the Social Insurance Code;
7. (repealed, SG No. 95/2017, effective 1.01.2018, new, SG No. 15/2018, effective 16.02.2018) exercise the powers of the competent authority under Article 4, paragraph 2, Article 10, paragraph 1 and paragraph 5, Article 11, paragraphs 6 – 10 of Regulation 648/2012 on the financial and non-financial counterparties under Article 2, items 8 and 9 of Regulation 648/2012, which are persons under Article 1, paragraph 2, item 3;
8. (repealed, SG No. 95/2017, effective 1.01.2018, new, SG No. 15/2018, effective 16.02.2018) exercise the powers of the competent authority under Regulation (EU) 2015/2365 on the counterparties under Article 3, item 2 of Regulation (EU) 2015/2365, which are persons under Article 1, paragraph 2, item 3;
9. (amended, SG No. 67/2003, repealed, SG No. 95/2017, effective 1.01.2018, new, SG No. 15/2018, effective 16.02.2018) exercise the powers of the competent authority within the meaning of Article 4, paragraph 8 of Regulation (EU) No. 1286/2014 on packaged retail and insurance-based investment products, created, distributed or recommended by insurance companies for unemployment and/or vocational training, which are not subject to the express competence of the Commission;
10. (amended, SG No. 92/2017) designate officials to attend meetings of the management, supervisory and other bodies of supplementary social insurance companies in the cases provided for in the statutory instruments governing supplementary social insurance;
11. (supplemented, SG No. 15/2018, effective 16.02.2018, SG No. 27/2018) designate the officials who have the right to draw up written statements on ascertained violations of the statutory instruments governing supplementary social insurance, of the Measures Against Money Laundering Act and of the instruments for the application thereof, of Regulation 648/2012, Regulation (EC) No. 1286/2014, Regulation (EU) 2015/2365 and of the instruments acts for their implementation;
12. (amended, SG No. 67/2003, supplemented, SG No. 95/2017, effective 1.01.2018) apply the coercive administrative measures provided for in the Social Insurance Code, where they are not provided for in the express competence of the Commission;
13. (supplemented, SG No. 27/2018) issue penalty decrees imposing fines and pecuniary penalties in the cases provided for in the statutory instruments governing supplementary social insurance, in the Measures Against Money Laundering Act and the instruments for the application thereof;
14. (repealed, SG No. 67/2003, new, SG No. 92/2017, repealed, SG No. 95/2017, effective 1.01.2018, new, SG No. 15/2018, effective 16.02.2018) issue penal decrees for the imposition of fines and pecuniary sanctions for violations of Regulation 648/2012, Regulation (EU) No. 1286/2014, Regulation (EU) 2015/2365 and of the instruments for their implementation;
15. (supplemented, SG No. 67/2003, amended, SG No. 95/2017, effective 1.01.2018) organize the preparation of all notifications and other documentation to supervised entities, institutions and other persons in relation to the insurance supervision;
16. (amended, SG No. 95/2017, effective 1.01.2018) notify the prosecutor's office on obtaining information about criminal offences relating to supplementary social insurance and cooperate to the prosecutor's office, at its demand, in the investigations of such criminal offences;
17. organize and direct the operation of the Social Insurance Supervision Department;
18. address other issues related to supplementary social insurance activities, which have not been expressly placed

within the competence of the Commission;

19. (new, SG No. 27/2018) exercise the powers of a supervisory authority provided for in the Measures Against Money Laundering Act, in the instruments for the application thereof and in the Measures against the Financing of Terrorism, with regard to the persons referred to in Item 11 of Article 4 of the Measures Against Money Laundering Act.

(2) (Amended, SG No. 67/2003, repealed, SG No. 95/2017, effective 1.01.2018).

(3) (Amended, SG No. 30/2006) The individual administrative acts of the Deputy Chairperson in charge of the Social Insurance Supervision Department shall be appealable according to an administrative procedure before the Commission with subsidiary application of Administrative Procedure Code.

(4) (Amended, SG No. 103/2005, effective 1.01.2007, SG No. 77/2018, effective 1.01.2019) The individual administrative acts of the Deputy Chairperson in charge of the Insurance Supervision Department shall be appealable according to a judicial procedure before the Administrative Court - Sofia Region under the procedure established by the Code of Administrative Procedure.

(5) (Supplemented, SG No. 95/2017, effective 1.01.2018) An appeal under Paragraph (4) shall not stay the execution of the individual administrative act. Article 166 of the Administrative Procedure Code shall not apply in the event of appeal.

Powers of Commission Member Supporting its Policy for Analysis and Assessment of Financial Market Risks, Enhancement of Market Practice and Protection of Interests of Investors, Insured and Social-insured Persons

**Article 17a.** (New, SG No. 43/2010) (1) (Supplemented, SG No. 62/2015, effective 14.08.2015) The member of the Commission referred to in Article 3, Item 5 shall support the Commission in the development and implementation of the rules and risk management systems for financial markets. The member of the Commission under Article 3, item 5 shall assist the Commission in the exercise of its powers as a resolution authority and shall table proposals to the Commission for taking decisions under the Recovery and Resolution of Credit Institutions and Investment Firms Act.

(2) The member of the Commission referred to in Article 3, Item 5 herein, in coordination with the relevant Deputy Chairperson, shall review in accordance with a procedure set out in the Rules of the Commission:

1. (supplemented, SG No. 34/2015) appeals and reports lodged against persons supervised by the Commission;
2. proposals for improving the operation of the relevant authorities of the Commission.

(3) (New, SG No. 34/2015) The Rules of the Commission shall establish the mechanism for review of appeals and reports lodged against persons supervised by the Commission with regard to potential or actual violations of the statutory instruments applicable to the activity thereof, which shall include as a minimum:

1. (supplemented, SG No. 15/2018, effective 16.02.2018) the procedure for receipt and review of appeals and alerts including communication channels for acceptance of complaints and signals;
2. (repealed, SG No. 15/2018, effective 16.02.2018);
3. (amended, SG No. 15/2018, effective 16.02.2018) protection of personal data concerning the person lodging the appeal or the report on a violation, as well as of the personal data concerning the persons against whom the complaint or the signal shall be submitted, in accordance with the Personal Data Protection Act;
4. rules that ensure that confidentiality is guaranteed in relation to the persons who lodge appeals or reports on violations committed within a supervised person, unless disclosure is required in cases provided for by the law.

(4) (Renumbered from Paragraph 3, amended, SG No. 34/2015) The member of the Commission referred to in Article 3, Item 5 herein, shall review appeals and reports lodged against decisions of the Commission or any authorities thereof.

(5) (Renumbered from Paragraph 4, SG No. 34/2015) In connection with the activities set out in Paragraphs (2) and (3), he/she shall address to the Commission and the relevant Deputy Chairpersons proposals and recommendations regarding the supervisory policy followed and the practice established for the implementation of statutory instruments.

(6) (New, SG No. 15/2018, effective 16.02.2018) The submission of a complaint or a signal under paragraph 3 may not serve as grounds for seeking liability from the person having submitted the complaint or the signal for disclosing confidential information or other information protected by law or contract.

(7) (New, SG No. 15/2018, effective 16.02.2018) The submission of a complaint or a signal may not serve as grounds for

adverse or unfair treatment of the employees of the relevant regulated person, when they have filed complaints or signals of violations by the regulated person.

(8) (New, SG No. 15/2018, effective 16.02.2018) The persons working under employment contract at entities regulated by the Commission and who have submitted a complaint or a signal under paragraph 3, shall be entitled to protection against disciplinary dismissal under Article 187, paragraph 2 of the Labour Code.

(9) (New, SG No. 15/2018, effective 16.02.2018) The procedures for exchange of information and cooperation between government bodies involved in the protection of the persons under Paragraph 8, who have submitted complaints or signals, shall be set out in an ordinance adopted by the Council of Ministers.

#### Procedure for Exercise of Powers of Commission and Authorities Thereof

**Article 18.** (1) Upon exercise of the powers of the Commission and the authorities thereof, the members of the Commission, as well as the Commission officials designated according to the procedure established in this Act, shall have the right, considering the tasks assigned thereto:

1. (amended, SG No. 67/2003, supplemented, SG No. 84/2006, SG No. 52/2007, amended and supplemented, SG No. 41/2010, supplemented, SG No. 77/2011, amended and supplemented, SG No. 103/2012, supplemented, SG No. 109/2013, effective 20.12.2013, amended, SG No. 34/2015, supplemented, SG No. 62/2015, effective 14.08.2015, SG No. 42/2016, amended and supplemented, SG No. 76/2016, effective 30.09.2016, supplemented, SG No. 15/2018, effective 16.02.2018, SG No. 27/2018) to require explanations in writing, documents, including certified copies of documents, data, information and other data mediums from the supervised persons or from other persons known to violate the provisions of this Act or of the Insurance Code, the Social Insurance Code, the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Recovery and Resolution of Credit Institutions and Investment Firms Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the Health Insurance Act, the Measures Against Money Laundering Act, the Measures Against the Financing of Terrorism Act, Regulation 1060/2009, Regulation 648/2012, Regulation (EU) No. 236/2012, Regulation (EU) No. 575/2013, Regulation (EU) No. 345/2013, Regulation (EU) No. 346/2013, Regulation (EU) No. 596/2014, Regulation (EU) No. 909/2014, Regulation (EU) 2015/760, Regulation (EU) No. 575/2013, Regulation (EU) 600/2014, Regulation (EU) No. 1286/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365 and their implementing instruments, as well as to inspect the documents and records of any such persons;

2. to establish the cash resources, inventories, including securities, and other assets owned by the supervised persons;

3. to inspect accounting, commercial and other documents reporting effected transactions;

4. to conduct cross-checks;

5. (supplemented, SG No. 84/2006) to require from third parties information, documents, including certified copies of documents, statements of accounts and other data required for conduct of cross-checks and/or in relation to warnings, complaints or requests, including by authorities of other countries exercising financial supervision;

6. (amended, SG No. 67/2003, supplemented, SG No. 84/2006, SG No. 52/2007, amended and supplemented, SG No. 41/2010, supplemented, SG No. 77/2011, amended and supplemented, SG No. 103/2012, supplemented, SG No. 109/2013, effective 20.12.2013, amended, SG No. 34/2015, supplemented, SG No. 62/2015, effective 14.08.2015, SG No. 42/2016, amended and supplemented, SG No. 76/2016, effective 30.09.2016, supplemented, SG No. 15/2018, effective 16.02.2018, SG No. 27/2018) to unimpeded access to office premises and to information systems of supervised persons and other persons known to violate the provisions of this Act, of the Insurance Code, the Social Insurance Code, the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Markets in Financial Instruments Act, the Special Purpose Investment Companies Act, the Market Abuse of Financial Instruments Act, the Recovery and Resolution of Credit Institutions and Investment Firms Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the Health Insurance Act, the Measures Against Money Laundering Act, the Measures Against the Financing of Terrorism Act, Regulation 1060/2009, Regulation 648/2012, Regulation (EU) No. 236/2012, Regulation (EU) No. 575/2013, Regulation (EU) No. 345/2013, Regulation (EU) No. 346/2013, Regulation (EU) No. 596/2014, Regulation (EU) No. 909/2014, Regulation (EU) 2015/760, Regulation (EU) No. 575/2013, Regulation (EU) 600/2014, Regulation (EU) No. 1286/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365 and their implementing instruments, as well as to require from inspected persons and/or representatives or employees thereof to present themselves at the building of the Commission;

7. (supplemented, SG No. 43/2010) to attend the meetings of the management and supervisory bodies of supervised

persons and express opinions which shall be reflected in the minutes of the meeting.

(2) (Amended, SG No. 43/2010, SG No. 102/2015, effective 1.01.2016) For the purposes of the supervision exercised, the expenses being borne by the supervised person, the Commission or the Deputy Chairperson respectively may appoint an external auditor or external independent experts to make the valuation of assets or liabilities of the supervised person and may require from the supervised person to record the results from the valuation in the financial statements.

(3) (Amended, SG No. 103/2005, supplemented, SG No. 84/2006, SG No. 52/2007, amended, SG No. 24/2009, effective 31.03.2009, amended and supplemented, SG No. 43/2010, supplemented, SG No. 77/2011, SG No. 103/2012, SG No. 109/2013, effective 20.12.2013, amended, SG No. 34/2015, supplemented, SG No. 62/2015, effective 14.08.2015, SG No. 42/2016, amended and supplemented, SG No. 76/2016, effective 30.09.2016, supplemented, SG No. 15/2018, effective 16.02.2018, SG No. 27/2018) Acting on a written request by the Chairperson of the Commission, and for the purposes of the supervision by the Commission, banks shall be obligated to provide information regarding the assets in and operations with accounts and deposits of supervised persons and of any other persons in respect whereof there is information of violations of this Act, the Insurance Code, the Social Insurance Code, the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Markets in Financial Instruments Act, the Recovery and Resolution of Credit Institutions and Investment Firms Act, the Health Insurance Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the Special Purpose Investment Companies Act, the Measures Against Money Laundering Act, the Measures Against the Financing of Terrorism Act, Regulation 1060/2009, Regulation 648/2012, Regulation (EU) No. 236/2012 or Regulation (EU) No. 575/2013, Regulation (EU) No. 345/2013, Regulation (EU) No. 346/2013, Regulation (EU) No. 596/2014, Regulation (EU) No. 909/2014, Regulation (EU) 2015/760, Regulation (EU) No. 575/2013, Regulation (EU) 600/2014, Regulation (EU) No. 1286/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365 and their implementing instruments. For the purposes and subject to the conditions of the first sentence, banks shall be obligated to provide information on the assets in and operations with accounts and deposits of bank customers in case the Commission receives a request by a foreign authority of financial supervision acting in another state, if an agreement on cooperation and information exchange has been concluded with such authority. Disclosure of information as per the first and second sentence herein shall not be refused or restricted on grounds of banking or commercial secret. For the purposes and subject to the conditions of the first sentence, banks shall be obligated to provide information on the assets in and operations with accounts and deposits of bank customers in case the Commission receives a request by a foreign authority of financial supervision acting in another state, if an agreement on cooperation and information exchange has been concluded with such authority. Disclosure of information as per the first and second sentence herein shall not be refused or restricted on grounds of banking or commercial secret.

(4) All data and documents regarding any violations of this Act, which may result in disclosing the identity of the person who has provided them, shall be provided by the Commission to third parties solely with the consent of the said person, unless otherwise provided for by the law.

(5) The police, the prosecuting magistracy, as well as the rest of the state bodies and officials shall be obligated to render, each within the powers vested therein, assistance to the Commission and the officers thereof upon discharge of the official duties thereof and the exercise of the supervisory functions thereof.

(6) (Supplemented, SG No. 42/2016) The Commission, in the course and in connection with the performance of the functions assigned thereto, shall have the right of gratuitous access to information registers built and maintained by budget resources. In connection with the exercise of their powers of imposing administrative sanctions, the Commission and its authorities shall have access to tax and social security information under the terms and conditions and according to the procedure of the Tax-Insurance Procedure Code.

(7) (Amended, SG No. 59/2006, SG No. 43/2010) In connection with the exercise of the powers vested therein under this Act, the Commission may require from the Deputy Governor of the Bulgarian National Bank in charge of the Banking Supervision Department:

1. to have target inspections conducted in banks and to provide the results of any such inspections to the Commission in compliance with the limitations under Article 62 of the Credit Institutions Act;
2. where necessary, to have joint inspections conducted in banks or other financial institutions, which are supervised persons of the Commissions and the Bulgarian National Bank.

