

Credit Institutions Act

Promulgated, State Gazette No. 59/21.07.2006, effective 1.01.2007, supplemented, SG No. 105/22.12.2006, effective 1.01.2007, amended and supplemented, SG No. 52/29.06.2007, effective 1.11.2007, amended, SG No. 59/20.07.2007, effective 1.03.2008, SG No. 109/20.12.2007, effective 1.01.2008, SG No. 69/5.08.2008, amended and supplemented, SG No. 23/27.03.2009, effective 1.11.2009, SG No. 24/31.03.2009, effective 31.03.2009, SG No. 44/12.06.2009, effective 12.06.2009, amended, SG No. 93/24.11.2009, effective 25.12.2009, SG No. 95/1.12.2009, effective 1.12.2009, amended and supplemented, SG No. 94/30.11.2010, effective 31.12.2010, SG No. 101/28.12.2010, effective 30.04.2011, supplemented, SG No. 77/4.10.2011, amended and supplemented, SG No. 105/29.12.2011, amended, SG No. 38/18.05.2012, effective 19.11.2012, SG No. 44/12.06.2012, effective 1.07.2012, SG No. 52/14.06.2013, effective 14.06.2013, amended and supplemented, SG No. 70/9.08.2013, supplemented, SG No. 109/20.12.2013, effective 1.01.2014, SG No. 22/11.03.2014, effective 11.03.2014, amended and supplemented, SG No. 27/25.03.2014, SG No. 35/22.04.2014, effective 23.07.2014, amended, SG No. 53/27.06.2014, SG No. 14/20.02.2015, supplemented, SG No. 22/24.03.2015, effective 24.03.2015, amended and supplemented, SG No. 50/3.07.2015, SG No. 62/14.08.2015, effective 14.08.2015, supplemented, SG No. 94/4.12.2015, effective 1.01.2016, amended and supplemented, SG No. 33/26.04.2016, effective 26.04.2016, SG No. 59/29.07.2016.2016, supplemented, SG No. 62/9.08.2016, effective 9.08.2016, amended, SG No. 81/14.10.2016, effective 14.10.2016, amended and supplemented, SG No. 95/29.11.2016, SG No. 98/9.12.2016, effective 1.01.2017, amended, SG No. 63/4.08.2017, effective 4.08.2017, amended and supplemented, SG No. 97/5.12.2017, effective 5.12.2017, 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, supplemented, SG No. 16/20.02.2018, amended and supplemented, SG No. 20/6.03.2018, effective 6.03.2018, supplemented, SG No. 22/13.03.2018, SG No. 51/19.06.2018, effective 1.07.2018, supplemented, SG No. 77/18.09.2018, effective 1.01.2019

Text in Bulgarian: Закон за кредитните институции

Chapter One GENERAL PROVISIONS

Article 1. (1) (Amended, SG No. 27/2014) This Act shall lay down the terms and procedures for authorisation (licensing), taking up and pursuit of the business, supervision of compliance with prudential requirements and winding up of credit institutions (banks) in order to ensure a sound, reliable and secure banking system and safeguard the interests of depositors, as well as the requirements for disclosure of information by the Bulgarian National Bank (BNB) in the area of prudential regulation and banking supervision.

(2) (Repealed, SG No. 101/2010, effective 30.04.2011, new, SG No. 27/2014, amended, SG No. 15/2018, effective 16.02.2018) The Bulgarian National Bank shall be the competent authority in the Republic of Bulgaria for the exercise of:

1. supervision of banks within the meaning of Article 4, paragraph 1, item 40 of Regulation (EU) 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";

2. the powers under Article 4, paragraph 2 and Article 11, paragraphs 6, 8 and 10 of 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, hereinafter referred to as "Regulation (EU) No. 648/2012", in respect of financial counterparties under Article 2, item 8 of Regulation (EU) No. 648/2012, which are banks.

(3) The provisions of this Act shall furthermore apply, *mutatis mutandis*, to banks established by express law, in so far as otherwise provided by such law.

Article 2. (1) (Supplemented, SG No. 101/2010, effective 30.04.2011) A bank (a credit institution) shall be a legal person engaged in the business of receiving deposits or other repayable funds from the public and granting credits or other

financing for its own account and at its own risk.

(2) A bank may also carry on the following activities, provided that they are included in its authorisation (license):

1. (amended, SG No. 23/2009, effective 1.11.2009, SG No. 24/2009, SG No. 94/2010, effective 31.12.2010) provision of payment services in the meaning of the Payment Services and Payment Systems Act;
2. (supplemented, SG No. 23/2009, effective 1.11.2009, amended, SG No. 24/2009, SG No. 94/2010, effective 31.12.2010) issue and administration of other means of payment (travellers' cheques and letters of credit) as long as these activities are not covered by item 1;
3. acceptance of valuables on deposit;
4. activity as a depository or trustee institution;
5. (repealed, SG No. 24/2009, effective 31.03.2009);
6. financial leasing;
7. guarantee transactions;
8. (supplemented, SG No. 24/2009, effective 31.03.2009, amended, SG No. 27/2014) trading for own account or for account of customers in foreign exchange and precious metals, excluding derivative financial instruments based on foreign exchange and precious metals;
9. (amended, SG No. 27/2014, SG No. 15/2018, effective 16.02.2018) providing services and/or carrying on activities under Paragraphs (2) and (3) of Article 6 of the Markets in Financial Instruments Act;
10. (amended, SG No. 24/2009, effective 31.03.2009) money broking;
11. (amended, SG No. 24/2009, effective 31.03.2009, repealed, SG No. 27/2014);
12. (amended, SG No. 24/2009, effective 31.03.2009, SG No. 94/2010, effective 31.12.2010) acquisition of accounts receivable on loans and other type of financing (factoring, forfeiting, etc.);
13. (new, SG No. 101/2010, effective 30.04.2011) issuing of electronic money;
14. (renumbered from Item 13, SG No. 101/2010, effective 30.04.2011) acquisition and management of participating interests;
15. (renumbered from Item 14, SG No. 101/2010, effective 30.04.2011) safe custody services;
16. (renumbered from Item 15, SG No. 101/2010, effective 30.04.2011) collection, provision of information and reference on customer creditworthiness;
17. (renumbered from Item 16, SG No. 101/2010, effective 30.04.2011, amended, SG No. 27/2014) any other activities as may be specified by an ordinance of the BNB.

(3) (Supplemented, SG No. 52/2007, effective 3.07.2007) The acquisition, registration, settlement, repayment and trading in government securities shall be carried on in accordance with the terms and procedure of the Government Debt Act. Trade in government securities on regulated markets in financial instruments and on multilateral trading facilities shall be carried out under the terms of the Markets in Financial Instruments Act.

(4) No bank may, acting by the nature of trade thereof, carry on any other activities other than those specified in Paragraphs (1) and (2), save where this is necessary in connection with the pursuit of the business thereof or in the process of collection of receivables thereof on credits as granted. A bank may establish or acquire undertakings for the purpose of carrying on ancillary services.

(5) (Amended, SG No. 24/2009, effective 31.03.2009) Receiving of deposits or other repayable funds from the public as well as the services under items 3 and 4 of Paragraph (2) may be carried on solely by:

1. a person which has been granted a bank licence (authorisation) by the BNB;
2. a bank whereof the registered office is in a third country, which has been granted a licence (authorisation) by the BNB to conduct banking business in the Republic of Bulgaria through a branch;
3. a bank which has been granted a licence (authorisation) for conduct of banking business by the competent bodies of a Member State, which provides services directly or through a branch within the territory of the Republic of Bulgaria.

(6) (Repealed, SG No. 101/2010, effective 30.04.2011, new, SG No. 22/2014, effective 11.03.2014) Banks which are authorised to conduct banking business under item 9 of Paragraph (2) may bid directly on behalf of clients in two-day spot auctions under Article 3, Paragraph (3) of Commission Regulation (EU) No. 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community (OJ, L 302/1 of 18 November 2010), hereinafter referred to as "Regulation (EU) No. 1031/2010", subject to a permit by the BNB. The procedure and the terms for issuance of the permit, the required documents for issuance thereof, as well as the grounds for refusal shall be defined in an ordinance issued by the BNB.

Article 3. (Amended, SG No. 24/2009, effective 31.03.2009) (1) (Supplemented, SG No. 27/2014) A financial institution shall be a person other than a credit institution and an investment firm whereof the principal business shall be the carrying on of one or more of the activities:

1. (amended, SG No. 101/2010, effective 30.04.2011) specified in Items 1, 2, 6 – 13 of Article 2 (2);
2. acquisition of stakes in credit institutions or other financial institutions;
3. (amended, SG No. 59/2016) granting of credits with funds which have not been raised from receiving deposits or other repayable funds from the public.

(2) (Amended, SG No. 27/2014) A financial institution shall be furthermore a financial holding company, a mixed-activity financial holding company, a payment institution and a managing company. An insurance holding company and a mixed-activity insurance company shall not be a financial institution.

Article 3a. (New, SG No. 24/2009, effective 31.03.2009) (1) (Amended, SG No. 105/2011, SG No. 27/2014, SG No. 59/2016) In order to carry out the activities referred to in Items 6, 7 and 12 of Article 2 (2) and Items 2 and 3 of Article 3 (1) in the course of business, the person shall be entered into a public register of the BNB if one or more of these activities are significant for it. The criteria for a significant activity shall be defined in an ordinance issued by the BNB.

(2) (New, SG No. 27/2014) In order to be entered into the Register referred to in Paragraph (1) the person shall meet the following requirements:

1. shall have a commercial registration in the Republic of Bulgaria as a limited liability company, a shareholding company or a commandite company with shares;
2. (amended, SG No. 50/2015) its subject of activity shall expressly state the respective activity under Article 2 (2) Items 6, 7 and 12, or under Article 3 (1) Items 2 and 3;
3. shall have its own funds with structure and amount as defined in the ordinance under Paragraph (1), and the shares shall be only registered;
4. the place of its main business shall be in the territory of the Republic of Bulgaria;
5. the persons managing and representing the company shall have the necessary qualification, professional experience and reputation, and the persons which directly or indirectly have a qualifying share participation in the capital of the company shall have the necessary credibility, financial stability and reputation.

(3) (Renumbered from Paragraph (2), amended and supplemented, SG No. 27/2014) A foreign financial institution which will conduct business in the territory of the Republic of Bulgaria through a branch or directly shall be entered in the Register on the grounds of the notification and enclosed certificate referred to in Article 24 (1) if it is to carry on one or more of the activities under Paragraph (1).

(4) (Renumbered from Paragraph (3), amended, SG No. 27/2014) The procedure for entering into and deletion from the Register, as well as the documents required for the entering shall be specified in the ordinance referred to in paragraph (1).

(5) (Renumbered from Paragraph (4), amended, SG No. 27/2014) The Bulgarian National Bank shall refuse entry in the Register if the applicant does not meet the requirements for entering or if the required data and documents have not been submitted, or the submitted data and documents contain incomplete, contradictory or false information.

(6) (Renumbered from Paragraph (5), amended, SG No. 27/2014) The Bulgarian National Bank shall delete a registered person from the Register at its request or if the BNB establishes that:

1. (amended, SG No. 27/2014) it no longer complies with the requirements of this article;
2. the entry has been made on the grounds of false information or false documents;
3. the institution does not fulfil its obligations under this Act or the statutory documents related to its implementation, or other statutory requirements for its operations.

(7) (Renumbered from Paragraph (6), amended, SG No. 27/2014) The requirements for the operation of the registered persons shall be specified in the ordinance referred to in Paragraph (1).

(8) (New, SG No. 105/2011, renumbered from Paragraph (7), amended, SG No. 27/2014) The ordinance under Paragraph (1), shall furthermore determine the terms and procedure whereunder the BNB may exempt from entry in the register persons pursuing activities under Paragraph (1) with funds provided for implementation of target projects and programmes of the European Union.

(9) (New, SG No. 59/2016) A person who/which carries out crediting activities only as an ancillary service in connection with other activities, for which it is licensed, shall not be subject to registration.

Article 4. (1) (Previous text of Article 4, SG No. 27/2014) The provisions of this Act shall not apply to:

1. the Bulgarian National Bank, whereof the business shall be regulated by express law;
2. (repealed, SG No. 27/2014);
3. credit unions granting credits solely to their members at the expense of contributions made by them and at their own risk;
4. (new, SG No. 24/2009, effective 31.03.2009) any persons who, as a profession, grant loans against pawned possessions (pawn brokers) according to conditions and under a procedure specified by the Council of Ministers.

(2) (New, SG No. 27/2014) Furthermore the provisions of this Act shall not apply to postal operators in respect of their activity relating to postal wire transfers, except for the cases referred to in Articles 24 - 27 and for inclusion thereof in the scope of supervision on a consolidated basis, in which cases they shall be treated as financial institutions.

Article 5. The prohibition on receiving deposits and other repayable funds from the public shall not apply to:

1. (amended, SG No. 27/2014) the Bulgarian State and municipalities or international public organisations whose members comprise one or more Member States;
2. (supplemented, SG No. 27/2014) the activity of persons where such activity is expressly regulated by law or by the EU *acquis* and is subject to supervision aimed at safeguarding depositors and investors.

Article 6. (1) No person which does not hold a licence (authorisation) for conduct of banking business may include in the business name thereof or use in advertising or any other activity the word "банка" [bank] or any derivative thereof in any foreign language, or any other word which signifies the conduct of banking business.

(2) The prohibition referred to in Paragraph (1) shall not apply to an institution whereof the name has been established or recognised by law or by an international agreement whereto the Republic of Bulgaria is a party, as well as where the context wherein the word "bank" is used clearly indicates that the said institution does not have the effecting of banking transactions as its objects.

(3) (Amended, SG No. 24/2009, effective 31.03.2009) The name of a bank may not resemble the name of another bank conducting banking business in the Republic of Bulgaria. This prohibition shall also apply where the resemblance is to the name of a reputable bank on the international financial market, unless where the latter agrees.

(4) A bank authorised in a Member State, which intends to conduct business within the territory of the Republic of Bulgaria, shall use the same name as the one used in the home Member State. If the name of such bank is similar to that of another bank operating in the Republic of Bulgaria, the BNB may require that the name be accompanied by other distinctive additions for the purposes of distinction.

Chapter Two

INCORPORATION AND MANAGEMENT OF A BANK

Article 7. (1) A bank shall be incorporated as a joint-stock company and, save in so far as otherwise provided by this Act, the Commerce Act shall apply thereto.

(2) The minimum required paid-up capital upon a bank's incorporation shall be no less than BGN 10 million.

(3) Contributions against subscribed shares to the minimum required capital under Paragraph (2) may be solely monetary.

(4) A bank may open more than one branch within a single population centre, including the population centre where the said bank has the registered office thereof.

(5) The registered address and registered office of the bank as entered in the commercial register shall coincide with the place of its actual management and shall be located in the country where the bank actually carries on its business.

Article 8. Any bank shall issue solely dematerialised shares, and each share shall entitle the holder thereof to one vote.

Article 9. The Articles of Association of any bank shall state, in addition to the particulars prescribed in the Commerce Act, particulars of the transactions which the bank shall effect, the powers to sign for and to represent the bank, as well as particulars of the internal control system of the bank.

Article 10. (1) A bank shall be managed and represented jointly by not less than two persons, at least one of them having command of the Bulgarian language. The said persons may not delegate the overall management and representation of the bank to any of them, but may empower third parties to perform specified acts.

(2) The persons under Paragraph (1) shall manage the bank attending in person its registered office.

(3) No legal person shall be eligible for election to the Management Board or to the Board of Directors of any bank.

(4) (New, SG No. 27/2014) The members of the management board (the board of directors) and of the supervisory board shall be persons with diverse qualification and professional experience, corresponding to the specifics of the activities pursued by the bank and the main risks to which it is or might be exposed.

(5) (New, SG No. 27/2014) The members of the management board (the board of directors) and of the supervisory board may be persons which are members of the managing or controlling bodies of other legal entities, provided that they are able to effectively perform their duties at the bank.

(6) (New, SG No. 27/2014) The conditions whereunder the members of the management board (the board of directors) and of the supervisory board may become members of the managing or controlling bodies of other legal entities, as well as the additional requirements to be complied with upon exercise of their functions shall be defined in an ordinance issued by the BNB.

Article 11. (1) A member of the Management Board or the Board of Directors, as well as a procurist, except for those whose authorisation is solely for the business of a branch of a bank authorised in the Republic of Bulgaria, may be a person who:

1. holds an educational qualification degree not lower than Master, conferred thereon upon graduation from a higher educational establishment;

2. possesses qualifications and professional experience of banking adequate to the relevant education and, applicable to the persons referred to in sentence one of Article 10, Paragraph (1) herein, previous experience of at least 5 years on a position requiring performance of managerial functions in a bank or a corporation or institution comparable to a bank, conforming to criteria determined by the BNB;

3. has no conviction for a premeditated offence at public law, unless he has been exonerated;

4. holds no previous membership of a management body or a supervisory body of, and no previous status as general partner in, any corporation dissolved by bankruptcy and leaving any creditor unsatisfied, within the two years last preceding the date of the adjudication in bankruptcy, regardless of whether his rights have been restored;

5. holds no previous membership of a management body or a supervisory body of a bankrupt bank within the two years last preceding the date of the adjudication in bankruptcy;
 6. is under no lapsed or effective disqualification from occupying a position of property accountability;
 7. is no spouse of any other member of a management body or a supervisory body of the bank, and is no lineal or collateral relative to any such person up to the third degree of consanguinity and does not actually live with such a member;
 8. is not an insolvent debtor whereof the rights have not been restored;
 9. (new, SG No. 24/2009, effective 31.03.2009) on the basis of the information collected about him/her, does not give rise to suspicions about his/her reliability and suitability or about possible conflicts of interest.
- (2) (Amended, SG No. 24/2009, effective 31.03.2009, amended and supplemented, SG No. 27/2014) A member of the Supervisory Board of a bank or a representative of a legal entity in the Supervisory Board may be a person who meets the requirements of Paragraph (1), items 3 - 8, and has the knowledge, skills, experience and is fit and proper in accordance with criteria defined in an ordinance issued by the BNB.
- (3) (New, SG No. 24/2009, effective 31.03.2009) The persons referred to in paragraphs 1 and 2 can be selected or authorised following a prior approval by the BNB. The information and documents required as well as the procedure for granting or refusing of approval shall be defined in an ordinance issued by the BNB.
- (4) (Renumbered from Paragraph (3), SG No. 24/2009, effective 31.03.2009) The particulars covered under items 4 to 8 of Paragraph (1) shall be verified by a declaration.
- (5) (Renumbered from Paragraph (4), amended, SG No. 24/2009, effective 31.03.2009) Paragraphs 1 and 3 shall apply mutatis mutandis to managing directors of branches of banks having their registered office in a third country.
- (6) (Renumbered from Paragraph (5), amended, SG No. 24/2009, effective 31.03.2009) Unless released from the respective body within a time limit as prescribed by the BNB, any person, who does not satisfy or no longer satisfies the requirements listed in Paragraph (1), (2) or (5) and, in respect of the persons managing the bank, in Article 10 (1) herein as well, shall be removed from office by the BNB.
- (7) (New, SG No. 103/2017, effective 1.01.2018) The circumstances under Paragraph (1), item 3 shall be established ex officio by the BNB for Bulgarian citizens and with identical document when the person is not Bulgarian citizen.

Article 12. (Repealed, SG No. 24/2009, effective 31.03.2009).

Chapter Three

LICENSING AND PERMISSIONS

Section I

Licence for banking business

Article 13. (1) A licence (authorisation) granted by the BNB shall be required for the conduct of banking business.

(2) Any application for the granting of a banking licence shall enclose:

1. the Articles of Association and any other instruments of incorporation of the applicant;
2. documents containing particulars of the subscribed capital and of the contributions made towards participating interests therein;
3. a business plan of the bank containing a detailed description of the activities to be performed, customer and product structures, the objectives, policy and strategy of the bank, a three-year financial forecast;

4. description of the management and organisational structure, including the activity of individual organisational units, allocation of responsibilities among executive directors and other officers, organisation and management of the information system of the bank, including the information security arrangement;

5. description of the internal control systems and the risk management systems as well as an anti-money laundering programme;

6. the names and addresses of the members of the Supervisory Board and the Management Board (or of the Board of Directors) of the bank, and detailed particulars in writing of the qualifications and professional experience possessed thereby;

7. (supplemented, SG No. 27/2014) particulars in writing of the name/business name and residence/registered office of any persons who or which have subscribed for 3 and more than 3 per cent of the voting shares and of the 20 biggest shareholders, as well as of the professional (business) activity thereof during the last preceding five years. Any such natural person and the legitimate representatives of any such legal persons shall submit declarations in writing:

(a) that the payments against subscribed shares have been effected with own funds;

(b) about the origin of the funds wherefrom payments have been effected for subscribed shares;

(c) of the taxes paid thereby during the last preceding five years;

8. (new, SG No. 97/2017, effective 5.12.2017) information regarding the beneficial owner of the persons which have direct or indirect qualifying holding in the applicant;

9. (renumbered from Item 8, SG No. 97/2017, effective 5.12.2017) in respect of the legal persons referred to in item 7 - a document of registration and particulars in writing regarding the persons holding shares or interests in the capital or property thereof or exercising control over them;

10. (renumbered from Item 9, SG No. 97/2017, effective 5.12.2017) any other particulars and documents as may be laid down in an ordinance or required by the BNB for the purpose of ascertaining whether the circumstances necessary for assessment of the conditions for granting of a licence or refusal thereof exist.

(3) Payments towards participating interests shall be deemed to be effected with own funds where at the date of effecting the payment thereof:

1. for natural persons - the difference between their disposable funds on bank accounts and the amount of their liabilities is higher than the amount of the payment towards participating interests;

2. for legal entities - the amount of the payment towards participating interests is lower than both the net worth of the capital defined as the difference between assets and liabilities according to balance sheet; and lower than their disposable funds on bank accounts.

(4) The Bulgarian National Bank shall hold preliminary consultations with the competent banking supervision authority before granting a licence for banking business to:

1. a bank which will be a subsidiary of a bank that has been granted a licence in another Member State;

2. a bank which will be a subsidiary of a parent undertaking of another bank which has been granted a licence in another Member State;

3. a bank which is controlled by persons exercising control over another bank which has been granted a licence in another Member State.

(5) The Bulgarian National Bank shall hold preliminary consultations with the competent authority responsible for supervision of insurance company or investment intermediary in another Member State before granting a licence for banking business to:

1. a bank which will be a subsidiary of an insurance company or an investment intermediary that has been granted a licence in another Member State;

2. a bank which will be a subsidiary of a parent undertaking which has as a subsidiary an insurance company or an investment intermediary which has been granted a licence in another Member State;

3. a bank which will be controlled by persons exercising control over an insurance company or an investment intermediary which has been granted a licence in another Member State.

(6) Consultations with the competent supervision authorities shall cover issues concerning the shareholders, reputation and experience of the persons participating in the management of the companies under Paragraph (4) or 5, evaluation of compliance with supervisory requirements as well as any other information as may be necessary for the granting of the licence.

Article 14. (1) Before pronouncing upon any application for licence, the BNB shall make all enquiries as may be necessary to establish the validity of the documents submitted and the financial position of the applicant.

(2) (Amended, SG No. 15/2018, effective 16.02.2018) Prior to pronouncing upon any application for provision of services and activities covered under Article 6, (2) and (3) of the Markets in Financial Instruments Act, the BNB shall take into consideration the observations in writing of the Financial Supervision Commission, and said observations shall be presented within one month after being requested in writing by the BNB, together with documents enclosed thereto.

(3) A licence for conduct of banking business shall be granted, provided that the following conditions obtain simultaneously:

1. the Articles of Association and the other instruments of incorporation of the applicant are in conformity with law;
2. (amended, SG No. 24/2009, effective 31.03.2009) the Articles of Association of the applicant do not contain provisions which could prevent the application of the corporate management principles and best practices;
3. the capital of the bank and the paid-up portion thereof are not lower than the minimum required amount;
4. at BNB discretion, the activity which the applicant intends to carry on ensures the required reliability and financial stability.
5. the members of the Management Board (Board of Directors) and the Supervisory Board satisfy the requirements herein and no legal prohibition on holding the position has been imposed thereon;
6. at BNB discretion, the shareholders controlling more than three per cent of the votes with their acts or influence on decision-making could not harm the reliability or security of the bank or its operations;
7. at BNB discretion, there is no threat that the bank will be affected by risks arising from the non-bank business of its founders;
8. (supplemented, SG No. 70/2013) in the event of a financial holding company, a mixed-activity financial holding company or a mixed-activity holding company - at BNB discretion - the parent undertaking will not prevent the exercise of supervision on a consolidated basis;
9. the persons who have subscribed for three or more than three per cent of the capital have effected payment towards participating interests with own funds;
10. it has not been established that existence of close links between the bank and other persons may prevent the effective exercise of banking supervision;
11. at BNB discretion, the requirements or difficulties in implementation of individual statutory or administrative acts of a third country governing one or more legal or natural persons with whom the bank has close links will not prevent the effective exercise of banking supervision;
12. (amended, SG No. 27/2014) the persons who have subscribed for 10 and more than 10 per cent of the capital, meet the requirements for acquisition of a qualifying holding or a higher shareholding in compliance with this Act, and at BNB discretion the amount of the property possessed thereby and the scale and financial results of the business carried out by them correspond to the proposed acquisition of shareholding in the bank and do not raise doubt as to the reliability and capability of such persons, where necessary, to provide capital support to the bank;
13. the origin of the funds used for effecting payment towards participating interests by the persons who have subscribed for three or more than three per cent of the capital is clear and legitimate;
14. at BNB discretion, the business plan, the management and organisational structure of the bank, the internal control systems, the risk management systems, as well as the anti-money laundering programme ensure adequate risk management and the required reliability and financial stability of the bank;
15. (amended, SG No. 24/2009, effective 31.03.2009) the provision of Article 6 (3) has been complied with.

(4) (Supplemented, SG No. 20/2018, effective 6.03.2018) Within three months after the receipt of any application or if

the application is incomplete - after requiring the necessary documents and information, and all required documents, the BNB shall take a decision on granting of a licence for conduct of banking business, provided the terms of Article 15 (1) are met, or shall refuse to grant a licence.

Article 15. (1) A licence for conduct of banking business shall be granted if within three months after receipt of the notice under Article 14 (4), proposition one herein, the applicant certifies that the following conditions have been fulfilled:

1. the persons who or which have subscribed for shares have made payments towards the said shares, whereof the aggregate value is not less than the minimum amount of capital required for conduct of banking business;
2. (amended, SG No. 24/2009, effective 31.03.2009) the members of the Management Board (Board of Directors) and the Supervisory Board satisfy the corresponding requirements specified in Article 11, and the other officers possess the required qualifications and professional experience;
3. buildings appropriate for conduct of banking business and the necessary technical equipment have been procured;
4. internal control rules have been developed, including clear administrative and accounting procedures;
5. an internal control unit has been set up, and the employees appointed possess the professional qualifications and experience required for the operation;
6. reliable internal rules for management have been elaborated, including a clear organisational structure with precisely defined, transparent and adequate levels of responsibility and effective procedures for identification, management, monitoring and reporting of risks to which the bank might be exposed.

(2) (Amended, SG No. 27/2014) The rules under items 4 and 6 of Paragraph (1) shall be comprehensive and shall correspond to the nature, scale and complexity of the bank's activity and shall be consistent with the risks to which the bank may be exposed.

(3) The Bulgarian National Bank may exclude from the licence for banking business particular transactions or activities should it deem that the applicant is not qualified to initiate said transactions or activities or where other requirements set out in law have not been fulfilled.

(4) If the applicant does not submit the required documents within the time limit under Paragraph (1), the BNB shall refuse to grant a licence.

(5) Licences as granted shall be recorded in a register kept by the BNB.

(6) Where the licence authorises conduct of business under Article 2 (2) item 9, the BNB shall send a transcript of the licence to the Financial Supervision Commission.

(7) (Supplemented, SG No. 105/2011, amended, SG No. 27/2014) The Bulgarian National Bank shall notify the European Banking Authority (EBA) about:

1. the requirements for licensing of credit institutions;
2. any licence granted to a credit institution.

Article 16. (1) Apart from the cases covered under Article 15 (4) herein, the BNB shall refuse to grant a licence where it establishes that :

1. any of the conditions under Article 14 (3) does not exist;
2. the applicant has not submitted, within the time limits set, all the required particulars and documents under Article 13 (2) or the submitted documents contain incomplete, inconsistent or unreliable information.

(2) (Amended, SG No. 15/2018, effective 16.02.2018) If the Financial Supervision Commission has submitted adverse observations under Article 14 (2), the BNB shall refuse to grant a licence for provision of services and activities under Article 6, (2) and (3) of the Markets in Financial Instruments Act.

(3) The refusal to grant a licence shall be motivated.

(4) Regardless of the time limits under Articles 14 and 15, the BNB shall grant or refuse to grant a licence within 12 months from receipt of the application.