(8) (Amended, SG No. 31/2003, SG No. 105/2005, SG No. 109/2007, SG No. 43/2010) In connection with the exercise of the powers vested therein under this Act, the Commission may conduct general inspections jointly with the authorities of the National Revenue Agency and of State Agency for National Security and other competent authorities.

(9) (New, SG No. 43/2010) In order to exercise supervision on consolidated basis, the Commission shall be entitled to

require from the parent companies or affiliated companies of the persons referred to in Article 1 (2) herein all documents and information necessary.

(10) (Renumbered from Paragraph 9, SG No. 43/2010, amended, SG No. 95/2017, effective 1.01.2018) The members of the Commission and the employees from its administration shall not bear pecuniary liability for any harm caused in the exercise of their supervisory functions and powers and in the performance of their duties, unless they have committed a crime.

## Conduct of Inspections

**Article 19.** (1) Inspections shall be conducted by Commission administration officials designated by an order of the Chairperson or of the Deputy Chairperson in charge of the respective area of supervision.

(2) The officials referred to in Paragraph (1) shall conduct inspections on site and in the building of the Commission as to:

1. (amended, SG No. 67/2003, supplemented, SG No. 84/2006, SG No. 52/2007, SG No. 43/2010, SG No. 77/2011, amended, SG No. 103/2012, supplemented, SG No. 109/2013, effective 20.12.2013, amended, SG No. 34/2015, supplemented, SG No. 62/2015, effective 14.08.2015, SG No. 42/2016, amended and supplemented, SG No. 76/2016, effective 30.09.2016, amended, SG No. 15/2018, effective 16.02.2018, supplemented, SG No. 27/2018) observance of this Act, the Social Insurance Code, the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Recovery and Resolution of Credit Institutions and Investment Firms Act, the Insurance Code, the Health Insurance Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the Measures Against Money Laundering Act, the Measures Against the Financing of Terrorism Act, of Regulation 1060/2009, Regulation 648/2012, Regulation (EU) No. 236/2012, Regulation (EU) No. 345/2013, Regulation (EU) No. 346/2013, Regulation (EU) No. 596/2014, Regulation (EU) No. 909/2014, Regulation (EU) 2015/760, Regulation (EU) No. 575/2013, Regulation (EU) 600/2014, Regulation (EU) No. 1286/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365 and their implementing instruments;

2. prevention and detection of violations of the law.

(3) A supervised person shall be obligated to ensure all conditions for the normal conduct of an inspection.

(4) Commission administration officials shall be obligated to identify themselves in discharge of the official duties thereof by presenting the order referred to in Paragraph (1).

(5) The inspected person shall be obligated to cooperate with the Commission and the administration officials thereof and, to this end:

1. to provide a place for conduct of the inspection, as well as present himself or herself upon request at the building of the Commission;

2. designate an employee thereof to liaise and assist the inspecting officials;

3. (supplemented, SG No. 43/2010) provide access to official premises and to information systems;

4. provide all accounting, commercial and other documents as shall be necessary to establish facts and circumstances relevant to the scope of the inspection;

5. provide, upon request, certified copies of accounting and other documents; the certification shall be effected by affixation of the text "True Copy Authenticated", date, signature and impression of a seal by an authorized representative of the inspected person;

6. provide, upon request by the official, explanations in writing.

(6) A memorandum of ascertainment shall be drawn up in duplicate on each inspection conducted, shall be signed by the Commission officials who have conducted the inspection, and shall be served on the inspected person upon signed acknowledgement of service.

## Chapter Four

# COMMISSION ADMINISTRATION

## Organization and Obligations

**Article 20.** (1) The activities of the Commission shall be assisted by an administration whereof the composition, structure and rights and duties shall be specified by the Rules of Organization and Operation of the Commission.

(2) (Amended, SG No. 38/2012, effective 1.07.2012, SG No. 95/2017, effective 1.01.2018) The activity of the administration shall be implemented by persons working under an employment relationship. The employment relationships of the employees of the Commission shall be governed by the provisions of the Labour Code.

(3) (Amended, SG No. 43/2010, SG No. 38/2012, effective 1.07.2012, SG No. 95/2017, effective 1.01.2018) Employee of the Commission may not be a person who:

1. has been convicted of a premeditated publicly prosecutable offence;
2. would come in a hierarchical relationship of direction and control with a spouse, with a de facto cohabitee therewith, a lineal relative up to any degree of consanguinity, a collateral relative up to the fourth degree of consanguinity inclusive, or an affine up to the fourth degree of affinity inclusive;
3. is a sole trader, an unlimited partner in a commercial corporation, a managing director, a business attorney, a commercial agent, a management agent, a broker, a liquidator or a trustee in bankruptcy, a member of a management or supervisory body of a commercial corporation or cooperative;
4. is a National Representative;
5. occupies a leading or controlling position at national level in a political party;
6. exercises control over the supervised person, or not hold, directly or through related persons, over 5 per cent of the votes in the general meeting or of the capital of the supervised person;
7. is a member of managing or supervisory bodies of the supervised person, or were authorized to manage or represent the supervised person without being members of its managing or supervisory bodies;
8. works for the supervised person under an employment or civil service relationship.

(4) (New, SG No. 97/2007, amended, SG No. 38/2012, effective 1.07.2012, SG No. 95/2017, effective 1.01.2018) When entering into their employment agreements, the employees of the Commission must submit an asset declaration to the Chairperson of the Commission.

(5) (New, SG No. 95/2017, effective 1.01.2018) No later than 30 April of each year, the employees of the Commission must disclose their assets to the Chairperson of the Commission, including all income received during the previous calendar year under agreements for additional work under Article 111 of the Labour Code and income received under non-employment agreements, specifying the employer/contracting authority who paid the remuneration and the grounds thereof. The property, subject to declaration, the declaration procedure, the storage and access to the information contained in the declarations shall be specified by the Rules of Organisation and Operation of the Commission.

(6) (New, SG No. 95/2017, effective 1.01.2018) Employees holding a high-level management position shall have university degree with minimum educational qualification degree "master" in economics, finance, law, mathematics, informatics and other appropriate fields, with a view to the supervision and the regulation of the non-banking financial sector, and relevant employment and/or service experience of no less than three years.

## Rights

**Article 21.** (Amended and supplemented, SG No. 85/2004, amended, SG No. 38/2012, effective 1.07.2012, SG No. 95/2017, effective 1.01.2018) (1) The basic monthly remuneration amounts for the Commission staff shall be determined by the Chairperson in accordance with the internal rules on the payroll and within the disposable resources in the budget for the corresponding year.

(2) The employees of the Commission may receive additional performance-based remunerations, determined in

accordance with the procedure and manner set out in the internal rules for the payroll.

(3) The additional remunerations under Paragraph (2) may not be based on the funds collected from fines and pecuniary sanctions from the supervised entities penalties recorded in the public registers under Article 30.

(4) The members and the administration of the Commission shall be mandatorily insured against accident at the expense of the Commission budget.

(5) Where a position in the Commission administration is occupied by an employee holding a university degree in Law, the length of employment or service acquired in such a position shall count as experience of the legal profession.

## **Chapter Five**

### **AVOIDING CONFLICT OF INTEREST**

#### Conflict of Interest

**Article 22.** (Amended, SG No. 97/2007) (1) Commission Members shall immediately notify the Commission if they are required to individually review or participate in the review process of matters that they have direct or indirect vested interest in, which will reasonably question their impartiality and will conflict diligent performance rules or principles whereby they exercise their powers.

(2) Any Commission Member who is affected by a conflict of interest on matters discussed at a Commission meeting shall not participate in the decision-making discussions and voting on that matter.

(3) If the individual who has declared direct or indirect vested interest under Paragraph (1) is the chairperson or deputy chairperson and the conflicting matter at stake falls under their powers in their capacity as sole authority, the Commission shall designate a deputy chairperson or another Commission member to substitute for the above individual.

(4) Administrative personnel shall immediately notify the chairperson or the deputy chairperson who is the direct supervisor of the relevant department, if they are required to individually review or participate in the review process of matters that they have direct or indirect vested interest in, which will reasonably question their impartiality and will conflict diligent performance rules.

(5) Paragraph (1) shall also apply to the Commission's administrative personnel if they are required to individually perform or take part in the performance of inspections.

(6) Inspected persons may also effect notifications under Paragraph (5) concerning direct or indirect interest of Commission's administrative personnel involved in inspections individually or as part of a team.

(7) The chairperson or, respectively, deputy chairperson who is the direct supervisor of the relevant Commission department shall issue a written document to terminate the involvement of individuals under Paragraph (4) or (5), respectively, in inspection proceedings and shall designate a substitute.

(8) The Rules of Organization and Operation of the Commission shall specify the notification format, content and procedure.

## **Chapter Six**

### **PROFESSIONAL ETHICS AND PROFESSIONAL SECRET**

#### Professional Ethics

**Article 23.** The members of the Commission, as well as the Commission administration employees, shall be obligated to comply with a Code of Ethics and Professional Conduct adopted by the Commission.

## Professional Secret

**Article 24.** (Amended, SG No. 103/2005) (1) Any information which the Commission obtains and generates for the purposes of fulfilling its functions and which constitutes commercial, bank or any other secret protected by law financial supervision and in and whereof the disclosure may jeopardize the commercial interest or reputation of supervised persons, shall constitute a professional secret. A professional secret does not constitute an official secret within the meaning given by the Classified Information Protection Act.

(2) Any information, which is subject to publicity according to this Act or another law, shall not constitute a professional secret.

(3) The members of the Commission and the Commission administration employees shall be obligated to respect the confidentiality of professional secrets, including after they are released from duty, or their contract of employment has been terminated.

(4) Paragraph 3 shall apply to the auditors and all other persons fulfilling functions assigned to them by the Commission.

(5) (Amended, SG No. 52/2007, effective 3.07.2007) Except in the cases where the person who has provided the information constituting a professional secret has given an express consent for the information to be used for other purposes, the information shall be used by the Commission and its bodies only for the purposes of fulfilling its functions:

1. (supplemented, SG No. 52/2007, SG No. 43/2010, SG No. 77/2011, amended, SG No. 60/2012, effective 7.08.2012, supplemented, SG No. 62/2015, effective 14.08.2015) to check the observance of the requirements for issuing of permits (licences) as envisaged by the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Special Purpose Investment Companies Act, the Markets in Financial Instruments Act, the Recovery and Resolution of Credit Institutions and Investment Firms Act, the Insurance Code and the Social Insurance Code for activities regulated by these acts and for the purposes of supervision of these activities.

2. To impose coercive administrative measures and administrative penalties.

3. During court appeals of acts issued by the Commission and its bodies.

## Professional Secret Disclosure

**Article 25.** (Amended, SG No. 31/2003, SG No. 103/2005) (1) Any information constituting a professional secret may be disclosed only:

1. (amended, SG No. 52/2007, effective 3.07.2007) to judicial authorities, the prosecution, the investigation and the police authorities in initiated criminal proceedings, and before the court, a liquidator or a trustee in bankruptcy – in civil and commercial proceedings in the cases of liquidation or bankruptcy of a supervised person, provided that the information does not prejudice the interests of third parties;

2. (amended, SG No. 109/2007) to banking supervision authorities and State Agency for National Security authorities, under terms and according to a procedure established by joint instructions, in so far as necessary for them to perform their functions;

3. (new, SG No. 7/2018) of the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Commission or of the authorities thereof;

4. (new, SG No. 34/2015, renumbered from Item 3, SG No. 7/2018) to the European Central Bank and the central banks of Member States in their capacity as monetary authorities, when this information is relevant for the exercise of the statutory functions thereof, including the conduct of monetary policy and related liquidity provision, the oversight of payments, clearing and settlement systems, and safeguarding the stability of the financial system, including where an emergency situation arises;

5. (new, SG No. 34/2015, renumbered from Item 4, SG No. 7/2018) to the European Systemic Risk Board (ESRB), when this information is necessary for the fulfillment of the functions thereof according to Regulation (EU) No. 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ, L 33/1 of 15 December 2010), including where an emergency situation arises;

6. (new, SG No. 21/2012, renumbered from Item 3, SG No. 34/2015, renumbered from Item 5, SG No. 7/2018) to the European Insurance and Occupational Pensions Authority, the European Securities and Markets Authority, the European Banking Authority and the European Systemic Risk Board, insofar as necessary for them to perform their functions;

7. (amended, SG No. 52/2007, effective 3.07.2007, supplemented, SG No. 97/2007, renumbered from Item 3, SG No. 21/2012, renumbered from Item 4, supplemented, SG No. 34/2015, renumbered from Item 6, SG No. 7/2018) to auditors auditing supervised persons, and conservators, liquidators or trustees in bankruptcy of supervised persons, the Compensation Fund for Investors and the Guarantee Fund of the institutional protection schemes referred to in Article 113 (7) of Regulation (EU) No. 575/2013, as well as to the authorities monitoring and controlling any of the above, in so far as necessary for them to perform their functions;

8. (new, SG No. 52/2007, renumbered from Item 4, SG No. 21/2012, renumbered from Item 5, SG No. 34/2015, renumbered from Item 7, SG No. 7/2018) to clearing houses or other persons who, according to law, effect clearing and settlement on the markets in financial instruments in the Republic of Bulgaria in so far as this is necessary for the performance of their functions - in the event of non-performance or possible non-performance by market participants;

9. (renumbered from Item 4, SG No. 52/2007, renumbered from Item 5, SG No. 21/2012, renumbered from Item 6, SG No. 34/2015, renumbered from Item 8, SG No. 7/2018) with the explicit permission in writing of the supervised person;

10. (renumbered from Item 5, SG No. 52/2007, renumbered from Item 6, SG No. 21/2012, renumbered from Item 7, SG No. 34/2015, renumbered from Item 9, SG No. 7/2018) as summarised date in a way to preclude identification of the person whom it concerns.

(2) Any information pertaining to the health status of natural persons, obtained in connection with the exercise of financial supervision, may be disclosed solely with the express written consent of the said persons or by a court order, where there is reason to believe that a criminal offence has been committed.

(3) (Supplemented, SG No. 52/2007, effective 3.07.2007) The persons and authorities under Paragraph (1) shall respect the confidentiality of the obtained information and use it for the purposes for which it was provided, except in the cases where the Commission has given express consent that the information may be used for other purposes.

(4) Any information constituting a professional secret may be provided to the authorities of a Member State exercising financial supervision on the condition that they respect the confidentiality of the information and use it only for the purposes of executing their functions:

1. to check if the requirements for issuing authorisations for operating on the financial markets and for supervising such activities have been observed;
2. for imposing sanctions;
3. for appealing their acts according to an administrative or court procedure.

(5) (New, SG No. 52/2007, effective 3.07.2007) The Commission may provide information constituting a professional secret provided that it has ensured the same level of confidentiality of the information provided to:

1. the authorities of a Member State supervising the activity of credit institutions in relation to performance of their supervisory functions;
2. the authorities of a Member State that participate in liquidation, bankruptcy proceedings or similar proceedings of investment intermediaries, insurers, collective investment schemes and their management companies and depositories, in connection with performance of their supervisory functions;
3. persons from a Member State who are responsible for legally prescribed audits of reports of investment intermediaries, credit institutions, insurers and other financial institutions, in connection with performance of their supervisory functions;
4. the authorities of a Member State that manage investor compensation schemes or funds for securing insurance receivables, in connection with performance of their supervisory functions.