Article 17. (1) To obtain a licence for conduct of banking business within the territory of the Republic of Bulgaria through a branch, a bank with a registered office in a third country shall file an application enclosing thereto:

1. a certified transcript of the instrument of registration of the bank and a document from the registration body containing current data about the registered address and registered office, the objects, the amount of the capital, the management system and the persons representing the bank;
2. a certified transcript of the authorization for conduct of banking business of the competent banking supervision authority of the bank's home country;
3. a certified transcript of the bank's Articles of Association;
4. a programme of the operations of the branch, including description of the activities under Article 1 (1) and (2) which it intends to carry on;
5. the organisational structure of the branch;
6. the annual financial statements for the last three years;
7. a written consent for opening a branch from the banking supervision authority of the bank's home country;
8. a written statement from the banking supervision authority of the bank's home country containing information about the financial position of the bank and a commitment for cooperation with the BNB;
9. particulars about the persons to whom management of the branch is entrusted, including particulars about their qualifications and professional experience in banking;
10. other particulars and documents as may be laid down in an ordinance or required by the BNB with a view to establishing all the circumstances necessary for determining whether the conditions for granting of a licence or refusal to grant a licence exist.

(2) No licence under Paragraph (1) may confer on the branch the right to carry on activities which the bank may not conduct in its home country.

(3) A licence shall be granted where:

1. the competent banking supervision authority of the bank's home country in the third country exercises effective supervision over it and its branches abroad;
2. an agreement is concluded on supervision cooperation between the BNB and the competent supervision authority;
3. the bank is of repute on the international financial market and its financial position is reliable and sound;
4. the organisational structure of the bank is appropriate for the activities it intends to carry on;
5. the managing directors of the branch meet the requirements of this Act and have the required reputation;
6. the legislation of the third country does not prevent the exercise of effective supervision on a consolidated basis or the provision of the necessary information.

(4) (Supplemented, SG No. 105/2011) The Bulgarian National Bank shall notify the European Commission, the EBA and the European Banking Committee of any licence granted by it for conduct of banking business through a branch of a bank having its registered office in a third country.

(5) The Bulgarian National Bank shall refuse to grant a licence to a bank having its registered office in a third country for conduct of banking business within the territory of Bulgaria through a branch where the BNB determines that:

1. any of the conditions under Paragraph (3) does not exist;
2. the competent banking supervision authority of the applicant bank's home country has not given consent to the said bank for opening a branch in the Republic of Bulgaria or has sent an opinion on unsatisfactory financial position or on infringements of the requirements for prudent banking;
3. the competent banking supervision authority of the applicant bank's home country does not apply the reciprocity principle in ensuring access of banks with registration within the territory of Bulgaria to the relevant bank market on the territory of the third country.

Article 18. The representative office of any bank in the Republic of Bulgaria shall be obliged to submit to the BNB a transcript of the instrument of registration with the Bulgarian Chamber of Commerce and Industry within fourteen days after the date of issue of the said instrument. No such representative office may carry on commercial activity.

Article 19. In case of a refusal, the applicant may file a new application for granting of a licence for conduct of banking business not earlier than 12 months from entry into force of the refusal thereof.

Section II

Mutual recognition

Article 20. (1) A bank licensed in a Member State may carry on through a branch within the territory of the Republic of Bulgaria the activities covered in Article 2 (1) and (2), provided that said activities are included in its licence and upon a notice thereof from the competent authority to the BNB.

(2) To carry on banking business within the territory of the Republic of Bulgaria through a branch the bank licensed in a Member State shall establish only one branch regardless of the number of places of operation.

Article 21. (1) The Bulgarian National Bank shall take necessary actions for exercise of supervision over the branch under Article 20 within two months from receipt of a notification from the competent authorities of the home country of the said bank's intention to conduct business within the territory of the Republic of Bulgaria. Within the term under sentence one the BNB may specify the conditions under which, in the interest of the general good, the bank may conduct its business within the territory of the Republic of Bulgaria.

(2) A bank licensed in a Member State may commence its activity within the territory of the Republic of Bulgaria upon receipt of a notification thereof from the BNB or after expiry of the time limit under Paragraph (1).

(3) (New, SG No. 27/2014) Within one month from receipt of a notification of a change in the circumstances in which the bank conducts its business in the territory of the Republic of Bulgaria the BNB may specify the conditions under Paragraph (1) in accordance with the change thereof.

Article 21a. (New, SG No. 15/2018, effective 16.02.2018) (1) A bank, licensed in a Member State, may carry out the activities under Article 2, paragraph 2, item 9 under the conditions of Article 20, paragraph 1 and through a tied agent based in the Republic of Bulgaria.

(2) The bank may begin to carry out the activities through a tied agent following receipt of a notification by the BNB or if it fails to receive such notification, within two months of receipt of the notification by the competent authority of the sending State.

(3) Where the bank operates through a branch and through a tied agent established on the territory of the Republic of Bulgaria, the tied agent shall be considered part of the branch. In the course of business only through a tied agent based in the Republic of Bulgaria, the requirements for a branch shall apply to the tied agent.

Article 22. (1) (Previous text of Article 22, SG No. 15/2018, effective 16.02.2018) A bank licensed in a Member State may carry on directly within the territory of the Republic of Bulgaria the activities under Article 2 (1) and (2) should said activities be covered by its licence and upon a notification thereof to the BNB from the competent authority which has granted the licence. The bank shall specify the names and addresses of the persons who will represent it before the BNB.

(2) (New, SG No. 15/2018, effective 16.02.2018) In the cases where the bank under paragraph 1 will operate under Article 2, paragraph 2, item 9 through tied agents, which are based in the sending State, the BNB shall publish the data received from the competent authority of the host State for such tied agents.

(3) (New, SG No. 15/2018, effective 16.02.2018) The bank under paragraph 1 may provide remote access to a multilateral trading facility organised thereby or to an organised trading facility to members or participants based in Republic of Bulgaria. In this case, the BNB may request from the competent authority of the sending State information

about the members or participants in the multilateral trading facility which is based in the Republic of Bulgaria.

Article 23. (1) A bank licensed in the Republic of Bulgaria may carry on activities within the territory of another Member State should said activities be covered by its licence for banking business.

(2) The bank under Paragraph (1) shall notify in writing the BNB of its intention to establish a branch within the territory of another Member State. The notification shall contain information about:

1. the Member State within the territory of which it plans to establish the branch;
2. the registered address and registered office where it intends to register the branch, and the correspondence address;
3. the persons to whom management and representation of the branch is to be entrusted, including description of their responsibilities;
4. a programme of the operations of the branch, including description of the activities under Article 2 (1) and (2) which it intends to carry on;
5. the organisational structure of the branch;
6. (repealed, SG No. 27/2014).

(3) (New, SG No. 27/2014) The Bulgarian National Bank may require additional information if the information provided by the bank is incomplete or controversial.

(4) (Renumbered from Paragraph (3), amended, SG No. 27/2014) Should the BNB deem that the planned activity within the territory of another Member State is in accordance with the organisational structure and financial situation of the bank, within three months of receipt of the notification and all the documents referred to in Paragraph (2), the BNB shall communicate the received information to the competent authorities of the host Member State, as well as information about the amount and structure of own funds and the capital adequacy ratios of the bank in accordance with Article 92 of Regulation (EU) No. 575/2013. The BNB shall notify the applicant bank within the same time limit.

(5) (Renumbered from Paragraph (4), amended, SG No. 27/2014) The Bulgarian National Bank shall give reasons for its refusal to communicate the information referred to in Paragraph (4) where:

1. the bank plans to carry on within the territory of another Member State an activity which is outside its scope of licence;
2. it deems that the planned activity within the territory of another Member State is not in conformity with the structural organisation and financial situation of the bank;
3. it deems that the structural organisation of the branch does not ensure its reliable and sound management.

(6) (Renumbered from Paragraph (5), amended, SG No. 27/2014) BNB refusal under Paragraph (5) shall be issued in writing within three months of receipt of the notification and all the documents referred to in paragraphs 2 and 3, and shall notify the bank thereof within the same time limit.

(7) (Renumbered from Paragraph (6), amended, SG No. 27/2014) BNB refusal under Paragraph (5) as well as its failure to reply within the time limit set shall be subject to a right to apply to courts in accordance with the procedure of Article 151.

(8) (Supplemented, SG No. 105/2011, renumbered from Paragraph (7), amended, SG No. 27/2014) The Bulgarian National Bank shall notify the European Commission and the EBA of any refusal under Paragraph (5).

(9) (Renumbered from Paragraph (8), amended and supplemented, SG No. 27/2014) The bank under Paragraph (1) shall notify the BNB and the competent authorities of the host Member State of any changes in the stated circumstances under items 2 - 5 of Paragraph (2) no later than 30 days before the change becomes effective. Paragraphs 3 - 7 shall apply *mutatis mutandis*.

(10) (New, SG No. 15/2018, effective 16.02.2018) A bank, licensed in the Republic of Bulgaria, may also carry out the activities under Article 2, paragraph 2, item 9 under the conditions of paragraph 1 through a tied agent based in another Member State. The bank shall notify BNB in writing of its intention to use a tied agent in another Member State. The notification shall contain the following information about:

1. the Member State in which it intends to carry on business through tied agents based in that State;

2. the action plan, including a description of the services and/or activities under Article 6, paragraphs 2 and 3 of the Markets in Financial Instruments Act, which it intends to carry out;
3. data about the tied agents, where a branch is created, which will operate through tied agents;
4. when the bank will carry on business through tied agents in a State in which there is no opened branch, it shall submit a description of the activity to be performed by the tied agents and the organisational structure, including the responsibilities of tied agents to report and their place within the corporate structure of the bank;
5. address for correspondence in the host country;
6. the persons entrusted with the management of the tied agents.

(11) (New, SG No. 15/2018, effective 16.02.2018) Should the BNB deem that the contemplated activity within the territory of another Member State does not comply with the organisational structure and financial position of the bank, within three months of receipt of the notification and all the documents referred to in paragraph 10, the BNB shall communicate the received information to the competent authorities of the host Member State, and shall notify the applicant bank thereof. Paragraphs 3 and 5 - 9 shall apply accordingly.

(12) (Renumbered from Paragraph (9), SG No. 27/2014, renumbered from Paragraph (10), SG No. 15/2018, effective 16.02.2018) A bank licensed in the Republic of Bulgaria which intends to exercise for the first time its right to carry on activity directly within the territory of another Member State shall notify the BNB of its intentions, specifying the services to be provided within the territory of the host Member State. Within one month of receipt of the notification the BNB shall inform the competent authorities of the host Member State.

(13) (Renumbered from Paragraph (10), amended, SG No. 27/2014, renumbered from Paragraph (11), amended, SG No. 15/2018, effective 16.02.2018) The bank as referred to in Paragraph (12) may carry on directly activities within the territory of another Member State, provided that said activities are included in its licence for banking business.

(14) (New, SG No. 15/2018, effective 16.02.2018) Where the bank under paragraph 12 intends to carry out the activities under Article 2, paragraph 2, item 9 through tied agents, the notification shall also specify details about the tied agents. In the cases where the tied agents through which the bank will carry out activities are based in the Republic of Bulgaria, within one month of receipt of the notification, the BNB shall send to the competent authorities of the host State particulars of the tied agents. Paragraph 9 shall apply *mutatis mutandis*.

(15) (New, SG No. 15/2018, effective 16.02.2018) Where the bank under paragraph 12 intends to provide remote access to a multilateral trading facility organised thereby or an organised trading facility to members or participants based on the territory of another Member State, it shall notify the BNB in advance of the Member State wherein it intends to conduct such activity. The BNB shall provide the information under sentence one to the relevant competent authority of the host State within one month from receipt thereof and shall furthermore provide on request information about the members or participants in the multilateral trading facility organised, which is based in the host Member State.

Article 24. (Amended, SG No. 27/2014) (1) A financial institution having its registered office in a Member State may carry on activities within the territory of the Republic of Bulgaria, either through a branch or directly, upon the BNB's receipt of a notification from the home country's competent authority, together with a certificate of compliance with the conditions of the relevant national legislation issued thereby.

(2) If the BNB receives information from the competent authorities of the home country that the financial institution concerned has ceased to meet any of the conditions of the national legislation under Paragraph (1), such financial institution shall lose its rights under Paragraph (1) and all its activities shall be subject to the Bulgarian legislation.

(3) The provisions of this Article shall not apply to financial institutions which are authorised to conduct business in the Republic of Bulgaria through a branch or directly pursuant to another act.

Article 25. (1) A financial institution having its registered office in the Republic of Bulgaria may carry on within the territory of a Member State one or more of the activities under Article 3 (1), either through a branch or directly, should it be a subsidiary of a bank or a jointly-owned subsidiary of two or more banks licensed in the Republic of Bulgaria and which fulfills each of the following conditions:

1. the Memorandum or the Articles of Association of the financial institution permits the provision of the services;
2. (amended, SG No. 27/2014) the parent bank or banks which own jointly the financial institution have been granted a licence by the BNB for conducting bank business;

3. (new, SG No. 27/2014) the financial institution actually carries on one or more of the activities under Article 3 (1) in the territory of the Republic of Bulgaria;

4. (new, SG No. 27/2014) the parent bank or banks which own jointly the financial institution hold at least 90 per cent of the votes in the general meeting of the financial institution;

5. (new, SG No. 27/2014) the parent bank or banks which own jointly the financial institution, at BNB discretion meet the requirements for reasonable management of the financial institution and have declared their consent to the BNB that they guarantee individually and severally the obligations assumed by the financial institution;

6. (new, SG No. 27/2014) the financial institution and the activities to be carried on thereby shall be effectively covered by the supervision on a consolidated basis of the parent bank or any of the banks which own jointly the financial institution, exercised in accordance with the requirements of this Act and Regulation (EU) No. 575/2013.

(2) Where it establishes that the conditions under Paragraph (1) are fulfilled, the BNB shall issue a certificate, to be communicated to the competent authorities of the host Member State.

(3) The procedure for issue of a certificate shall be laid down in a BNB ordinance.

(4) The Bulgarian National Bank shall exercise supervision on a consolidated basis over the financial institution referred to in Paragraph (1) and shall monitor its shareholding structure in accordance with a procedure as set out in a BNB ordinance.

(5) In the exercise of supervision over the financial institution under Paragraph (1) the BNB shall cooperate with the competent authorities of Member States subject to the conditions of professional secrecy.

(6) The provisions of this Article shall not apply to financial institutions which by virtue of another law have the right to carry on directly or through a branch activity in another Member State.

Article 26. (1) The parent bank or banks which own jointly the financial institution shall notify the BNB of any changes in the circumstances referred to in Article 25 (1) within seven days of occurrence thereof.

(2) (Supplemented, SG No. 27/2014) The Bulgarian National Bank shall notify the competent authorities of the respective host country where the financial institution ceases to fulfil any of the conditions referred to in Article 25 (1). From the date of the notification the activities of the financial institution in the respective host country shall be regulated in accordance with its legislation.

Article 27. (Supplemented, SG No. 27/2014) The provisions of Articles 24 - 26 shall be applied *mutatis mutandis* to financial institutions which are subsidiaries of other financial institutions, as well as to mixed-activity holding companies.

Section III

Approvals and Permissions

(Title amended, SG No. 24/2009, effective 31.03.2009)

Article 28. (Amended, SG No. 24/2009, effective 31.03.2009) (1) Any natural or legal person as well as persons acting in agreement may not, without the prior written approval of the BNB, acquire directly or indirectly shares or voting rights related to shares in a bank licensed in the Republic of Bulgaria if as a result of the acquisition their holding would become qualifying holding or if such holding would reach or exceed the thresholds of 20, 33 or 50 percent of the shares or voting rights related to shares, or in the cases where the bank would become a subsidiary.

(2) A prior approval by the BNB is also required where the holding would become qualifying or the thresholds referred to in Paragraph (1) would be reached or exceeded as a result of acquisition of shares in the stock exchange or another regulated securities market.

(3) (Amended, SG No. 27/2014) Where as a result of objective circumstances outside the control of the persons their holding becomes a qualifying holding or the thresholds specified in Paragraph (1) are reached or exceeded, the acquirers may not exercise the voting power attached to any such shares prior to obtaining approval from the BNB. For issuing of such approval the acquirers shall submit a request within one month of the moment in which the grounds for it arise.

Should no such approval be requested within the deadline or should an approval be refused, the BNB may apply the measure referred to in item 17 of Article 103 (2).

(4) Prior to the approval of the BNB the shares referred to in Paragraph (3) shall not be counted against the quorum of the General Meeting of the Shareholders.

(5) The Bulgarian National Bank shall hold preliminary consultations and co operate with the competent supervising authority of another Member State, where the applicant under paragraphs 1 - 3 is:

1. a credit institution, an insurance undertaking, a reinsurance undertaking, an investment firm or a managing company authorised in that other Member State, or

2. (amended, SG No. 27/2014) a parent undertaking of another credit institution, insurance undertaking, reinsurance undertaking, investment firm or managing company authorised in that other Member State, or

3. a person exercising control over a credit institution, insurance undertaking, reinsurance undertaking, investment firm or managing company authorised in that other Member State.

(6) Where the applicant under paragraphs 1 - 3 is a person authorised by the Financial Supervision Commission, the BNB shall hold preliminary consultations and co operate with this Commission.

(7) The Bulgarian National Bank shall provide in a timely manner, upon request by the authorities referred to in paragraphs 5 and 6, the information required for the assessment of the acquisition applied for, which is important for the exercising of their supervisory functions. The Bulgarian National Bank may also provide these authorities with the information which it deems significant without a specific request from them.

Article 28a. (New, SG No. 24/2009, effective 31.03.2009) (1) In order to obtain approval, any person or persons acting in agreement shall inform the BNB through an application in writing of their decision for acquisition in the meaning of Article 28 (1) and (2), or of grounds that have arisen under Article 28 (3), and shall enclose all necessary documents specified in an ordinance issued by the BNB.

(2) The Bulgarian National Bank shall base its assessment on the documents and information, provided by the applicant, as well as on other information and documents at its disposal.

(3) (Amended, SG No. 27/2014) Approval shall be granted taking into account the potential impact of the applicant on the credit institution, with a view to ensuring its future sound and reasonable management, and if the assessment has shown that the applicant is suitable and possesses the financial stability required. The assessment is made on the basis of the following criteria:

1. reputation of the applicant;

2. (amended, SG No. 27/2014) reputation, knowledge, skills and experience of the members of the management board (board of directors), of the supervisory board and of the senior management who will manage the activities of the bank as a result of the acquisition requested;

3. the financial stability of the applicant with a view to the specific nature of the activity which the bank carries out or envisages to carry out;

4. (supplemented, SG No. 27/2014) compliance of the bank as at the time of acquisition and after that of the supervisory requirements established on the basis of the existing statutory framework, including Regulation (EU) No. 575/2013, taking into account whether the group of which the bank will become a part, has a structure allowing the exercising of efficient supervision, whether there are any hindrances to the exchange of information between the competent authorities and whether there is a clear segregation of responsibilities among them;

5. absence of grounds for reasonable doubt that, in connection with the requested acquisition, money laundering or financing of terrorism has been performed, is being performed or has been attempted, or that the requested acquisition would increase the risk of this.

(4) The Bulgarian National Bank shall refuse to issue an approval if it establishes that the requested acquisition fails to satisfy any of the criteria listed in Paragraph (3) or that the information provided by the applicant is incomplete, regardless of the fact that the procedure described in Article 28b (3) and (4) has been followed.

Article 28b. (New, SG No. 24/2009, effective 31.03.2009) (1) In the event that all necessary documents have been

enclosed with the application referred to in Article 28a (1), within 2 business days the BNB shall send a written confirmation of receipt to the applicant. The confirmation shall contain the date on which the deadline for pronouncing on the application.

(2) The Bulgarian National Bank shall review the application for approval under Article 28 (1), (2) or (3) within 60 business days of the date on which the written confirmation referred to in Paragraph (1) has been sent.

(3) If it deems this necessary for its assessment, the BNB may make a written request for provision of additional information not later than the 50th business day of the deadline under Paragraph (2). The deadline under Paragraph (2) is suspended for the period between the date on which the information has been requested and the date on which it is received.

(4) The suspension referred to in Paragraph (3) cannot exceed 20 business days. Within the deadline under Paragraph (2) the BNB may make an additional request for clarification or completion of the information provided without suspension of the deadline.

(5) In the event where the applicant under Article 28 (1), (2) or (3) is a person established in a third country or a third country exercises supervision over it, or is a person from a Member State other than a credit institution, investment intermediary, insurer, reinsurer or collective investment scheme under Article 77x (1), item 8 of the Public Offering of Securities Act, the suspension referred to in Paragraph (3) can be extended by the BNB to not more than 30 business days.

(6) The Bulgarian National Bank shall pronounce on the application within the deadline for making an assessment, with a well-grounded written act. Where the applicant is a person subject to supervision by a competent authority referred to in Article 28 (5) or (6), the opinion of this authority regarding the assessment of the requested acquisition shall be included in an objective manner in the justification of the act.

(7) The Bulgarian National Bank may set a deadline for the acquisition after the expiry of which the approval becomes void.

(8) The approval granted or the refusal for granting approval shall be communicated to the applicant within the deadline specified in Paragraph (2), but not later than 2 business days after the decision is made. Upon a request by the applicant or at the discretion of the BNB the refusal for granting approval and the motives for it can be made public in an appropriate manner.

(9) If the BNB does not pronounce on the application within the deadline specified in Paragraph (2), the requested acquisition shall be deemed to be approved.

(10) Where two or more applications for approval of acquisitions in the same bank have been submitted, the BNB shall review them independently of each other in accordance with the criteria specified in Article 28a and in compliance with the procedure under this Article.

(11) The requirements for applicants, the information and the documents used to assess compliance with the criteria specified in Article 28a (3), shall be specified in an ordinance issued by the BNB.

Article 29. (Amended, SG No. 24/2009, effective 31.03.2009) (1) Without a written permission by the BNB the bank may not:

1. open branches in third countries;
2. change its name specified in the license;
3. transform itself;
4. perform banking transactions outside the scope of the license issued to it;
5. increase its capital with non-monetary contributions;
6. buy back shares issued by it;
7. decrease its capital;
8. establish or acquire control over a bank with headquarters abroad.

(2) The Bulgarian National Bank shall consider the applications for granting permissions under Paragraph (1) within three months of their receipt. In the cases of item 3 of Paragraph (1) the BNB shall consider the application upon presentation of permission from the Commission for the Protection of Competition, where granting of such permission is

mandatory.

(3) (Amended, SG No. 59/2016) The conditions and procedures for the issuing of permissions under Paragraph (1), the grounds for refusal, and the procedure for the issuing of permissions and authorisations by the BNB under Regulation (EC) No. 575/2013 shall be determined by an Ordinance of the BNB.

Article 29a. (New, SG No. 24/2009, effective 31.03.2009) (1) Any transactions concluded, decisions made and actions performed without a prior approval in the events referred to in Article 28 (1) and (2), or without a prior permission in the events under Article 29 (1), shall be nil and void.

(2) The Central Depository shall enter in the Register of Shareholders of the bank acquisitions of shares, for which approval under Article 28 (1) and (2) is required, after the presentation of the approval, and in the events under Article 28b (9) - after receiving a confirmation by the BNB.

Article 29b. (New, SG No. 94/2010, effective 31.12.2010) (1) Transformation of a bank through merger is allowed only with another bank. A permit shall be issued provided the newly set up company is granted a banking license.

(2) Transformation of a bank through bundling is allowed provided the host company is a bank. A bank, a payment institution, an investment intermediary or a financial institution may take part in a bank bundling.

(3) A permit for bundling under paragraph shall not be granted if the license of the host bank does not allow it to carry on the activity of the bundling company.

(4) No permit for transformation of a bank licensed by the BNB shall be issued through a change of the legal form or transfer of the entire property of the single owner.

(5) For issuing a permit for spin-off or demerger host, companies, newly set up companies respectively, shall have the required license if rights and obligations are conferred thereto as a result of the legal succession, arising in the pursuit of activities for which a license is required.

Article 30. (1) Upon passing a resolution on an increase of a bank's capital by means of payments raised from the shareholders, the General Meeting or the Management Board (Board of Directors), as the case may be, shall establish a time limit for effecting of the payments, which may not be longer than six months after entry of the resolution on the increase of the capital (in the court register). In the case of public offering of shares, the said time limit shall begin to run from the publication of the prospectus.

(2) Any shares in respect whereof the payments due have not been effected, or which have not been sold within the time limit, shall be cancelled, and the competent authority shall take action for alteration of the resolution up to the amount of actually paid-up capital. Any resolution on alteration must be passed not later than three months after expiry of the time limit referred to in Paragraph (1).

(3) Should any resolution referred to in Paragraph (2) be not passed within the established time limit, the [competent] court shall enter the respective alteration in the commercial register, acting on a submission by the BNB.

(4) (Amended, SG No. 24/2009, effective 31.03.2009) Should grounds for applying for permission arise in respect of any shareholders as a result of an alteration of the resolution, Article 28 (3) herein shall apply accordingly.

(5) The procedure established by paragraphs (2) and (3) shall furthermore apply where the BNB ascertains that the capital has been increased by non-cash assets without permission or that the resources whereby cash payments have been effected are not owned by the shareholder.

Article 31. (Amended, SG No. 24/2009, effective 31.03.2009) (1) A prior written approval under Article 28 shall also be required for any shareholder who or which, upon participation in an increase of a bank's capital by means of payments raised from the shareholders or through conversion of part of the debentures into shares, increases its holding, if as a result of this its holding reaches or exceeds the thresholds of 20, 33 or 50 per cent of the shares or voting rights related to shares, and where the bank becomes a subsidiary.

(4) Should grounds for applying for approval arise in respect of any shareholders as a result of increasing the capital by an amount lower than the amount fixed in the resolution, Article 28 (3) herein shall apply accordingly.

(3) The documents and the information to be provided by the shareholder for the purpose of the assessment referred to in

Article 28a shall be specified in an ordinance issued by the BNB.

(4) (Amended, SG No. 27/2014) Upon violation of the requirement under Paragraph (1) the acquisition of shares shall be effective, but the BNB may apply the measure referred to in item 17 of Article 103 (2) herein.

Article 32. (1) (Amended, SG No. 24/2009, effective 31.03.2009) Where any person acquires 3 or more than 3 per cent of the shares or the voting rights related to the shares in a bank licensed in the Republic of Bulgaria, the Central Depository shall notify the BNB of the name/business name and address/registered office of the said person within seven days after entry of the acquisition into the Register of Shareholders.

(2) (Amended, SG No. 97/2017, effective 5.12.2017) A person referred to in Paragraph (1) shall be obliged, when so requested by the BNB, to submit thereto the documents covered under Items 7 - 10 of Article 13 (2) herein within a time limit set by the BNB.

(3) (Amended, SG No. 27/2014) Upon failure to comply with the requirement referred to in Paragraph (2), as well as where the information provided is not sufficiently comprehensive and reliable, the measure referred to in item 17 of Article 103 (2) herein may be applied to that person.

(4) The Bulgarian National Bank shall furthermore be vested with the powers referred to in Paragraph (3) where the BNB establishes that:

1. the person has submitted untrue particulars, or
2. by the activity or influence thereof on decision-making, the person may impair the reliability or security of the bank or of the operations thereof, or
3. the person has not paid contributions with own funds.

Article 33. (1) (Amended and supplemented, SG No. 24/2009, effective 31.03.2009) Any natural or legal person who/which intends to transfer, whether directly or indirectly, its qualifying holding in a bank licensed in the Republic of Bulgaria or to reduce its qualifying holding so that its shares or the voting rights related to these shares would fall below 20, 33 or 50 per cent of the capital, shall inform the BNB about:

1. the amount of the participating interest held thereby before the transfer;
2. the amount of the participating interest to be held thereby after the transfer.

(2) Where a bank ceases to be a subsidiary of a person, said person shall inform the BNB.

(3) The notifications referred to in paragraphs 1 and 2 shall be submitted not later than 10 days before occurrence of the circumstance thereof.

Article 34. (1) Banks licensed in the Republic of Bulgaria shall notify the BNB within seven days of coming to knowledge of any acquisition or transfer of shares in their capital as a result of which the participating interest of the shareholders would exceed or fall below one of the thresholds specified in Article 28 (1).

(2) The banks shall submit to the BNB by the 15th day of the month following every quarter a written information about the names of the shareholders holding a qualifying holding as well as about the amount of such holding.

Article 35. (Amended, SG No. 24/2009, effective 31.03.2009) A bank shall be registered with the commercial register upon presentation of the licence issued by the BNB, and any alterations covered under Article 29 (1) herein, upon submission thereto of the requisite permission as granted by the BNB.

Section IV

Withdrawal of licence

Article 36. (1) The BNB may withdraw a licence for conduct of banking business as granted where:

1. the bank fails to commence conduct of licensed banking business within twelve months after the grant of said licence;
2. any violations covered under Article 103 (1) herein have been committed;
3. (amended and supplemented, SG No. 27/2014) the bank has submitted false particulars or has used other unlawful means which have served for the granting of the said licence;
4. the bank has ceased to engage in business for more than 6 months;
5. the bank no longer fulfils the conditions under which the licence was granted;
6. (amended, SG No. 27/2014) the bank no longer meets the prudential requirements set out in parts three, four and six of Regulation (EU) No. 575/2013 or those set out under item 5 of Article 103 (2) or Article 103a, or can no longer be relied on to fulfil its obligations to creditors, and in particular no longer provides security for the assets entrusted to it by its depositors;
7. (new, SG No. 62/2015, effective 14.08.2015) the Bulgarian National Bank has adopted a decision determining that the deposits at the bank are unavailable, in pursuance of Item 2 of Article 20 (1) of the Bank Deposit Guarantee Act.