(6) (Renumbered from Paragraph 5 - SG No. 52/2007, effective 3.07.2007) Any information constituting a professional secret may be provided to a foreign authority of a third country exercising financial supervision, based on an agreement for cooperation and exchange of information and subject to the condition that the authority to which the information is made available:

1. shall ensure at least the same level of confidentiality of the information provided;

2. is vested with a power and agrees to provide information of the same kind at the Commission's request;

3. has a justified need of the information requested in performing its supervisory functions.

(7) (Renumbered from Paragraph 6, amended, SG No. 52/2007, effective 3.07.2007, SG No. 21/2012, amended and supplemented, SG No. 34/2015) The Commission may, pursuant to the procedure of Item 1 of Paragraph (1), in the cases of liquidation or bankruptcy, Items 2 and 6 and Paragraph (6), provide information constituting a professional secret and obtained from the authorities of a Member State or of a third country exercising financial supervision, only with the express consent of these authorities and for the purposes for which the consent is given.

(8) (New, SG No. 34/2015) The Commission may publish the results of stress tests carried out according to the Markets in Financial Instruments Act and the instruments on the application thereof, as well as according to Article 32 of Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ, L 331/12 of 15 December 2010) or make the results of the stress tests available to the European Banking Authority for the purposes of publishing the results at the European Union level. In the cases where the Commission determines that publishing the results of the stress tests may jeopardize the stability of financial markets, the Commission may delay the publishing of the said results, may publish them in an anonymous way or may make a decision not to publish them.

(9) (New, SG No. 34/2015) Where the authorities or persons referred to in Item 1 of Paragraph (1) execute the detection or investigation functions thereof with the help, considering their specific competence, of persons who are appointed for this purpose and are not employed in the public sector, the Commission may expand the opportunity for exchange of information under Paragraph (1) so as to cover such persons as well under the terms provided for in Paragraphs (3) and (7). The authorities referred to in Item 1 of Paragraph (1) shall communicate to the Commission the names and the exact duties of the persons whereto such information will be dispatched.

(10) (New, SG No. 34/2015, amended, SG No. 15/2018, effective 16.02.2018) When an emergency situation arises according to Article 238 of the Markets in Financial Instruments Act the Commission may provide information constituting a professional secret to the authorities of the Republic of Bulgaria and of the other Member States responsible for legislation in the field of supervision of credit and financial institutions, investment intermediaries and insurers, where such information is necessary for them to perform their functions.

(11) (New, SG No. 42/2016, amended, SG No. 27/2018) The Commission shall also apply the requirements of Paragraph (7) in the performance of its obligations under Article 87 of the Measures Against Money Laundering Act and Article 9a of the Measures Against the Financing of Terrorism Act.

Official secret

**Article 25a.** (New, SG No. 95/2017, effective 1.01.2018) (1) The members of the Commission and the employees of its administration shall not disclose classified information representing official secret.

(2) "Confidential" is certain information generated or kept by the Commission, which does not constitute a state secret, and unauthorised access to which would have an adverse effect on the interests of the State or would harm other legal interests.

(3) The list of categories of information subject to classification as an official secret shall be determined by an order of the Commission Chairperson.

## Chapter Seven

### BUDGET AND PROPERTY OF THE COMMISSION

Commission Property

**Article 26.** (1) The property of the Commission shall consist of a right of ownership and of other rights.

(2) The corporeal immovables allocated by the State to the Commission shall constitute public state property.

## Fees

**Article 27.** (1) (Amended, SG No. 67/2003, supplemented, SG No. 39/2005, SG No. 52/2007, amended and supplemented, SG No. 43/2010, supplemented, SG No. 77/2011, amended, SG No. 60/2012, effective 7.08.2012, amended and supplemented, SG No. 103/2012, supplemented, SG No. 34/2015, SG No. 62/2015, effective 14.08.2015, amended, SG No. 102/2015, effective 1.01.2016, supplemented, SG No. 42/2016, amended, SG No. 95/2017, effective 1.01.2018) The Commission shall charge fees on the grounds and in the amounts according to a tariff set out in an annex to this Act.

(2) (Amended, SG No. 43/2010, repealed, SG No. 95/2017, effective 1.01.2018).

(3) (Amended, SG No. 103/2012, repealed, SG No. 95/2017, effective 1.01.2018).

(4) (Amended, SG No. 103/2012, repealed, SG No. 95/2017, effective 1.01.2018).

(5) (Amended and supplemented, SG No. 103/2012, amended, SG No. 95/2017, effective 1.01.2018) For non-payment within the time limit of the fee for implementation of general financial supervision, for the duration of the delay, interest at the rate of the legal interest shall be charged on the due and payable amount. For non-payment in the cases referred to in sentence one, the Commission and its authorities may refuse to provide an administrative service to the supervised person until the latter discharges its obligation for payment of the fee for the implementation of the general financial supervision, together with the charged late payment interest and the costs for the enforcement proceedings initiated in accordance with Paragraph (7).

(6) The fees shall be non-refundable and shall be accounted for as accounting expenses in respect of the persons controlled.

(7) (Amended, SG No. 105/2005, SG No. 103/2012) Any overdue fees under Paragraph (1) shall be subject to enforced collection by public enforcement agents according to the procedure established by the Tax and Social Insurance Procedure Code or by bailiffs according to the procedure established by the Code of Civil Procedure. The written statement ascertaining the receivable shall be issued by the Chairperson of the Commission.

(8) Any over-remitted and misremitted fees shall be refundable.

## Fines and Property Sanctions

**Article 27a.** (New, SG No. 103/2012) (1) Fines and pecuniary penalties shall be subject to enforced collection by public enforcement agents according to the procedure established by the Tax and Social Insurance Procedure Code or by bailiffs according to the procedure established by the Code of Civil Procedure.

(2) (Amended, SG No. 95/2017, effective 1.01.2018) In the event of failure to pay the fines and pecuniary penalties due, the Commission and its authorities may refuse to provide the administrative service specified herein to the supervised person until the latter discharges its obligation for payment of the fines and pecuniary penalties due, including the costs of the enforced collection initiated in accordance with the procedure of Paragraph (1).

## Commission Budget

**Article 28.** (Supplemented, SG No. 67/2008, amended, SG No. 102/2012, effective 1.01.2013, supplemented, SG No. 103/2012, amended, SG No. 15/2013, effective 1.01.2014) (1) The Chairperson of the Commission shall be a budget authoriser by delegation, and the heads of regional offices shall be budget authorisers by sub-delegation.

(2) The budget of the Commission shall form part of the state budget and shall be drawn up, implemented and reported as per the procedure set out in the Public Finance Act.

(3) (Supplemented, SG No. 95/2017, effective 1.01.2018) The following revenue shall be allocated to the budget of the Commission:

1. fees referred to in Article 27(1) herein;

2. proceeds from selling periodicals issued by the Commission and from selling blank forms;
3. central budget subsidies;
4. amounts collected as pecuniary penalties and fines;
5. proceeds from other sources and activities determined by law.

(4) (New, SG No. 95/2017, effective 1.01.2018) The Commission's budget may not provide for financing of expenditures and the provision of transfers on the account of the income under Item 4 of Paragraph (3), which shall be recorded as a contribution to the central budget.

(5) (New, SG No. 95/2017, effective 1.01.2018) Upon non-fulfillment of income under Items 1, 2 and 5 of Paragraph (3), and in the event of unutilised funds from expenditures and transfers for provision, additional expenditures and payment of transfers within the Commission's budget may be approved for next year under the Public Finance Act.

## **Chapter Eight**

### **ACCOUNTABILITY AND CONTROL OVER COMMISSION ACTIVITIES**

#### Reports and Control

**Article 29.** (1) (Supplemented, SG No. 67/2008, amended, SG No. 102/2012, effective 1.01.2013) The Commission shall submit to the National Assembly an Annual Activity Report thereof, an Annual Financial Statement, and a Budget Implementation Report on or before the 30th day of May in the year next succeeding the report year.

(2) The Commission Budget Implementation Report and the Annual Financial Statement thereof shall be audited by the National Audit Office. The National Audit Office report shall be submitted to the National Assembly.

(3) The Commission Annual Activity Report shall contain information regarding:

1. position and prospects of the financial markets;
2. adequacy of the regulatory framework of the financial markets;
3. authorizations, confirmations, approvals and other individual administrative acts issued as provided for in this Act, refusals to issue such acts, registrations effected, Commission's acts appealed and upheld by the court;
4. results of the supervision exercised over the persons covered under Article 1 (2) herein;
5. (new, SG No. 43/2010) summarised information on the activities under Article 17a herein;
6. (renumbered from Item 5, SG No. 43/2010) information policy, domestic and international cooperation;
7. (renumbered from Item 6, SG No. 43/2010) organization, financing and personnel policy of the Commission;
8. (renumbered from Item 7, SG No. 43/2010) other data as determined by the Commission.

(4) The Commission shall be obligated to submit to the National Assembly any other information and documents relevant to the activities thereof, when requested to do so.

## **Chapter Nine**

### **COMMISSION REGISTERS**

#### Registers

**Article 30.** (1) The Commission shall keep public registers of:

1. (supplemented, SG No. 15/2018, effective 16.02.2018) regulated security markets multilateral trading facilities, organised trading facilities and growth markets;
2. investment intermediaries;
3. public companies and other issuers of securities;
4. (amended, SG No. 77/2011) collective investment schemes;
5. (supplemented, SG No. 39/2005, amended, SG No. 77/2011) management companies;
6. (new, SG No. 77/2011, amended, SG No. 109/2013, effective 20.12.2013) national investment funds;
7. (new, SG No. 109/2013, effective 20.12.2013, supplemented, SG No. 42/2016) individuals and entities managing alternative investment funds, including entities managing venture capital funds, social entrepreneurship funds or long-term investment funds;
8. (renumbered from Item 6, SG No. 77/2011, renumbered from Item 7, SG No. 109/2013, effective 20.12.2013) natural persons who, acting under contract, directly provide investment advice and effect transactions in securities;
9. (amended, SG No. 103/2005, renumbered from Item 7, SG No. 77/2011, renumbered from Item 8, SG No. 109/2013, effective 20.12.2013) insurance and re-insurance companies;
10. (new, SG No. 102/2015, effective 1.01.2016) special purpose vehicles for alternative insurance risk transfer;
11. (renumbered from Item 8, SG No. 77/2011, repealed, SG No. 60/2012, effective 7.08.2012, renumbered from Item 9, SG No. 109/2013, effective 20.12.2013, renumbered from Item 10, SG No. 102/2015, effective 1.01.2016);
12. (supplemented, SG No. 103/2005, renumbered from Item 9, SG No. 77/2011, renumbered from Item 10, SG No. 109/2013, effective 20.12.2013, renumbered from Item 11, SG No. 102/2015, effective 1.01.2016) insurance brokers and insurance agents;
13. (amended, SG No. 56/2006, renumbered from Item 10, SG No. 77/2011, renumbered from Item 11, SG No. 109/2013, effective 20.12.2013, renumbered from Item 12, SG No. 102/2015, effective 1.01.2016) supplementary social insurance companies, funds managed thereby, and professional plans;
14. (new, SG No. 67/2003, renumbered from Item 11, SG No. 77/2011, renumbered from Item 12, SG No. 109/2013, effective 20.12.2013, renumbered from Item 13, SG No. 102/2015, effective 1.01.2016) social insurance intermediaries of supplementary social insurance companies.
15. (new, SG No. 103/2005, renumbered from Item 12, SG No. 77/2011, renumbered from Item 13, SG No. 109/2013, effective 20.12.2013, renumbered from Item 14, SG No. 102/2015, effective 1.01.2016, repealed, SG No. 42/2016);
16. (new, SG No. 43/2010, renumbered from Item 13, SG No. 77/2011, renumbered from Item 14, SG No. 109/2013, effective 20.12.2013, renumbered from Item 15, SG No. 102/2015, effective 1.01.2016) credit rating agencies registered by the Commission in accordance with Regulation No. 1060/2009;
17. (new, SG No. 15/2018, effective 16.02.2018) tied agents;
18. (new, SG No. 15/2018, effective 16.02.2018) data reporting service providers;
19. (new, SG No. 15/2018, effective 16.02.2018) benchmark administrators, licensed or registered by the Commission in accordance with Regulation (EU) No. 2016/1011;
20. (new, SG No. 15/2018, effective 16.02.2018) the persons having the competency of responsible actuary.

(2) The recordable circumstances, the keeping and custody of the registers of the Commission, as well as the procedures ensuring the functioning of the registers as an integrated information system, shall be regulated by an ordinance.

## **Chapter Ten**

### **FINANCIAL STABILITY ADVISORY COUNCIL**

## Functions and Membership

**Article 31.** (Amended, SG No. 43/2010) (1) A Financial Stability Advisory Council shall be established as an advisory body, hereinafter referred to as "the Council".

(2) The main objective of the Council shall be to foster more efficient cooperation for maintaining the financial stability through exchanging information and assessing the situation and development of the financial system and the financial markets in Bulgaria and the potential impact of external and internal factors on this stability, and co-ordinating the actions in this direction.

(3) The Council shall have the following responsibilities:

1. to assess the situation of the national financial system and the financial markets, and to ensure that all members of the Council are informed about the market participants, the main events and trends which could impact the national financial system;

2. to monitor and analyse the systemic risks to the stability of the national financial system and to discuss measures for influencing in the event of threats to the stability of the national financial system or of a financial crisis;

3. to co ordinate the activities in accordance with the powers of the members of the Council in the event of an immediate threat to or a crisis in the national financial system and markets;

4. to discuss proposals for improving the practice of implementation and improvement of the statutory regulation of financial markets, and to facilitate the improvement and the enhancement of the efficiency of supervision of the participants in financial markets.

(4) The Council can address proposals and recommendations to its members in connection with the powers of the institutions represented by them with regard to the protection and maintaining of financial stability, prevention and management of a financial crisis.

(5) In pursuance of its powers, the Council shall adopt decisions. The decisions shall be adopted unanimously.

(6) Members of the Council shall be the Minister of Finance, the Chairperson of the Commission and the Governor of the Bulgarian National Bank; the Council shall be chaired by the Minister of Finance. At the invitation of the Council, its meetings may be attended by other persons whose functions and responsibilities are related to financial stability.

(7) The meetings of the Council shall be presided over by the Minister of Finance.

(8) The Council shall be convened for regular meetings by its Chairpersons at least four times a year. The Council may also be convened upon the request of any of the members thereof who participate in it in person. If unable to participate in a meeting, the members of the Council shall be represented by the relevant Deputy Minister, Deputy Governor or Deputy Chairperson of the Commission; of which the other members shall be informed in writing.

(9) The meetings shall be prepared and organized by the Ministry of Finance. In discharging its functions, the Council shall be assisted by a secretary to the Chairperson.

(10) The Council shall adopt Rules on its Operation. Minutes shall be taken of the meetings of the Council.

(11) The Council may set up working groups with the participation of experts of the Ministry of Finance, the Bulgarian National Bank and the Commission.

(12) Any decision regarding making public of information in connection with the work of the Council shall be adopted unanimously.

(13) All government authorities and officials shall be obliged, within their powers, to cooperate with the Council and to provide it with the information required for discharging its functions.