(2) (Supplemented, SG No. 44/2009, effective 12.06.2009, SG No. 94/2010, effective 31.12.2010, amended, SG No. 62/2015, effective 14.08.2015) The Bulgarian National Bank shall mandatorily withdraw the licence granted to a bank by reason of insolvency where the own funds of the bank are a negative value and the conditions for resolution under Article 51 (1) of the Recovery and Resolution of Credit Institutions and Investment Intermediaries Act.

(3) (New, SG No. 44/2009, effective 1.09.2009) The decision under Paragraph (2) shall be taken by the Bulgarian National Bank no later than 5 business days following the establishment of the insolvency.

(4) (Renumbered from Paragraph (3), SG No. 44/2009, effective 12.06.2009, amended, SG No. 27/2014) The own funds of a bank shall be determined in accordance with Regulation (EU) No. 575/2013.

(5) (Renumbered from Paragraph (4), SG No. 44/2009, effective 12.06.2009) By the act of withdrawal of a licence, the BNB shall mandatorily appoint conservators, unless such have been appointed theretofore.

(6) (Renumbered from Paragraph (5), SG No. 44/2009, effective 12.06.2009) The provisions of Article 26 (1) and Article 34 of the Administrative Procedure Code regarding explanations and objections of the persons concerned shall not apply to issue of acts under this Article.

(7) (Renumbered from Paragraph (6), SG No. 44/2009, effective 12.06.2009, supplemented, SG No. 62/2015, effective 14.08.2015) By the withdrawal of the licence under Paragraph (2) the business of the bank shall be terminated and a compulsory liquidation shall be conducted.

Article 37. (1) Upon withdrawal of a bank's licence on the grounds of Article 36 (1), the BNB shall file a request to the commercial register for registration of the winding up and declaring it in liquidation.

(2) (Supplemented, SG No. 62/2015, effective 14.08.2015) In the cases referred to in Article 36 (2) the BNB shall file a request to the competent court for initiation of bankruptcy proceedings. Any such request shall be submitted no later than two working days from the withdrawal of the licence.

(3) (Amended, SG No. 105/2011) The decision of the BNB on withdrawal of a licence shall be announced in the commercial register. The BNB shall furthermore take other measures necessary for informing the public about the revocation of the licence thereof.

(4) (Supplemented, SG No. 105/2011, amended, SG No. 27/2014) The Bulgarian National Bank shall notify the EBA of any licence withdrawal.

(5) (Amended and supplemented, SG No. 27/2014) Upon withdrawal of a licence for conduct of banking business of a bank which has a branch or provides directly services in a Member State, the BNB shall inform the competent supervision authorities of the respective Member States on a timely basis.

Article 38. (1) The BNB may withdraw the licence for conduct of banking business of a bank from a third country for conduct of business through a branch on the grounds of Article 36 (1).

(2) The BNB shall withdraw the licence for conduct of banking business of a bank from a third country for conduct of business through a branch where the licence of the bank has been withdrawn by the competent authority in the country by

its registered office.

(3) After the withdrawal of the licence of a bank from a third country the BNB shall take measures to notify the public of the licence withdrawal.

Chapter Four

OWN FUNDS, LIQUIDITY AND OTHER REQUIREMENTS

Article 39. (Amended, SG No. 94/2010, effective 31.12.2010, SG No. 105/2011, SG No. 27/2014) (1) To ensure fulfilment of their obligations to creditors, banks shall possess own funds adequate to the risks assumed in the course of their business.

(2) Banks shall, at any time, maintain capital buffers. The types of buffers, the conditions and the procedure for their formation and update shall be defined in an ordinance issued by the BNB.

(3) The ordinance under Paragraph (2) shall furthermore define:

1. restrictions on payment of dividends or interest in any form related to own funds;

2. conditions for mandatory coverage of losses by the bank's shareholders and holders of the bank's own funds instruments before loss coverage through other sources;

3. other restrictions to be observed by the banks upon established non-performance or for preventing non-performance of the requirements for capital buffers.

(4) (New, SG No. 59/2016) The Bulgarian National Bank shall determine, by an ordinance, the conditions and procedure for the issuing of permissions under Article 26 (3) of Regulation (EU) No. 575/2013 for the inclusion of the issuances of capital instruments in the common equity Tier 1 capital.

(5) (New, SG No. 59/2016) The Bulgarian National Bank shall determine, by an ordinance, the requirements and the documents required for the issuance of a permission for inclusion of the interim or year-end profits in the bank's common equity Tier 1 capital under the conditions and according to the procedure established by Article 26 (2) of Regulation (EU) No. 575/2013.

(6) (New, SG No. 59/2016) Banks can include capital instruments in the additional Tier 1 capital under the conditions specified in Article 52 of Regulation (EU) No. 575/2013 and in the Tier 2 capital under the conditions specified in Article 63 of Regulation (EU) No. 575/2013 following the issuance of a prior approval by the BNB. The procedure and the documents required for granting of approvals shall be defined in an ordinance issued by the BNB.

(7) (New, SG No. 59/2016) When issuing the permissions and approvals referred to in Items 4 – 6, the BNB can request the submission of a statement of compliance with specific requirements, signed by the persons referred to in Article 10 (1).

Article 40. (Supplemented, SG No. 24/2009, effective 31.03.2009, amended, SG No. 94/2010, effective 31.12.2010, SG No. 105/2011, SG No. 27/2014) The provisions of the Obligations and Contracts Act and the Bank Bankruptcy Act shall not apply to contracts for attracting by a bank of amounts to be included in its own funds, should such provisions provide for a more favourable regime of the rights of the creditors.

Article 41. (1) (Amended, SG No. 27/2014) No bank may pay out dividends or distribute capital before setting aside the funds required for the Reserve Fund.

(2) The banks may not use funds in the Reserve Fund for distribution of dividends without the permission of the BNB.

Article 42. (1) Any bank shall manage its assets and liabilities in a manner that allows it at any time to fulfill its due and payable obligations by:

1. adopting funding and liquidity plans consistent with the nature of its activity;

2. maintaining liquid funds to ensure mismatches between cash inflows and cash outflows;
3. maintaining a system for interest rate risk monitoring in all operations;
4. adjusting promptly the maturity structure of assets and liabilities upon a change in market conditions;
5. maintaining the necessary information about calculation of its liquidity position at any moment.

(2) Liquid assets, maturity structure of assets, liabilities and off-balance-sheet items and any other liquidity management requirements shall be laid down in an ordinance of the BNB.

Article 43. (Repealed, SG No. 27/2014).

Article 44. (Amended and supplemented, SG No. 94/2010, effective 31.12.2010, amended, SG No. 27/2014) A decision which leads to the formation of a large exposure within the meaning of Article 392 of Regulation (EU) No. 575/2013 shall be taken by the management board (board of directors). Where the exposure exceeds 15 per cent of the own funds, the decision shall be taken unanimously.

Article 45. (1) (Supplemented, SG No. 97/2017, effective 5.12.2017) The bank may, only with an unanimous resolution of its collective management body and following an approval by the supervisory board, respectively by the members of the board of directors other than executive members, form exposures to:

1. officers of the bank;
2. (amended, SG No. 97/2017, effective 5.12.2017) persons who or which have direct or indirect qualifying holding in the capital of the bank or hold shares which guarantee them over 10 per cent of the total number of votes in the general meeting of shareholders;
3. a shareholder whose representative is a member of the management or the supervisory body of the bank;
4. (amended and supplemented, SG No. 97/2017, effective 5.12.2017) spouses, brothers, sisters and lineal relatives up to and including the third degree of consanguinity to a person covered in Items 1, 2 and 3, and persons who actually cohabit with a person covered in Items 1, 2 and 3;
5. (new, SG No. 97/2017, effective 5.12.2017) persons controlled directly or indirectly by the bank or a person covered in Items 1 - 4, including together with other persons;
6. (renumbered from Item 5, amended, SG No. 97/2017, effective 5.12.2017) legal persons, in the management of which persons covered in Items 1 - 4 are involved;
7. (renumbered from Item 6, amended, SG No. 97/2017, effective 5.12.2017) commercial companies in which the bank or a person under items 1 - 4 participates in the management or has a qualifying holding;
8. (renumbered from Item 7, SG No. 97/2017, effective 5.12.2017) third parties acting for the account of the persons under items 1 - 6;
9. (new, SG No. 97/2017, effective 5.12.2017) persons who, either directly or indirectly, exercise control over the bank or shareholders having a qualified holding in the bank.

(2) In the cases of Paragraph (1) the decision on incurrence of the exposure shall define the conditions thereunder.

(3) The procedure referred to in Paragraph (1) shall not apply where:

1. (supplemented, SG No. 97/2017, effective 5.12.2017) the amount of an exposure to a person under Paragraph (1), items 1 and 4 does not exceed its annual remuneration or is within limits defined in advance by the supervisory board;
2. (amended, SG No. 97/2017, effective 5.12.2017) the amount of the exposure to a single person under Items 2, 3, 5 - 10 of Paragraph (1) is less than one per cent of the bank's own funds, but not exceeding BGN 300,000.

(4) Banks may not provide more favourable conditions on exposures to the persons under Paragraph (1), such as:

1. entering into a transaction which, due to its nature, purpose, characteristics or risk, the bank would not have normally concluded with clients outside the persons under Paragraph (1);

2. collection of interest, fees and other pecuniary obligations or acceptance of collaterals not lower than those required from other clients in similar cases.

(5) (Repealed, SG No. 24/2009, effective 31.03.2009).

(6) (Amended, SG No. 94/2010, effective 31.12.2010) The total exposure of a bank to a person under Paragraph (1) which is not a credit institution or an investment intermediary shall not exceed 10 per cent of its own funds. The total amount of all incurred exposures of the bank to the persons under sentence one may not exceed 20 per cent of its own funds.

(7) (Repealed, SG No. 27/2014).

(8) (New, SG No. 97/2017, effective 5.12.2017) The exposures specified in Paragraph (1) shall include all assets and off-balance sheet items, including derivative contracts, receivables arising from the provision of services, acquisition and disposal of assets and leases. The manner of calculating the value of exposures shall be determined in the Ordinance referred to in Article 45c.

(9) (New, SG No. 97/2017, effective 5.12.2017) Paragraph (1) shall also apply in the event of changes in the terms and conditions of exposures, such as renegotiation of interest and granting a gratuity period.

Article 45a. (New, SG No. 97/2017, effective 5.12.2017) (1) Banks shall be obliged to adopt and apply internal rules and procedures for establishing, monitoring and reporting exposures to persons covered in Article 45 (1).

(2) The rules and procedures referred to in Paragraph (1) shall include a mechanism for tracing the line of control and qualified shareholdings to the beneficial owner of the persons covered in Article 45 (1).

Article 45b. (New, SG No. 97/2017, effective 5.12.2017) Banks shall prepare and submit to the BNB quarterly reports on the exposures to persons covered in Article 45 (1) in a form and with contents determined by an ordinance.

Article 45c. (New, SG No. 97/2017, effective 5.12.2017) The Bulgarian National Bank shall adopt an ordinance for the implementation of Articles 45 - 45b.

Article 46. Officers who have granted credits in violation of Articles 44 and 45 shall be jointly and severally liable for the amounts granted together with the borrower.

Article 47. (Amended, SG No. 24/2009, effective 31.03.2009, repealed, SG No. 27/2014).

Chapter Five

(Repealed, SG No. 101/2010, effective 30.04.2011)

SPECIFIC RULES FOR ELECTRONIC MONEY COMPANY

Article 48. (Repealed, SG No. 101/2010, effective 30.04.2011).

Article 49. (Repealed, SG No. 101/2010, effective 30.04.2011).

Article 50. (Repealed, SG No. 101/2010, effective 30.04.2011).

Chapter Six

DISCLOSURE OF CONFLICT OF INTEREST. CONFIDENTIALITY

Article 51. (1) Any officer in a bank shall be obliged to disclose in writing to the management body of the bank concerned any commercial, financial or other business interest which the said officer or any member or members of the family thereof may have in the conclusion of any commercial transaction with the bank.

(2) A business interest shall exist where any of the following shall be a party to a contract with the bank:

1. the officer or a member of the family thereof;

2. any person wherewith the officer or any member of the family thereof is economically connected by:

(a) owning, directly or indirectly, a qualifying holding therein;

(b) being an officer thereof;

(c) being a partner in a general or limited partnership or a limited liability company.

(3) Any officer shall be obliged upon entering into office to declare in writing to the Management Board (or the Board of Directors, as the case may be) the names and addresses of any persons economically connected therewith and with any member or members of the family thereof and the business interest which the officer and the members of his family have with the bank at the time of submission of the declaration. Upon a change of the declared circumstances the officer shall submit a new declaration within seven days of occurrence of the change thereof.

(4) An officer, who has a business interest in the conclusion of a transaction with the bank, shall take part neither in the negotiations nor in the discussion and making of a decision on conclusion of the said transaction.

(5) In the discharge of the duties thereof, the officers and other employees of the bank shall be obliged to place the interests of the bank and of the clients thereof before their own interests.

(6) Any bank shall so organise the business thereof as to prevent a situation wherein the duties of the officers and the other employees of the bank to a client of the bank come into conflict with the duties of the said employees to another client, or wherein the said employees' own interests come into conflict with the duties thereof to a client of the bank.

Article 52. Any transaction concluded by an officer in violation of Article 51 herein shall be void. The nullity may be established by court of law acting on motion by the bank, the BNB or another interested party.

Article 53. Should it be established that an officer violates Article 51 herein, the BNB shall obligate the competent body of the bank concerned to terminate the powers of the said officer within a specified time limit or shall remove the said officer from office unless dismissed within the time limit as specified.

Article 54. Banks shall adopt rules regulating the procedure for disclosure of conflict of interest and ensuring confidentiality so as to prevent any prejudice to the interest of a client of the bank in favour of another client or of an officer or employee of the bank, as well as to the interest of the bank in favour of the interest of any officers or employees of the said bank.

Chapter Seven

RELATIONS BETWEEN BANKS AND BETWEEN BANKS AND CLIENTS THEREOF

Article 55. Banks may issue bonds and other debt securities denominated in lev and in foreign currencies, as well as rights arising therefrom.

Article 56. (Amended, SG No. 24/2009, effective 31.03.2009) (1) (Supplemented, SG No. 105/2011, amended, SG No. 27/2014) The Bulgarian National Bank shall establish and maintain an information system on the monetary liabilities of clients to:

1. (amended, SG No. 98/2016, effective 1.01.2017) banks and branches of banks operating in the territory of Bulgaria;
 2. the registered persons under Article 3a carrying on activities under items 6, 7 or 12 of Article 2 (2) or under item 3 of Article 3 (1), with the exception of foreign financial institutions conducting directly business in the territory of the Republic of Bulgaria.
 3. (amended, SG No. 20/2018, effective 6.03.2018) the payment institutions and electronic money companies granting loans under Article 21 of the Payment Services and Payment Systems Act.
- (2) (Amended, SG No. 27/2014) The persons referred to in Paragraph (1) shall be obliged to provide and be entitled to receive information from the system.
- (3) (Amended, SG No. 20/2018, effective 6.03.2018) Access to information in the system shall have:
1. the prosecutor's office and the investigating authorities;
 2. the General Directorate "National Police" and the General Directorate for Combating Organised Crime and the regional directorates of the Ministry of Internal Affairs;
 3. the State Agency for National Security;
 4. Commission for Counter-Corruption and Unlawfully Acquired Assets Forfeiture;
 5. the Financial Supervision Commission;
 6. the National Revenue Agency;
 7. the Customs Agency;
 8. the Inspectorate to the Supreme Judicial Council for the purposes of Chapter Nine, Section Ia of the Judicial System Act with regard to the property of judges, prosecutors and investigating magistrates.
- (4) The terms and procedure for the setting up and operation of the information system and for providing and receiving information from it shall be established by an ordinance issued by the BNB.
- (5) (New, SG No. 62/2015, effective 14.08.2015) The inclusion in and exclusion from the information system shall require a determination by the Deputy Governor in charge of the Banking Department.
- (6) (New, SG No. 59/2016, amended, SG No. 98/2016, effective 1.01.2017) Information from the system shall be received against the payment of fees in accordance with a methodology defined with the Ordinance referred to in Paragraph 4.
- (7) (New, SG No. 98/2016, effective 1.01.2017) Costs associated with obtaining information from the system by government and judicial authorities, when grounds for this exist, shall be at the expense of the executive budget and can be paid from the central budget based on a contract between the Ministry of Finance and the Bulgarian National Bank.
- (8) (New, SG No. 20/2018, effective 1.01.2019) Information regarding the persons who are joint debtors or guarantors of loans shall also be stored in the system.
- (9) (New, SG No. 20/2018, effective 6.03.2018) Outside the cases covered in Paragraph 3, the information in the system shall be accessed in accordance with the procedure established by Article 62(5).
- (10) (New, SG No. 20/2018, effective 6.03.2018) Information in the system shall be stored for a period of 5 years of the date of the last reported period.

Article 56a. (New, SG No. 94/2015, effective 1.01.2017) (1) (Supplemented, SG No. 59/2016, SG No. 20/2018, effective 6.03.2018) The Bulgarian National Bank shall establish and maintain an electronic information system for the numbers of bank accounts, their title holders and the persons authorised to deal with the accounts, data on account distractions, as well as for the persons leasing safe-deposit boxes in banks and their attorneys.

(2) (Amended, SG No. 59/2016, SG No. 20/2018, effective 6.03.2018) The banks shall provide the BNB with the information under Paragraph (1) at least on a weekly basis.

(3) Access to information in the system shall have:

1. the judicial bodies (courts, public prosecution and investigative bodies);

2. (amended, SG No. 20/2018, effective 6.03.2018) the General Directorate "National Police" and the General Directorate for Combating Organised Crime and the regional directorates of the Ministry of Internal Affairs;
 3. the State Agency for National Security;
 4. the National Revenue Agency;
 5. (amended, SG No. 7/2018) Commission for Counter-Corruption and Unlawfully Acquired Assets Forfeiture;
 6. (new, SG No. 62/2016, effective 9.08.2016, amended, SG No. 20/2018, effective 6.03.2018) the Inspectorate to the Supreme Judicial Council for the purposes of Chapter Nine, Section Ia of the Judicial System Act with regard to the property of judges, prosecutors and investigating magistrates;
 7. (new, SG No. 98/2016, effective 1.01.2017) the Minister of Finances with regard to the bank accounts and safe-deposit boxes of budgetary organisations and persons specified in Article 156 of the Public Finances Act, and the information referred to in Paragraph 10;
 8. (new, SG No. 98/2016, effective 1.01.2017) the Minister of Justice in connection with the implementation of Regulation (EU) No. 655/2014 of the European Parliament and of the Council of 15 May 2014 establishing a European Account Preservation Order procedure to facilitate cross-border debt recovery in civil and commercial matters (OJ L 189/59 of 27.6.2014);
 9. (new, SG No. 20/2018, effective 6.03.2018) the Customs Agency;
 10. (new, SG No. 59/2016, renumbered from Item 6, SG No. 98/2016, effective 1.01.2017, renumbered from Item 9, amended, SG No. 20/2018, effective 6.03.2018) the persons referred to in Article 56(1);
 11. (new, SG No. 98/2016, effective 1.01.2017, renumbered from Item 10, SG No. 20/2018, effective 6.03.2018) public and private enforcement agents in the event of an initiated enforcement action.
- (4) Natural and legal persons may receive, upon request, information from the BNB on the information contained thereon in the system.
- (5) Access to the system by the bodies and institutions under Paragraph (3) shall be carried out in connection with the performance of their official duties on the occasion of specific checks, details of which are recorded in a special register of each of the bodies and institutions.
- (6) The right of access to the system shall have the persons who manage and represent the bodies and institutions under Paragraph (3), or officials authorised thereby in compliance with the obligation to protect the secret of the information received. The bodies and institutions under Paragraph (3) shall adopt and implement internal rules for effective control of the authorised persons with the right of access to the information under Paragraph (1).
- (7) (Amended, SG No. 98/2016, effective 1.01.2017) Information from the system shall be received against the payment of fees in accordance with a methodology defined with the Ordinance referred to in Paragraph 8.
- (8) The scope of, the procedure and deadlines for the submission of information from banks to the system, as well as for obtaining information from the system by the relevant authorised institutions and persons shall be determined by an Ordinance of the BNB.
- (9) (Amended, SG No. 59/2016) The information referred to in Paragraph (1) shall be stored for 5 years of the date of closure of the bank account, respectively 5 years from the date of termination of the agreement for lease of a bank safe.
- (10) (New, SG No. 98/2016, effective 1.01.2017) Following preliminary coordination with the Minister of Finance, the electronic information system may also include information specific to the accounts of budgetary organisations and the persons specified in Article 156 of the Public Finances Act, characterising these accounts and their title holders, as defined in the ordinance under Paragraph 8.
- (11) (New, SG No. 98/2016, effective 1.01.2017, amended, SG No. 20/2018, effective 6.03.2018) Costs associated with obtaining information from the system by the bodies and institutions specified in items 1 - 9 of Paragraph 3 shall be at the expense of the executive budget and can be paid from the central budget based on a contract between the Ministry of Finance and the Bulgarian National Bank.
- (12) (New, SG No. 98/2016, effective 1.01.2017) The Minister of Finance and the Bulgarian National Bank can agree, in accordance with the procedure established by Article 43, Paragraph 2, item 4 of the Bulgarian National Bank Act, electronic exchange of information regarding the accounts and safe-deposit boxes of budgetary organisations and the persons specified in Article 156 of the Public Finances Act.

(13) (New, SG No. 20/2018, effective 6.03.2018) The inclusion in and exclusion of persons under paragraph 3 from the information system shall require a determination by the Deputy Governor in charge of the Banking Department.

Article 57. (1) Any bank may accept money on a deposit account solely on declared terms and conditions which the bank shall be obliged to apply to all depositors.

(2) The above terms and conditions shall state:

1. the rates of interest and the method of computation of interest;
2. the periodicity of interest payments and specification of the rate of interest as variable and under what conditions;
3. the minimum amount of money received on deposit;
4. the time limit for notice of withdrawal and consequences upon earlier withdrawal of the deposit;
5. (amended, SG No. 44/2009, effective 12.06.2009) the applicable deposit-guarantee scheme, including the amount up to which deposits are guaranteed, the competent authority which pays the sums under the guaranteed deposits and the relevant payment period.

(3) (New, SG No. 44/2009, effective 12.06.2009, amended, SG No. 62/2015, effective 14.08.2015) The bank shall mandatorily specify, both in the terms and conditions under Paragraph (2) and in the contract, whether the deposit is covered or not under the terms and according to the procedure established by the Bank Deposit Guarantee Act, the coverage level and the applicable deposit guarantee system. The information set out in the annex shall be made available to the depositor prior to the conclusion of the contract and at least once a year after the conclusion of the contract in the language and in the manner that was agreed by the depositor and the bank when the account was opened. The banks shall mandatorily mark deposits in a way and under a procedure established by the BNB that allows an immediate identification of eligible deposits within the meaning of Item 5 of § 1 of the Supplementary Provisions of the Bank Deposit Guarantee Act.

(4) (New, SG No. 94/2010, effective 31.12.2010) In cases of fixed-rate term money deposit the bank may not reduce the interest rate until expiry of the term of the agreement.

(5) (New, SG No. 77/2011) Where a bank offers a deposit whose interest rate is linked to the return on investment in units of a collective investment scheme, or advises its clients in relation to such deposit, the bank shall provide the key information about investors to its clients in compliance with Article 59, Paragraph (3) of the Collective Investment Schemes and Other Undertakings for Collective Investments Act. Upon established violation under sentence one, the Bulgarian National Bank shall notify the Financial Supervision Commission.

(6) (New, SG No. 62/2015, effective 14.08.2015) The Bulgarian National Bank shall inform depositors of the transformation of a bank through merger by the formation of a new bank or through merger by acquisition by another bank at least one month before the operation takes legal effect merger by means of making said operation public on the website of the BNB. Within a three-month period following any such notification, depositors may withdraw or transfer to another bank, without incurring any penalties or charges for an early termination of the deposit contract, their eligible deposits within the meaning of Item 5 of § 1 of the Supplementary Provisions of the Bank Deposit Guarantee Act including all accrued interest in so far as they exceed the coverage level.

Article 58. (1) In granting credits, a bank shall mandatorily furnish the client, at no charge and in writing, with its lending terms and conditions which shall state:

1. particulars of the total costs of borrowing (charges, commission and other costs directly related to the credit agreement) and of the objective criteria whereunder the said costs may change;
2. the interest rate expressed as an interest rate per annum, the method of computation of interest, and the conditions under which the interest can be changed until full repayment of the credit;
3. any additional obligations related to settlements;
4. the conditions and the costs for prepayment of the credit.

(2) The costs for the credit shall be laid down expressly and comprehensively in the credit agreement, including the cases of prepayment.

(3) (New, SG No. 94/2010, effective 31.12.2010, amended, SG No. 62/2015, effective 14.08.2015) In case of change of the interest rate or a fee resulting in an increase of the instalment amount on a loan the bank shall notify the client thereof in a manner agreed upon between the parties before the change becomes effective.

(4) (New, SG No. 94/2010, effective 31.12.2010) Where the change of the interest rate arises from a change of a specific reference interest rate which is made public using appropriate means and the information about the new interest rate can be found in the sales premises and the website of the lender, Paragraph (3) shall not apply.

(5) (New, SG No. 51/2018, effective 1.07.2018) Where an interest rate benchmark used by a bank as a reference interest rate under loan agreements changes substantially or is no longer calculated, the bank shall implement an action plan developed in accordance with Article 28(2) 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 29.6.2016).

(6) (New, SG No. 51/2018, effective 1.07.2018) The bank shall notify the client in accordance with the procedure established by Paragraphs (3) and (4) of the amendments to the loan agreement stemming from the implementation of the plan referred to in Paragraph (5). At the time of the implementation of the plan referred to in Paragraph (5), the new interest rate under the loan agreement may not exceed the interest rate under the agreement before that point.

(7) (New, SG No. 62/2015, effective 14.08.2015, amended, SG No. 59/2016, renumbered from Paragraph (5), SG No. 51/2018, effective 1.07.2018) This article shall not apply to loans under the Consumer Credit Act and the Consumer Credits Related to Immovable Property Act.

Article 59. (1) A bank shall display the deposit and lending terms and conditions thereof on premises accessible to clients.

(2) The deposit and lending terms and conditions shall be formulated in a clear and understandable format for the clients.

(3) (New, SG No. 44/2009, effective 12.06.2009) Upon a client's request, the bank shall also provide additional information about the conditions regulating the deposits and credits, including information about the conditions, procedure and time limits for paying out the guaranteed deposit amounts.

Article 60. (1) In granting credits, no bank may accept as security any shares issued thereby or by any persons connected therewith.

(2) (Amended, SG No. 59/2007, supplemented, SG No. 59/2016) Where a credit or individual instalments thereof are not paid on the agreed payment dates as well as in the cases where the credit is subject to accelerated payment due to default on one or more instalments on the credit, the bank shall have the option to move for the issuance of an immediate enforcement order according to the procedure established by Article 418 of the Code of Civil Procedure on the basis of an abstract of the books of account thereof. The abstract of books of account shall include as a minimum information regarding:

1. the number of instalments not repaid on the agreed payment dated or partially repaid, and the total overdue amount;
2. the total outstanding amount of the total amount payable by the consumer, including the outstanding principal and the outstanding agreed interest rate;
3. the amount of the compensation for delay with regard to the overdue payments.

(3) The agreement may stipulate that the bank is entitled to sell by auction the item of property pledged according to a procedure established by an ordinance of the Minister of Justice and the BNB Governor. The said procedure shall not apply to any pledges created under the Registered Pledges Act.

(4) Any bank shall have the right to legal mortgage on any immovables and on the real rights thereto acquired in whole or in part by means of contracting a bank credit.

(5) (New, SG No. 35/2014, effective 23.07.2014, amended, SG No. 59/2016) Where the credit agreement had been entered into under the terms of Item 1 of Article 24 (2) of the Consumer Credits Related to Immovable Property Act, the creditor shall be satisfied entirely and definitively in regard to its receivables under the credit by receiving the amount from sale of the property.

(6) (Renumbered from Paragraph (5), supplemented, SG No. 35/2014, effective 23.07.2014) Upon the full repayment of

the credit the bank shall delete, release respectively, the securities as produced within 14 days from the client's request and payment of charges due. The security over the property sold under Paragraph (5) shall be deleted within the same period and under the same terms.

Article 61. Any bank shall be entitled to require that borrowers submit accounting and other documents relating to the credit and the business thereof, as well as to verify the securities and whether the credits are utilized for the purpose wherefor they were granted.

Chapter Eight

BANK AND PROFESSIONAL SECRECY

Article 62. (1) (Supplemented, SG No. 50/2015, amended, SG No. 62/2015, effective 14.08.2015) No bank employee, member of the management and supervisory bodies of a bank, BNB office holder, liquidator, temporary trustee in bankruptcy, trustee in bankruptcy or any other person working for a bank may disclose or use for their own benefit and for the benefit of any member of their families any information constituting bank secrecy.

(2) Bank secrecy shall be the facts and circumstances concerning balances and operations on accounts and deposits held by clients of the bank.

(3) (Amended, SG No. 50/2015) Upon assumption of position or proceeding to execution of the work assigned, as the case may be, the persons under paragraph 1 shall sign a declaration pledging to safeguard bank secrecy.

(4) The provision of Paragraph (1) shall furthermore apply to the cases where relations with the said person are terminated or his activity is suspended.

(5) (Amended and supplemented, SG No. 50/2015, amended, SG No. 62/2015, effective 14.08.2015) Save to the BNB and for the purposes and under the terms of Article 56 herein, no bank may disclose any information under Paragraph (2) about individual clients except:

1. with the consent of the client concerned;
 2. in pursuance of judgment of the court, rendered according to the procedure established by Paragraphs (6) and (7);
 3. (amended, SG No. 59/2016) by a ruling of the court, where this is necessary in order to clarify the circumstances of the case examined by the said court,
 4. (supplemented, SG No. 59/2016) in the cases under Paragraph (12), where the bank is undergoing bankruptcy proceedings, or
 5. (new, SG No. 59/2016) in the cases of an initiated international arbitration case, in which the Republic of Bulgaria is a party.
- (6) Any court of law may furthermore order disclosure of the information covered under Paragraph (2) acting on motion by:
1. (supplemented, SG No. 16/2018) a public prosecutor - should there be reason to believe that a criminal offence has been committed under Article 31 of European Investigative Order Act;
 2. the minister of finance or a person authorised thereby - in the cases under Article 143 (4) of the Tax and Social Insurance Procedure Code;

3. the director of the regional directorate of the National Revenue Agency where:

(a) evidences are presented that the person inspected has frustrated the conduct of a tax inspection or audit or has failed to keep accounts as required, or the said accounts are incomplete or false;

(b) a competent public authority has established by a written statement the occurrence of an event which has led to the destruction of the accounting records of the person inspected;

4. (amended, SG No. 38/2012, effective 19.11.2012, SG No. 7/2018) the Commission for Counter-Corruption and Unlawfully Acquired Assets Forfeiture and the directors of the territorial directorates thereof;

5. the Director of the Public Financial Inspection Agency or officials authorised thereby, where a body of the Agency has established by a written statement that:

(a) the management of the organisation or person audited frustrates the conduct of inspection activities by the bodies of the Agency;

(b) the organisation or person audited fails to keep accounts, or the said accounts are incomplete or false;

(c) available data about deficiencies;

(d) a public authority has established by a written statement the occurrence of a fortuitous event which has led to the destruction of the accounting records of the organisation or person inspected;

6. (amended, SG No. 95/2009, effective 1.12.2009) the Director of the National Customs Agency and the Heads of customs where:

(a) it has been established by a written statement drawn up by the customs authorities that the person inspected has frustrated the conduct of a customs inspection and has failed to keep the required records, or the said records are incomplete or false;

(b) customs violations have been established by a written statement drawn up by the customs authorities;

(c) bank accounts must be distrained to secure any claims ascertained by the customs authorities and collectible thereby, as well as to secure the payment of fines, legal interest and other such;

(d) a public authority has established by a written statement the occurrence of a fortuitous event which has led to the destruction of the accounting records of the entity inspected by the customs authorities;

7. (amended, SG No. 69/2008, SG No. 93/2009, effective 25.12.2009, SG No. 105/2011, SG No. 44/2012, effective 1.07.2012, SG No. 52/2013, effective 14.06.2013, SG No. 53/2014, SG No. 14/2015, SG No. 81/2016, effective 14.10.2016) the Directors of the National Police Directorate General and Combating Organised Crime Directorate General of the Ministry of Interior - for the purpose of crime detection and/or investigation;

8. (amended, SG No. 109/2007) the Chairperson of the State Agency for National Security - where this is required to safeguard national security;

9. (new, SG No. 109/2013, effective 1.01.2014) the executive director of the National Revenue Agency or an official authorised thereby - in the cases under Article 143f, Paragraph (6) of the Tax and Social Insurance Procedure Code;

10. (New, SG No. 22/2015, effective 24.03.2015, supplemented, SG No. 33/2016, effective 26.04.2016) The Bank Deposit Guarantee Fund and the receiver of a bank subjected to insolvency proceedings, in instances under Article 60a of the Bank Bankruptcy Act and also in regard to third persons if an invalidation request would be submitted against them;

11. (new, SG No. 33/2016, effective 26.04.2016) the receiver of a bank subjected to insolvency proceedings – in regard to debtors of the bank, whose loans are in arrears;

12. (new, SG No. 62/2016, effective 9.08.2016) the chief inspector or inspector from the Inspectorate to the Supreme Judicial Council.

(7) The district judge shall rule on the motion under Paragraph (6) by a motivated judgement in camera within twenty-four hours after the submission thereof, setting a time limit for disclosure of the information covered under Paragraph (1). Any such judgment of the court shall not be subject to appeal.

(8) (Amended, SG No. 109/2007, SG No. 69/2008, SG No. 93/2009, SG No. 105/2011, SG No. 44/2012, effective 1.07.2012, SG No. 52/2013, effective 14.06.2013, SG No. 53/2014, SG No. 14/2015) When so requested in writing by

the Director of the National Investigative Service, the Chairperson of the State Agency for National Security or the Director of the National Police Directorate General of the Ministry of Interior, as the case may be, banks shall be obliged to submit information on balances and movement in accounts held by a company wherein the State and/or a municipality holds an interest exceeding 50 per cent.

(9) When so requested in writing by the Chairperson on the State Commission on Information Security or by the chiefs of the security services and of the public order services, banks shall be obliged to provide information constituting bank secrecy about persons subject to security check under the terms and according to the procedure established by the Classified Information Protection Act. Any such request shall enclose consent by the person checked to the disclosure of the said information.

(10) Should there be reason to believe that an organised criminal offence or money laundering has been committed the Chief Public Prosecutor or a deputy authorised thereby may require from banks to submit the facts and circumstances under Paragraph (2). The requests as made to banks and the information received in response shall be kept in a register with the Chief Public Prosecutor and the BNB;

(11) (New, SG No. 105/2006, supplemented, SG No. 94/2015, effective 1.01.2016, amended, SG No. 63/2017, effective 4.08.2017) The banks shall provide the executive director of the National Revenue Agency with the information under Article 142b(1) of the Tax Insurance Procedure Code.

(12) (New, SG No. 50/2015) Within 6 months from entry in the Commercial Register of the judgement under Article 13 of the Bank Bankruptcy Act the trustee of a bank in bankruptcy proceedings shall disclose:

1. any natural and legal persons and the amount of their deposits within the meaning of § 1, item 1 of the supplementary provisions of the Bank Deposit Insurance Act, to whom preferential interest terms and conditions have been provided in deviation from the terms and conditions announced by the bank and applied thereby to its depositors, if such persons have effected transactions with their deposits after the bank was put under special supervision;

2. any natural and legal persons and the amount of their loans and deposits within the meaning of § 1, item 1 of the supplementary provisions of the Bank Deposit Insurance Act, to whom preferential interest terms and conditions have been provided in deviation from the terms and conditions announced by the bank and applied thereby to its depositors and borrowers, for a period of two years before the date of insolvency;

3. any natural and legal persons that have given notification of the transfer of their receivable or have made a declaration of their intent for set-off after the bank was put under special supervision;

4. credit transactions on which:

a) no collateral has been agreed upon or a collateral of a lower value than the amount of the utilised loan has been agreed upon;

b) the agreed upon collateral has not been validly established;

c) after a valid establishment of collateral, the rights of the pledgee on it in accordance with the legally prescribed procedure, including where the entry of a registered pledge has not been renewed, the collateral has not been provided to the creditor or the object of the real pledge is missing at the date of the disclosure;

d) a property originating from the bank within the meaning of § 1, item 6 of the supplementary provisions of the Bank Bankruptcy Act has been provided by a borrower to other persons and the amount of any of the transactions exceeds BGN 50,000, and the persons shall be disclosed consecutively; the requirement for a threshold shall not apply to the persons under Article 2 (1) and (3) of the Publicity of the Property of Individuals at High State and Other Positions Act;

e) loans have been renegotiated in regard to their term of execution, the amount and type of the collateral where it has not been specified in the master agreement;

5. (new, SG No. 33/2016, effective 26.04.2016) the natural persons and legal entities and the amounts of their loans, in regard to which obligations are overdue as at the date of the disclosure; such list shall be regularly updated by adding any debtors falling in arrears after its original disclosure;

6. (renumbered from Item 5, SG No. 33/2016, effective 26.04.2016) the amount of deposits and loans of political parties, of the persons under Article 2 (1) and (3) of the Publicity of the Property of Individuals at High State and Other Positions Act, of the members of the supervisory board and the management board of the bank and of the legal entities on which information has been provided under Paragraph (15);

7. (renumbered from Item 6, SG No. 33/2016, effective 26.04.2016) consultancy agreements, lease agreements and other

agreements/contracts of pecuniary and non-pecuniary interest, entered into between the bank and the persons under Article 2 (1) and (3) of the Publicity of the Property of Individuals at High State and Other Positions Act, of the members of the supervisory board and the management board of the bank and of the legal entities on which information has been provided under Paragraph (15).

(13) (New, SG No. 50/2015, amended, SG No. 33/2016, effective 26.04.2016) The information under Paragraph (12), items 4, 6 and 7 shall refer for a period of 5 years before the date of revocation of the bank's licence in bankruptcy proceedings. The information shall furthermore refer to the persons under Article 2 (1) and (3) of the Publicity of the Property of Individuals at High State and Other Positions Act who in the period under sentence one have held such positions.

(14) (New, SG No. 50/2015) If in the cases of Paragraph (12), item 4 grounds exist for initiation of court proceedings with legal grounds under Article 60a of the Bank Bankruptcy Act, the information under Paragraph (12), item 4 letter "d" shall be disclosed after initiation of the proceedings.

(15) (New, SG No. 50/2015) The chairman of the National Audit Office shall submit to the trustee in bankruptcy in electronic format:

1. a list of the persons under Article 2 (1) and (3) of the Publicity of the Property of Individuals at High State and Other Positions Act, including the persons who have held such positions in the period under Paragraph (13), sentence one, within 14 days from the date of entry of the judgement under Article 13 of the Bank Bankruptcy Act, and
2. information about securities, holdings in limited liability companies and commandite companies, registered shares in joint-stock companies, including those acquired by participation in privatisation deals outside the cases of investment vouchers (mass) privatisation, within 30 days from the date of entry of the judgement under Article 13 of the Bank Bankruptcy Act.

Within 14 days from the check conducted by the National Audit Office under Article 7 of the Publicity of the Property of Individuals at High State and Other Positions Act the chairman of the National Audit Office shall notify the trustees in bankruptcy of a change in the circumstances under item 2.

(16) (New, SG No. 50/2015) The information under Paragraph (12) shall be disclosed on the website of the Bank Deposit Insurance Fund immediately upon receipt thereof by the trustee in bankruptcy. The following information shall be disclosed:

1. under Paragraph (12), item 1 – the names of the natural persons, the company names and the legal form of the legal entities, sole traders, unincorporated partnerships, the deposit balances as of the date of putting the bank under special supervision;
2. under Paragraph (12), item 2 – the names of the natural persons, the company names and the legal form of the legal entities, sole traders, unincorporated partnerships, the maximum amount of the deposits for the two-year period;
3. under Paragraph (12), item 3 – the names of the natural persons, the company names and the legal form of the legal entities, sole traders, unincorporated partnerships, the type and value of the transaction;
4. under Paragraph (12), item 4 – the names of the natural persons, the company names and the legal form of the legal entities, sole traders, unincorporated partnerships, the authorised amount and the maximum utilised amount of the loans;
5. (new, SG No. 33/2016, effective 26.04.2016) under Paragraph (12), item 5 – the names of the natural persons, the company names and the legal form of the legal entities, sole traders, unincorporated partnerships, the amounts of the loans and of the obligations in arrears;
6. (renumbered from Item 5, amended, SG No. 33/2016, effective 26.04.2016) under Paragraph (12), item 6 – the names of the natural persons, the position held thereby, and the political parties, the maximum amount of the deposits for the 5-year period, the authorised amount and the maximum utilised amount of the loans;
7. (renumbered from Item 6, amended, SG No. 33/2016, effective 26.04.2016) under Paragraph (12), item 7 – the names of the natural persons, the position held thereby, the subject and the value of the concluded agreements/contracts; value shall be the total amount of payments made by the bank on each of the agreements/contracts for the period under Paragraph (13).

(17) (New, SG No. 50/2015) The information under Paragraph (12), which is contained in a report of the parliamentary commission set by a decision of the National Assembly and which has become known in relation to verification of facts and circumstances pertaining to the activity of a bank in bankruptcy proceedings may be disclosed publicly regardless of its disclosure under Paragraph (16).

Article 63. (1) (Amended, SG No. 62/2015, effective 14.08.2015) Professional secrecy shall be the information received or created by the BNB for the purposes of banking supervision or in relation thereto. Professional secrecy shall not constitute official secrecy within the meaning of the Classified Information Protection Act.

(2) The information that is subject to publication or disclosure under a statutory instrument shall not constitute professional secrecy.

(3) The members of the management board, the employees, external auditors, experts and other persons working for the BNB shall be bound by the obligation of professional secrecy, including after termination of their relations with the BNB.

(4) The persons under Paragraph (3) may use the information subject to professional secrecy only for the purposes and in the course of their duties. Such information may not be divulged or provided to persons or authorities other than those specified in Article 64.

(5) The restrictions under Paragraph (4) shall not apply where the information is provided in summary or collective form such that the bank or the persons whom it concerns cannot be identified.

(6) The information received from a bank or another liable party hereunder may be returned to them without any limitation.

Article 64. (1) The persons under Article 63 (3) may provide information constituting professional secrecy to the following bodies in relation to the performance of their functions and duties:

1. the judicial authorities - in the cases of initiated criminal proceedings;

2. the court:

(a) in the cases of an appeal of an administrative act issued by the BNB in accordance with this Act;

(b) (supplemented, SG No. 62/2015, effective 14.08.2015) in relation to court proceedings concerning supervisory actions taken;

(c) in the cases of bank liquidation or bankruptcy proceedings opened, except for the information referring to third parties wishing to acquire the enterprise of the bank;

3. (amended, SG No. 109/2007, supplemented, SG No. 27/2014, amended, SG No. 62/2015, effective 14.08.2015) the financial supervision authorities in the Republic of Bulgaria, of the Bank Deposit Guarantee Fund and the State Agency for National Security – in the cases and according to the Bank Deposit Guarantee Act or to a procedure laid down in joint instructions or agreements;

4. (supplemented, SG No. 50/2015) temporary trustees in bankruptcy, trustees in bankruptcy or liquidators of banks as well as the authorities responsible by law for overseeing a bank undergoing liquidation or bankruptcy proceedings;

5. (amended, SG No. 27/2014) auditors of the accounts of credit institutions, investment firms, insurance undertakings or of financial institutions as well as the persons responsible by law for overseeing the auditors of credit institutions, investment firms, insurance undertakings or financial institutions;

5a. (new, SG No. 50/2015) the National Audit Office for the purposes of the audits of the activity of the Bulgarian National Bank, conducted thereby;

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

7. (amended, SG No. 27/2014, renumbered from item 6, SG No. 7/2018) the authorities of other Member States responsible for the supervision of the financial sector entities, financial markets or payment systems;

8. (renumbered from item 7, SG No. 7/2018) the authorities of other Member States involved in liquidation or bankruptcy proceedings concerning banks or in other similar procedures as well as the authorities of Member States responsible for overseeing banks undergoing bankruptcy, liquidation or other similar procedures;

9. (amended, SG No. 27/2014, renumbered from item 8, SG No. 7/2018) the authorities of other Member States responsible for carrying out statutory audits of accounts of credit institutions, investment firms, insurance undertakings or financial institutions as well as the authorities responsible for the statutory overseeing of auditors of credit institutions, investment firms, insurance undertakings and financial institutions;

10. (supplemented, SG No. 27/2014, renumbered from item 9, SG No. 7/2018) the authorities administering deposit-guarantee or investor compensation schemes in Member States;

11. (new, SG No. 27/2014, renumbered from item 10, SG No. 7/2018) the authorities in other Member States entrusted with maintaining the stability of the financial system through use of macroprudential rules;

12. (new, SG No. 27/2014, renumbered from item 11, SG No. 7/2018) the rehabilitation authorities in other Member States or authorities entrusted with safeguarding the stability of the financial system;

13. (new, SG No. 27/2014, renumbered from item 12, SG No. 7/2018) the institutional protection schemes under Article 113 (7) of Regulation (EU) No. 575/2013 and the authorities exercising monitoring and control thereof;

14. (supplemented, SG No. 94/2010, effective 31.12.2010, renumbered from Item 10, SG No. 27/2014, renumbered from item 13, SG No. 7/2018) the European Central Bank and the central banks of Member States in their capacity as monetary policy institutions, where such information is necessary for the performance of their legally established functions, including monetary policy implementation and related liquidity provision, supervision over payment systems, clearing and settlement systems and maintenance of financial stability, including in emergency situation under Article 93 (1);

15. (new, SG No. 105/2011, renumbered from Item 11, SG No. 27/2014, renumbered from item 14, SG No. 7/2018) the European Systemic Risk Board (ESRB), where such information is necessary for the performance of its functions pursuant 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 331/1 of 15 December 2010), hereinafter referred to as "Regulation (EU) No. 1092/2010", including in emergency situation under Article 93 (1);

16. (new, SG No. 27/2014, renumbered from item 15, SG No. 7/2018) the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority;

17. (new, SG No. 62/2016, effective 9.08.2016, renumbered from item 16, SG No. 7/2018) the chief inspector or inspector from the Inspectorate to the Supreme Judicial Council.

(2) (New, SG No. 94/2010, effective 31.12.2010, supplemented, SG No. 62/2015, effective 14.08.2015) Upon occurrence of an emergency situation under Article 93 (1) the persons under Article 63 (3) may provide information constituting professional secret to the authorities of the Republic of Bulgaria and to the other Member States in charge of the legislation in the field of supervision over credit and financial institutions, investment intermediaries and insurers, where such information is necessary for the implementation of their functions. Such information may be provided solely where necessary for the purposes of the supervision, prevention and resolution of credit institutions.

(3) (Renumbered from Paragraph (2), SG No. 94/2010, effective 31.12.2010) The authorities under Paragraph (1) shall use the information received only for the purposes for which it has been provided and shall not provide it to third parties save for the performance of an obligation provided for by law.

(4) (Renumbered from Paragraph (3), SG No. 94/2010, effective 31.12.2010, amended, SG No. 27/2014) The authorities under Paragraph (1), items 3 - 15 may receive information from the BNB where they are bound by the obligation of professional secrecy analogous to that established herein.

(5) (Renumbered from Paragraph (4), SG No. 94/2010, effective 31.12.2010) Where professional secrecy constitutes bank secrecy as well, the procedure for disclosure of bank secrecy as set out herein shall apply.

(6) (Renumbered from Paragraph (5), SG No. 94/2010, effective 31.12.2010, repealed, SG No. 27/2014).

Article 65. (1) The provision of Article 63 shall furthermore apply to the information received by the BNB from the competent supervision authorities of Member States. Such information may be used only in the course of performance of BNB supervisory duties and only for the following purposes:

1. to check that the conditions for the granting of bank licence under Chapter Three are fulfilled or to facilitate monitoring, on a non-consolidated or consolidated basis, of the conduct of such business, especially with regard to the monitoring of liquidity, solvency, large exposures, and administrative and accounting procedures and internal control mechanisms;

2. to impose measures and sanctions under the terms of this Act;

3. in appeal of administrative acts of the BNB in administrative or court proceedings;

(2) (Supplemented, SG No. 105/2011, amended, SG No. 27/2014) The persons under Article 63 (3) may provide to the

competent supervision authorities of Member States, the ESRB, the EBA and the European Securities and Markets Authority information subject to professional secrecy only if the information disclosed is subject to guarantees of professional secrecy by said authorities.

(3) The information received by the BNB from the competent supervision authorities of other Member States may be provided under the procedure of this Act to the authorities under Article 64 or to other persons and authorities only with the express written consent of the competent supervision authority of the Member State from which the information was received and subject to the conditions under which such consent was granted.

(4) The information received by employees of the BNB in conducting on-site inspections in a Member State may not be disclosed without the express written consent of the competent supervision authority of the Member State in which the inspection was conducted and subject to the conditions under which such consent was granted.

Article 65a. (New, SG No. 27/2014) Article 63 shall not apply in cases where the BNB publishes the results from the stress tests conducted under Article 32 of Regulation (EU) No. 1093/2010, and where it provides such results to the EBA for the purposes of publishing the banking system results in the European Union.

Article 66. Information constituting professional secrecy may be provided to the competent supervision authority of a third country on the basis of an agreement under Article 88 and provided that:

1. the recipient ensures at least the same protection of the information provided as that provided for herein;
2. the recipient is entitled to and agrees to provide information of the same type at BNB request;
3. the exchange of information is for the purpose of the performance of the supervisory functions of the supervision authority concerned;
4. the recipient has substantiated need of the requested information.

Chapter Nine

STORAGE, PROVISION AND DISCLOSURE OF INFORMATION

Article 67. Any bank shall create, maintain and update an information system containing:

1. the Articles of Association and the other internal regulations as last amended and supplemented;
2. data about the shareholders as set out by the BNB;
3. books containing minutes of all proceedings of General Meeting of Shareholders and of the other management bodies;
4. accounting information, showing clearly and accurately the type, amount and grounds of any transactions as concluded and the reflection thereof on the financial position of the bank, wherefrom it could be established whether the bank carries on business in accordance with the provisions of this Act;
5. information on clients, stating particulars of any transactions concluded therewith or for the account thereof, and of the credit and debit balances thereof;
6. (new, SG No. 35/2014, effective 23.07.2014) the general terms, which the bank applies in regard to its banking transactions, as amended;
7. (new, SG No. 62/2015, effective 14.08.2015) detailed records of financial contracts, within the meaning of Item 83 of § 1 of the Supplementary Provisions of the Recovery and Resolution of Credit Institutions and Investment Intermediaries Act, where to the bank is a party;
8. (renumbered from Item 6, SG No. 35/2014, effective 23.07.2014, renumbered from Item 7, SG No. 62/2015, effective 14.08.2015) any other information as may be required by this Act and the acts issued by the BNB.

Article 68. Any bank shall create and maintain files on each credit thereof, stating particulars of the client, the grounds,

the terms and conditions and amount of the loan and the security furnished thereon, the decision of the competent body to grant the credit, and any other particulars related to the conclusion and performance of the agreement.

Article 69. (Amended, SG No. 101/2010, effective 30.04.2011) Any bank shall submit to the BNB returns and reports in a format, content and within time limits as prescribed thereby.

Article 70. (1) Once every six months, any bank shall be obliged to cause the publication in at least one national daily of a balance sheet and a profit and loss account.

(2) (Amended, SG No. 27/2014) Any bank shall disclose at its official website information about its compliance with the requirements of this Act and the instruments for its application in the area of corporate management and the requirements for remunerations in banks.

(3) (New, SG No. 27/2014, amended, SG No. 59/2016) Where a bank discloses information under Part Eight of Regulation (EU) No 575/2013 more than once a year, such disclosure shall be made within three months of the end of the period to which it relates.

(4) (New, SG No. 27/2014, amended, SG No. 59/2016) Disclosure of information under Part Eight of Regulation (EU) No 575/2013 shall be made through the official website of the bank and in at least one medium.

(5) (New, SG No. 27/2014) Parent undertakings shall publish annually - in full format and through references to equivalent information - a description of their legal structure and the management and organisational structure of the group, including the persons with whom they are in close links, as well as information under Article 89 (3).

(6) (New, SG No. 27/2014) Any bank shall disclose annually, separately for the Republic of Bulgaria, for the other Member States and for third countries in which the bank has subsidiaries or has established branches, the following information on a consolidated basis:

1. name, description of the activities and geographical location;
2. amount of turnover;
3. equalised number of payroll employees;
4. pre-tax operating financial result;
5. taxes charged on the operating financial result;
6. return on assets, derived as a ratio of net profit to total assets;
7. state subsidies received.

(7) (New, SG No. 27/2014) The information under Paragraph (6) shall be subject to independent financial audit and shall be published as notes to the annual financial statements on a stand-alone basis, and, if applicable, on a consolidated basis.

Article 71. (1) Within ten days after the decision is made, banks shall notify the BNB of:

1. any personal changes in the management board, supervisory board, board of directors and authorised procurators;
2. any reduction or increase of capital;
3. the opening or closing of a branch in the Republic of Bulgaria, and any suspension of the effecting of banking operations by any such branch;
4. any discontinuance of the effecting of a specified type of banking transactions;
5. the incurrence of any large exposure referred to in Article 44 or an exposure referred to in Article 45;
6. any alterations in the Articles of Association and in the other internal regulations of the bank;
7. (amended, SG No. 95/2016) the appointment of an auditors under Article 76 herein.

(2) Should any bank find itself in a state of insolvency, the persons who manage and represent the said bank shall be obliged to notify this occurrence forthwith to the BNB.

(3) (Amended, SG No. 24/2009, effective 31.03.2009) Any changes in the members of the Management Board (or the Board of Directors, as the case may be), of the Supervisory Board, any authorisation of procurators, as well as any alteration in the Articles of Association shall be registered in the Commercial Register following an approval by the BNB. Approval shall be deemed to have been granted if the BNB has not objected within ten days after notification thereof. In the event of objections a copy of the act shall be sent to the Registry Agency.

Article 72. (1) A bank shall submit to the BNB copies of the Articles of Association, regulations, directives and any other instruments thereof containing provisions on the scope of and procedure for effecting of operations, the capital and the internal organisation of the bank, within ten days after adoption of any such instruments or after introduction of alterations therein, as the case may be.

(2) Banks shall submit to the BNB copies of the minutes of general meetings of shareholders within 10 days after said meeting.

(3) Banks shall maintain at the BNB a certified and promptly updated list of the persons authorized to manage and represent the bank, including the operations of its branches, together with a description of the powers thereof and specimens of the signatures thereof.

Chapter Ten

ORGANISATION, INTERNAL CONTROL, AND ANNUAL ACCOUNTS

Article 73. (1) (Amended, SG No. 24/2009, effective 31.03.2009) The competent management body of a bank shall adopt and periodically update in line with the good internationally recognised practices for corporate management of banks:

1. the organisational structure of the bank;
2. the procedure for determination and delegation of authorities and responsibilities of officers;
3. the strategy and action plan of the bank;
4. (amended, SG No. 27/2014) the strategies and policies for assumption, management, monitoring, control and mitigation of the risks to which the bank is exposed or may be exposed, including the risks arising from the macroeconomic environment in which it operates at the respective stage of the economic cycle;
5. the procedure for preparation and the scope of management information;
6. the organisation of operational control, including the rules and procedures for approving, effecting and reporting of operations;
7. the internal rules and procedures for risk monitoring and effectiveness of control systems and for reporting of weaknesses detected in the organisation and operations of structural units;
8. (new, SG No. 94/2010, effective 31.12.2010) the anti-money laundering risk prevention systems.

(2) Paragraph (1) shall apply mutatis mutandis to branches of banks from third countries.

(3) (New, SG No. 24/2009, effective 31.03.2009) The Bulgarian National Bank may make recommendations and prescriptions for enhancing the corporate management in line with the best internationally recognised practices and follow-up their implementation.

(4) (Renumbered from Paragraph 3, SG No. 24/2009, effective 31.03.2009) Banks shall adopt lending rules which shall contain at least:

1. the information required from the borrower;
2. the method of evaluation of borrower creditworthiness and its warrantors and guarantors;
3. the method of evaluation of collaterals provided;
4. the method of evaluation of the effectiveness of the project proposed for financing;

5. the procedure for taking decision on granting a credit according to its type;
6. the procedure for utilization and repayment of the credit;
7. the procedure for control over the use of the credit for the stated purpose, current financial situation of the debtor and its warrantors and the sufficiency of collateral;
8. type of credit and other sanctions and the manner of their application.

(5) (New, SG No. 27/2014) The technical criteria to be complied with by a bank's policy on risk management and control under item 4 of Paragraph (1) and the requirements for the management and organisational structure of the bank shall be defined in an ordinance issued by the BNB.

(6) (New, SG No. 27/2014) In the cases where Regulation (EU) No. 575/2013 vests a right to the competent authority for assessing and imposing specific requirements or criteria for the banks' scope of activity, such requirements and criteria may be determined by an ordinance issued by the BNB.