(14) To facilitate international cooperation in connection with financial stability, the members of the Council may conclude cooperation agreements with institutions performing functions in this field in European Union Member States and other countries.

## Chapter Eleven

# ADMINISTRATIVE PENALTY PROVISIONS

**Article 32.** (1) Any person, who obstructs the Financial Supervision Commission, the authorities thereof or duly authorized Commission administration employees upon exercise of supervisory powers assigned thereto by this Act or by any other law, shall be liable to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 5,000, unless the act constitutes a criminal offence. Upon repeated violation, the fine shall be BGN 2,000 or exceeding this amount but not exceeding BGN 10,000.

(2) Any legal person or sole trader, which or who commits a violation under Paragraph (1), shall be liable to a pecuniary penalty of BGN 2,000 or exceeding this amount but not exceeding BGN 8,000, and upon a repeated violation, of BGN 4,000 or exceeding this amount but not exceeding BGN 16,000.

(3) The written statements ascertaining the administrative violations covered under Paragraphs (1) and (2) shall be drawn up by officials authorized by the Chairperson of the Commission, and the penalty decrees shall be issued by the Chairperson of the Commission.

(4) The ascertainment of the administrative violations, the issuing, appeal and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

## SUPPLEMENTARY PROVISION

§ 1. Within the meaning given by this Act:

1. "Financial markets" shall be the securities market, the market of commercial insurance services and the market of social insurance services.

2. (Amended, SG No. 95/2017, effective 1.01.2018) "Commission's bodies" shall be the Chairperson and the three Deputy Chairpersons of the Commission and the member of the Commission under Article 3 (5).

3. (Amended, SG No. 67/2003) "Statutory instruments governing supplementary social insurance" shall be the Social Insurance Code and the statutory instruments of secondary legislation on the application thereof.

4. "Control" shall be exercised where the controlling party:

(a) holds, including through a subsidiary or by virtue of an agreement with another party, more than one half of the votes in the General Meeting of another party, or

(b) is able to appoint, whether directly or indirectly, more than one half of the members of the management or the supervisory body of another party, or

(c) is able to manage, including and through or together with a subsidiary by virtue of Articles of Association or a contract, the activities of another party, or

(d) as a shareholder or partner in a company, controls independently by virtue of a transaction with other partners or shareholders in the same company, more than one half of the votes in the General Meeting of the company, or

(e) may in any other way exercise decisive influence on decision making in connection with the activities of the company.

5. (New, SG No. 43/2010) "Related persons" shall be:

(a) spouses, lineal relatives without limitations, collateral relatives up to the fourth degree of consanguinity included and affines up to the third degree of affinity included;

(b) partners;

(c) persons, one of whom/which participates in the management of the other one or its affiliated company;

(d) persons in the management or supervisory body if which one and the same legal entity or natural person participates, including where the natural person represents the legal entity;

- (e) a company and a person, who holds over than 10 per cent of the voting interests or shares issued in the company;
  - (f) persons, one of whom/which exercises control over the other;
  - (g) persons the operations of which are controlled by a third party or its affiliated company;
  - (h) persons who/which control jointly a third party or an affiliated company thereof;
  - (i) persons, one of whom/which is a commercial representative of the other one.
6. (Renumbered from Item 5, SG No. 43/2010) "Repeated violation" shall be any violation committed within one year after the effective date of a penalty decree whereby the offender was penalized for a violation of the same type.
7. (Renumbered from Item 6, SG No. 43/2010) "Supplementary social insurance companies" shall be the retirement insurance companies and the unemployment and/or vocational training voluntary insurance companies.
8. (New, SG No. 103/2005, renumbered from Item 7, SG No. 43/2010) "Member State" shall be a country which is member of the European Union or any other State belonging to the European Economic Area.
9. (New, SG No. 103/2005, renumbered from Item 8, SG No. 43/2010) "Third country" shall be a State which is not a Member State within the meaning under Item 7.
10. (New, SG No. 95/2017, effective 1.01.2018) "Management position" within the meaning of Article 20 (6) shall be a position held by the directors of directorates and the heads of departments in the specialised administration.

## **TRANSITIONAL AND FINAL PROVISIONS**

**§ 2.** (1) As from the entry of this Act into force:

1. the powers of the National Insurance Council and of the Supplementary Social Insurance Council shall be terminated;
  2. the powers of the Bulgarian National Securities Commission, of the Director of the Insurance Supervision Agency, and of the Chairperson of the State Social Insurance Supervision Agency shall be terminated.
- (2) Any authorizations (licences) and other individual administrative acts issued by the authorities covered under Paragraph (1) shall continue in effect.
- (3) Any proceedings before the authorities covered under Paragraph (1), pending upon the entry of this Act into force, shall continue before the respective competent authority under this Act. Any competence dispute shall be resolved by the Commission.

**§ 3.** (1) The Bulgarian National Securities Commission, the Insurance Supervision Agency and the Social Insurance Supervision Agency shall be transformed through merger into a Financial Supervision Commission as from the date of entry of this Act into force.

- (2) The assets, the liabilities, the archives and the other rights and obligations of the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency shall be assumed by the Financial Supervision Commission.
- (3) Within fifteen days after the date of entry of this Act into force, the Chairperson of the Commission shall transform the civil-service relationships of the civil servants at the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency into open-ended employment relationships. The ranks acquired and any unused leaves shall be retained.
- (4) The employment relationships of the employees of the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency shall be settled according to the procedure established by Article 123 of the Labour Code.

**§ 4.** (Effective 28.01.2003) (1) Within two months after the entry of this Act into force, the National Assembly shall elect the members of the Commission, and the terms of office of the said members shall begin to run from the date of entry of

this Act into force.

(2) The members of the first composition of the Commission formed according to this Act shall be elected for the following terms of office:

1. the Chairperson: six years;
2. the Deputy Chairperson in charge of the Investment Activity Supervision Department: six years;
3. the Deputy Chairperson in charge of the Insurance Supervision Department: five years;
4. the Deputy Chairperson in charge of the Social Insurance Supervision Department: four years;
5. the other members: the first one: four years, the second one: five years, and the third one: six years, as specified in the resolution on the election of the said members.

(3) Members of the Bulgarian National Securities Commission, the Director of the Insurance Supervision Agency and the Chairperson of State Social Insurance Supervision Agency shall be eligible for election as members of the Commission.

(4) Until the entry of this Act into force, the members of the Commission shall direct the technical and organizational activities in connection with the transformation under § 3 herein.

(5) The employees and the fixed assets of the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency, together with the requisite maintenance thereof, shall be transferred to the Financial Supervision Commission according to a procedure established by the members of the Commission.

(6) The budget of the Commission for 2003 shall be prepared on the basis of the budgets of the Bulgarian National Securities Commission, the Insurance Supervision Agency and the State Social Insurance Supervision Agency for 2003.

(7) The Minister of Finance and the Minister of Labour and Social Policy shall effect the changes arising from this Act in the executive budget for 2003 in connection with the preparation of the Commission Budget for 2003.

**§ 5.** The statutory instruments of secondary legislation adopted on the application of the Public Offering of Securities Act, the Insurance Code, the 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.

**§ 5a.** (New, SG No. 84/2006) Individual administrative acts issued by the Financial Supervision Commission and the deputy chairpersons until the entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, which have not been subject to court appeal, may not be appealed in court according to the procedure established by this Act.

**§ 6.** Within one month after the entry of this Act into force, the Financial Supervision Commission shall adopt Rules of Organization and Operation thereof.

**§ 7.** The first meeting of the Financial Stability Advisory Council shall be convened by the Minister of Finance within three months after the entry of this Act into force. The order of rotation shall be determined at the said meeting.

**§ 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:

1. In Article 8, Paragraph (1) shall be amended to read as follows:

"(1) The persons, activities and transactions covered under Article 1 (1) herein shall be regulated and controlled 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 thereof."

2. Articles 9, 10, 11, 12, 13, 14, 15, 16, 16a, 17, 18 and 19, as well as any references made to them in the Act shall be repealed.

3. In the Act, the words "the Commission" shall be replaced passim 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".

**§ 9.** (1) The Insurance Act (promulgated in the State Gazette No. 86 of 1996; amended in No. 1 of 1997, [modified by] Constitutional Court Judgment No. 6 of 1997, [promulgated in] No. 21 of 1997; amended in No. 58 of 1997, Nos. 21, 52, 93 and 132 of 1998, No. 88 of 1999, Nos. 83 and 97 of 2000, Nos. 1, 102 and 110 of 2001, Nos. 96 and 107 of 2002) shall be amended and supplemented as follows:

1. In Article 7 (3), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission and by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".

2. Article 17a shall be amended to read as follows:

"Article 17a. State insurance supervision shall be exercised by the Financial Supervision Commission and by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department according to the procedure established by this Act and by the Financial Supervision Commission Act."

3. Articles 17b, 17c, 18, 19, 20, 21 and 22 shall be repealed.

4. Article 22a shall be amended to read as follows:

"Article 22a. (1) The Financial Supervision Commission shall conduct inspections as to compliance with this Act and with the acts of subordinate legislation for the application thereof.

(2) The Financial Supervision Commission shall issue an ordinance establishing a procedure for the conduct of inspections. "

5. Article 22b shall be amended and supplemented as follows:

(a) in Paragraph (1), Item 1 shall be amended to read as follows:

"1. violation of the provisions of this Act, of the acts of subordinate legislation for the application thereof, of the Financial Supervision Commission Act, of acts of the Financial Supervision Commission and of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, as well as offering of any general policy conditions and clauses as have not been approved by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;"

(b) in Paragraph (2), Items 6 and 11 shall be repealed;

(c) Paragraph (3) shall be amended to read as follows:

"(3) In especially grave cases of violations covered under Paragraph (1), the Financial Supervision Commission, acting on a motion by the Deputy Chairperson thereof in charge of the Insurance Supervision Department, shall:

1. order the insurer in writing to release one or more persons empowered to manage or represent the said insurer, or each one of the persons covered under Articles 10 or 13 herein, or

2. appoint conservators vested with the powers referred to in Article 33 (2) herein for a specified period of time."

6. Article 23 shall be repealed.

7. In Article 24, the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

8. In Article 33 (1), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

9. Articles 34 and 35 shall be repealed.

10. In Article 38 (2), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

11. In Article 41, the words "Articles 32 and 34 herein shall apply" shall be replaced by "Article 32 herein shall apply".
12. In Article 43 (4), the words "kept at the Insurance Supervision Agency" shall be deleted.
13. In Articles 47, 49, Article 51 (4) and Article 77 (4), the words "the Council of Ministers" shall be replaced by "the Financial Supervision Commission".
14. In Article 51a (3), the second sentence shall be amended to read as follows: "Coercive administrative measures under Article 22b (2) herein shall be applied upon failure to comply with any such prescription."
15. In Article 54, the words "the Minister of Finance" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".
16. In Article 65 (1) and Article 66 (2) and (5), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".
17. In Article 89 (1), the words "appointed by the Minister of Finance" shall be replaced by "elected by the Financial Supervision Commission", and the words "appointed by the Minister of Finance" shall be replaced by the words "elected by the Financial Supervision Commission".
18. Article 90 shall be amended as follows:
  - (a) in Paragraph (2), the words "the Director of the Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department";
  - (b) in Paragraph (3) the words "the Director of the Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".
19. In Article 93, the words "the Minister of Finance" shall be replaced by "the Financial Supervision Commission".
20. In Article 94c, the words "the Director of the Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".
21. In Article 99, Paragraph (2) shall be amended to read as follows:

"(2) The Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department may decree confiscation of the shares as acquired."
22. Article 106 shall be amended as follows:
  - (a) Paragraph (1) shall be amended to read as follows:

"(1) The written statement ascertaining any administrative infraction shall be drawn up by staff members of the administration of the Financial Supervision Commission or by other persons empowered to do so by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, and in the instances covered under Article 96 herein, by the National Police authorities.";
  - (b) in Paragraph (2), the words "the Director of the Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".
23. In the Act, the words "National Insurance Council" and "the National Insurance Council" shall be replaced passim, respectively, by "Financial Supervision Commission" and "the Financial Supervision Commission", the words "Insurance Supervision Agency" and "the Insurance Supervision Agency" shall be replaced passim, respectively, by "Insurance Supervision Department" and "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department".
  - (2) In Paragraph (3) of § 67 of the Provisional and Final Provisions of the Act to Amend and Supplement the Insurance Act ([promulgated in the] State Gazette No. 96 of 2002), the words "the Minister of Finance" shall be replaced by "the Financial Supervision Commission".

**§ 10.** The Social Insurance Code (promulgated in the State Gazette No. 110/1999; modified by Constitutional Court Judgment No. 5/2000, promulgated, SG No. 55/2000; amended, No. 64/2000, Nos. 1, 35, and 41/2001, Nos. 1, 10, 45, 74 and 112/2002) shall be amended and supplemented as follows:

1. In Article 145, Article 153, Article 155 (3), Article 156 (1) and (2), Article 174 (1) and (2), Item 4 of Article 183 (9),

Article 184 (2), Article 190 (1) and (2), Article 195 (1) and (2), and Article 201 (2), the designation "the State Social Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

2. In Article 178 (2), the words "the State Social Insurance Supervision Agency, in consultation with the Bulgarian National Securities Commission" shall be replaced by "the Deputy Chairperson in charge of the Social Insurance Supervision Department, jointly with the Deputy Chairperson in charge of the Investment Activity Supervision Department".

3. In the Code, with the exception of the texts under Items 1 and 2, the designation "the State Social Insurance Supervision Agency" and the words "the Agency" and "the Chairperson of the State Social Insurance Supervision Agency" shall be replaced passim by "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Financial Supervision Commission".

4. In Article 156, Paragraph (2) shall be repealed.

5. In Article 181, Article 192 (2) and Article 194 (2), the wording "by an act of the Council of Ministers" shall be replaced by "by an ordinance".

6. There shall be inserted the following new Article 206a:

"Liability for Violations and Non-compliance with Prescriptions

Article 206a. (1) Any person, who shall violate or who shall suffer another to violate the provisions of this Code regarding supplementary compulsory retirement insurance or who fails to comply with any mandatory prescription of a control authority, shall be liable to a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 10,000, unless the act constitutes a criminal offence.

(2) Any legal person, which commits any violation under Paragraph (1), shall be liable to a pecuniary penalty of BGN 10,000 or exceeding this amount but not exceeding BGN 50,000.

(3) Any repeated violation under Paragraph (1) shall be punishable by a fine of BGN 4,000 or exceeding this amount but not exceeding BGN 20,000 or, respectively, by a pecuniary penalty of BGN 20,000 or exceeding this amount but not exceeding BGN 100,000. The violation shall be deemed to be a repeated within the meaning given by Article 204 (2) herein.

(4) Any income accruing from wrongfully carried on business shall be confiscated.

7. In Article 207 (4), the word "the Agency" shall be replaced by "the Financial Supervision Commission".

8. There shall be added the following new Article 208:

"Application of Coercive Administrative Measures

Article 208. (1) Coercive administrative measures may be applied for prevention and cessation of any violations under Title Two of this Code and of the instruments on the application thereof, for prevention and cessation of the harmful consequences of any such violations, as well as where the exercise of the supervisory activities of the Commission is obstructed or the interests of the members of the supplementary compulsory retirement insurance funds are jeopardized.