Article 73a. (New, SG No. 94/2010, effective 31.12.2010) (1) Banks shall build reliable, efficient and comprehensive strategies and processes on an ongoing basis for assessment and maintenance of adequate internal capital amount, type and allocation to cover the nature and degree of risks to which they are or could be exposed.

(2) Banks shall make regular internal review of the strategies and processes under Paragraph (1) in order to guarantee that they are comprehensive and proportionate to the nature, scale and complexity of the activity carried on by them.

(3) (New, SG No. 27/2014) Any bank shall apply the requirements under Paragraph (1) on a stand-alone basis and on a consolidated basis.

(4) (New, SG No. 27/2014) Where a bank is controlled by a parent financial holding company or by a parent mixed-activity financial holding company to the degree and in the manner referred to in part one, title II, chapter 2, sections 2 and 3 of Regulation (EU) No. 575/2013, it shall comply with the obligation under paragraph 3 based on the consolidated situation of the relevant financial holding company or mixed-activity financial holding company.

(5) (New, SG No. 27/2014) If a parent financial holding company or a parent mixed-activity financial holding company on the territory of the Republic of Bulgaria controls more than one bank, Paragraph (4) shall apply only to the bank on which supervision on a consolidated basis is exercised in accordance with Article 90.

Article 73b. (New, SG No. 94/2010, effective 31.12.2010) (1) Banks shall adopt and apply a remuneration policy to the persons working for them.

(2) In respect of administrators and other persons the exercise of whose rights and obligations has a significant impact on the risk profile, the policy shall be consistent with the business strategy and long-term goals of the bank. The remuneration policy shall encourage a reliable risk management and shall not be conducive to risk assumption going beyond the risk profile of the bank.

(3) The remuneration policy shall be built on principles that ensure its consistency with the bank's size, internal organisation as well as with the nature, scope and complexity of the activities performed. The principles and requirements to the remuneration policy and its disclosure shall be set out in a BNB ordinance.

Article 73c. (New, SG No./ 27/2014) (1) Any bank shall set up a committee for the selection of candidates for members of the board of directors and assignment of management to executive members or of candidates for members of the management board. Members of the committee may be only members of the supervisory board or of the board of directors who are not executive members.

(2) The requirements for the activity of the selection committee shall be determined by an ordinance issued by the BNB.

Article 73d. (New, SG No. 27/2014, repealed, SG No. 62/2015, effective 14.08.2015).

Article 74. (1) Any bank shall establish a specialised internal control unit, whereof the principal officers shall be elected and dismissed by the General Meeting of Shareholders.

- (2) The principal officers of the internal control unit shall notify forthwith the BNB of any violations detected by the said unit in the management of the bank which have led or might lead to material detriment to the bank.
- (3) The banks shall adopt rules for the organisation and operation of internal control and shall set up control systems consistent with the volume of effected operations, diversity of transactions and types of risks arising therefrom, in accordance with a BNB ordinance.
- (4) (New, SG No. 27/2014) Any bank shall design a procedure to be used by its employees for signalling about violations at the institution in an autonomous and independent way.

Article 74a. (New, SG No. 97/2017, effective 5.12.2017) Banks shall implement the guidance, recommendations and other measures adopted by the EBA, which are relevant to them and which BNB has declared to follow in accordance with Article 79a (1) and (2).

Article 75. (1) Banks shall prepare the financial statements in pursuance of the Accountancy Act and according to the requirements of the BNB.

- (2) Banks and banking groups shall submit to the BNB financial statements showing the financial position thereof both on a stand-alone and on a consolidated basis.
- (3) (Supplemented, SG No. 70/2013) Banks which are subsidiaries in a banking group, financial holding company, mixed-activity financial holding company or mixed-activity holding company shall submit to the BNB the consolidated financial statements of the group or the holding company in which they participate.

Article 76. (1) (Amended, SG No. 59/2016, SG No. 95/2016) The separate and consolidated annual financial statements of each bank shall be subject to independent financial audit jointly by two audit entities which are registered auditors under the Independent Financial Audit Act.

(2) The persons who have any material interest in a bank other than the interests of depositors or who are employees or representatives of the bank, shall be ineligible for appointment as independent auditors or participate in the audit of the said bank.

(3) (Repealed, SG No. 105/2011).

(4) (Amended and supplemented, SG No. 95/2016) Any bank shall coordinate in advance with the BNB the appointment of the independent auditors. The Bulgarian Central Bank, in coordination with the Commission for Public Oversight over Registered Auditors, shall adopt criteria for coordination of the choice.

(5) (Amended, SG No. 105/2011) An independent auditor may not be a person where it or the registered auditors therein have not complied with the provisions of this Act and the instruments for its application in the last three years before their nomination for independent auditors.

(6) (Amended, SG No. 95/2016) Where the BNB has made no objection within 14 days from the date of the request for agreement, it shall be deemed that the proposal for the independent auditors is agreed.

(7) (Amended, SG No. 95/2016) In the report thereof, the independent auditors shall give an opinion on the circumstances regarding the presentation of a true and fair view of the bank's property and financial position and on the financial results of operations. The independent auditors shall make a review and shall express:

1. the reliability of the internal control systems;
2. (supplemented, SG No. 94/2010, effective 31.12.2010) compliance of the annual financial statements and supervision reports prepared by the bank with the provisions of this Act and the instruments for its application.

(8) (Supplemented, SG No. 94/2010, effective 31.12.2010) The results of the audit under Paragraph (7) of the annual financial statements shall be furthermore stated in a separate report for supervision purposes, prepared in accordance with the requirements of a BNB ordinance. Said report shall be submitted to the BNB.

Article 77. (1) Independent auditors shall notify forthwith in writing the BNB of any circumstances of which they have become aware in the course of the audit and which:

1. constitute violation of the laws, regulations and BNB acts governing the banking business;
2. affect or might affect the normal operation of the bank;
3. result or might result in a situation where the bank will not be able to settle its monetary liabilities;
4. (amended, SG No. 95/2016) result in a refusal by the independent auditors to certify the statements or certification thereof with qualification;
5. related to actions of an officer of the bank which cause or might cause material damages to the bank or its customers;
6. related to incorrect or incomplete data in the statements and reports submitted by the banks to the BNB on a regular basis.

(2) Independent auditors of banks shall be obliged, at a written request by the BNB, to submit the relevant documentation concerning the circumstances under Paragraph (1) as well as other information and documents obtained in the course of the audit.

(3) Independent auditors of companies which have close links with the bank, arising from control relationships, shall notify forthwith the BNB upon detection of circumstances analogous to those set forth in Paragraph (1).

(4) Independent auditors shall not be held responsible for violation of relevant legal or contractual terms and conditions on confidentiality in the cases where they have provided information to the BNB in good faith under the terms of this Act.

Article 78. (1) (Amended, SG No. 95/2016) The annual financial statements of the operations of a branch in the Republic of Bulgaria of a credit institution with head office in a third country shall be audited and certified jointly by two audit entities which are registered auditors under the Independent Financial Audit Act and shall be published in accordance with the Accountancy Act.

(2) (Supplemented, SG No. 94/2010, effective 31.12.2010) Paragraph (1) shall not apply to branches of credit institutions authorised in a Member State, as well as to branches of credit institutions from third countries wherein the accounting framework is equivalent to the requirements of Council Directive of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (86/635/EEC) and to which a reciprocal treatment applies.

(3) A credit institution authorized in a Member State or with a head office in a third country, carrying on activity in the Republic of Bulgaria through a branch, shall publish in Bulgarian its annual financial statements on a stand-alone and consolidated basis as well as the auditors' report in accordance with the provisions of the Accountancy Act.

(4) The annual financial statements and the report of the credit institution under Paragraph (3) shall be presented in the form and content required in the country in which it is authorized, where this is a Member State, or a third country where its head office is located. After the publication the annual financial statements and the report shall be made available at the branch at any time.

Chapter Eleven

BANKING SUPERVISION

Section I

General rules

Article 79. (1) (Amended, SG No. 27/2014) The BNB shall exercise supervision over the business of the banks and, where appropriate, of financial holding companies and mixed-activity financial holding companies to verify their compliance with the requirements of this Act and of Regulation (EU) No. 575/2013, as well as with the instruments for their application to ensure reliable and sound management of the banks and of the risks to which they are or might be exposed as well as maintenance of own funds adequate to such risks.

(2) (Amended, SG No. 27/2014) The Bulgarian National Bank shall furthermore exercise macroprudential supervision

over banks, aimed at maintaining the stability of the banking system and preventing or reducing systemic risks resulting from the business of credit institutions, as well as identifying and limiting the effects of macroeconomic factors threatening the stability of the banking system.

(3) (Amended, SG No. 27/2014) The information created and gathered in accordance with this Chapter shall be a professional secret, unless the law expressly provides for its disclosure or publication.

(4) (Amended, SG No. 27/2014) The supervision under Paragraph (1) and the supervisory review under Article 79c shall cover the activity of banks authorised in the Republic of Bulgaria, including their activity carried on through a branch or directly within the territory of a member State or a third country.

(5) The BNB shall furthermore exercise supervision over the activity of branches of banks of a third country, and in the cases set out in this Act - over the activity of branches of banks of Member States.

(6) (Supplemented, SG No. 70/2013) The activity of a financial holding company, a mixed-activity financial holding company or a mixed-activity holding company which has a bank as subsidiary shall be subject to supervision by the BNB on a consolidated basis, unless otherwise provided for in a statutory instrument.

(7) The BNB shall furthermore have the powers under Article 80 (1) and (3) in respect of legal persons controlled by a bank where this is required for the supervision purposes under paragraphs 1 and 6.

(8) The BNB, its bodies and the persons thereby authorized shall not incur liability for any detriment inflicted in the exercise of the supervisory functions thereof save as where they have acted willfully.

(9) Any undertaking, which could be circumstantially presumed to conduct banking business without authorization, shall submit to the BNB any required information and documents upon request. To this end, the authorized persons may conduct on-site inspections.

(10) The BNB shall be entitled to bring claims to court for revocation of unlawful decisions of the General Meeting of Shareholders of a bank or its management bodies within one month from BNB notification of the decision.

(11) For granting of permissions, issuing of documents, as well as for provision of administrative services arising from the exercise of banking supervision, the banks shall pay to the BNB fees to an amount and according to a procedure as established by the Governing Board of the BNB.

(12) (New, SG No. 27/2014) The Bulgarian National Bank shall examine the signals received about potential or actually committed violations of this Act, of Regulation (EU) No. 575/2013 and of the instruments for their application by enforcing special procedures for receipt of signals, including from employees of banks with existing appropriate safeguards against adverse effects, protection of personal data and confidentiality of information.

Article 79a. (New, SG No. 94/2010, effective 31.12.2010) (1) (Previous text of Article 79a, SG No. 105/2011) In the exercise of its obligations hereunder the BNB shall:

1. (amended, SG No. 105/2011, supplemented, SG No. 27/2014) participate in the work of the EBA and if necessary in supervisory colleges;

2. (amended, SG No. 105/2011, SG No. 97/2017, effective 5.12.2017) follow the guidelines, recommendations and other measures adopted by the EBA save for in the cases where reasonable grounds for their non-application exist, which shall be stated thereby;

3. (new, SG No. 27/2014) closely cooperate with the ESRB and follow the recommendations issued thereby save for in the cases where reasonable grounds for their non-application exist, which shall be stated thereby.

(2) (New, SG No. 105/2011) The BNB shall cooperate with the EBA AND shall provide all the necessary information for the performance of its functions under the terms and procedure 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), hereinafter referred to as "Regulation (EU) No. 1093/2010".

(3) (New, SG No. 97/2017, effective 5.12.2017) The Bulgarian National Bank shall issue ordinances, guidelines and other instruments to introduce requirements, criteria and conditions stemming from the guidelines, recommendations and other measures referred to in Paragraph (1), Item 2.

Article 79b. (New, SG No. 94/2010, effective 31.12.2010) In the exercise of its supervisory functions in respect of a bank authorized in the Republic of Bulgaria and carrying on its operations in one or more Member States, or in respect of a bank authorized in another Member State and carrying on its operations through a branch in Bulgaria the BNB shall take into account the potential impact of its decisions on the financial stability of such Member States and, in particular, in emergency situations, based on the information available at the relevant time.

Article 79c. (New, SG No. 27/2014) (1) (Supplemented, SG No. 15/2018, effective 16.02.2018) The Bulgarian National Bank shall make a supervisory review of the rules, strategies, procedures and mechanisms introduced in banks in pursuance of the provisions of this Act, Regulation (EU) No. 575/2013, Regulation (EU) No. 648/2012 and the instruments for their application and shall evaluate:

1. the risks to which the banks are or might be exposed;
2. the risks posed by a bank for the financial system, taking into account the criteria for identification and measurement of systemic risk pursuant to Article 23 of Regulation (EU) No. 1093/2010 and the ESRB recommendations;
3. the risks identified through stress tests, taking into account the nature, scale and complexity of the bank's business.

(2) Based on the review and the evaluation, the BNB shall determine whether the rules, strategies and mechanisms introduced by the banks, the method of their application and their own funds and liquid assets ensure sound management and coverage of the risks.

(3) The frequency and intensity of the supervisory review and evaluation shall be determined in accordance with the size of the respective bank, its systemic importance, the nature, scale and complexity of its business. The supervisory review and evaluation shall be conducted at least once annually.

(4) The Bulgarian National Bank shall inform immediately the EBA of the results of the review once it finds that a bank may trigger a systemic risk within the meaning of Article 23 of Regulation (EU) No. 1093/2010.

(5) The supervisory review shall cover elements which shall be determined in a BNB ordinance.

(6) The Bulgarian National Bank shall inform the EBA of:

1. the manner of functioning of the review and evaluation process;
2. the methodology on the basis of which the decisions under Paragraph (1), Article 80b and Article 80c are made and for imposing supervisory measures and sanctions.

(7) Should it establish that banks with similar risk profiles are or might be exposed to similar risks or pose similar risks for the financial system, the BNB may conduct the supervisory review and evaluation in respect of such banks and enforce the appropriate supervisory measures in a similar or identical manner. In these cases the BNB shall inform the EBA.

(8) The supervisory review and evaluation as well as the administrative measures and sanctions shall be applied in accordance with the level of application of the provisions of part one, title II of Regulation (EU) No. 575/2013.

Article 80. (1) (Amended, SG No. 27/2014) The Bulgarian National Bank shall have the right to require from banks and, where necessary, from financial holding companies and mixed-activity financial holding companies, from their shareholders or partners to submit all appropriate accounting and other documents, as well as information on the business thereof, and it may conduct on-site inspections through the agency of employees and other persons thereby authorised and gather evidence to establish violations.

(2) (Supplemented, SG No. 27/2014) For the exercise of supervision on a consolidated basis the BNB shall have the right to require from parent undertakings and subsidiaries of banks all necessary documents and information as well as the right to access under item 1 of Paragraph (3).

(3) The banking supervision authorities shall be entitled to:

1. (supplemented, SG No. 24/2009, effective 31.03.2009) free access to the office premises and the information systems of any person which conducts banking business;
2. require that documents be produced, and collect information in connection with the fulfilment of the assignment thereof;
3. (supplemented, SG No. 59/2016) appoint for the account of the bank external independent experts;
4. (supplemented, SG No. 59/2016) appoint for the account of the bank an external auditor of the bank to conduct a

financial or other audit of a bank;

5. conduct cross-inspections in other bank and non-bank organisations;

6. attend the meetings of the management and supervisory bodies of the banks, giving opinions to be recorded in the minutes of the meetings;

7. (new, SG No. 24/2009, effective 31.03.2009) require copies of documents, certified by the persons referred to in Article 10 (2) or by a person authorised thereof, and set deadlines for their presentation;

8. (new, SG No. 27/2014) require explanations from banks and persons under Paragraph (6), from their representatives or employees;

9. (new, SG No. 27/2014) ask questions to any other person who gives consent therefor to gather information related to the subject of the check.

(4) (Supplemented, SG No. 59/2016) In exercising its supervisory powers the BNB may assign independent experts to evaluate the assets of a bank, for its account, and require from the bank to state the results of the evaluation in its financial or supervision reports.

(5) (Amended, SG No. 109/2007) On-site inspections may be conducted jointly with the State Agency for National Security, the Financial Supervision Commission and other competent bodies.

(6) (New, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) The Bulgarian National Bank shall furthermore have authority under this Article in respect of:

1. financial holding companies;

2. mixed-activity financial holding companies;

3. mixed-activity holding companies;

4. subsidiaries of banks or persons under items 1 - 3;

5. third parties carrying on remote activities for banks or persons under items 1 - 3.

(7) (Renumbered from Paragraph (6), SG No. 27/2014) The public authorities and office holders shall render assistance, within the powers thereof, to the banking supervision authorities in the performance of the functions thereof.

Article 80a. (New, SG No. 27/2014) (1) The Bulgarian National Bank shall adopt once annually and update, if necessary, a plan for supervisory inspections of banks, taking into account the process of supervisory review and supervisory evaluation under Article 79c. The plan shall contain:

1. description of the method to be adopted by the BNB in order to fulfil its tasks and allocate resources;

2. the banks which at the BNB discretion should be inspected;

3. the banks which are to be subject to enhanced supervision, and the actions for exercising such supervision;

4. a schedule of on-site inspections of banks, including branches and subsidiaries, in accordance with Article 81 (2), Article 87 (5) and (7), Article 91 and Article 97.

(2) The plan under Paragraph (1) shall furthermore cover the banks:

1. in respect whereof the results of the stress tests or of the supervisory review and evaluation conducted show significant risks for their current financial stability or violations of this Act, of Regulation (EU) No. 575/2013 and of the instruments for their application;

2. which create systemic risk for the financial system.

(3) In respect of banks which are subject to enhanced supervision under item 3 of Paragraph (1) the BNB may:

1. increase the number and frequency of on-site inspections of the bank;

2. order permanent presence of officers authorised thereby at the bank;
3. require additional or more frequent submission of information;
4. perform additional or more frequent reviews of operating or strategic plans or action plans of the bank;
5. make thematic inspections to monitor specific risks which are likely to materialise.

(4) The Bulgarian National Bank may conduct supervisory reviews of the activities carried on in the Republic of Bulgaria by a branch of a bank authorised in another Member State, irrespective of the plan for supervisory inspections drawn up by the competent authority of the home country.

(5) The plan for supervisory inspections drawn up by the BNB shall not prevent the competent authorities of a host country to make checks and on-site inspections, on a case-by-case basis, of the activities carried on by the branches of banks operating on their territory.

(6) In drawing up the plan for supervisory inspections, the BNB shall take into account the information and findings received from the competent authority of the host country as a result of on-site inspections in a branch of a bank authorised in the Republic of Bulgaria, including in relation to the stability of the financial system in the host country.

Article 80b. (New, SG No. 27/2014) The Bulgarian National Bank shall carry out, at least once annually, stress tests of banks for supervisory purposes.

Article 80c. (New, SG No. 27/2014) (1) The Bulgarian National Bank shall make, at least once every three years, a regular review of the banks' compliance with the requirements relating to approaches that require permission for being used in the calculation of the capital requirements in accordance with part three of Regulation (EU) No. 575/2013 and shall direct particular attention to:

1. changes in the bank's scope of activity;
2. application of such approaches to new products.

(2) The Bulgarian National Bank shall analyse and assess whether the bank uses up-to-date and well-developed techniques and practices in the application of internal approaches.

(3) Where a bank that has been granted permission to apply an internal approach ceases to meet the requirements for the application of such approach, the BNB shall require from the bank:

1. to prove in a satisfactory way that the non-compliance with these requirements will not have significant implications, or
2. to submit a plan for the timely restoration of compliance with the requirements, specifying therein a deadline for its implementation; the BNB may require a change in the plan if there is probability that it will not result in the full compliance with the requirements or if the deadline is inappropriate.

(4) If the probability that the bank will restore compliance with the requirements under Paragraph (3) is small or if the bank has not submitted convincing proofs that the effects from the non-compliance will be insignificant, the BNB shall withdraw the permission for the internal approach or shall limit it to the areas in which the requirements are complied with, or in respect whereof compliance may be achieved within a reasonable time limit set out in accordance with Paragraph (3).

(5) In the review under Paragraph (2) the BNB shall take into account the EBA guidelines, which specify benchmark techniques for consistent application of adequate internal approaches.

Section II

Special rules for supervision of banks authorized in a Member State

Article 81. (1) (Amended, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with

Article 460 of Regulation (EU) No. 575/2013) Supervision of banks authorised in Member States and carrying on activity within the territory of the Republic of Bulgaria through a branch shall be conducted by the supervision authorities of the home country. In exercising their supervisory functions over branches carrying on activity within the territory of the Republic of Bulgaria such authorities may conduct on-site inspections exercising the powers under Article 80 (3).

(2) (Amended, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) The Bulgarian National Bank shall have the right to conduct on-site inspection of a branch of a bank authorised in another Member State, and may require information about its activity and for supervisory purposes where the information is relevant for retaining the stability of the financial system in the Republic of Bulgaria.

(3) (New, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) Before making the inspection, the BNB shall consult the competent authorities of the home country. After the inspection, the BNB shall submit to the competent authorities of the home country the information received and the findings made, which are significant for assessing the risk of the bank or for the stability of the financial system of the Republic of Bulgaria.

(4) (Renumbered from Paragraph (3), SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) Supervision over the liquidity of the branches of banks under Paragraph (1) shall be conducted by the BNB in cooperation with the competent supervision authorities of the home country.

(5) (Renumbered from Paragraph (4), SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) Branches of banks under Paragraph (1) shall comply with the requirements for liquidity maintenance set out in this Act and the ordinances for its application as well as the requirements of BNB ordinances relating to its monetary policy. Branches of banks under Paragraph (1) shall furthermore apply the measures set out by the European Central Bank upon Republic of Bulgaria's adoption of the euro as legal tender.

(6) (Renumbered from Paragraph (5), supplemented, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) For statistical purposes, the BNB shall require from banks in Member States that have branches within the territory of the Republic of Bulgaria to submit periodic reports on their activity in this country. The form and content of such reports shall be set out in ordinances issued by the BNB. The Bulgarian National Bank may furthermore require information that is necessary for determining a branch as significant or for supervisory purposes in regard to the activities carried on thereby in the Republic of Bulgaria.

(7) (Renumbered from Paragraph (6), amended, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) The measures applied to the branches by the BNB as a competent authority of a host country as well as the measures set out by the BNB as part of its monetary policy may not be more stringent and restrictive than those taken against banks authorised in the Republic of Bulgaria.

Article 82. (Supplemented, SG No. 105/2011, amended, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) (1) Where based on the information under Article 87 (2) the BNB finds that a bank authorised in a Member State and having a branch or providing directly services within the territory of the Republic of Bulgaria does not comply with the applicable legal provisions for conduct of banking business in this country or with the provisions of Regulation (EU) No. 575/2013, as well as when there is a high probability that it will not comply with these provisions, it shall inform the competent authority of the home country with a view to taking adequate measures for prevention or sanctioning of violations.

(2) If the BNB deems that the competent authority of the home country has failed to take necessary measures to ensure compliance with this Act, with Regulation (EU) No. 575/2013 and with the instruments for their application or for reducing the risk of non-compliance thereof, it may bring the matter to the EBA and demand it to be examined in accordance with Article 19 of Regulation (EU) No. 1093/2010.

(3) Notwithstanding the provisions of Article 82 (1) and (2) and Article 81 (7), the BNB may take measures for preventing or sanctioning violations of this Act, of the instruments for its application or of provisions related to safeguarding the public interest, including imposition of a ban on the bank on effecting transactions on the territory of the

Republic of Bulgaria.

(4) The measures and sanctions applied by the BNB shall be communicated in writing through the persons representing the bank within the territory of the Republic of Bulgaria.

(5) In the cases referred to in Paragraph (3) the bank concerned shall be obliged to fulfil the measures and sanctions imposed by the BNB.

Article 83. (Amended, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) (1) In emergency cases and where adoption of measures for protection against financial instability that may threaten the interests of the depositors, investors and/or other clients of a bank is required under Article 82 (1), the BNB may impose the required preventive measures, including suspension of payments, before applying the procedure under Article 82 and before the competent authority of the home country applies relevant measures for termination and sanctioning of established violations or rehabilitation measures. The measures shall be proportionate to the purpose of their application and shall not grant a privilege to the creditors of the bank in this country vis-a-vis the creditors in the other Member States. In such cases the BNB shall notify forthwith the European Commission, the EBA and the competent supervision authorities of the Member States concerned. The measures applied by the BNB shall be communicated in writing through the persons representing the bank on the territory of the Republic of Bulgaria.

(2) The effect of the measures under Paragraph (1) shall cease with the taking of rehabilitation measures by the relevant administrative or judicial authorities of the home country.

(3) The Bulgarian National Bank shall cancel the measures under Paragraph (1) in the cases where these can no longer achieve the desired effect.

Article 84. Upon receipt of a notification from a competent supervision authority of withdrawal of the authorization for conduct of banking business of a bank having a branch or providing services within the territory of the Republic of Bulgaria, the BNB shall take measures for immediate discontinuation of the business of such bank in this country and for protection of the interests of its depositors.

Article 85. Banks authorized in Member States may advertise freely their banking services within the territory of the Republic of Bulgaria, using all available means of communication while complying with the relevant provisions of the Bulgarian legislation as to the form and substance of the advertising activity.

Article 86. In regulating the activity and exercising its supervisory powers the BNB may not impose requirements or restrictions which lead to a more favourable treatment of branches of credit institutions having their head offices in a third country than that of branches of banks authorized in a Member State.

Section III

Supervision cooperation

Article 87. (1) In exercising its supervisory powers the BNB shall cooperate with competent supervision authorities of Member States concerned where a bank authorized in the Republic of Bulgaria carries on its activity through a branch in another Member State or where a bank from another Member State carries on its activity through a branch in the Republic of Bulgaria.

(2) For the purposes of cooperation under Paragraph (1), the BNB shall exchange with the competent supervision authorities of Member States concerned any type of information and documents concerning:

1. the management and ownership of credit institutions as necessary for the supervision or inspection of the conditions for their authorization;

2. (amended and supplemented, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with

Article 460 of Regulation (EU) No. 575/2013) the supervision of credit institutions on a stand-alone and consolidated basis, including their liquidity, solvency, deposit guarantee, limitation on large exposures, risk management, other factors that might affect the systemic risk arising from the bank's business, administrative and accounting procedures and internal control mechanisms.

(3) (New, SG No. 27/2014) At the request of a competent authority of a host country, the BNB may provide it with clarifications as to how the information and findings provided thereby under Paragraph (2) have been taken into account.

(4) (New, SG No. 27/2014) Should the BNB disagree with the measures the competent authority of the host country intends to apply based on the information and clarifications provided by the BNB, it may refer the matter to the EBA for examination in accordance with Article 19 of Regulation (EU) No. 1093/2010.

(5) (New, SG No. 27/2014) In the cases where a bank authorised in another Member State conducts business in the Republic of Bulgaria through a branch, the BNB may send a request for clarifications to the competent authorities of the home country as to how they take into account the information and findings provided thereby.

(6) (New, SG No. 27/2014) Should it deem that the information provided thereby under Paragraph (2) has not resulted in the taking of adequate measures, the BNB shall inform the competent authorities of the home country and the EBA and shall take appropriate measures for preventing further violations to safeguard the interests of depositors and users of services or the stability of the financial system.

(7) (New, SG No. 27/2014) Where a bank authorised in the Republic of Bulgaria conducts business through a branch in other Member States, the BNB shall send immediately to the competent authorities of the host countries the information and findings received in relation to liquidity supervision in accordance with part six of Regulation (EU) No. 575/2013 and with the supervision on a consolidated basis insofar as such information and findings are important for the protection of depositors or investors in the respective host country.

(8) (New, SG No. 27/2014) Where in respect of a bank authorised in the Republic of Bulgaria and conducting business in one or more Member States through a branch reasonable doubts arise or exist that it may face liquidity difficulties, the BNB shall inform immediately the competent authorities of all host countries, including of the preparation and implementation of a plan for restoration and of the supervisory measures taken.

(9) (Renumbered from Paragraph (3), SG No. 27/2014) The competent supervision authorities of a Member State responsible for the supervision of banks with branches within the territory of the Republic of Bulgaria may, on a prior notice to the BNB, inspect themselves or with the assistance of expressly authorised persons the information under Paragraph (2) at the branch operating within the territory of the Republic of Bulgaria. The on-site inspections shall cover the information and circumstances referred to in Paragraph (2).

(10) (Renumbered from Paragraph (4), amended, SG No. 27/2014) Upon receipt of a written notice under Paragraph (9), the BNB shall provide support to the foreign supervision authority.

(11) (Renumbered from Paragraph (5), supplemented, SG No. 27/2014) The BNB may, following a prior notice to the competent supervision authorities of Member States concerned, conduct on-site inspections in the Member State concerned regarding the activity of banks authorised in the Republic of Bulgaria and carrying on activity within the territory of a Member State through a branch. In these cases the law of the respective Member State shall apply.

(12) (Renumbered from Paragraph (6), amended, SG No. 27/2014) Upon a request from the competent authorities of the home country for the purposes of supervision of branches of banks from Member States carrying on activity within the territory of the Republic of Bulgaria, the BNB shall conduct on-site inspection. A representative of the competent authority of the home country or an auditor thereby authorised may also participate in such on-site inspections.

(13) (Renumbered from Paragraph (7), amended, SG No. 27/2014) The BNB may request from the competent authority of the host country to conduct on-site inspection over the activity of a branch of a bank authorised in the Republic of Bulgaria which carries on activity within the territory of the host Member State.

Article 87a. (New, SG No. 94/2010, effective 31.12.2010) (1) The BNB may make a request to the consolidating supervisor, if any, or to the competent authority of the home country for a specific branch of a bank authorized in another Member State to be considered as significant. The request shall provide reasons for considering the branch to be significant with particular regard to the following information:

1. whether the market share of the branch of a credit institution in terms of deposit exceeds 2 % in the Republic of Bulgaria;

2. the likely impact of a suspension or closure of the operations of the credit institution on market liquidity and the payment and clearing and settlement systems in the Republic of Bulgaria; and ;

3. the size and importance of the respective branch in terms of the number of clients within the context of the, banking or financial system of the Republic of Bulgaria.

(2) The BNB, jointly with the competent authority of the home country and the consolidating supervisor, if any, shall reach a joint decision on the designation of a specific branch as being significant within two months from receipt of the request.

(3) If no joint decision is reached within the term under Paragraph (2), the BNB shall take its own decision within a further period of two months. The BNB shall submit the decision to the consolidating supervisor and the competent authority of the home country.

(4) (New, SG No. 105/2011) If the matter is brought for consideration to the EBA before expiry of the term under Paragraph (2), the BNB shall postpone decision-making under Paragraph (3) and shall wait for the decision that may be taken by the EBA in accordance with Article 19, Paragraph (3) of Regulation (EU) No. 1093/2010. In this case the BNB shall take decision under Paragraph (3) in accordance with the decision of the EBA.

(5) (Renumbered from Paragraph (4), SG No. 105/2011) The decisions under paragraphs 2 and 3 shall be reasoned, stating the opinions of the consolidating supervisor and the competent authority of the home country.

(6) (Renumbered from Paragraph (5), SG No. 105/2011, amended, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) Where a bank authorised in another Member State conducts business through a significant branch in the Republic of Bulgaria and where the authority of the home country has not consulted the BNB or if after such consultations the BNB continues to consider that the operating plans for restoration of the bank's liquidity are not appropriate, the BNB may bring the matter to the EBA and request its cooperation in accordance with Article 19 of Regulation (EU) No. 1093/2010.

Article 87b. (New, SG No. 94/2010, effective 31.12.2010) (1) The BNB shall take part in the decision-making on a request from a competent authority of the host country on designation of a branch as significant where:

1. the bank is authorised in the Republic of Bulgaria, or
2. the BNB is a consolidating supervisor over such bank.

(2) (Supplemented, SG No. 105/2011) The decision under Paragraph (1) shall be taken within two months from receipt of the request. If the BNB deems that no joint decision can be reached, before expiry of the term the BNB may refer the matter for consideration to the EBA.

(3) Where no joint decision is reached under Paragraph (1) within two months and the competent authority of the host country has taken its own decision, the latter decision shall be mandatory for BNB.

(4) (Amended, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) The Bulgarian National Bank shall cooperate in accordance with item 3 of Article 92 (1) with the competent authority of the host country in which a bank authorised in the Republic of Bulgaria carries on activity through a branch designated as significant and shall submit:

1. the information under items 3 and 4 of Article 95 (3);
2. the results from risk assessments made under the supervisory review under Article 79c;
3. the joint decision for determination of the capital adequacy under Article 92c and Article 92d, where applicable;
4. information about the supervisory measures under Article 103 and the additional requirements imposed under Article 103a - in the cases where such evaluations and decisions are significant for the respective branches.

(5) (Amended, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) The Bulgarian National Bank shall consult the competent authorities of the host countries in which significant branches of banks authorised in the Republic of Bulgaria are opened regarding the plans for restoration of liquidity, if this is important for assessment of the liquidity risk arising from exposures denominated in the local currency of the host country.

(6) (Amended, SG No. 27/2014) Where an emergency situation arises as referred to in Article 93 (1), which potentially jeopardizes the financial stability of the Republic of Bulgaria or of the host country, the BNB shall notify the authorities under Item 13 of Article 64 (1) and (2).

Article 87c. (New, SG No. 94/2010, effective 31.12.2010) (1) Where Article 92e is not applicable and the BNB exercises supervision over a bank with significant branches in other Member States, the BNB shall establish and chair a college of supervisors from such Member States to facilitate the cooperation under Article 87 and Article 87b (4) and (5). The establishment and functioning of the college shall be based on written arrangements determined by the BNB, after consultation with competent authorities concerned.

(2) The BNB shall decide which competent authorities participate in every meeting or in an activity of the college taking account of the relevance of the supervisory activity to be planned or coordinated for those authorities, in particular the potential impact on the stability of the financial system in the Member States concerned referred to in Article 79b and the obligations referred to in Article 87b (4) and (5).

(3) The BNB shall keep all members of the college fully informed, in advance, of the organisation of such meetings, the main issues to be discussed and the activities to be considered. The BNB shall also keep all the members of the college fully informed, in a timely manner, of the actions taken in those meetings or the measures carried out.

(4) Where Article 92f does not apply and a significant branch is established in the Republic of Bulgaria, the BNB shall participate in a college of supervisors chaired by the competent authority of the home country.

Article 87d. (New, SG No. 27/2014) The designation of a specific branch as significant shall not affect the rights and responsibilities of the BNB hereunder.

Article 88. (Amended, SG No. 105/2011) In exercising its supervisory functions the BNB may enter into agreements with other central banks or supervision authorities of third countries on cooperation and exchange of information on a reciprocal basis subject to assumption of commitment for safeguarding bank and professional secrecy.

Section IV

Supervision on a consolidated basis

Article 89. (1) (Previous text of Article 89, SG No. 52/2007, supplemented, SG No. 70/2013) The BNB shall exercise supervision on a consolidated basis of banks, banking groups, financial holding companies, mixed-activity financial holding companies and mixed-activity holding companies subject to the terms and procedure of this Act and the instruments for application thereof.

(2) (New, SG No. 52/2007, supplemented, SG No. 70/2013) Also included in the scope of the supervision on a consolidated basis under this Act shall be alternative investment fund managers and management companies in the manner and to the extent applicable to financial institutions.

(3) (New, SG No. 27/2014) A bank, a financial holding company, a mixed-activity financial holding company or a mixed-activity holding company which are subject to supervision on a consolidated basis by the BNB shall introduce internal rules, procedures and mechanisms required hereunder, as well as in their subsidiaries, including those not covered by this Act. The rules, procedures and mechanisms shall be consistent and well integrated and shall allow the subsidiaries to prepare any data and information which might be important for supervision purposes.

(4) (New, SG No. 27/2014) Where an EU parent credit institution or a bank controlled by an EU parent financial holding company or by an EU parent mixed-activity financial holding company proves to the BNB that application of the requirements for introduction of rules, procedures and mechanisms under Paragraph (3) is unlawful under the law of the respective third country in which a subsidiary is established, the bank shall not apply such requirements in its relationships therewith.

(5) (New, SG No. 27/2014) Where a bank authorised by the BNB is a part of a bank group, a financial holding company, a mixed-activity financial holding company or a mixed-activity holding company, it shall submit to the BNB on an annual basis, not later than 30 business days after the end of the calendar year, information about the structure in which it

participates, including any changes therein. The information about a financial holding company, a mixed-activity financial holding company or a mixed-activity holding company shall be submitted to the BNB through the subsidiary bank in the holding company, which is authorised by the BNB.

Article 89a. (New, SG No. 70/2013) The Bulgarian National Bank, where it is a consolidating supervisory authority, shall submit to EBA information about the banking group, received in fulfilment of the terms of Items 10 and 11 of Article 14 (3) and Items 4 and 6 of Article 15 (1) and of the obligation under Article 74 (3), including the legal, management and organisational structure of the group.

Article 90. (1) Where the parent undertaking is a parent credit institution in the Republic of Bulgaria or a parent credit institution from the European Union authorized in the Republic of Bulgaria, supervision on a consolidated basis shall be exercised by the BNB.

(2) (Amended, SG No. 70/2013) Where the parent undertaking of a bank authorised in the Republic of Bulgaria is a parent financial holding from a Member State, a parent mixed-activity financial holding company from a Member State, a financial holding company from the European Union or a parent mixed-activity financial holding company from the European Union incorporated in a Member State, supervision on a consolidated basis shall be exercised by the BNB.

(3) (Amended, SG No. 70/2013) Where credit institutions authorised in two or more Member States have as their parent the same parent financial holding company in the Republic of Bulgaria, a parent mixed-activity financial holding company from the Republic of Bulgaria, a parent financial holding company from the European Union incorporated in the Republic of Bulgaria, or a parent mixed-activity financial holding company from the European Union incorporated in the Republic of Bulgaria, supervision on a consolidated basis shall be exercised by the BNB, provided that one of the subsidiary credit institutions is authorised in the Republic of Bulgaria.

(4) (Supplemented, SG No. 70/2013) Where the parent undertakings are financial holding companies or mixed-activity financial holding companies registered in different Member States and have as subsidiaries credit institutions authorised in each of said Member States, supervision on a consolidated basis shall be exercised by the BNB where the credit institution with the largest balance sheet total is authorised by it.

(5) (Amended, SG No. 70/2013) Where credit institutions authorised in different Member States have as their parent one and the same financial holding company or a mixed-activity financial holding company and none of these credit institutions has been authorised in the Member State in which the financial holding company or the mixed-activity financial holding company was registered, supervision on a consolidated basis shall be exercised by the BNB where the credit institution with the largest balance sheet total is authorised by it.

(6) (Amended and supplemented, SG No. 70/2013) By agreement with the competent authorities of the Member States concerned the BNB may waive the criteria under paragraphs 3, 4 and 5 if their application would be inappropriate, taking into account the credit institutions participating in the holding company and the relative importance of their activities in different Member States. The agreement shall stipulate the competent authority to exercise supervision on a consolidated basis. In the cases covered by paragraphs 3, 4 and 5, before conclusion of the agreement, the BNB and the competent authorities of the Member States concerned shall give the EU parent credit institution or of the EU parent financial holding company or of the parent mixed-activity financial holding company from the European Union or the credit institution with the largest balance sheet total, as appropriate, to state its opinion.

(7) (Supplemented, SG No. 105/2011) The BNB shall notify the European Commission and the EBA of any agreement under Paragraph (6) according to which it will exercise supervision on a consolidated basis.

Article 91. (1) Where a competent authority of a Member State has excluded from the supervision on a consolidated basis a bank authorized in the Republic of Bulgaria, the BNB may request from the parent undertaking to submit information which could facilitate the supervision of said bank.

(2) (Amended, SG No. 70/2013) Where the BNB has excluded from the supervision on a consolidated basis subsidiaries of credit institutions, of financial holding companies or of mixed-activity financial holding companies, it may request from the subsidiaries concerned information for the purposes of supervision.

Article 92. (1) (Previous text of Article 92, SG No. 94/2010, effective 31.12.2010, supplemented, SG No. 70/2013) In exercising supervision on a consolidated basis of EU parent credit institutions and credit institutions controlled by EU parent financial holding companies or by EU parent mixed-activity financial holding companies the BNB shall:

1. coordinate the gathering and dissemination of relevant or essential information in going concern and emergency situations;
 2. (amended, SG No. 94/2010, effective 31.12.2010) plan and coordinate current supervisory activities in cooperation with the competent authorities of Member States involved;
 3. (amended, SG No. 94/2010, effective 31.12.2010) plan and coordinate supervisory activities in cooperation with the competent authorities involved, and if necessary with central banks, in preparation for and during emergency situations, including adverse developments in credit institutions or in financial markets using, where possible, existing defined channels of communication for facilitating crisis management;
- (2) (New, SG No. 94/2010, effective 31.12.2010, amended, SG No. 105/2011, SG No. 27/2014) The planning and coordination of supervisory activity under Item 3 of Paragraph (1) includes the measures under Item 4 of Article 95 (3) and Item 2 of Paragraph (7), the preparation of joint assessments, the implementation of contingency plans and communication to the public.
- (3) (New, SG No. 105/2011) Where the relevant competent authorities fail to cooperate with the BNB to the extent necessary for the performance of BNB duties under Paragraph (1), the BNB may bring the matter for consideration to the EBA.
- (4) (New, SG No. 105/2011) Where a consolidating supervisor of another Member State fails to fulfil its functions corresponding to those under Paragraph (1) and set out in its national legislation, the BNB may bring the matter for consideration to the EBA.

Article 92a. (New, SG No. 94/2010, effective 31.12.2010, supplemented, SG No. 105/2011, amended and supplemented, SG No. 70/2013, amended, SG No. 27/2014) (1) Where the BNB is a consolidating supervisor, it shall jointly with the other competent authorities responsible for the supervision of an EU parent credit institution an EU parent financial holding company or an EU parent mixed-activity financial holding company, reach a joint decision on determination of specific liquidity requirements under Article 103a and on the adequacy of the framework for liquidity risk management of the parent credit institution or of the holding company.

(2) The decision under Paragraph (1) shall be taken within one month from the date on which the BNB submits to the other competent authorities a report with the assessment of the liquidity risk profile of the group. The decision-making shall take into account the risk assessment of subsidiaries made by the other competent authorities.

(3) If no joint decision is reached within the term under Paragraph (2), the BNB shall take its own decision on the application on a consolidated basis of the specific liquidity requirement under Article 103a and on the adequacy of the framework for liquidity risk management, taking into account the subsidiaries' risk assessment made by the other competent authorities. Before taking its own decision, the BNB, at its initiative or at the request of any other competent authorities, shall consult the EBA, taking into account its recommendation, and shall reason any material deviation therefrom.

(4) Where the matter is brought for consideration to the EBA before expiry of the term under Paragraph (2), the BNB shall postpone decision-making under Paragraph (3) and shall wait for the decision that may be taken by the EBA in accordance with Article 19, Paragraph (3) of Regulation (EU) No. 1093/2010. In this case the BNB shall take its own decision in accordance with the decision of the EBA.

(5) The decisions under paragraphs 1 and 3 shall be reasoned and shall be submitted to the EU parent credit institution, and those under Paragraph (3) shall be submitted to the other competent authorities as well. The reasoning of the decision under Paragraph (3) shall state the opinions of the other competent authorities expressed in the term under Paragraph (2).

(6) The decisions under paragraphs 1 and 3 shall be updated on an annual basis or if emergency circumstances arise should any of the other competent authorities make a reasoned written request to the BNB for updating the decision on the application of the specific liquidity requirement under Article 103a. In case of such request, the BNB may update the decisions under paragraphs 1 and 3 only with the participation of the competent authority that made the request.

Article 92b. (New, SG No. 94/2010, effective 31.12.2010, supplemented, SG No. 105/2011, SG No. 70/2013, amended, SG No. 27/2014) (1) Where a bank authorised in the Republic of Bulgaria is a subsidiary of an EU parent credit institution or of an EU parent financial holding company or of an EU parent mixed-activity financial holding company, the BNB shall participate in the taking of the joint decision on determination of specific liquidity requirements in accordance with Article 103a and on the adequacy of the framework for liquidity risk management of the group or the holding company.

(2) Where no joint decision is reached under Paragraph (1) within the 1-month term, the BNB may request from the consolidating supervisor to consult the EBA.

(3) Where no joint decision is reached, the BNB shall take its own decision on the application of the specific liquidity requirement under Article 103a and on the adequacy of the framework for liquidity risk management of the bank, taking into account the opinion of the consolidating supervisor and the recommendation of the EBA, where such has been requested.

(4) If the matter is brought for consideration to the EBA before expiry of the term under Paragraph (2), the BNB shall postpone decision-making under Paragraph (3) and shall wait for the decision that may be taken by the EBA in accordance with Article 19, Paragraph (3) of Regulation (EU) No. 1093/2010. In this case the BNB shall take its own decision in accordance with the decision of the EBA.

(5) The decisions under paragraphs 1 and 3 shall be updated on an annual basis. If an emergency situation arises, the BNB may make a reasoned request for updating the decision under Paragraph (1) or the individual decision of the consolidating supervisor on the application of a specific liquidity requirement.

Article 92c. (New, SG No. 94/2010, effective 31.12.2010) (1) (Amended, SG No. 70/2013, SG No. 27/2014) Where the BNB is a consolidating supervisor, in the application of Article 73a and Article 79c (the BNB, jointly with the other competent authorities responsible for the supervision of subsidiaries of an EU parent credit institution, of an EU parent financial holding company or of an EU parent mixed-activity financial holding company, shall take a joint decision on determination of the adequacy of the consolidated own funds of the parent undertaking with respect to its financial situation and risk profile and on determination of the additional capital requirement under Item 5 of Article 103 (2) for each company within the banking group, the financial holding company or the mixed-activity financial holding company and on a consolidated basis.

(2) (Amended, SG No. 27/2014) The decision shall be reached within four months after submission to the other competent authorities by the BNB of a report containing the risk assessment of the group in accordance with Articles 73a and 79c and the option for determination of additional capital requirement under Item 5 of Article 103 (2). The joint decision shall also duly consider the risk assessment of subsidiaries performed by the other competent authorities.

(3) (Amended, SG No. 105/2011, SG No. 27/2014) In the absence of such a joint decision under Paragraph (2), the BNB shall take its own decision on the application on a consolidated basis of Articles 73a, 79 and a measure in regard to a violation under Item 5 of Article 103 (2) after duly considering the risk assessment of the subsidiaries performed by the other competent authorities. Before taking its own decision, the BNB shall at its own initiative or at the request of any of the other competent authorities consult the EBA, taking into account its recommendation, and shall reason any significant deviation therefrom.

(4) (New, SG No. 105/2011) If the matter is brought for consideration to the EBA before expiry of the term under Paragraph (2), the BNB shall postpone decision-making under Paragraph (3) and shall wait for the decision that may be taken by the EBA in accordance with Article 19, Paragraph (3) of Regulation (EU) No. 1093/2010. In this case the BNB shall take decision under Paragraph (3) in accordance with the decision of the EBA.

(5) (Renumbered from Paragraph (4), SG No. 105/2011) The decisions under paragraphs 1 and 3 shall be reasoned and shall be submitted to the EU parent credit institution, and those under Paragraph (3), to the other competent authorities as well. The reasoning of the decision under Paragraph (3) shall state the opinions of the other competent authorities expressed within the term under Paragraph (2).

(6) (Renumbered from Paragraph (5), SG No. 105/2011) The decisions under paragraphs 1 and 3 shall be updated on an annual basis or if emergency circumstances arise should any of the other competent authorities make a reasoned written request to the BNB for updating the decision on the application of the measure under Item 5 of Article 103 (2). In case of such request, the BNB may update the decisions under paragraphs 1 and 3 only with the participation of the competent authority that made the request.

Article 92d. (New, SG No. 94/2010, effective 31.12.2010) (1) (Amended, SG No. 70/2013) Where a bank authorised in the Republic of Bulgaria is a subsidiary of an EU parent credit institution, of an EU parent financial holding company or of an EU parent mixed-activity financial holding company the BNB shall participate in the taking of a joint decision on determination of the adequacy of the consolidated own funds of the parent company with regard to its financial situation and risk profile and on determination of additional capital requirement for each company within the banking group, the financial holding company or the mixed-activity financial holding company and on a consolidated basis.

(2) (Amended and supplemented, SG No. 105/2011) If no joint decision under Paragraph (1) is reached within 4 months,

the BNB may request the consolidating supervisor to consult the EBA.

(3) (Amended, SG No. 105/2011, SG No. 27/2014) If no joint decision is reached, the BNB may take its own decision on the application of Articles 73a, 79c and of a measure under Item 5 of Article 103 (2) with respect to the bank, taking into account the opinion of the consolidating supervisor and the recommendation of the EBA where such has been requested.

(4) (New, SG No. 105/2011) If the matter is brought for consideration to the EBA before expiry of the term under Paragraph (2), the BNB shall postpone decision-making under Paragraph (3) and shall wait for the decision that may be taken by the EBA in accordance with Article 19, paragraph 3 of Regulation (EU) No. 1093/2010. In this case the BNB shall take decision under Paragraph (3) in accordance with the decision of the EBA.

(5) (Renumbered from Paragraph 4, SG No. 105/2011, amended, SG No. 27/2014) The decisions under paragraphs 1 and 3 shall be reviewed on an annual basis. If an emergency situation arises the BNB may make a reasoned request for updating the decision under Paragraph (1) or of the independent decision of the consolidating supervisor for updating the decision on the application of a measure under Article 104 (1) "a" of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ, L 176/338 of 27 June 2013), hereinafter referred to as "Directive 2013/36/EU".

Article 92e. (New, SG No. 94/2010, effective 31.12.2010) (1) (Amended, SG No. 27/2014) Where the BNB is a consolidating supervisor it shall establish colleges of supervisors comprising competent authorities to facilitate performance of the functions under Articles 92, 92c and 93 and shall ensure adequate level of coordination and cooperation with the relevant third-country competent authorities where appropriate, while meeting the requirements for confidentiality under Paragraph (5) and EU legislation.

(2) The colleges of supervisors shall ensure proper organisation for the implementation of the following goals and tasks:

1. (supplemented, SG No. 105/2011) exchanging of information between the competent authorities and the EBA in accordance with Article 21 of Regulation (EU) No. 1093/2010;

2. (amended, SG No. 27/2014) agreeing on voluntary entrustment of tasks and voluntary delegation of responsibilities;

3. (amended, SG No. 27/2014) determining supervisory examination plans pursuant to Article 80a based on a risk assessment of the group under Article 79c;

4. increasing the efficiency of supervision by removing unnecessary duplication of supervisory requirements, including in regard to the requests for information under Article 93 (2) and Article 95 (2);

5. (amended, SG No. 27/2014) consistently applying the prudential requirements under Regulation (EU) No. 575/2013 and Directive 2013/36/EU across all entities within a group without prejudice to the options and discretions available in Community legislation;

6. applying Item 3 of Article 92 (1) taking into account the work of other forums that may be established in this area.

(3) (Supplemented, SG No. 105/2011) The BNB shall cooperate with the EBA and the other competent authorities participating in the college of supervisors. The requirements set out in Articles 63, 64 and 65 shall not prevent them from exchanging confidential information.

(4) For the establishment and functioning of colleges of supervisors the BNB, after consultations with the other competent authorities, shall enter into written arrangements with them under Article 94.

(5) (Supplemented, SG No. 105/2011, amended and supplemented, SG No. 70/2013, SG No. 27/2014) The EBA, the competent authorities responsible for the supervision of subsidiaries of an EU parent credit institution, of an EU parent financial holding company or an EU parent mixed-activity financial holding company and the competent authorities of a host country where significant branches are established, central banks from the ESCB as appropriate, and third countries' competent authorities where appropriate and subject to confidentiality requirements that are equivalent, in the opinion of all competent authorities, to the requirements under Chapter 1, Section 2 of Directive 2013/36/EU and, where appropriate, Articles 54 and 58 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2001/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC may participate in colleges of supervisors.

(6) The BNB shall chair the meetings of the college of supervisors and shall decide which competent authorities participate in a meeting or in an activity of the college, taking into account the relevance for such authorities of the

supervisory activity to be planned or coordinated, including the potential impact on the financial stability in relevant Member States under Article 79b and the responsibilities under Article 87b 93) and (4).

(7) The BNB shall keep all members of the college fully abreast, in advance, of the organisation of such meetings, the main issues to be discussed and the activities to be considered. The BNB shall also keep all the members of the college fully informed, in a timely manner, of the actions taken in those meetings or the measures carried out.

(8) (Amended, SG No. 105/2011) The BNB shall inform the EBA of the activities of the college of supervisors, including in emergency situations, and shall communicate to that Committee all information that is of particular relevance for the purposes of supervisory convergence.

(9) (New, SG No. 27/2014) Upon occurrence of disagreements between the competent authorities participating in the college of supervisors the BNB may bring the matter to the EBA and request its cooperation in accordance with Article 19 of Regulation (EU) No. 1093/2010.

(10) (Renumbered from Paragraph (9), supplemented, SG No. 27/2014) The establishment and activity of the college of supervisors shall not affect the powers of the BNB hereunder and under Regulation (EU) No. 575/2013.

Article 92f. (New, SG No. 94/2010, effective 31.12.2010, amended and supplemented, SG No. 70/2013, supplemented, SG No. 27/2014) The BNB shall participate in a college of supervisors organised by the relevant consolidating supervisor when it exercises supervision on a single basis over a bank which is a subsidiary of an EU parent credit institution, of an EU parent financial holding company or an EU parent mixed-activity financial holding company. In these cases the BNB shall have the rights and responsibilities of a competent authority, arising from Article 92e, including the authorities of a consolidating supervisor under Article 92e (9).

Article 93. (1) (Amended, SG No. 94/2010, effective 31.12.2010, amended and supplemented, SG No. 105/2011, amended, SG No. 27/2014) Where an emergency situation arises, including in the cases under Article 18 of Regulation (EU) No. 1093/2010 or adverse developments on the financial markets, which potentially jeopardise their liquidity or the financial stability of the Republic of Bulgaria or another Member State where entities of the group have been authorised or significant branches have been established, the BNB shall notify without delay the EBA, the ESRB and the authorities under Item 13 of Article 64 (1) and (2) in the relevant Member States and shall provide them with the full information which is significant for the exercise of their functions.

(2) For the purposes of exercising supervision on a consolidated basis the BNB shall, when it needs information which has already been given to another competent authority, contact this authority wherever possible in order to prevent duplication of reporting.

Article 94. (1) For the purposes of supervision on a consolidated basis the BNB shall enter into written coordination and cooperation arrangements with the competent supervision authorities of the Member States concerned. Under these arrangements with the competent authorities of Member States the BNB may be entrusted with additional supervisory tasks.

(2) (Supplemented, SG No. 105/2011) Where a bank authorised in the Republic of Bulgaria is controlled by a credit institution in another Member State, the BNB may, on the basis of an agreement under Article 28 of Regulation (EU) No. 1093/2010 with the competent supervision authority of the parent credit institution, delegate it the responsibility for the supervision of the subsidiary bank.

(3) (Supplemented, SG No. 105/2011) Where a bank authorised in the Republic of Bulgaria is a parent undertaking of a credit institution set up in another Member State, the BNB may, on the basis of an agreement under Article 28 of Regulation (EU) No. 1093/2010 with the competent supervision authority of the Member State concerned, assume the responsibility for the supervision of the subsidiary credit institution.

(4) (Amended, SG No. 105/2011) The BNB shall notify the EBA of the existence and content of the agreements under paragraphs 2 and 3. The BNB shall forward such information to the competent authorities of the other Member States and to the European Banking Committee.

Article 95. (1) The BNB shall provide the competent authorities of the Member States concerned with the information which is essential for the exercise of their supervisory functions.

(2) Essential is any information that could affect the evaluation of the financial stability of a credit or financial institution

in the Member State concerned.

(3) The essential information under Paragraph (2) shall include at least the following elements:

1. (amended, SG No. 70/2013) identification of the legal, management and organisational structure of the group, including all regulated entities, unregulated subsidiaries, significant branches and parent companies in the group, as well as the information received in pursuance of the terms under Item 10 of Article 14 (9) and Items 4 and 6 of Article 15 (1) and of the obligation under Article 74 (3) and indication of the competent authorities exercising supervision of the regulated entities in the group;

2. procedures for the collection of information from the credit institutions in a group, and the verification of that information;

3. adverse developments in credit institutions or in other entities in the group, which could seriously affect the activity of credit institutions;

4. sanctions and measures taken by the BNB in accordance with this Act, including the imposition of additional capital requirements or limitations concerning the use of operational risk internal models for the calculation of the own funds for supervision purposes.

(4) (Supplemented, SG No. 70/2013) On a request from the competent authorities of a Member State exercising supervision of subsidiaries of EU parent credit institutions or of credit institutions controlled by EU parent financial holding companies or by EU parent mixed-activity financial holding companies supervised by the BNB on a consolidated basis, the BNB shall provide the information which is appropriate for the exercise of their supervisory functions.

(5) Where the BNB needs information on the supervision of a bank controlled by an EU parent credit institution licensed in another Member State, the BNB shall contact the authority responsible for the supervision on a consolidated basis in the Member State concerned when it is possible that this authority has the necessary information.

(6) (New, SG No. 105/2011, amended, SG No. 27/2014) The BNB may refer the matter for consideration to the EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010 in the cases where:

1. a competent authority of a Member State has not provided significant information to the BNB;

2. a request for exchanging of appropriate information has been rejected or has not been fulfilled within a reasonable period of time.

(7) (Renumbered from Paragraph (6), SG No. 105/2011) Prior to taking a decision which is of importance for the activity of a competent supervision authority, the BNB shall consult the competent supervision authority of the other Member State where this decision refers to:

1. changes in the shareholder, organisational or management structure of credit institutions in a banking group, which require the authorisation of the BNB;

2. supervisory sanctions and measures taken by the BNB, including the imposition of additional capital requirements or limitations concerning the use of operational risk internal models for the calculation of the own funds for supervision purposes.