(2) Chapter Fourteen of the Supplementary Voluntary Retirement Insurance Act shall apply to the types of coercive administrative measures, the authorities and the manner of application and appeal against such measures.

**§ 11.** The Supplementary Voluntary Retirement Insurance Act (promulgated in the State Gazette No. 65/1999; amended in Nos. 110 and 111/1999, Nos. 1, 64 and 83/2000) shall be amended and supplemented as follows:

1. In Article 17 (1), Item 4 of Article 21 (6), Article 22 (2), Article 26 (4) and (5), Article 35, Article 38 (1) and (3), Article 39 (1) and (2), Article 40 (1), (2), and (3), Article 41 (1) and (2), Article 42 (2) and (3), Article 57, Article 62 (2) and (3) and Article 64, the words "the State Social Insurance Supervision Agency" and "the Agency" shall be replaced, respectively, by "the Financial Supervision Commission" and "the Commission".

2. In the Act, with the exception of the texts covered under Item 1, the words "the State Social Insurance Supervision Agency" and "the Agency" shall be replaced passim, respectively, by "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Financial Supervision Commission" and "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Commission".

3. In the heading of Chapter Three, the words "Supervision and" shall be deleted.

4. Article 30 shall be amended to read as follows:

"Article 30. The licensing and supervision of the supplementary social insurance companies shall be performed by the Financial Supervision Commission, hereinafter referred to as "the Commission"."

5. Articles 31, 32, 33 and 34 shall be repealed.

6. Article 35 shall be amended and supplemented as follows:

(a) Items 3, 4, 6 and Items 8 to 11 shall be repealed;

(b) in Item 5, the words "and accepts" shall be inserted after the word "develop".

7. Article 36 shall be repealed.

8. There shall be inserted the following new Article 36a:

"Article 36a. The Deputy Chairperson in charge of the Social Insurance Supervision Department of the Financial Supervision Commission shall endorse:

1. a list of the custodian banks, jointly with the Bulgarian National Bank;

2. a list of certified public accountants who have the right to audit supplementary social insurance companies and voluntary pension funds, after consultation with the Institute of Certified Public Accountants;

3. biometric tables, which may be used by the supplementary social insurance companies and the voluntary pension funds;

4. other documents related to the activity comprehended in supplementary social insurance."

9. Article 37 shall be repealed.

10. Article 43 shall be repealed.

11. Article 60 shall be amended as follows:

(a) In Paragraph (1), the words "the Agency" shall be replaced by "the Commission", and the words "which shall make the decision within one month" shall be deleted;

(b) In Paragraph (2), the words "By the said decision the Agency" shall be replaced by "Within one month, the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Commission shall make a decision whereby", and the wording "from it" shall be deleted;

(c) In Paragraph (3), the words "of the Agency" shall be replaced by "under Paragraph (2)".

12. In Article 61, the second sentence shall be amended to read as follows: "In such cases, the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Commission shall determine by a decision the terms, procedure and manner of satisfying the social-insured persons."

13. In Article 111 (1) and (2), the words "the Chairperson of the Agency" shall be replaced by "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Commission".

14. There shall be added the following new Chapter Fourteen after Article 111:

"Chapter Fourteen

#### COERCIVE ADMINISTRATIVE MEASURES

Article 112. (1) The Commission may apply the following coercive administrative measures for prevention and cessation of any violations of this Act and of the instruments on the application thereof, for prevention and cessation of any harmful consequences of any such violations, as well as where exercise of the supervisory activities of the Commission is obstructed or the interests of the members of the supplementary retirement insurance funds:

1. to issue mandatory prescriptions for taking specific measures within a time limit set by the Commission;

2. to issue mandatory prescriptions for necessary changes in the rules of the supplementary retirement insurance funds;

3. to discontinue the use and dissemination of documents which have not been endorsed according to the relevant procedure;

4. to discontinue the dissemination of advertisements and information materials, as well as the conduct of lotteries;
5. to obligate in writing the retirement insurance company to increase the capital thereof within a fixed time limit;
6. to impose financial rehabilitation measures on any retirement insurance company or on a pension fund managed by such company;
7. to prohibit the conclusion of new social insurance contracts for a fixed period of time;
8. to suspend the payment of dividend;
9. to appoint a certified public accountant for conduct of a financial audit or other inspection of the person controlled for the account of the said person, according with requirements established by the Deputy Chairperson in charge of the Social Insurance Supervision Department;
10. to convene the Shareholders' General Meeting or to schedule a meeting of the Management and Supervisory Board (the Board of Directors) for making a decision on the measures to be taken;
11. to suspend the execution of a decision or directive of the management bodies of the retirement insurance company, related to the activity comprehended in supplementary retirement insurance;
12. to direct in writing the person controlled thereby to discharge one or more persons empowered to manage and represent the respective person, and to withdraw the management and representation rights of the said person until the discharge thereof;
13. to appoint conservators in the cases provided for in the statutory instruments governing supplementary social insurance;
14. to withdraw the retirement licence.

(2) The Commission may inform the public of the measures applied under Paragraph (1).

(3) The measures covered under Paragraph (1) shall be applied to the persons controlled by the Commission, to the employees of the said persons, to persons performing managerial functions in the company under contract, or to persons authorized to conclude social insurance contracts and to receive applications for social insurance.

(4) Upon imposition of coercive administrative measures under Paragraph (1), the provisions of Article 7 (2) and Article 11 (1) of the Administrative Procedure Act shall not apply regarding the explanations and objections of the interested parties.

Article 113. (1) The coercive administrative measures referred to in Items 12 to 14 of Article 112 (1) herein shall be applied by a reasoned decision in writing of the Commission, which shall be communicated to the interested party within seven days after rendition.

(2) The coercive administrative measures referred to in Items 1 to 11 of Article 112 (1) shall be applied by a reasoned decision in writing of the Deputy Chairperson in charge of the Social Insurance Department, which shall be communicated to the party concerned within seven days after rendition.

Article 114. (1) Any decision referred to in Article 113 (1) herein shall be subject to immediate execution and shall be unappealable according to a judicial procedure.

(2) Any decision referred to in Article 113 (2) shall be appealable solely according to an administrative procedure before the Commission according to the procedure established by the Administrative Procedure Act."

**§ 12.** (1) The Health Insurance Act (promulgated in the State Gazette No. 70 of 1998; amended in Nos. 93 and 153 of 1998, Nos. 62, 65, 67, 69, 110 and 113 of 1999, Nos. 1, 31, and 64 of 2000, No. 41 of 2001, Nos. 1, 54, 74, 107 and 112 of 2002) shall be amended and supplemented as follows:

1. Article 86 shall be amended to read as follows:

"Article 86. The state supervision over the activity comprehended in voluntary health insurance shall be exercised by the Financial Supervision Commission and by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, according to the procedure established by this Act and by the Financial Supervision Commission Act."

2. Article 88 shall be amended and supplemented as follows:

(a) there shall be inserted the following new Paragraph (3):

"(3) The general conditions under the health insurance packages shall clearly and unambiguously state:

1. the cover and the exceptions of it;
2. the terms, the procedure and the time limits for payment of health insurance premiums, as well as the consequences of non-payment or mispayment;
3. the terms and procedure for using the health services and for obtaining the health goods;
4. the terms, procedure and time limits for reimbursement of expenses incurred;
5. the terms, procedure and time limits for termination or modification of the health insurance legal relationship."

(a) the existing Paragraph (3) shall be renumbered to become Paragraph (4);

(b) the existing Paragraph (4) shall be renumbered to become Paragraph (5), and the words "before the Financial Supervision Commission and the authorities thereof" shall be added after the words "the insured person" therein.

3. In Article 90a and Article 90c (4), the words "the Council of Ministers" shall be replaced by the "Financial Supervision Commission".

4. In Article 90d (3), the second sentence shall be amended to read as follows: "Upon failure to comply with the prescription, the coercive administrative measures under Article 99 herein shall be applied. "

5. In Article 90g, the words "the Minister of Finance" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

6. In Articles 95 and 96, the words "the Director of the Agency" is replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

7. In Article 97, there shall be added the following new Paragraph (9):

"(9) The persons covered under Paragraphs (2) to (7) shall be subject to approval by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department. The said approval shall precede the recording in the Commercial Register or, respectively, the appointment to a position for which recording is not required. The Deputy Chairperson shall pronounce within one month after submission of the application. "

8. In Article 98, the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

9. Article 99 shall be amended and supplemented as follows:

(a) in Paragraph (1), the words "to the Agency" shall be replaced by "at the Financial Supervision Commission", and a comma and the words "as well as the technical basis for calculation of the premium rates and technical plans" shall be inserted after the words "the rates" in Item 5;

(b) in Paragraph (2), the words "the Agency" shall be replaced passim by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

(c) in Paragraph (3), the first sentence shall be amended to read as follows: "Within two months after submission of the application, the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall prepare a proposal for issuing or a refusal to issue a licence and shall lay the said proposal before the Financial Supervision Commission for consideration";

(d) the following new Paragraph (4) shall be added:

"(4) The Financial Supervision Commission shall pronounce on the application within one month after the proposal referred to in Paragraph (3) is laid before the Commission."

10. Article 99b shall be amended and supplemented as follows:

(a) there shall be inserted the following new Paragraph (2):

"(2) The licence of the health insurance company shall be withdrawn by the Financial Supervision Commission."

(b) the existing Paragraph (2) shall be renumbered to become Paragraph (3), and the words "the Insurance Supervision Agency" therein shall be deleted.

11. In Article 99c (3) at the end, there shall be added the following second sentence: "The conservator shall be vested with the powers of the management and supervisory bodies of the health insurance company, and shall draw a remuneration for the account of the company, with the amount of the said remuneration being fixed by the Deputy Chairperson of the Financial Supervision Committee in charge of the Insurance Supervision Department."

12. Article 99d shall be repealed.

13. Article 99e shall be amended and supplemented as follows:

(a) in Paragraph (1), a comma and the words "as well as the technical basis for calculation of the premium rates and the technical plans" shall be inserted after the words "the rates";

(b) in Paragraph (2), the word "or" shall be replaced by a comma, and the words "or the technical plans" shall be inserted after the words "the rates";

(c) Paragraph (3) shall be amended to read as follows:

"(3) The Deputy Chairperson of the Financial Supervision Committee in charge of the Insurance Supervision Department shall issue an authorization under Paragraph (1) and an approval under Paragraph (2) within one month after receipt of the request from the health insurance company. The Deputy Chairperson may approach the Minister of Health for an opinion on the contents and feasibility of the proposed health insurance packages."

(d) in Paragraph (4), there shall be added the following new Item 3:

"3. The general conditions under the health insurance packages and contracts conflict with mandatory provisions of the Act or are not responsive to the requirements established by Article 88 (3) herein and the violations have not been eliminated within the time limit appointed by the Deputy Chairperson of the Commission."

14. Article 99g shall be amended and supplemented as follows:

(a) the existing text shall be redesignated to become Paragraph (1) and shall be amended to read as follows:

"(1) Any corporate transformation of health insurance companies through merger by the formation of a new company, division by the formation of new companies and division by acquisition shall require an authorization from the Financial Supervision Commission."

(b) there shall be added the following new Paragraphs (2) and (3):

"(2) Any corporate transformation of health insurance companies through merger by acquisition shall require an authorization from the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

(3) Any corporate transformation referred to in Paragraphs (1) and (2) shall be performed under the terms and according to the procedure established by of Chapter Eight of the Insurance Act and the Financial Supervision Commission Act."

15. Article 99h shall be amended as follows:

(a) in Paragraphs (1) and (2), the words "the Agency" shall be replaced passim by "the Financial Supervision Commission";

(b) in Paragraph (3), the words "the Agency" shall be replaced by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

16. In Article 99i, at the end of the first sentence there shall be added "after the voluntary health insurance licence has been withdrawn".

17. The heading of Section V shall be amended to read as follows: "State Supervision over Activity Comprehended in Voluntary Health Insurance".

18. Article 99j shall be amended as follows:

(a) Paragraph (1) shall be amended to read as follows:

"(1) The Financial Supervision Commission shall exercise the state supervision over the activity comprehended in

voluntary health insurance under the terms and according to the procedure established by this Act and by the Financial Supervision Commission Act.";

(b) Paragraph (2) shall be amended to read as follows:

"(2) Upon exercise of the state supervision over the activity comprehended in voluntary health insurance, the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall:

1. make proposals for the issuing, refusal to issue or withdrawal of a health insurance company licence, for issuing or refusal to issue an authorization for merger by the formation of a new company, division by the formation of new companies or division by acquisition of health insurance companies and for imposition of the coercive measures under Article 99m (3) herein;
2. issue authorizations for new health insurance packages, general conditions and rates thereto and approve modifications in any such packages, conditions and rates which have been authorized;
3. authorize the merger by acquisition of health insurance companies and the opening of a branch of a Bulgarian health insurance company abroad;
4. authorize the transfer of an enterprise of a health insurance company or of health insurance contracts;
5. approve the persons covered under Article 97 (2) to (7) herein;
6. verify the validity of the declarations referred to in Article 95 herein and, if necessary, notify the authorities referred to in Article 96 (3) herein;
7. approve other health insurance reserves within the meaning given by Item 4 of Article 90c (3) herein;
8. approve the standard forms of declarations, statements, reports, information sheets and other documents as provided for under Chapter Three of this Act;
9. petition the initiation of liquidation or bankruptcy proceedings against a health insurance company;
10. control compliance with the voluntary nature of effecting voluntary health insurance;
11. apply coercive administrative measures and impose sanctions in the cases and according to the procedure established by a law;
12. make decisions on other matters related to the exercise of supervision over the activities of the health insurance companies, which are not placed within the competence of the Financial Supervision Commission.";

(c) Paragraph (3) shall be amended to read as follows:

"(3) The documents required for the issuance of authorizations and approvals, as well as for exercise of the other supervisory powers of the authorities referred to in Paragraphs (1) and (2), shall be specified in the Rules of Organization and Operation of the Financial Supervision Commission or by an order of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, with the exception of the documents under this Act.";

(d) Paragraphs (4) and (5) shall be repealed;

(e) Paragraph (6) shall be amended to read as follows:

"(6) The individual administrative acts of the Financial Supervision Commission and of the Deputy Chairperson thereof in charge of the Insurance Supervision Department shall be appealable according to the procedure established by the Financial Supervision Commission Act."

19. Article 99k shall be amended to read as follows:

"Article 99k. (1) The Financial Supervision Commission shall conduct inspections as to compliance with Chapter Three of this Act and of the statutory instruments of secondary legislation on the implementation thereof by the health insurance companies.

(2) The Financial Supervision Commission shall issue an ordinance establishing the procedure for conduct of inspections.

(3) In respect of health insurance companies, Article 24 of the Insurance Act shall apply, mutatis mutandis."

20. In Article 99l (1), after the word "annual" there shall be inserted the words "and periodic", and the following new Item 4 shall be added:

"4. quarterly statements, information sheets, reports and annexes completed in a standard form endorsed by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department: not later than the end of the month next succeeding the relevant quarter."

21. Article 99m shall be amended to read as follows:

"Article 99m. (1) The Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall apply the measures covered under Paragraph (2) where the said Deputy Chairperson ascertains that any health insurance company, any one of the persons covered under Article 97 (2) to (7) herein, or any shareholder owing 10 per cent or more of the shares have committed any of the following violations:

1. violation of the provisions of this Act, of the statutory instruments of secondary legislation on the application thereof, of the Financial Supervision Act, of acts of the Financial Supervision Commission and of the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department, as well as offering general conditions and clauses which have not been approved by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department;

2. jeopardizing the interests of the health insured persons;

3. breach of the conditions whereunder the authorization or the licence has been issued;

4. effecting transactions and performing actions which affect the organizational or financial stability of the health insurance company;

5. obstruction of the exercise of the state supervision over the activity comprehended in voluntary health insurance.

(2) In the cases under Paragraph (1), the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department shall apply the following coercive administrative measures:

1. direct in writing that the violations committed be discontinued or eliminated, or that particular measures be taken;

2. issue a prescription for attainment of a yield, security and liquidity of investments of the health insurance reserves and of the shareholders' equity;

3. impose measures for rehabilitation of the financial position of the health insurance company;

4. obligate in writing the health insurance company to increase the own funds thereof within an appointed time limit;

5. determine the asset structure so as to guarantee payments under the health insurance contracts;

6. suspend the payment of dividend;

7. suspend a shareholder from exercising the voting power thereof;

8. direct a shareholder in writing to transfer the shares held thereby within a fixed time limit.

(3) In especially grave cases of violations covered under Paragraph (1), the Financial Supervision Commission, acting on a motion by the Deputy Chairperson thereof in charge of the Insurance Supervision Department, shall:

1. order the health insurance company in writing to release one or more persons empowered to manage or represent the said company, or each one of the persons covered under Article 97 (2) to (7) herein, or

2. appoint conservators vested with the powers referred to in Article 99c (3) herein for a specified period of time."

22. Article 106a shall be repealed.

23. Article 106b shall be amended as follows:

(a) in Paragraph (3), the words "Paragraph (4)" shall be replaced by "Paragraph (5)";

(b) in Paragraph (7), the words "the Agency" shall be replaced by "the Financial Supervision Commission";

(c) in Paragraph (8), the words "and under Article 106a herein" shall be deleted;

(d) Paragraph (9) shall be amended to read as follows:

"(9) The violations under Paragraphs (1) to (8) shall be ascertained by written statements by officials of the administration of the Financial Supervision Commission, authorized to do so by the Deputy Chairperson of the said Commission in charge of the Insurance Supervision Department. The penalty decrees shall be issued by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

24. In Article 108 (2), there shall be added the following second sentence: "The fines and the pecuniary penalties, imposed on health insurance companies for violations under Chapter Three of the Act shall be credited in revenue to the executive budget."

25. In the Health Insurance Act, the words "Insurance Supervision Agency" and "the Agency" shall be replaced passim by "the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department."

(2) The Transitional and Final Provisions of the Act to Amend and Supplement the Health Insurance Act ([promulgated in the] State Gazette No. 107 of 2002 shall be amended and supplemented as follows):

1. In § 95, after the words "Council of Ministers" there shall be inserted "or the Financial Supervision Commission, respectively".

2. In § 98, the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission or, respectively, the Deputy Chairperson of the said Commission in charge of the Insurance Supervision Department".

3. In § 101 (1) and § 102 (2), the words "the Insurance Supervision Agency" shall be replaced by "the Financial Supervision Commission".

4. There shall be inserted the following new § 103a:

"§ 103a. During the period commencing upon the receipt of a licence for activity comprehended in voluntary health insurance and ending upon the increase of capital to BGN 2 million, a health insurance company shall be obligated to invest part of its own funds to an amount equal to one third of the solvency limit, under the terms and according to the procedure established by Article 90e of the Health Insurance Act."

**§ 13.** The Protection in Unemployment and Employment Promotion Act (promulgated in the State Gazette No. 120 of 1997; amended in No. 155 of 1998, Nos. 26, 50, 65, 67, 68, 84 and 110 of 1999, Nos. 1 and 31 of 2000, Nos. 25 and 112 of 2001) shall be amended as follows:

1. In the Act, the words "the State Social Insurance Supervision Agency" and "the State Social Insurance Supervision Agency under the Council of Ministers" shall be replaced passim by "the Financial Supervision Commission", and the words "the Agency" shall be replaced by "the Commission", with the exception of Article 46 (2), where the words "the Agency" shall be replaced passim by "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Financial Supervision Commission".

2. In Article 42, Paragraph (5) shall be amended to read as follows:

"(5) The fee for issuance of a licence shall be fixed in the Rate Schedule which appears as an Annex to Article 27 (2) of the Financial Supervision Commission Act."

3. Article 47 shall be repealed.

**§ 14.** The Public Disclosure of Senior Public Officials' Financial Interests Act (promulgated in the State Gazette No. 38/2000; amended in Nos. 28 and 74/2002) shall be amended and supplemented as follows:

1. In Article 2 (1), there shall be inserted the following new Item 13:

"13. the Chairperson, Deputy Chairpersons, and the members of the Financial Supervision Commission;".

2. The existing Items 13, 14, 15, 16 and 17 shall be renumbered to become Items 14, 15, 16, 17, and 18, respectively.

**§ 15.** Within six months after the entry of this Act into force, the Council of Ministers shall allocate an appropriate building to the Commission.

**§ 16.** This Act shall enter into force on the 1st day of March 2003, with the exception of § 4, which shall enter into force on the date of promulgation of the Act in the State Gazette.

The Act was passed by the 39th National Assembly on 5 December 2002 and 22 January 2003, and the Official Seal of the National Assembly has been affixed thereto.

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TRANSITIONAL AND FINAL PROVISIONS to the Insurance Code

(SG No. 103/2005, effective 1.01.2006)

.....

§ 13. In the Financial Supervision Commission Act (promulgated, SG No. 8/2003, amended, SG No. 31/2003, SG No. 67/2003, SG No. 112/2003, SG No. 85/2004, SG No. 39/2005) shall be amended and supplemented, as follows:

.....

12. Everywhere in the Act the words "the Insurance Act" shall be replaced passim by "the Insurance Code".

.....

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Financial Supervision Commission Act

(SG No. 43/2010)

§ 25. (1) Within 14 days of the entry of this Act into force the National Assembly shall elect new members of the Commission. The term of office of the members of the Commission in service as at the time of entry of this Act into force shall be terminated when the new members assume office.

(2) The first members of the Commission elected pursuant to this Act shall be elected for the following term of office:

1. the Chairperson - for a term of 6 years;
2. the Deputy Chairperson in charge of the Investment Activity Supervision Department - for a term of 5 years;
3. the Deputy Chairperson in charge of the Social Insurance Supervision Department - for a term of 4 years;
4. the Deputy Chairperson in charge of the Insurance Supervision Department - for a term of three years;
5. the member of the Commission referred to in Article 3, item 5 - for a term of three years.

(3) Where necessary, under the administrative proceedings, pending at the time of entry of this Act into force, the competent authority regarding the corresponding proceedings can prolong the term for its ruling by no more than a month.

(4) Within two months of being elected the Commission shall propose to the Council of Ministers to adopt the Rate Schedule referred to in Article 27 (2).

(5) Within one month of being elected the Commission shall approve the templates of the declarations referred to in § 27 (2), § 28 (2) and § 29 (2).

(6) Within two months of being elected the Commission shall bring the Rules of Organization and Operation thereof in line with this Act.

§ 26. (1) Within one month of the entry of this Act into force the Minister of Finance shall convene a meeting of the Financial Stability Council.

(2) Within two months of the entry of this Act into force the Financial Stability Council shall adopt Rules on its Operation.

§ 27. (1) The regulated markets, the investment intermediaries and the management companies shall be obliged, within three months of the entry of this Act into force, to submit to the Commission a list of the individuals, up to the actual owner, who hold, directly or indirectly, 5 and over 5 percent of the votes in the general meeting or of the capital of the supervised person

(2) To the list referred to in Paragraph (1) a declaration shall be attached following a template approved by the Commission and containing exhaustive information about the actual owners of the supervised person concerned. If necessary, the Deputy Chairperson in charge of the Investment Activity Supervision Department can, within one month of receiving the list referred to in Paragraph (1), request in writing additional information of documents. The request shall specify the deadline for elimination of deficiencies and provision of the additional information, which may not be longer than one month.

(3) In the event of failure to comply with the requirements set out in Paragraphs 1 and 2, as well as where the information and documents submitted do not allow to identify the actual owners:

1. the Deputy Chairperson can implement the measures specified in Article 118 (1), Item 1 of the Markets in Financial Instruments Act, respectively Article 212, Paragraph (1), Item 1 of the Public Offering of Securities Act;

2. in the event of failure to implement the measures referred to in Item 1, the Deputy Chairperson can implement the measures specified in Article 40 (3) of the Markets in Financial Instruments Act, respectively Article 210 (5) of the Public Offering of Securities Act in connection with Article 40 (3) of the Markets in Financial Instruments Act;

3. in the event of failure to implement the measures referred to in Items 1 and 2, the Commission can implement the measures specified in Article 20, Paragraph (1), Item 5 of the Markets in Financial Instruments Act, respectively Article 208, Paragraph (1), Item 6 of the Public Offering of Securities Act.

(4) The provisions of Paragraphs (1) to (3) shall not apply to public companies within the meaning of the Public Offering of Securities Act, unless where the Commission decides on its own discretion to require such information for the purposes of the tender proposals under Chapter Eleven, Section II of the Public Offering of Securities Act.

(5) The Commission shall update the information concerning the ownership of the supervised persons referred to in Paragraph (1) in the public registers specified in Article 30 (1).

§ 28. (1) The insurers, the re-insurers, the insurance brokers and the health-insurance companies shall be obliged, within three months of the entry of this Act into force, to submit to the Commission a list of the individuals, up to the actual owner, who hold, directly or indirectly, 5 and over 5 percent of the votes in the general meeting or of the capital of the supervised person.

(2) To the list referred to in Paragraph (1) a declaration shall be attached following a template approved by the Commission and containing thorough information about the actual owners of the supervised person concerned. If necessary, the Deputy Chairperson in charge of the Insurance Supervision Department can, within one month of receiving the list referred to in Paragraph (1), request in writing additional information of documents. The request shall specify the deadline for elimination of incompletenesses and provision of the additional information, which may not be longer than one month.

(3) In the event of failure to comply with the requirements set out in Paragraphs 1 and 2, as well as where the information and documents submitted do not allow to identify the actual owners:

1. the Deputy Chairperson can implement the measures specified in Article 302 (2), Item 1 of the Insurance Code, respectively Article 99n (2), Item 1 of the Health Insurance Act;

2. in the event of failure to implement the measures referred to in Item 1, the Deputy Chairperson can implement the measures specified in Article 302 (2), Item 9 of the Insurance Code, respectively Article 99n (2), Item 7 of the Health Insurance Act;

3. in the event of failure to implement the measures referred to in Items 1 and 2, the Commission can implement the measures specified in Article 36 (1), Item 7 or Article 302 (3), Item 2 of the Insurance Code, respectively Article 99b (1), Item 10 of the Health Insurance Act.

(4) The provisions of Sub-paragraphs 1 to 3 shall not apply to mutual-insurance co-operatives in the meaning of the Insurance Code.

(5) The Commission shall update the information concerning the ownership of the supervised persons referred to in Paragraph 1 in the public registers specified in Article 30 (1).

§ 29. (1) The companies of additional social security shall be obliged, within three months of entry of this Act into force, to submit to the Commission a list of the individuals, up to the actual owner, who hold, directly or indirectly, 5 and over 5 percent of the votes in the general meeting or of the capital of the supervised person.

(2) To the list referred to in Paragraph (1) a declaration shall be attached following a template approved by the Commission and containing thorough information about the actual owners of the supervised person concerned. If necessary, the Deputy Chairperson in charge of the Social Insurance Supervision Department can, within one month of receiving the list referred to in Paragraph (1), request in writing additional information of documents. The request shall specify the deadline for elimination of deficiencies and provision of the additional information, which may not be longer than one month.

(3) In the event of failure to comply with the requirements set out in Paragraphs 1 and 2, as well as where the information and documents submitted do not allow to identify the actual owners:

1. the Deputy Chairperson can apply the measure specified in Article 344 (1), Item 1 of the Social Insurance Code;
2. in the event of failure to implement the measure referred to in Item 1, the Deputy Chairperson can apply the measure specified in Article 344 (1), Item 7 of the Social Insurance Code;
3. in the event of failure to implement the measures referred to in Items 1 and 2, the Commission can implement the measures specified in Article 122f (2), Item 2 of the Social Insurance Code.

(4) The Commission shall update the information concerning the ownership of the supervised persons referred to in Sub-paragraph 1 in the public registers specified in Article 30, Paragraph (1).

.....  
§ 35. (1) Paragraph 24 shall enter into force on the date on which the Rate Schedule referred to in Article 27 (2) enters into force.

(2) The rates paid in connection with the administrative proceedings pending before the entry into force of the Rate Schedule referred to in Article 27 (2) shall not be subject to refunding.

(3) Before the entry into force of the Rate Schedule referred to in Article 27 (2) credit rating agencies shall pay a registration fee in the amount of BGN 10,000.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Civil Servants Act

(SG No. 38/2012, effective 1.07.2012)

.....  
§ 84. (Effective 18.05.2012 - SG No. 38/2012) Within one month after the promulgation of this Act in the State Gazette:

1. the Council of Ministers shall bring the Classifier of Positions in the Administration into conformity with this Act;
2. the competent authorities shall bring the organic acts of the respective administration into conformity with this Act.

§ 85. (1) The legal relationships with the persons of the administrations under the Radio and Television Act, the Independent Financial Audit Act, the Electronic Communications Act, the Financial Supervision Commission Act, the Access to and Disclosure of the Documents and Announcing the Affiliation of Bulgarian Citizens with the State Security Service and the Intelligence Services of the Bulgarian Popular Army Act, the Criminal Assets Forfeiture Act, the Conflict of Interest Prevention and Ascertainment Act, the Social Insurance Code, the Health Insurance Act, the Agricultural Producers Support Act and the Roads Act shall be settled under the terms established by § 36 of the Transitional and Final Provisions of the Act to Amend and Supplement the Civil Servants Act (State Gazette No. 24 of 2006).

(2) The act on appointment of the civil servant shall:

1. award the lowest rank designated in the Classifier of Positions in the Administration for occupation of the position,

unless the servant holds a higher rank;

2. fix an individual monthly basic salary.

(3) The additional resources required for social and health insurance contributions of the persons referred to in Paragraph (2) shall be provided within the limits of the expenditures on salaries, remunerations and compulsory social and health insurance contributions under the budgets of the spending units concerned.

(4) The Council of Ministers shall effect the requisite modifications under the off-budget account of State Fund Agriculture arising from this Act.

(5) The governing bodies of the National Social Security Institute and of the National Health Insurance Fund shall effect the requisite modifications under the respective budgets arising from this Act.

(6) Any unused leaves under the employment relationships shall be retained and shall not be compensated by cash compensations.

§ 86. (1) Within one month after the entry into force of this Act, the individual monthly basic salary of the servant shall be fixed in such a way that the said salary, net of the tax due and the compulsory social and health insurance contributions for the account of the insured person, if they were due, would not be lower than the gross monthly salary received theretofore, net of the compulsory social and health insurance contributions for the account of the insured person, if they were due, and the tax due.

(2) The gross salary referred to in Paragraph (1) shall include:

- 1. the monthly basic salary or the monthly basic remuneration;
- 2. supplementary remunerations which are paid constantly together with the monthly basic salary or monthly basic remuneration due and which are contingent solely on the time worked.