(8) (Renumbered from Paragraph (7), amended, SG No. 105/2011) In the cases under Paragraph (7), item 2 the BNB shall consult the competent authority responsible for the supervision on a consolidated basis.

(9) (Renumbered from Paragraph (8), amended, SG No. 105/2011) The BNB may decide not to hold the consultations under paragraphs 7 and 8 in cases of urgency or where such consultation may jeopardise or prevent the effectiveness of the decision. In this case the BNB shall, without delay, inform the competent authorities under paragraphs 7 and 8.

Article 96. (Supplemented, SG No. 70/2013, SG No. 27/2014) The persons managing a financial holding company or a mixed-activity financial holding company shall be of good repute and shall have adequate experience to perform their responsibilities. The judgement on the repute shall be also based on the register of administrative sanctions kept by the EBA.

Article 97. (1) Where a mixed-activity holding company is the parent undertaking of one or more banks authorized in the Republic of Bulgaria, the BNB may require from the holding company and its subsidiaries any information which would be appropriate for the purposes of supervision on a consolidated basis of subsidiary banks.

- (2) The BNB may carry out itself or with the assistance of specifically appointed persons to that end on-the-spot inspections to verify the information received under Paragraph (1).
- (3) If a mixed-activity holding company or one of its subsidiaries is an insurance company, the BNB may furthermore verify the information received under Paragraph (1) in accordance with the procedure laid down in Article 99.
- (4) If a mixed-activity holding company or one of its subsidiaries is not set up in the Republic of Bulgaria, the information received under Paragraph (1) may furthermore be verified in accordance with the procedure laid down in Article 100.
- (5) For the purposes of supervision on a consolidated basis the BNB may require the information under Paragraph (1) from the supervision authority concerned situated in a Member State.
- (6) The BNB shall provide the information under Paragraph (1) upon request from the authority responsible for the supervision on a consolidated basis in a Member State.
- (7) The BNB powers for gathering of information under paragraphs 1 and 5 shall not create obligations for supervision on a stand-alone basis of the mixed-activity holding company or its non-bank subsidiaries or of its subsidiaries which are not included in the scope of the supervision on a consolidated basis.

Article 97a. (New, SG No. 27/2014) (1) Where a mixed-activity holding company is a parent undertaking of one or more banks authorised in the Republic of Bulgaria, the BNB shall exercise overall supervision over the transactions between such banks and the holding company without violating the requirements of part four of Regulation (EU) No. 575/2013.

(2) The banks under Paragraph (1) shall introduce adequate risk management processes and internal control mechanisms, including reliable reporting and accounting procedures, in order to adequately identify, measure, monitor and control the transactions with the parent mixed-activity holding company and its subsidiaries. The banks shall report to the BNB any material transaction with them, other than the transactions under Article 394 of Regulation (EU) No. 575/2013.

(3) The procedures and the transactions under Paragraph (2) shall be subject to supervision by the BNB.

Article 98. (1) Where the BNB is responsible for supervision on a consolidated basis of a parent undertaking which is not set up in the Republic of Bulgaria, the BNB may request from the competent supervision authority in the Member State to gather from the parent undertaking the information which would be necessary for the supervision on a consolidated basis and forward it to the BNB.

(2) Where the parent undertaking is set up in the Republic of Bulgaria but the BNB does not exercise supervision on a consolidated basis, upon request from the authority responsible for the supervision on a consolidated basis the BNB shall be entitled to require from the parent undertaking the information which would be necessary for the supervision on a consolidated basis and forward it to this competent authority.

(3) (Supplemented, SG No. 70/2013) The BNB powers for gathering of information under paragraphs 1 and 2 shall not create obligations for supervision on a stand-alone basis of the parent undertaking where it is a financial holding company, a mixed-activity financial holding company, a financial institution or an ancillary services company.

Article 99. (1) (Supplemented, SG No. 70/2013) In the exercise of supervision on a consolidated basis of banks, financial holding companies, mixed-activity financial holding companies or mixed-activity holding companies which have as subsidiaries one or more insurance companies or investment intermediaries whose activity is subject to authorisation, the BNB shall cooperate and exchange information with the competent authorities responsible for the supervision of insurance companies and/or investment intermediaries.

(2) (Amended and supplemented, SG No. 105/2011, supplemented, SG No. 70/2013) The BNB shall update a list of financial holding companies and mixed-activity financial holding companies over which it exercises supervision on a consolidated basis. The BNB shall provide this list to the competent authorities of the other Member States, the European Commission and the EBA and shall notify them of any changes in the list.

Article 100. (1) (Amended, SG No. 70/2013, SG No. 27/2014) Upon request from a competent supervision authority of a Member State the BNB shall carry out verification of specific information about a credit institution, financial holding company, mixed-activity financial holding company, financial institution, ancillary services company, mixed-activity holding company or their subsidiaries carrying on activity within the territory of the Republic of Bulgaria.

(2) The verification under Paragraph (1) may be carried out independently by the BNB, by the competent authority which has requested the verification, with its participation or by an external auditor or expert.

(3) (Supplemented, SG No. 70/2013, amended, SG No. 27/2014) Where a credit institution, financial holding company, mixed-activity financial holding company, financial company, ancillary services company, mixed-activity holding company, its subsidiary carries on activity in a Member State, the BNB may request from the supervision authority in the Member State to carry out verification of specific information about said person.

(4) In the case under paragraph 3 the BNB may request to carry out independent verification or to participate in the carrying out of this verification.

Article 101. (1) (Amended and supplemented, SG No. 70/2013, supplemented, SG No. 27/2014) Where a bank authorised in the Republic of Bulgaria is a subsidiary of a credit institution, a financial holding company or a mixed-activity financial holding company from a third country and no supervision on a consolidated basis is exercised over it by the BNB or another supervision authority of a Member State, the BNB shall check whether the subsidiary bank is covered by supervision on a consolidated basis in accordance with the principles laid down in this Act and in Regulation (EU) No. 575/2013.

(2) The BNB shall make the check under Paragraph (1) at its initiative or upon request from the parent undertaking or a subsidiary insurance company or investment firm authorised in a Member State and shall hold consultations with the competent authorities exercising supervision of these persons.

(3) (Amended, SG No. 105/2011, SG No. 27/2014) In carrying out the check under Paragraph (1) the BNB shall take into account the opinion of the European Banking Committee on whether the rules for supervision on a consolidated basis of the third country involved would achieve the goals of supervision on a consolidated basis in accordance with Articles 111 - 127 of Directive 2013/36/EU. Upon completion of the check and before taking a decision the BNB shall also consult the EBA.

(4) (Amended and supplemented, SG No. 27/2014) Should the BNB establish that no supervision on a consolidated basis is exercised or the supervision exercised is not in compliance with the principles of this Act and Regulation (EU) No. 575/2013, it may apply to the subsidiary bank appropriate supervisory techniques to achieve the objectives of supervision on a consolidated basis of the bank.

(5) The BNB shall apply the supervisory techniques under Paragraph (4) upon consultations with the competent authorities of other Member States responsible for supervision of the persons under Paragraph (1), as well as with the supervision authority of a third country.

(6) The BNB shall participate in the consultations at the request of a competent authority of another Member State in the cases where this authority intends to apply supervisory techniques to achieve the objectives of supervision on a consolidated basis.

(7) (Supplemented, SG No. 70/2013) The BNB may require the establishment of a financial holding company or a mixed-activity financial holding company with a head office within the territory of any Member State in respect of which the principles of supervision on a consolidated basis laid down in this Act will apply.

(8) (Supplemented, SG No. 105/2011) The BNB shall communicate the supervisory techniques under Paragraph (4) to European Commission, the EBA and other supervision authorities concerned.

Section V

Supervisory disclosure

Article 102. (1) The BNB shall disclose the following information:

1. the texts of laws, regulations, rules and general guidance in the field of prudential regulation;
2. the manner of exercise by the BNB of the dispositive norms of the *acquis communautaire* and the norms entitling to discretion;
3. (amended, SG No. 27/2014) the general criteria and methodologies used by the BNB in the supervisory review and

evaluation referred to in Article 79c;

4. (supplemented, SG No. 27/2014) without prejudice to the provisions on professional secrecy, aggregate statistical data on key aspects of the implementation of the prudential framework by the BNB, as well as the number and type of supervisory measures and sanctions imposed for violation of this Act, Regulation (EU) No. 575/2013 and the instruments for their application.

(2) The disclosure of information shall enable a meaningful comparison of the approaches adopted by the BNB and those adopted by the competent authorities of the other Member States.

(3) (Amended, SG No. 105/2011, supplemented, SG No. 27/2014) Disclosure under Paragraph (1) shall be carried out in a manner and in a format coordinated by the BNB with the EBA.

(4) (New, SG No. 27/2014) For the purposes of part five of Regulation (EU) No. 575/2013 the BNB shall publish:

1. the adopted general criteria and methodologies for review of compliance under Articles 405 - 409 of Regulation (EU) No. 575/2013;

2. a summarised description on an annual basis of the results of the supervisory review and a description of the supervisory measures enforced in case of non-compliance with Articles 405 - 409 of Regulation (EU) No. 575/2013.

Section VI

Supervisory measures

Article 103. (1) The BNB may apply the measures covered under Paragraph (2) where it establishes that a bank or officers thereof, or shareholders therein have committed violations constituting:

1. (supplemented, SG No. 27/2014) violation or circumvention of the provisions of this Act, of Regulation (EU) No. 575/2013 or of the statutory and other instruments and directives of the BNB;

2. breach of the requirements for confidentiality;

3. conclusion of banking transactions which affect the financial stability of the bank or banking transactions which by using a dummy prevent or circumvent application of the provisions of this Act, of the statutory and other instruments and directives of the BNB;

4. breaches of commitments in writing assumed by the bank to the BNB;

5. (supplemented, SG No. 24/2009, effective 31.03.2009) effecting of transactions or other actions in violation of the licence for banking business as granted or of another authorisation or approval as granted by the BNB;

6. obstruction of the exercise of banking supervision;

7. (amended, SG No. 62/2015, effective 14.08.2015) failure to pay a premium contribution to the Bulgarian Deposit Insurance Fund or other actions jeopardising the interests of depositors;

8. effecting of transactions and operations constituting money laundering or violating the Measures against Money Laundering Act and the instruments for application thereof;

9. jeopardizing the stability of the payment system;

10. (supplemented, SG No. 24/2009, effective 31.03.2009) breaching the conditions on the basis of which the licence for banking business or another authorisation or approval has been granted to the bank;

11. (amended, SG No. 27/2014) availability of many cases of overshootings under Article 366 of Regulation (EU) No. 575/2013 when using the internal market risk model, showing that the model is not accurate enough;

12. (new, SG No. 27/2014) submission of incomplete or inaccurate information in performance of the obligations under Article 99 (1), Article 101, Article 394 (1), Article 415 (1) and (2), and Article 430 (1) of Regulation (EU) No. 575/2013 or disclosure of incomplete or inaccurate information in performance of the obligations under Article 431 (1) - (3), and Article 451 (1) of Regulation (EU) No. 575/2013;

13. (new, SG No. 27/2014) non-performance by the bank, repeated or for a long period of time, of the requirement under Article 412 of Regulation (EU) No. 575/2013;
14. (new, SG No. 27/2014) non-compliance with the conditions laid down in Article 405 of Regulation (EU) No. 575/2013, where the bank has a securitisation position;
15. (new, SG No. 27/2014) making payments to holders of instruments included in the bank's own funds in breach of the restrictions set out in the ordinance under Article 39 (3), or in the cases where such payments to holders of instruments included in the own funds are forbidden under Articles 28, 51 or 63 of Regulation (EU) No. 575/2013;
16. (new, SG No. 27/2014) admission by the bank of one or more persons not meeting the requirements of Article 10 or 11 to be members of the management board, the board of directors or the supervisory board;
17. (new, SG No. 27/2014) there is no approval by the BNB of the plan for capital conservation, prepared by the bank in accordance with the ordinance under Article 39 (2);
18. (new, SG No. 62/2015, effective 14.08.2015) failure to plan to make changes in the activity in the period set by the BNB or if the BNB determines that the proposed changes are not suitable for the rectification of the deficiencies and obstacles in connection with the preparation and adoption of recovery plans under Section I of Chapter Two of the Recovery and Resolution of Credit Institutions and Investment Intermediaries Act.

(2) In the cases covered under paragraph 1 the BNB may:

1. issue a written warning to the bank;
2. (supplemented, SG No. 59/2016) convene a General Meeting of Shareholders or schedule a meeting of the Management Board and the Supervisory Board (the Board of Directors), determining the agenda for holding the general meeting or meeting, including to request the adoption of a resolution for changing the specialised auditing entity;
3. issue a written order to cease and desist from the violations as committed;
4. issue a written order to take measures for improving the financial condition of the bank;
5. (supplemented, SG No. 94/2010, effective 31.12.2010, SG No. 105/2011, amended, SG No. 27/2014) require from the bank to have own funds exceeding the requirements established with the ordinance under Article 39 (2) of Regulation (EU) No. 575/2013 regarding risks or elements thereof which are outside the scope of Article 1 of the Regulation; when determining the additional capital requirement based on the review and the evaluation under Article 79c the following shall be taken into account:
 - (a) the qualitative and quantitative characteristics of the process of assessment of the capital of the bank under Article 73a;
 - (b) the current adequacy of the internal rules for management and control under Items 4 and 6 of Article 15 (1);
 - (c) the result of the supervisory review and assessment under Article 79 (2);
 - (d) the assessment of the systemic risk;
6. (new, SG No. 27/2014) order elimination of deficiencies in respect of the capture of risks by an internal approach or take necessary steps to mitigate their consequences, incl. by imposing higher multiplication factors;
7. (new, SG No. 27/2014) revoke the permission for using the internal model or require prompt improvement of the model;
8. (renumbered from Item 6, supplemented, SG No. 27/2014) order rectification of the deficiencies in the capture of risks in the internal approach or taking necessary steps to mitigate their consequences, incl. by imposing higher multiplication factors, as well as order reduction of the risk inherent in the activities, products and systems of the bank;
9. (renumbered from Item 7, SG No. 27/2014) restrict the business of the bank, prohibiting it from effecting specified transactions, actions or operations;
10. (renumbered from Item 8, SG No. 27/2014) restrict the volume of specific types of activities carried on by the bank;
11. (renumbered from Item 9, SG No. 27/2014) obligate the bank in writing to increase the capital thereof;
12. (renumbered from Item 10, amended, SG No. 27/2014) require from the bank to use its net profit for increasing its own funds or forbid:

- (a) the payment of dividends or the distribution of capital in other form, or
- (b) the payment of interest to the shareholders or holders of additional tier 1 capital instruments and compliance with that prohibition shall not constitute an event of default by the bank on the instruments;
13. (renumbered from Item 11, SG No. 27/2014) forbid conduct of banking business by a foreign bank through a branch or directly; where a permanent ban on the conduct of banking business by a branch of a bank is imposed, the relevant body of the bank shall take decision on termination of the activity of the branch, settling relationships with the bank's creditors and deletion of the branch from the commercial register;
14. (supplemented, SG No. 24/2009, amended, SG No. 105/2011, renumbered from Item 12, SG No. 27/2014) require reduction of the operating expenses of the bank, including variable remunerations as a percentage of total net income where this is incompatible with the maintenance of sufficient own funds, and/or forbid their payment;
15. (renumbered from Item 13, SG No. 27/2014) require changes in the internal rules and procedures of the bank;
16. (amended and supplemented, SG No. 105/2011, renumbered from Item 14, SG No. 27/2014, supplemented, SG No. 59/2016) order the bank in writing to remove one or more persons authorised to manage and represent the bank, as well as members of the Management Board, the Board of Directors or the Supervisory Board, members of the senior management or other officers of the bank; if the bank does not remove the person concerned within the time limit set by the BNB, the BNB may remove him from office and may appoint a replacement person for the period until the conduct of the relevant election; as of the day of receipt of the BNB act on removing from office of the addressee of the measure his powers shall cease and any management and representation actions performed by said person shall have no effect on the bank since that date;
17. (amended, SG No. 24/2009, renumbered from Item 15, SG No. 27/2014) temporarily suspend the voting right of a shareholder and/or order in writing a shareholder to transfer the shares thereby held within 30 days;
18. (renumbered from Item 16, SG No. 27/2014) forbid effecting of any transactions and operations with persons with whom the bank is in close ties or which belong to the same consolidated group as the bank, or which are members of the management bodies of the bank, or which exercise control over the bank, or which have a qualifying holding or participate in the management of the persons which exercise control over the bank;
19. (renumbered from Item 17, supplemented, SG No. 27/2014) set additional requirements to the bank in connection with the licensed banking business thereof, including to require public disclosure of additional information or amendments to the bank's Articles of Association;
20. (new, SG No. 27/2014) require application of a specific provisioning policy or treatment of assets in terms of own funds requirements;
21. (renumbered from Item 18, SG No. 27/2014, repealed, SG No. 62/2015, effective 14.08.2015);
22. (new, SG No. 27/2014) disclose publicly information about a breach committed, naming the offender;
23. (renumbered from Item 19, SG No. 27/2014, supplemented, SG No. 62/2015, effective 14.08.2015) appoint two or more conservators of the bank for a specified period in the cases where the conditions for the appointment of a temporary administrator under Article 46 of the Recovery and Resolution of Credit Institutions and Investment Intermediaries Act do not apply;
24. (renumbered from Item 20, SG No. 27/2014, amended, SG No. 62/2015, effective 14.08.2015) put the bank under special supervision under the terms and procedure of Articles 115 - 121;
25. (supplemented, SG No. 24/2009, renumbered from Item 21, SG No. 27/2014) withdraw the licence for conduct of banking business or another permission or approval thereby granted; by the act of withdrawal of the licence the BNB shall mandatorily appoint conservators, should such have not been appointed prior to the issuing of the said act.
- (3) Upon application of the measures under Paragraph (2), the provisions of paragraph 1 of Article 26 and Article 34 of the Administrative Procedure Code regarding explanations and objections of parties concerned shall not apply.
- (4) (Supplemented, SG No. 77/2018, effective 1.01.2019) Any acts for application of the measures under Paragraph (2) shall be subject to immediate execution, unless the court decrees otherwise.
- (5) (Amended, SG No. 105/2011) The BNB shall have the right to require announcement of the acts for application of the measures under Paragraph (2), respectively registration of the circumstances arising from the application of such measures in the commercial register.

(6) (Amended, SG No. 24/2009, effective 31.03.2009, SG No. 27/2014) Where the voting rights of a shareholder have been temporarily suspended in accordance with the procedure of Paragraph (2), item 17, the amount of shares held thereby shall not be counted against the quorum required for holding a General Meeting of the Shareholders and for voting decisions at such a meeting. In such cases, should any risk to the reliability or security in the management of the bank or of the operations thereof arise, the BNB may apply the measures referred to in items 9, 12 and 22 of Paragraph (2) in respect of the said bank.

(7) (Amended and supplemented, SG No. 27/2014, effective from the date on which the requirement for liquidity coverage becomes effective in accordance with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013) The BNB shall take appropriate measures under Paragraph (2) in respect of a bank authorised in the Republic of Bulgaria, conducting banking business through a branch or directly within the territory of another Member State upon receipt of a notification by the competent authorities of the host country that the bank does not comply with the applicable legal provisions for conduct of banking business in the Member State concerned or with Regulation (EU) No. 575/2013 and where there is a high probability that it will not comply with them. The type and nature of the measures taken shall be communicated without delay to the competent authorities of the host country. When the BNB is informed by the competent authority of a host country of preventive measures taken against the bank and the BNB considers such measures inappropriate, it may refer the matter to the EBA and request consideration thereof under Article 19 of Regulation (EU) No. 1093/2010.

(8) (Amended, SG No. 15/2018, effective 16.02.2018) The BNB shall mandatorily withdraw the licence (authorisation) of a bank for carrying on activity under Article 6, (2) and (3) of the Markets in Financial Instruments Act where the Financial Supervision Commission so requests on a motivated proposal.

(9) In the cases of Paragraph (1) the BNB may furthermore apply the appropriate measures under Paragraph (2) in respect of branches of a bank of a third country and their officers as well as in respect of branches of banks of a Member State and their officers subject to the requirements of Section II.

(10) (Amended, SG No. 70/2013) In case of violation of this Act or the instruments for its application by a financial holding company, a mixed-activity financial holding company or a mixed-activity holding company or a person managing a financial holding company, a mixed-activity financial holding company or a mixed-activity holding company, the BNB may apply measures under Paragraph (2) in respect of the financial holding company, the mixed-activity financial holding company or the mixed-activity holding company as well as in respect of its officers.

(11) The BNB shall cooperate with the competent authorities of Member States concerned in applying the measures under Paragraph (9).

(12) (New, SG No. 22/2014, effective 11.03.2014, supplemented, SG No. 15/2018, effective 16.02.2018) The Bulgarian National Bank may furthermore apply measures under Paragraph (2) upon a violation of the provisions of Regulation (EU) No. 1031/2010 and of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on the transparency of transactions in financing securities 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".

(13) (New, SG No. 27/2014) The Bulgarian National Bank may furthermore apply measures under Paragraph (2) where a probability exists that the bank might breach the provisions of this Act, Regulation (EU) No. 575/2013 and the instruments for their application within the next 12 months.

(14) (New, SG No. 27/2014) The Bulgarian National Bank shall inform the EBA of any permanent prohibition imposed under item 13 of Paragraph (2), including its appeal and the results thereof.

(15) (New, SG No. 77/2018, effective 1.01.2019) The individual administrative acts covered under paragraph 2 shall be subject to appeal before three-judge panel of the Supreme Administrative Court as to their conformity with the law. The Court shall rule on the appeal within 40 days of institution of the respective first-instance or cassation proceedings.

Article 103a. (New, SG No. 27/2014) (1) The Bulgarian National Bank may impose a specific liquidity requirement if, based on the review and the assessment performed in accordance with Article 79c, it considers that not all liquidity-related risks to which the bank is or might be exposed are captured, taking into account:

1. the bank's business model;
2. the bank's liquidity management rules;
3. the results of the supervisory review and the assessment under Article 79c;

4. the systemic liquidity risk threatening the integrity of the financial market.

(2) The Bulgarian National Bank shall impose an additional capital requirement under item 5 of Article 103 (2) where:

1. (amended, SG No. 62/2015, effective 14.08.2015, SG No. 59/2016) a bank does not meet the requirements under Article 73 (1), Paragraphs (1) and (2) of Article 73a or Article 393 of Regulation (EU) No. 575/2013;

2. the risks or elements thereof are not captured by the own funds requirements set out in the ordinance under Article 39 (2) or in Regulation (EU) No. 575/2013;

3. the bank is not expected to sufficiently improve its rules, procedures, arrangements and strategies within an appropriate time-limit as a result of its individual application of other measures;

4. the review under Article 79c or Article 80c (3) and (4) shows that non-compliance with the requirements for application of the respective approach is likely to result in inadequate own funds requirements;

5. there is a probability that the risks may be underestimated regardless of its compliance with the applicable requirements of this Act and Regulation (EU) No. 575/2013;

6. the bank has informed the BNB that the stress test results under Article 377 (5) of Regulation (EU) No. 575/2013 materially exceed its own funds requirement for the correlation trading portfolio.

Article 104. (1) (Amended, SG No. 105/2011, SG No. 27/2014) In the cases where the BNB has applied the measure under Article 103 (2) items 2 or 11 the General Meeting of Shareholders shall be convened by the BNB by an invitation to be announced in the commercial register. In this case Article 223 (1) - (3) and (5) and Article 223a of the Commerce Act as well as the provisions of the bank's Articles of Association regarding the convening of the general meeting shall not apply.

(2) (Amended, SG No. 105/2011) The General Meeting of Shareholders shall be opened and held not earlier than seven days from announcement of the invitation in the commercial register.

(3) Should there be no quorum in the cases of Paragraph (1) a new General Meeting of Shareholders shall be scheduled for the next business day and it shall be valid regardless of the capital represented therein. The date of the new meeting shall be specified in the invitation for the initially planned meeting.

(4) (Amended, SG No. 105/2011, SG No. 27/2014) In the cases under Article 103 (2) item 11 the time limit set by the General Meeting for subscription AND payments effected towards participating interests in the subscribed shares may not exceed 30 days from the date of announcement of the invitation for subscription of shares in the commercial register.

(5) (Amended, SG No. 105/2011, SG No. 27/2014) In the cases under Article 103 (2) item 11 the provision of Article 194 (3) sentence two of the Commerce Act shall not apply and the right of the shareholders under Article 194 (1) and (2) of the Commerce Act shall lapse within 14 days after the announcement in the commercial register of the invitation for subscription of shares.

(6) (Amended, SG No. 27/2014) Where shareholders with qualifying holdings with their activity or influence on the management of the bank have affected its reliability or security or if in the opinion of the BNB they do not have financial means for participation in the increase of the capital up to the amount set by the BNB, the BNB has the right, when applying the measure under Article 103 (2) item 11, to restrict and deprive the shareholders of the bank from their right to participate in the increase of the capital under Article 194 (1) and (2) of the Commerce Act in proportion to their holding.

(7) In the cases of Paragraph (6) the BNB may obligate the bank to increase its capital on condition that the new shares will be purchased by persons and at prices set by the BNB.

(8) (Amended, SG No. 27/2014) Upon application of the measure under Article 103 (2) item 11 as well as in the cases of increasing the capital pursuant to Article 110 AND Article 118 of a bank which is a public company, the provisions of Articles 112 - 112c of the Public Offering of Securities Act shall not apply; in these cases the procedure laid down in the Commerce Act and in this Act shall apply.

Section VII

Conservator

Article 105. (1) Only a natural person may serve as a conservator.

(2) (Supplemented, SG No. 62/2015, effective 14.08.2015) The conservator, in the opinion of the BNB, shall have the qualifications, skills and knowledge necessary for the performance of his or her assigned functions and tasks, and shall meet the requirements of item 1 and items 3 – 9 of Article 11 (1). He shall not be in relationship with the bank concerned or with any debtor thereof which raises a reasonable doubt about his impartiality.

(3) Any persons who have been appointed conservators shall make decisions unanimously and shall exercise the powers thereof jointly, unless the BNB determines otherwise.

(4) (Amended, SG No. 24/2009, effective 31.03.2009) Any conservator shall declare in writing to the BNB the circumstances covered under sentence two in Paragraph (2) and Paragraph (4) of Article 11. Any conservator shall be notify the BNB forthwith of any alteration in any such circumstances.

Article 106. (1) (Amended, SG No. 24/2009, effective 31.03.2009) Any conservator shall be appointed and removed by the BNB and the requirement for issuance of approvals under Article 11 (3) shall not apply.

(2) Apart from the cases covered under Paragraph (3), the period wherefor any bank is managed by conservators may not exceed six months in aggregate. If the licence of the bank is not withdrawn within any such period, the powers of the conservators shall be terminated by the lapse of the period and all bodies of the bank shall be reinstated in the rights thereof.

(3) If the BNB has withdrawn the licence of a bank, the powers of the conservators shall be terminated upon the appointment by the competent court of law of a liquidator or a trustee in bankruptcy, as the case may be.

(4) The BNB may at any time terminate the powers of a conservator and appoint a replacement. The BNB act shall not be subject to appeal.

(5) Upon issuing an act of appointment of a conservator, the BNB shall serve the said act forthwith on the bank concerned and shall cause a notice to be published in at least one national daily.

Article 107. (1) Upon the appointment of conservators, all powers vesting in the bank's Supervisory Board and Management Board or Board of Directors, as the case may be, shall be suspended and shall be exercised by the said conservators, save in so far as the act of appointment thereof does not provide for any limitations.

(2) During the incumbency of the conservators, the General Meeting of Shareholders may be convened solely by the conservators and may pass resolutions on the agenda announced thereby. Under the terms of Articles 109 and 110 herein, the conservators shall exercise the powers of the General Meeting of Shareholders.

(3) The BNB may issue mandatory directions to the conservators in connection with the operation thereof.

(4) The conservators may delegate some of the powers thereof to other persons, including bank officers whereof the powers have been suspended.

(5) The conservators shall be accountable for the operation thereof solely to the BNB and, upon request, shall forthwith submit thereto a report on the performance thereof.

(6) Any actions and transactions effected on behalf and for the account of the bank concerned without prior authorization by the conservators shall be void.

Article 107a. (New, SG No. 24/2009, effective 31.03.2009) (1) With the act for appointing a conservator the BNB may:

1. give him/her the right to approve the decisions of the bodies referred to in Article 107 (1) which have kept their powers; their decisions shall not be valid without the approval of the conservator;
2. specify the deals, activities and transactions that the bank may perform only following a prior permission by the conservator;

(2) In addition to the powers specified in Paragraph (1) the conservator shall be entitled to:

1. access to all documents related to the meetings of the bodies referred to in Article 107 (1);

2. attend the meetings and propose that items are included in the agenda;
3. assign to the specialised internal audit function to carry out inspections in connection with matters specified by him/her.