§ 87. This Act shall enter into force as from the 1st day of July 2012 with the exception of § 84 herein, which shall enter into force as from the day of promulgation of the Act in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS  
to the 2013 State Budget of the Republic of Bulgaria Act  
(SG No. 102/2012, effective 1.01.2013)

.....

§ 77. The implementation of the present Act is assigned to the Council of Ministers.

§ 78. This Act becomes effective from the 1st of January 2013 with the exception of § 61, 68 and 73, which become effective from the date of the promulgation of the Act in the State Gazette.

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)

§ 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.

.....

§ 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.

.....

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Public Offering of Securities Act

(SG No. 62/2017)

.....

§ 59. (1) Within three months of entry into force of this Act, the Financial Supervision Commission, at the proposal of the Deputy Chairperson in charge of the Investment Activity Supervision Department, shall take decisions on deregistration of the public companies from the register under Article 30, paragraph 1, item 3 of the Financial Supervision Commission Act, provided that said companies have not been re-registered by entry in the commercial register until its entry into force.

(1) Within three months of entry into force of this Act, the Financial Supervision Commission, at the proposal of the Deputy Chairperson in charge of the Investment Activity Supervision Department, shall take decisions on deregistration of public companies from the register under Article 30, paragraph 1, item 3 of the Financial Supervision Commission Act, provided that said companies have been declared bankrupt until its entry into force.

#### TRANSITIONAL AND FINAL PROVISIONS

of the Act to Amend and Supplement the Financial Supervision Commission Act

(SG No. 95/2017, effective 1.01.2018)

§ 22. (1) Upon entry into force of this Act, permanent and fixed-term service relationships of civil servants in the administration of the Financial Supervision Commission shall be transformed into permanent and fixed-term employment relationships respectively, and employment contracts shall be entered into with the employees. When the expired period of probation under Article 12 of the Civil Servants Act until the time of the transformation is less than 6 months, it shall be included in the period for probation under Article 70 of the Labour Code, and when the expired period exceeds 6 months, it shall be deemed that the period for probation under Article 70 of the Labour Code has expired.

(2) During the transformation under Paragraph (1) the individual basic salary under the Labour Code of civil servants and of staff from the administration of the Financial Supervision Commission working under employment contracts shall be set so that the said basic salary, plus the additional remuneration for acquired length of service and professional experience, less tax and compulsory insurance contributions of the insured person, shall not be lower than the individual monthly basic salary received by that point, less the compulsory insurance contributions due at the expense of the insured person, if any, and the tax due.

(3) Any unused leaves under the service relationships under Paragraph (1) shall be retained and shall not be compensated by monetary compensations.

§ 23. (1) The pending proceedings initiated before the Deputy Chairperson of the Financial Supervision Commission in charge of the Investment Activity Supervision Department under the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, and under the Implementation of the Measures against Market with Financial Instruments Act shall be completed under the existing procedure.

(2) The validity of the authorisations, approvals and registrations issued until entry into force of this Act and in accordance with Paragraph (1) by the Deputy Chairperson of the Financial Supervision Commission in charge of the Investment Activity Supervision Department under the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, and under the Implementation of the Measures against Market Abuse with Financial Instruments Act shall remain unaffected.

§ 24. (1) The pending proceedings initiated before the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department under the Insurance Code shall be completed under the hitherto existing procedure.

(2) The validity of the authorisations, approvals and registrations issued by the Deputy Chairperson of the Financial Supervision Commission in charge of the Insurance Supervision Department under the Insurance Code until the entry into force of this Act shall remain unaffected.

§ 25. The Financial Supervision Commission shall approve a corporate management code under Item 1 of Article 100m (8), letter "a" of the Public Offering of Securities Act within one month from the entry into force of this Act.

.....

§ 32. This Act shall enter into force on 1 January 2018, with the exception of § 21 herein in respect of Section III, lines 1 – 4, which shall enter into force as from 1 January 2021.

### **Annex**

to Article 27, paragraph 1

(New, SG No. 95/2017, effective 1.01.2018,

amended and supplemented, SG No. 15/2018,

effective 16.02.2018,

amended, SG No. 24/2018)

Fees Collected by the Financial Supervision Commission

#### Section I

Fees for issue of licences, authorisations, licences for activity, other authorisations and approvals, registration and deregistration of a person in/from the registers under Article 30 (1)

I. For the issue of licences and authorisations for activity and other authorisations and approvals under the Public Offering of Securities Act (POSA), Regulation (EU) No. 909/2014, as well as for registration and deregistration of a person in/from the register under Item 3 of Article 30 (1) the following fees shall be collected:

No	Name of the fee	Amount of the fee
1.	for approval of transformation of public companies under Article 124 (1) of POSA	BGN 6,000
2.	for approval of a draft contract for a joint venture under Article 126d (2) of POSA	BGN 6,000
3.	for registration of a public company and issuer of securities in the register, except in the cases when the entry is made simultaneously with the confirmation of a prospectus (Article 79, Article 110 (3) of POSA)	BGN 1,000
4.	for deregistration of a public company from the register in the cases under Article 119 (1) of POSA	BGN 1,000
5.	for deregistration of an issuer from the register, except when it is deleted from the commercial register due to completion of the liquidation or bankruptcy proceedings	BGN 1,000
6.	for permission to extend the time limit for the payment of compensation to the clients of the investment firm in the cases under Article 77t (4) of POSA	BGN 2,000
7.	for a licence to perform the activity of a central securities depository under Regulation (EU) No. 909/2014	BGN 50,000
8.	for other authorisations and approvals under Regulation (EU) No.	BGN 1,000

II. (Amended and supplemented, SG No. 15/2018, effective 16.02.2018) For the issue of licences and authorisations to perform activity and other authorisations and approvals under the Markets in Financial Instruments Act, Regulation (EU) No. 575/2013, Regulation (EU) No. 2016/1011, Regulation (EU) No. 600/2014 as well as for registration and deregistration of a person in/from the register under Items 1, 2 and 8 of Article 30 (1) the following fees shall be collected:

No	Name of the fee	Amount of the fee
1.	for a licence to perform the activity as a regulated market	BGN 50,000
2.	(amended, SG No. 15/2018, effective 16.02.2018) for a licence of an investment firm under Article 10 (1) of MFIA, including through a branch of a legal entity from a third country, with the exception of the activities under Item 8 and 9 of Article 6 (2) of MFIA	BGN 10,200
3.	(amended, SG No. 15/2018, effective 16.02.2018) for a licence of an investment firm under Article 10 (1) of MFIA, including through a branch of a legal entity from a third country, with the exception of the activities under Item 8 and 9 of Article 6 (2) of MFIA	BGN 6,400
4.	(amended, SG No. 15/2018, effective 16.02.2018) for a licence of an investment firm under Article 10 (1) of MFIA, including through a branch of a legal entity from a third country, with the exception of the activities under Item 8 and 9 of Article 6 (2) of MFIA	BGN 4,300
5.	(amended and supplemented, SG No. 15/2018, effective 16.02.2018) for a licence of an investment firm for authorisation of a market operator for the organisation of a multilateral trading system or organised trading facility, including in case of extension of the licence with such activities	BGN 10,000
6.	(amended, SG No. 15/2018, effective 16.02.2018) to extend the licence of an investment firm with other services and activities, with the exception of activities under Article 15 of MFIA, as well as for carrying out activity in a third country	BGN 3,750
7.	(amended, SG No. 15/2018, effective 16.02.2018) for partial withdrawal of a licence of an investment firm, at its request, upon the refusal to perform some of the services and activities for which it is licensed, with the exception of activities under Article 15 of MFIA	BGN 2,000
8.	(amended, SG No. 15/2018, effective 16.02.2018) for a subsequent approval of the person under Article 13 (1) and (7) of MFIA	BGN 500
9.	for securities broker and investment adviser:	
	– exam fee	BGN 450
	– for issue of a certificate	BGN 25
	– for recognition of acquired qualification of an investment adviser	BGN 300
10.	for registration of a bank in the Register of Investment Firms	BGN 10,200
11.	for withdrawal of the licence for performing the activity of a regulated market at the request of the market operator	BGN 4,500
12.	(supplemented, SG No. 15/2018, effective 16.02.2018) for withdrawal of the licence of an investment firm or a market operator for the organisation of a multilateral trading facility or organised trading facility at their request	BGN 2,500
13.	for approval of the transformation of an investment firm	BGN 5,000
14.	for approval of amendments and supplements to the rules of procedure of the regulated market	BGN 2,000
15.	for withdrawal of the licence of an investment firm in case of its waiver from a licence issued	BGN 2,500
16.	(amended, SG No. 15/2018, effective 16.02.2018) for exemption under Article 4 (1) of Regulation (EU) No. 600/2014	BGN 500

17.	(amended, SG No. 15/2018, effective 16.02.2018) for authorisation under Article 9 (2) of MFIA	BGN 2,000
18.	(amended, SG No. 15/2018, effective 16.02.2018) for authorisation under Article 11, paragraph 3, items 1 and 2 and Article 14, paragraph 5 of MFIA	BGN 1,000
19.	(amended, SG No. 15/2018, effective 16.02.2018) for authorisation under Article 11 (4) of MFIA	BGN 1,000
20.	(amended, SG No. 15/2018, effective 16.02.2018) for authorisation under Article 9 (1) of Regulation (EU) No. 600/2014	BGN 1,000
21.	(amended, SG No. 15/2018, effective 16.02.2018) for authorisation under Article 11 (1) of Regulation (EU) No. 600/2014	BGN 1,000
22.	(amended, SG No. 15/2018, effective 16.02.2018) for approval under Article 7 (1) of Regulation (EU) No. 600/2014	BGN 500
23.	(amended, SG No. 15/2018, effective 16.02.2018) for authorisation under Article 112 (4) of MFIA	BGN 1,000
24.	(amended, SG No. 15/2018, effective 16.02.2018) for approval of the conclusion of a regulated market agreement under Article 188 (2) of MFIA	BGN 3,000
25.	for authorisation or approval under Regulation (EU) No. 575/2013, with the exception of authorisation for the use of an internal model	BGN 500
26.	for authorisation to use an internal model under Regulation (EU) No. 575/2013	BGN 100,000
27.	for the issue of a licence referred to in Article 34 (1) (a) under Regulation (EU) 2016/1011	BGN 30,000
28.	for the issue of authorisation for registration under Article 34 (1) (b) and (c) of Regulation (EC) 2016/1011	BGN 20,000

III. For the issue of authorisations and approvals under the Recovery and Resolution of Credit Institutions and Investment Firms Act the following fees shall be collected:

No	Name of the fee	Amount of the fee
1.	for the review and assessment of the recovery plan of investment firms on an individual basis	BGN 2,500
2.	for the review and assessment of the recovery plan of investment firms on a consolidated basis	BGN 4,000
3.	for the authorisation of an intra-group financial support agreement	BGN 2,500

IV. For the issue of licenses and authorisations to perform operations and other permits and approvals under the Special Investment Purpose Companies Act, as well as for registration and deregistration of a person in/from the register under Item 3 of Article 30 (1) the following fees shall be collected:

No	Name of the fee	Amount of the fee
1.	for the licence of a special purpose company	BGN 5,400
2.	for authorisation of the transformation of a special purpose entity	BGN 5,000
3.	for authorisation of the termination of a special purpose entity	BGN 3,000
4.	for approval of the replacement of a depository bank	BGN 1,000
5.	for approval of amending the statutes and other regulatory instruments of a special purpose entity	BGN 500
6.	for approval of the replacement of a service company, including the inclusion of a new service company into a special purpose entity	BGN 1,500

V. (Supplemented, SG No. 15/2018, effective 16.02.2018) For the issue of licences and authorisations to perform activity and other authorisations and approvals under the Collective Investment Schemes and Other Undertakings for Collective Investments Act (CISOUCIA), Regulation (EU) No. 2015/760, as well as for registration and deregistration of a person in/from the register under Items 4, 5, 6 and 7 of Article 30 (1) the following fees shall be collected:

No	Name of the fee	Amount of the fee
1.	for the licence of a management company, including through a branch of a legal entity from a third country	BGN 6,450
2.	for the extension of the licence of a management company with additional services	BGN 1,500
3.	for the licence of an open-ended investment company	BGN 8,000
4.	for the authorisation of a management company to organise and manage a contract fund or a sub-fund	BGN 4,500
5.	for the approval of a change in the rules, the statute of a collective investment scheme, respectively,	BGN 200
6.	for the approval of a replacement of the depository in the cases provided for in the CISOUCIA	BGN 200
7.	for the approval of a replacement of a management company in the cases under Article 18 of CISOUCIA	BGN 1,500
8.	for the approval of changes in the risk management rules of a collective investment scheme	BGN 200
9.	for the approval of changes in the portfolio valuation rules and for determination of the net asset value of a collective investment scheme	BGN 200
10.	for the approval of delegation of functions by a management company to a third party	BGN 1,500
11.	for the subsequent approval of a person under Article 93 (1), (3) and (5) of CISOUCIA	BGN 200
12.	for the authorisation of a loan use by a collective investment scheme	BGN 500
13.	for the approval of a change in the depository services contract for a collective investment scheme	BGN 100
14.	for the authorisation under Article 67 of CISOUCIA of a supply collective investment scheme	BGN 2,000
15.	for the authorisation of a transformation of a management company	BGN 2,000
16.	for the authorisation of a voluntary termination of a management company	BGN 1,500
17.	for the authorisation of a merger or takeover of a collective investment scheme	BGN 500
18.	for the authorisation of a voluntary termination of a collective investment scheme	BGN 200
19.	for the licence of an open-ended or close-ended investment company	BGN 8,000
20.	for the authorisation of the organisation and management of an open-ended or close-ended contract fund	BGN 4,500
21.	for the authorisation of the transformation of a close-ended national investment company into an open-ended national investment company and vice versa	BGN 3,000
22.	for the authorisation of the transformation of a national contract fund through merger, takeover, division or spin off	BGN 500
23.	for the approval of a member of the Board of Directors of a close-ended national investment company	BGN 200
24.	for the authorisation of a loan use by a national investment fund	BGN 500
25.	for the approval of changes in the rules, in the statute of a national	BGN 200

	investment fund, respectively	
26.	for the approval of a replacement of a management company or an alternative investment fund manager, which manage a national investment fund	BGN 1,500
27.	for the approval of a national investment fund for replacement of an investment adviser with a management company or with an alternative investment fund manager, and vice versa	BGN 1,500
28.	(supplemented, SG No. 15/2018, effective 16.02.2018) for the approval of changes in the risk management rules of a national investment fund	BGN 200
29.	for the approval of changes in the portfolio valuation rules and for determination of the net asset value of a national investment fund	BGN 200
30.	for the approval of changes in the depository services contract for a national investment fund	BGN 100
31.	for the licence to manage alternative investment funds, including a person domiciled in a third State	BGN 8,000
32.	for the extension of the licence of an alternative investment fund manager	BGN 1,500
33.	for the authorisation of the management of the European Long-term Investment Fund under Regulation (EU) 2015/760	BGN 6,450
34.	for the licence for transformation of an alternative investment fund manager	BGN 2,000
35.	for the withdrawal of the license for management of alternative investment funds upon the express refusal of the person	BGN 4,000
36.	for the entry in the register of an alternative investment fund manager, whose assets do not exceed the thresholds laid down in Article 197 (1) of CISOUCA	BGN 200
37.	for the approval of a change to the document under Article 201 (2) letters "d" and "e" of CISOUCA	BGN 200
38.	for the approval of a change in the contract of an alternative investment fund manager, with the depository	BGN 100
39.	for the approval of the delegation of functions by an alternative investment fund manager, to a third party	BGN 1,500
40.	for the approval of the delegation by an alternative investment fund manager of the function for valuation of assets of an alternative investment fund to an external valuer	BGN 500
41.	for the approval of changes in the portfolio valuation rules and for determination of the net asset value of an alternative investment fund	BGN 200
42.	for the approval of a person under Article 200 of CISOUCA	BGN 200
43.	for other authorisations and approvals under Regulation (EU) No 2015/760 apart from those referred to in Item 35	BGN 200
44.	for the entry in the register of an eligible venture capital fund under Council Regulation (EU) No 345/2013	BGN 6,450
45.	for the entry in the register of an eligible venture capital fund under Council Regulation (EU) No 346/2013	BGN 6,450

VI. For the issuance of licences and authorisations to perform operations and other authorisations and approvals under the Insurance Code (IC), as well as for registration and deregistration of a person in/from the register under Item 9, 10, 12 and 15 of Article 30 (1) the following fees shall be collected:

No	Name of the fee	Amount of the fee
1.	for the licence of an insurer, including a branch of an insurer from a third State, to carry out insurance in one or more of the insurance classes referred to in section I or section II of annex	

	No. 1:	
	– for an insurer under Article 15 (1) of IC	BGN 135,000 + BGN 10,000 for each class of insurance
	– for an insurer without a right of access under Article 16 of IC	BGN 100,000 + BGN 10,000 for each class of insurance
2.	for the license of a reinsurer, including a branch of the reinsurer in a third State	BGN 180,000 + BGN 30,000 for each activity
3.	for the issue of a licence to a reinsurer for extending its scope of activities with a new activity	BGN 30,000
4.	for the licence for performing operations as a special purpose vehicle for alternative insurance risk transfer in the Republic of Bulgaria	BGN 60,000
5.	to extend the scope of the licence with an additional licence for a new class of insurance of an insurer, including a branch of an insurer of a third State, and for a licence under the terms of Article 24 (1), second sentence of IC	BGN 10,000 for each class of insurance
6.	for the authorisation to carry out insurance business of a local insurer in the territory of a third State (Article 54 (1) of IC)	BGN 20,000 + BGN 5,000 for each class of insurance
7.	for the authorisation for the transformation of an insurer	BGN 20,000
8.	for the authorisation for the transformation of a reinsurer	BGN 20,000
9.	for the authorisation for a voluntary change of the status of an insurer with inclusion or exclusion of the right of access to the single market under Article 38 of IC	BGN 35,000
10.	for the approval of a full internal model of an insurer or reinsurer (Articles 175 and 184 of IC)	BGN 100,000
11.	for the approval of a partial internal model of an insurer or reinsurer	BGN 80,000
12.	for the approval of material changes in an approved internal model of an insurer or reinsurer	BGN 50,000
13.	for the approval of material changes in the policy on a change of an internal model of an insurer or reinsurer	BGN 30,000
14.	for the approval of an internal model of a group, where the Commission is the supervisory authority of the Group	BGN 150,000
15.	for the professional qualification under Article 303 of IC for an insurance broker:	
	– exam fee	BGN 450
	– for the recognition of the competence acquired	BGN 300
	– for issue of a certificate	BGN 25
16.	for the entry in the register of an insurance broker	BGN 7,500
17.	for every stage of recognition of the competence of a responsible actuary:	
	BGN 450	
	BGN 300	
	BGN 25	
18.	to unsubscribe from the insurance broker register on request	BGN 300

VII. For the issue of licences and authorisations to perform operations and other authorisations and approvals under the Social Insurance Code (SIC), as well as for registration and deregistration of a person in/from the register under Items 13 and 14 of Article 30 (1) the following fees shall be collected:

No	Name of the fee	Amount of the fee
1.	for a pension licence	BGN 75,000
2.	for a licence of a supplementary voluntary unemployment and/or vocational training insurance company	BGN 35,000
3.	for the authorisation of the management of a supplementary voluntary pension insurance fund	BGN 35,000
4.	for the authorisation of the management of a supplementary voluntary unemployment and/or vocational training insurance fund	BGN 18,000
5.	for the recognition of the competence of a responsible actuary:	
	BGN 450	
	BGN 300	
	BGN 25	
6.	for the authorisation of the transformation of a supplementary voluntary unemployment and/or vocational training insurance company	BGN 7,500

## Section II

### Fees for Implementation of General Financial Supervision

I. (Amended and supplemented, SG No. 15/2018, effective 16.02.2018) For exercise of general financial supervision: processing of the mandatory current and periodic information and for conduct of inspections the following fees shall be collected:

No	Fee for general financial supervision	Amount of the fee
1.	from a public company and any other issuer	BGN 600
2.	from a public company for each bond issue and from other issuers for each subsequent bond issue	BGN 300
3.	from a special purpose company	BGN 1,600 + BGN 300 for each bond issue
4.	(amended, SG No. 15/2018, effective 16.02.2018) from an investment firm under Article 10 (1) of MFIA on an individual basis, with the exception of the activities under Item 8 and 9 Article 6 (2) of MFIA	BGN 5,000
5.	(amended, SG No. 15/2018, effective 16.02.2018) from an investment firm under Article 10 (2) of MFIA on an individual basis	BGN 2,500
6.	(amended, SG No. 15/2018, effective 16.02.2018) from an investment firm under Article 10 (3) of MFIA on an individual basis	BGN 2,200
7.	(amended, SG No. 15/2018, effective 16.02.2018) from an investment firm under Article 10 (1) of MFIA on a consolidated basis, with the exception of the activities under Item 8 and 9 Article 6 (2) of MFIA	BGN 1,500
8.	(amended, SG No. 15/2018, effective 16.02.2018) from an investment firm under Article 10 (2) of MFIA on a consolidated basis	BGN 1,500
9.	(amended, SG No. 15/2018, effective 16.02.2018) from an investment firm under Article 10 (3) and (5) of MFIA on a consolidated basis	BGN 1,500
10.	(amended, SG No. 15/2018, effective 16.02.2018) from an investment firm for the activities under Article 9 (2) of MFIA	BGN 1,500
11.	(supplemented, SG No. 15/2018, effective 16.02.2018) from a market operator, investment firm, including a bank investment firm for any multilateral trading facility or organised trading facility	BGN 5,000
12.	from a management company under Article 86 (1) of CISOUCA	BGN 3,200
13.	from a management company under Article 86 (1) and (2) of CISOUCA	BGN 4,100
14.	from a collective investment scheme	BGN 600

15.	from each sub-fund of a collective investment scheme	BGN 600
16.	from an alternative investment funds manager other than a management company	BGN 4,000 + BGN 2,000 for each managed alternative investment fund
17.	from a close-ended national investment company under Article 172 (3) of CISOU CIA	BGN 3,200
18.	from a closed-ended national investment fund, managed by a company managing their activities	BGN 2,000
19.	from an open-ended national investment fund, managed by a company managing their activities	BGN 600
20.	from an exchange-traded fund	BGN 600
21.	from the European Fund for Long-term Investment	BGN 3,200
22.	from a venture capital fund	BGN 3,200
23.	from the Social Entrepreneurship Fund	BGN 1,000
24.	from a regulated market	BGN 20,000
25.	from the Central Depository	BGN 10,000
26.	from the Investor Compensation Fund	BGN 2,000
27.	from the Investor Compensation Fund for the management of the Fund for the Restructuring of Investment Firms	BGN 2,000
28.	(amended, SG No. 15/2018, effective 16.02.2018) by a bank depositary or an investment firm	BGN 3,200
29.	from the Guarantee Fund	BGN 140,000
30.	from the National Bureau of Bulgarian Motor Vehicle Insurers	BGN 20,000
31.	from an insurer engaged in one or more insurance classes referred to in section I or section II of annex No. 1 of IC:	
	– from an insurer under Article 15 (1) of IC	BGN 140,000
	– from an insurer without a right of access under Article 16 of IC	BGN 20,000
32.	from a reinsurer	BGN 140,000
33.	from a special purpose vehicle for alternative transfer of insurance risk in the Republic of Bulgaria	BGN 5,000
34.	from an insurance broker	BGN 5,000
35.	from an insurance agent:	
	– a legal entity and a sole proprietor with a premium income in the previous calendar year of up to BGN 1,000,000	BGN 500
	– a legal entity and a sole proprietor with a premium income in the previous calendar year of up to BGN 1,000,000	BGN 1,000
	– a natural person	BGN 50
36.	from a pension insurance company	The fee shall consist of the sum total of a fee of BGN 100,000 for a pension insurance company, a fee of BGN 50,000 for each fund managed thereby, and a variable proportional part of the gross proceeds from the insurance contributions for the previous financial year, and the total amount of the fee shall not exceed 10% of the

		pension insurance company's income from fees and deductions for the preceding financial year and may not be greater than BGN 1,900,000
37.	from a supplementary voluntary unemployment and/or vocational training insurance company	BGN 10,000
38.	from any liable person under § 1e of POSA	BGN 100
39.	from a licensed benchmark administrator	BGN 5,000
40.	from a registered benchmark administrator	BGN 3,000

II. The amount of the fee for the general financial supervision of newly registered companies, funds, sole proprietors and individuals shall be calculated in proportion to the time of entry thereof in the register by the end of the year, and the days of the year shall be counted as 360.

III. (Amended, SG No. 15/2018, effective 16.02.2018) Investment firms – banks shall pay a fee for general financial supervision in the amounts referred to in Item I, lines 4, 5, 6 and 10, depending on the services and activities under Article 6 of the Markets in Financial Instruments Act, falling within the scope of the licence for the operations under the Credit Institutions Act.

IV. The person liable for payment of the fee referred to in Item I, line 35 shall be the insurance agent, but the fee may also be paid by the insurer for which the agent acts.

V. The variable part of the fee referred to in Item I, line 36 shall be determined each year by a decision of the Commission by 15 March of the current year.

VI. The total fee collected under Item I, line 36 from all pension insurance companies may not exceed BGN 9,000,000.

### Section III

Fees for a prospectus confirmation, for examination of a tender offer and of an offer for purchase

For the issue of a confirmation of a prospectus for public offering of securities, for the examination of a tender offer and an offer for purchase the Financial Supervision Commission shall collect the following fees:

No	Name of the fee	Amount of the fee
1. (Effective 1.01.2021 - SG No. 95/2017)	for the confirmation of a prospectus for public offering of securities:	
	– issue price of up to BGN 200,000	BGN 900
	– issue price exceeding BGN 200,000	BGN 900 + 0.1% for the difference above BGN 200,000, but no more than BGN 5,000
2. (Effective 1.01.2021 - SG No. 95/2017)	for the issue of a confirmation of a document for the securities and a summary under Article 82a of POSA:	
	– issue price of up to BGN 200,000	BGN 400
	– issue price exceeding BGN 200,000	BGN 400 + 0.1% for the difference above BGN 200,000, but no more than

		BGN 2,000
3. (Effective 1.01.2021 - SG No. 95/2017)	for the issue of a confirmation of a base prospectus for public offering of securities under Article 86 of POSA:	
	– issue price of up to BGN 200,000	BGN 500
	– issue price exceeding BGN 200,000	BGN 500 + 0.1% for the difference above BGN 200,000, but no more than BGN 3,000
4. (Effective 1.01.2021 - SG No. 95/2017)	for the issue of a confirmation of a supplement to a prospectus for public offering of securities under Article 85 of POSA	BGN 500
5.	for examination of tender offer	BGN 4,000
6.	for approval of changes in the tender offer referred to in Article 155 (4)	BGN 600
7.	for examination of an offer for purchase under Article 157a (1) of POSA	BGN 1,000

## Section IV

### Procedure for and method of fees payment

I. The amount of the fees under section I for the issue of a licence, licence, authorisation, approval, registration and deregistration of a person in the register under Article 30 (1) shall also include the fee for the examination of the documents for the issue of the relevant act, which shall account for 80 per cent of the total amount of the fee.

II. The fees under section I, Items I – V and section III shall be paid in full upon submission of the application for examination, with the exception of those referred to in section I, Item II, line 9.

III. (Amended, SG No. 24/2018) With regard to the proceedings referred to in section I, Items VI and VII, with the exception of those referred to in section I, item VI, lines 15 and 17 and Item VII, line 5, the fee for examination of documents shall be due in the amount under Item I upon submission of the application for examination. After the issue of the act, the applicant shall pay the outstanding balance of the fee due for the respective proceedings within 7 days from the date of notification of the issue of the act.

IV. (Amended, SG No. 24/2018) The fee under section I, item II, line 9, Item VI, line 15 and 17 and item VII, line 5 for taking an exam shall be paid by the person within 7 days of notification of the decision on his/her admission to the exam. The fee under section I, item II, line 9 and Item VI, line 15 for the issue of a certificate shall be paid on receipt of the certificate, and the fee under section I, item VI, line 17 and Item VII, line 5 shall be paid within one month from the receipt of the decision for the recognition of the competence.

V. In the case of withdrawal of the application, as well as upon delivery of refusal by the competent authority for the proceedings under item II, the applicant shall owe 80 per cent of the amount of the relevant fee, and remaining balance shall be refunded to the applicant. For the proceedings under Item III the originally paid fee by the applicant shall be non-refundable.

VI. The fees provided under section II, Item I, with the exception of the fees provided for in section II, Item I, line 36, shall be paid on an annual basis and no later than 31 January of the current year.

VII. The fee under section II, Item I, line 36, for the current year, shall be paid in three parts, as follows:

1. by 31 January – BGN 100,000 for a pension insurance company and BGN 50,000 for each fund controlled thereby;

2. by 31 March – 50 per cent of the total amount of the fee under line 36;

3. by 31 July – the remainder of the fee under line 36 after deduction of the paid part under Items 1 and 2.

VIII. The fees under section II, Item II shall be paid no later than 31 January of the year following the year of registration.

IX. The fees shall be paid in cash or by bank transfer to the account of the Financial Supervision Commission at the Bulgarian National Bank – Head Office. Payment of the appropriate fee shall be certified by a document for paid fee. The date of payment of the due fee shall be considered to be the day on which the amount has been transferred to the account of the Financial Supervision Commission.

X. For non-payment within the time limit of the fees under sections I and II, interest shall be charged and shall be payable in the amount of the legal interest.

XI. (New, SG No. 15/2018, effective 16.02.2018) The amount of the fee for the exercise of common financial supervision of a person which is deregistered from the relevant public register under Article 30 shall be recalculated pro rata for the time during the year in which the person has the quality of a regulated person and the days of the year shall be counted as 360. In the cases referred to in the first sentence, where a fee is paid for the exercise of common financial supervision, part of it may be refunded upon a request made by the person concerned to the Commission.

**Annex**

to Article 27 (2)

(Amended and supplemented, SG No. 67/2003,  
SG No. 39/2005, SG No. 103/2005, effective 1.01.2006,  
amended, SG No. 52/2007, effective 3.07.2007,  
amended and supplemented, SG No. 97/2007,  
repealed, SG No. 43/2010, effective 17.05.2011)