Article 108. (1) Conservators shall have unlimited access to, and control over, the premises of the bank concerned, the accounting and other documents, the property and subsidiaries of the bank concerned.

(2) At the conservators' request, the prosecuting magistracy and the authorities of the Ministry of the Interior shall be obligated to render assistance for the exercise of the conservators' powers covered under Paragraph (1).

(3) Immediately after appointment thereof, the conservators shall provide for conservation of the assets of the bank by taking all the necessary actions aimed at safeguarding the assets, documents and information of the bank, including:

1. modify the procedures for entering the buildings of the bank and premises;
2. alter passwords for access to the bank's computers and grant access solely to a limited number of employees;
3. issue new type of pass for entry in the premises of the bank to the authorized employees and control access of other employees to such premises.

(4) Conservators shall terminate the powers of all persons who were able to bind the bank concerned or to perform any act whatsoever on behalf and for the account of the bank concerned, and authorize other persons;

(5) Conservators shall inform the correspondent banks, stock registrars and stock transfer agents and the persons managing assets for the account of the bank concerned as well as the third parties concerned of the circumstances under Paragraph (4).

(6) Within five days after the appointment thereof, any conservators shall transmit to each branch of the bank concerned, including its branches in Member States and third countries, and to subsidiaries thereof a transcript of the BNB act of appointment.

(7) Conservators shall suspend the payment of dividend or distribution of capital in another form to shareholders, as well as payments to officers, save as remuneration for work performed under employment contract or services rendered thereby to the bank concerned at the conservators' request.

Article 109. (1) Where the bank's licence has not been withdrawn, the conservators thereof shall have the right to make a decision on the transformation of the bank concerned through merger with or acquisition by another bank, subject to approval by the BNB upon presentation of a permission from the Commission for the Protection of Competition, where granting of such a permission shall be mandatory. In such cases conservators shall exercise all the powers of the General Meeting of Shareholders as set out in the Commerce Act in relation to the transformation thereof.

(2) The BNB shall grant permission under Paragraph (1) solely if it determines that the transformation will not lead to violation of the provisions for conduct of banking business under this Act and the instruments for application thereof by the acquiring or newly established bank, as well as provided all obligations of the bank managed by conservators are assumed upon the transformation.

Article 110. (1) Where the bank's licence has not been withdrawn, the conservators thereof, subject to approval by the BNB, may decide on an increase of the capital by issuing of new shares which the said conservators shall offer to the shareholders. Payments towards any such new shares up to the amount of the issue price thereof shall be made in full within a time limit established by the conservators.

(2) (Amended, SG No. 105/2011) In the cases of Paragraph (1) the provision of Article 194 (3) sentence two of the Commerce Act shall not apply, and the shareholders' right under Article 194 (1) and (2) of the Commerce Act shall lapse within 14 days after announcement in the commercial register of the invitation for subscription of new shares.

(3) Any unsubscribed shares, as well as any shares payments under which have not been effected according to Paragraph (2), shall be offered by the conservators to other persons.

(4) (Amended, SG No. 24/2009, effective 31.03.2009, SG No. 27/2014) Where the licence of a bank has not been withdrawn, which does not satisfy the own funds requirements of Article 39 or Regulation (EU) No. 575/2013, the conservators thereof, subject to approval by the BNB, may decide on an increase of the capital by issuing of new shares and divest the shareholders of the their rights under Article 194 (1) and (2) of the Commerce Act. In such cases the new

shares shall be offered without applying the procedure of Article 194 of the Commerce Act. The persons participating in the increase of the capital shall acquire the new shares provided they obtain approval by the BNB, where such approval is required.

(5) Approval by the BNB under Paragraph (4) is required where:

1. the shareholders of the bank by their acts or influence in management have threatened its stability or soundness, or
2. at BNB discretion, the shareholders of the bank do not have financial means to increase the capital up to the amount determined by the BNB, or
3. at BNB discretion, providing of the opportunity for exercise of the shareholders' rights under Article 194 (1) and (2) of the Commerce Act may prevent or delay, for the purposes of the bank's rehabilitation, the increase of the bank's capital for unacceptable period of time.

Article 111. (1) Conservators may take actions and measures aimed at rehabilitation of the bank concerned, including negotiation with the bank's creditors of reduction, rescheduling and novation of their claims.

(2) Conservators may stop the implementation of resolutions passed by the general meeting or the management bodies of the bank.

(3) (New, SG No. 22/2018) Conservators shall not have the right to delete collateral established by debtors.

Article 112. (1) A conservator shall exercise his powers with the care of sound stewardship. A conservator shall be liable solely for any willfully inflicted detriment.

(2) All employees of the bank concerned shall cooperate with the conservator in the exercise of the powers thereof.

Article 113. Any conservator shall receive for his services a remuneration for the account of the bank concerned to an amount fixed by the BNB.

Article 114. (1) The BNB may appoint a conservator at a branch of a bank having its head office in a third country and in such cases the provisions of this Section shall apply accordingly.

(2) The conservator under Paragraph (1) shall be subject solely to BNB orders.

Section VIII

Special supervision in danger of insolvency

Article 115. (1) (Amended, SG No. 62/2015, effective 14.08.2015) The Bulgarian National Bank may place a bank under special supervision if the following conditions apply:

1. the bank has failed to repay deposits which are due and payable, and the BNB has commenced a determination procedure under Item 2 of Article 20 (1) of the Bank Deposit Guarantee Act, and

2. exercise the powers of a resolution authority under the Recovery and Resolution of Credit Institutions and Investment Firms Act.

(2) (Repealed, SG No. 62/2015, effective 14.08.2015).

(3) (Amended, SG No. 27/2014, SG No. 62/2015, effective 14.08.2015) The time limit for the special supervision shall not exceed one month.

(4) (New, SG No. 62/2015, effective 14.08.2015) In the cases of Article 107, 109, 110 and Articles 115 to 121 herein,

the provisions of the Public Offering of Securities Act shall not apply in respect of any bank which is a public company.

Article 116. (1) In the cases under Article 115 (1) the BNB shall put the bank under special supervision and shall:

1. appoint conservators, where no conservators have been appointed and shall determine their powers;
2. specify the term and conditions of the special supervision.

(2) In the cases under Paragraph (1) the BNB may:

1. reduce the interest on the bank's liabilities to the average market rate;
2. suspend for a specified period in full or in part execution of all or part of its obligations;
3. restrict its activity in full or in part;
4. stipulate conditions and additional requirements to the procedure for disposal with the bank's property;
5. order compulsory increase of its capital, including by depriving existing shareholders of the right to participate in the increase;
6. remove from office the members of the Board of Directors, the Management Board and the Supervisory Board, as the case may be;
7. deprive temporarily from voting right shareholders holding directly or indirectly more than 10 per cent of the voting shares where they have affected the soundness and security of the bank by their actions or influence;
8. order compulsory reduction of the share capital of the bank by the amount of the loss accumulated by the bank.

(3) (New, SG No. 62/2015, effective 14.08.2015) The measure referred to in Item 2 of Paragraph (2) may not provide for a complete blocking of depositors' access to the deposits for a period longer than five working days.

(4) (Renumbered from Paragraph (3), SG No. 62/2015, effective 14.08.2015) The circumstances subject to registration under paragraphs 1 and 2 shall be entered in the commercial register at BNB request.

Article 117. (1) Compulsory reduction of the share capital shall be applied where the loss accumulated by the bank cannot be covered by the general reserves, including retained earnings from previous years.

(2) In the cases covered by Article 116 (2) item 8, a resolution on increasing the capital under the terms of Article 203 of the Commerce Act shall be passed simultaneously with the reduction of the capital. In this case the shareholders of the bank shall lose the right under Article 194 (1) and (2) of the Commerce Act to acquire part of the new shares in proportion to their share in the capital.

Article 118. (1) (Repealed, SG No. 62/2015, effective 14.08.2015).

(2) (Repealed, SG No. 62/2015, effective 14.08.2015).

(3) (Amended, SG No. 24/2009, effective 31.03.2009, repealed, SG No. 62/2015, effective 14.08.2015).

(4) Where the BNB has ordered an increase or reduction of the capital of a bank, the conservator shall exercise the rights of the general meeting and shall determine the conditions, procedure and time limits for subscription of shares and payment of contributions. In these cases the procedure for increasing or reducing the capital laid down in the Articles of Association of the bank shall not apply.

(5) In the cases under Article 116 (2) item 7, the shares held by the shareholder deprived from voting right shall not be counted against the required quorum for holding the General Meeting of Shareholders and passing a resolution thereby.

Article 119. (1) (Amended, SG No. 105/2011) Any actions and transactions effected by the bank in violation of Article 116 (2) items 1 - 4 shall be void after announcement in the commercial register of the BNB decision.

(2) In the cases under Article 116 (2) item 2 execution proceedings, including execution proceedings under the Registered Pledges Act against the property of the bank shall be stopped.

(3) In the cases under Article 116 (2) item 2 the following is allowed:

1. (amended, SG No. 59/2016) performing of obligations which have arisen from payment orders entered in a payment system with settlement finality prior to the putting of the bank under special supervision;
2. execution of payment orders arising from exercise of rights or performance of obligations under financial security agreements where the orders were given before or on the date of putting the bank under special supervision or where the counterparty on the security proves that it has not been aware of the fact that the bank was put under special supervision;
3. execution of netting operations through the payment system;
4. execution of monetary obligations relating to the bank's support or arisen after the date of the special supervision as a result of legal actions performed by the conservators and necessary for the rehabilitation of the bank.

(4) In the cases under Item 2 of Article 116 (2) and for the period in which the BNB has exercised such power it shall be deemed that the bank has not defaulted on the monetary obligations the execution whereof has been stopped.

(5) In the cases under Item 2 of Article 116 (2), the bank shall not bear financial liability for non-performance of the obligations whose execution has been stopped by the special supervision. For the term of the special supervision no default interest and penalty shall be charged on the monetary obligations whose execution has been stopped, and contractual interest on such obligations shall accrue but shall be paid after lifting of the special supervision.

Article 120. (1) Conservators in special supervision have the powers under Section VII and this Section, unless the BNB act of their appointment states otherwise.

(2) Conservators in special supervision may:

1. stop the implementation of resolutions passed by the general meeting or the management bodies of the bank;
2. terminate without notice contracts concluded before the imposition of the special supervision and the bank shall not owe indemnity in the cases where such contracts are unfavourable for the bank and their covenants deviate from effective market conditions.

Article 121. (Amended, SG No. 62/2015, effective 14.08.2015) Within ten days from appointment thereof, conservators in special supervision shall submit to the BNB financial statements and a report on the current state of the bank. They may furthermore propose imposition of the measures under Article 103 (2).

Section IX

(New, SG No. 27/2014, repealed, SG No. 62/2015, effective 14.08.2015)

Plan for restructuring of a bank

Article 121a. (New, SG No. 27/2014, repealed, SG No. 62/2015, effective 14.08.2015).

Chapter Twelve

LIQUIDATION, SALE OF ENTERPRISE AND CLOSING OF A BRANCH

Section I

Voluntary liquidation

Article 122. (1) A resolution on voluntary liquidation of a bank may be passed by the General Meeting of Shareholders

subject to a prior permission by the BNB.

(2) Together with the request for granting a permission under Paragraph (1) the bank shall submit to the BNB a liquidation plan approved by its management body.

(3) A permission shall be granted if the BNB satisfies itself that the bank concerned is solvent and has sufficient liquid assets to pay without delay the obligations thereof to the creditors thereof.

(4) The licence of the bank shall be deemed invalidated upon the granting of the permission by the BNB. The BNB shall take the necessary measures to inform the public of the invalidation thereof.

(5) The BNB may refuse to grant a permission for voluntary liquidation where:

1. it determines that the bank will not be able to pay without deferment or settle otherwise its obligations to the creditors;
2. it determines that the proposed liquidation plan is not in the interest of the bank's creditors;
3. the documents submitted by the bank contain incomplete, misleading or insufficient information;
4. additionally required documents necessary to decide on whether the conditions for granting a permission or for refusal exist have not been submitted within the time limit set.

(6) The terms and procedure for granting a permission for voluntary liquidation shall be laid down in a BNB ordinance.

Article 123. Costs for liquidation shall be:

1. the remuneration of the liquidators;
2. salaries, social security contributions and other payables under employment contracts with employees of the bank in liquidation proceedings;
3. the remuneration of the experts, advisors and attorneys hired by the liquidator in relation to exercise of his powers;
4. other expenses on concluded contracts and activities incurred for the liquidation proceedings.

Article 124. (1) The claims of the depositors of the bank shall be deemed lodged to the liquidator.

(2) The liquidator shall draw up a list of the lodged claims of the creditors of the bank, which shall be made available to them in the premises of the bank.

(3) The liquidator shall distribute the funds received in the liquidation proceedings of a bank in accordance with the terms of Items 1 – 8 of Article 94 (1) of the Bank Bankruptcy Act.

(4) Creditors on claims related to expenses incurred on the liquidation proceedings shall receive payment at maturity and where they have not received payment at maturity, they shall satisfy themselves under the terms of Article 123 (4).

Article 125. (1) Should the liquidator of a bank ascertain in the process of voluntary liquidation that the bank concerned is insolvent within the meaning of Article 36 (2), the liquidator shall move to the BNB to submit a petition in bankruptcy to the court of law. The liquidator shall enclose with any such motion a report and documents certifying the bank's financial position.

(2) The BNB shall check the motion under Paragraph (1).

(3) (Amended, SG No. 62/2015, effective 14.08.2015) If the motion under Paragraph (1) is valid, the Governing Council of the BNB, acting on a motion by the Deputy Governor in charge of the Banking Supervision Department, shall adopt a decision within five working days from the motion under Paragraph (1), whereby the Council shall establish that the bank is in a state of insolvency and shall petition the competent court to institute bankruptcy proceedings.

(4) The court of law shall examine the BNB petition under the terms and according to the procedure laid down in the Bank Bankruptcy Act.

Section II

Compulsory Liquidation

Article 126. The Bank Deposit Guarantee Fund shall appoint liquidators of a bank the licence for conduct of banking business whereof has been withdrawn on the grounds of Article 36 (1).

Article 127. (1) Only a natural person may serve as liquidator in liquidation proceedings of a bank.

(2) The provisions of Article 25 (1) and (2) of the Bank Bankruptcy Act shall apply mutatis mutandis to the liquidator of a bank.

(3) The powers of a liquidator of a bank shall be exercised by at least two persons.

(4) The BNB shall have the right at any time to check compliance with the requirements of Paragraph (2). Should the BNB establish that the liquidator does not meet the requirements, it may file a request to the Bank Deposit Guarantee Fund for his removal.

(5) (Supplemented, SG No. 62/2015, effective 14.08.2015) Should the requirements of this Article be satisfied, conservators of the bank, as well as its temporary or special administrators may also be appointed as liquidators.

(6) The provision of Article 34 of the Bank Bankruptcy Act shall apply, mutatis mutandis, to the liquidator of a bank.

Article 128. (1) The liquidator shall submit to the BNB and the Bank Deposit Guarantee Fund reports and statements whose form, content and time limits shall be set by the Deputy Governor of the BNB heading the Banking Supervision Department.

(2) The liquidator shall deposit the funds received from cashing the bank's property or from collection of the bank's receivables on special accounts in lev, foreign currency respectively.

Article 129. The provisions of Articles 123 and 124 shall furthermore apply to the compulsory liquidation proceedings.

Article 130. (1) Should the Bank Deposit Guarantee Fund or the liquidator of a bank ascertain in the process of compulsory liquidation of a bank that the bank concerned is insolvent within the meaning of Item 2 of Article 36 (2) or that the bank has not settled its due and payable monetary obligations for over 60 days, the Fund/liquidator shall move to the BNB to submit a petition in bankruptcy to the court of law. The Fund/liquidator shall enclose with any such motion a report and documents certifying the bank's financial position.

(2) The BNB shall check the motion under Paragraph (1).

(3) (Amended, SG No. 62/2015, effective 14.08.2015) If the motion under Paragraph (1) is valid, the Governing Council of the BNB, acting on a motion by the Deputy Governor in charge of the Banking Supervision Department, shall adopt a decision whereby the Council shall establish that the bank is in a state of insolvency and shall petition the competent court to institute bankruptcy proceedings.

(4) The court of law shall examine the BNB petition under the terms and according to the procedure laid down in the Bank Bankruptcy Act.

Section III

Sale of a bank enterprise

Article 131. (1) The enterprise of a bank may be sold solely to another bank, provided that the BNB grants a prior approval of the transaction for sale of the enterprise.

(2) Voluntary liquidation proceedings shall be opened in respect of the bank simultaneously with the entry into force of the agreement for sale of the bank enterprise.

(3) Before entering into the agreement for sale of the bank enterprise the bank shall file a request to the BNB for prior

approval of the transaction and for granting a permission under Article 122 (1).

(4) Enclosed to the request under Paragraph (3) shall be a market evaluation of the enterprise of the bank, a draft sale agreement and other documents as laid down in a BNB ordinance.

(5) (Amended, SG No. 105/2011) Upon a sale of a bank enterprise the creditors of the seller bank and the buyer bank shall notify each other through an announcement entered in the commercial register and promulgated in at least two national dailies. In these cases Article 15 (1) sentence two of the Commerce Act shall not apply.

(6) The BNB shall not approve the transaction for sale of the bank enterprise and refuse to grant a permission for voluntary liquidation where:

1. it determines that the buyer bank will not be able to pay on a timely basis or settle otherwise its obligations to the creditors, including the creditors of the seller bank;

2. it determines that the interests of the creditors of the seller and the buyer will not be protected sufficiently in the sale;

3. it determines that the sale will result in the buyer bank breaching the requirements for conduct of banking business under this Act and the instruments for application thereof;

4. the documents submitted by the bank contain incomplete, misleading or insufficient information, or

5. additionally required documents necessary to decide on whether the conditions for granting a permission or for refusal exist have not been submitted within the time limit set.

(7) The liquidator of a bank whose enterprise has been sold shall distribute the proceeds received from the sale among the shareholders of the bank after expiry of the time limit under Article 16a (1) of the Commerce Act.

(8) A bank in liquidation proceedings may be sold as an enterprise or may merge into another bank solely by a permission of the BNB. The BNB shall grant any such permission solely where the obligations of the bank concerned are entirely assumed by the acquiring or absorbing bank and if it determines that the circumstances covered under Paragraph (6) or Article 109 (2) herein exist.

Section IV

Closing of a bank branch

Article 132. (1) Where a bank authorized (licensed) in the Republic of Bulgaria decides to close a branch abroad, it shall notify forthwith the BNB, enclosing a detailed plan of the manner of settling the obligations arisen in relation to the activity of the branch.

(2) The BNB shall determine whether the proposed plan safeguards sufficiently the interests of the bank's creditors abroad and whether it ensures settlement of the relationships therewith within an appropriate time limit. The BNB may make objections against the plan within 30 days from submission thereof and give relevant instructions to the bank.

(3) The bank may commence implementation of the plan upon its approval by the BNB.

(4) The branch may not be closed before all relationships between the bank and the creditors in the respective country have been settled.

(5) Before filing the application for deletion of the branch from the relevant public register, the persons representing the bank shall submit to the BNB a written declaration that all relationships between the bank and the creditors in the respective country, which have arisen in relation to the activity of the branch, have been settled.

(6) The provisions of paragraphs 1 - 5 shall apply, mutatis mutandis, to the cases where a bank from a third country which has been authorized to carry on activity through a branch within the territory of the Republic of Bulgaria decides to close its branch in the Republic of Bulgaria.

Chapter Thirteen

REORGANISATION MEASURES AND WINDING-UP PROCEEDINGS

Section I

General provisions

Article 133. (1) (Amended and supplemented, SG No. 62/2015, effective 14.08.2015) Reorganisation measures shall be the measures against a local or foreign bank taken by the BNB or the competent authorities of another Member State as well as their courts of law against a bank, including its branches in a Member State, intended to preserve and restore its financial situation and which could affect third parties' pre-existing rights, including measures involving the suspension of payments, suspension of execution proceedings or reduction of claims on the bank and other similar measures. Those measures shall furthermore include the application of the resolution tools and the exercise of the resolution powers under the Recovery and Resolution of Credit Institutions and Investment Firms Act or under the relevant applicable law of another Member State.

(2) Winding-up proceedings shall be the measures for liquidation or bankruptcy of a bank authorized (licensed) in the Republic of Bulgaria or another Member State, including in respect of its branches abroad, or compulsory termination of the activity of a branch of a Bulgarian bank in a Member State or a third country, a branch of a bank established in a Member State as well as any other similar procedure relating to termination of the activity and conduct of collective proceedings with the aim of realising the bank's assets and distributing the proceeds thereof, opened and monitored by the competent administrative or judicial authorities of a Member State, including where the proceedings are terminated by a composition or other similar measure.

(3) Within the meaning of this Chapter the shareholders of the bank and its officers shall not be deemed third parties.

(4) (New, SG No. 62/2015, effective 14.08.2015) The measures referred to in Paragraph (1) shall be the measures applied by the BNB and by the competent authorities of another Member State in their capacity as supervisory authorities and resolution authorities.

Section II

Reorganisation measures

Article 134. (1) The BNB shall be the competent body for adoption of reorganisation measures in respect of a bank authorized (licensed) in the Republic of Bulgaria, including its branches within the territory of the Member States. The terms and procedures for appeal against such measures as well as their legal effects shall be governed by the Bulgarian law, save in so far as provided otherwise in this Chapter.

(2) Where the BNB adopts reorganisation measures in respect of a bank which has branches in other Member States, the BNB shall notify promptly the competent authorities of such Member States before implementation of the measures, and should this be impossible, in view of safeguarding the interests of the creditors of the bank, simultaneously with the implementation thereof. The BNB shall specify in the notification the legal and other effects of the application of the measure.

(3) Within two business days from the date of issuance thereof, the BNB acts of implementation of reorganisation measures shall be published in at least two national dailies in the Republic of Bulgaria.

(4) The BNB acts of implementation of reorganisation measures, including the acts of adoption of reorganisation measures for a branch of a bank from a third country, shall be promulgated in summary in the Official Journal of the European Union and in two national newspapers of every Member State in which the bank has a branch. The summary of the act shall be promulgated in Bulgarian and in the languages of the Member States in which the said bank carries on banking activity.

(5) The summary of the act under Paragraph (4) shall contain a description of the legal and factual grounds for the issuance of the act, the name and address of the court of law where it can be appealed as well as the deadline for appeal.

Article 135. (1) Before implementing reorganisation measures in a branch of a bank with head office in a third country, which has branches within the territory of one or more Member States as well, the BNB shall notify the competent authorities of such countries of its intention to implement reorganisation measures in the said branch as well as of the legal and other effects thereof. In the cases where it is impossible to notify in advance the competent supervision authorities, the BNB shall notify them immediately afterwards.

(2) (Amended, SG No. 27/2014) Where the BNB determines that reorganisation measures must be implemented within the territory of the Republic of Bulgaria in respect of a bank from a Member State, the BNB shall notify the competent authorities of the home country thereof.

Article 136. (1) Reorganisation measures implemented by a competent authority of a Member State in respect of a bank authorized in that Member State shall be recognised directly and without further formalities in the Republic of Bulgaria and shall become effective against the branch of the bank carrying on its activity in the Republic of Bulgaria as well as against any third parties in the Republic of Bulgaria once they become effective in that Member State. The legal effects of the reorganisation measures shall be governed by the law of the respective Member State, save in so far as otherwise provided herein.

(2) The persons who administer within the territory of the Republic of Bulgaria reorganisation measures adopted by a competent authority of a Member State shall have the same status and powers which they are entitled to by law to exercise within the territory of that Member State. Such persons shall enforce the Bulgarian law in the realisation of assets of the bank within the territory of the Republic of Bulgaria and in settling relations under employment contracts which have arisen within the territory of the Republic of Bulgaria.

(3) Reorganisation measures implemented by a competent authority of a Member State in respect of a bank authorized in a third country shall be recognised directly and without further formalities in the Republic of Bulgaria and shall become effective against third parties in the Republic of Bulgaria once they become effective in that Member State.

Section III

Winding-up proceedings for a bank

Article 137. (1) The Bulgarian administrative or judicial authorities alone shall be competent to decide on the liquidation or the opening of bankruptcy proceedings concerning a bank authorised (licensed) in the Republic of Bulgaria. The decision of such authorities shall be furthermore effective against the branches of the bank established in other Member States.

(2) Save in so far as otherwise provided in this Act, the Bulgarian legislation shall apply to liquidation or bankruptcy proceedings of a bank authorised (licensed) in the Republic of Bulgaria, including in particular:

1. the goods subject to the proceedings and the treatment of goods acquired by the bank after the opening of the proceedings;
2. the rights of the bank and the powers of its liquidator or trustee in bankruptcy;
3. the conditions under which set-offs may be invoked;
4. the effects of opening the proceedings on current contracts to which the bank is party;
5. the effects of the proceedings on proceedings brought by individual creditors against the bank;
6. the claims which are to be lodged against the bank and the treatment of claims arising after the opening of the proceedings;
7. the rules governing the lodging and admission of claims;
8. the rules governing the distribution of the proceeds of the realisation of assets, the ranking of claims and the rights of creditors of the bank who have obtained partial satisfaction after the opening of bankruptcy proceedings by virtue of a right in re or through a set-off;
9. the conditions for, and the effects of, the closure of bankruptcy proceedings;

10. creditors' rights after the closure of the proceedings;
11. who is to bear the costs and expenses incurred in the proceedings;
12. the rules relating to the voidness, voidability or unenforceability of legal acts detrimental to all the creditors.

Article 138. (1) The BNB shall notify on a timely basis the competent authority of the Member States in which the bank under Article 137 (1) carries on its banking activity through a branch that a compulsory liquidation has been petitioned or the opening of bankruptcy proceedings or that a permission for voluntary liquidation has been granted to said bank.

(2) The BNB shall notify the competent authority under Paragraph (1) of the decision on initiation of liquidation or the opening of bankruptcy proceedings as well as of the legal and other effects arising therefrom.

(3) The procedure for notification under paragraphs 1 and 2 shall furthermore apply to the cases of winding-up of a branch in the Republic of Bulgaria of a bank with headquarters in a third country where said bank has established a branch in another Member State. In these cases the BNB and the competent authority shall coordinate their actions within the proceedings with the competent administrative and judicial authorities in the other host Member States.

Article 139. (1) The decision of the competent administrative or judicial authority on the liquidation, opening of winding-up proceedings concerning a bank authorized in a Member State and carrying on its banking activity within the territory of the Republic of Bulgaria shall be recognised directly and without further formalities in the Republic of Bulgaria and shall be effective in this country once the decision has entered into force and has become effective within the territory of the respective Member State where the proceedings has been opened.

(2) The decision under Paragraph (1) shall be subject to entry by the registered office of the branch in the Republic of Bulgaria. The entry of the decision shall have disclosure effect.

(3) In winding-up proceedings in respect of a bank under Paragraph (1) the law of the Member State in which the bank is authorized shall apply, unless this Act provides otherwise.

Article 140. (1) The liquidator or trustee in bankruptcy of a bank authorised (licensed) in the Republic of Bulgaria with branches in other Member States shall publish in Bulgarian an extract from the decision on the opening of liquidation proceedings in respect of the bank, opening of bankruptcy proceedings, as the case may be, in the Official Journal of the European Union and in at least two national newspapers in each of the Member States where the bank has branches.

(2) The liquidator or trustee in bankruptcy of the bank under Paragraph (1) shall notify and invite in writing the creditors of the bank from other Member States whose addresses are known to lodge their claims, except for the creditors where the legislation of the home State does not require lodgement of the claim and whose claims are regarded as officially admitted by the trustee in bankruptcy or the liquidator.

(3) The invitation to the creditors under Paragraph (2) shall contain information in Bulgarian about:

1. the opening of the liquidation or bankruptcy proceedings of the bank under Paragraph (1);
2. the time limits for lodgment of claims;
3. the requirement for presenting evidence;
4. the body empowered to accept the lodgment of claims or the observations relating to claims and the requirements for lodgment of claims;
5. the consequences from non-lodgment of claims within the prescribed time limits or non-lodgment at all, including the consequences after the closure of the liquidation or bankruptcy proceedings of the bank in the country where it is authorized.

(4) The invitation under Paragraph (2) shall indicate whether creditors whose claims are preferential or secured in need lodge their claims with a view to their recognition, as well as other essential circumstances regarding the claims.

(5) The invitation to be sent to the creditors under Paragraph (2) shall have the following heading: "Invitation to lodge a claim. Time limits to be observed" in all official languages of the European Union. Where observations relating to claims shall be submitted, the invitation shall have the following heading: "Invitation to submit observations relating to a claim. Time limits to be observed" in all official languages of the European Union.

(6) Any creditor under Paragraph (2), including a public authority, shall have the right to lodge claims or to submit written observations relating to claims in the official language or in at least one of the official languages of the respective Member State. In this case the claim in Bulgarian shall be lodged under the following heading "Предявяване на вземане" (Lodgment of a claim).

(7) The liquidator or the trustee in bankruptcy shall have the right to require submission of a translation into Bulgarian of the documents under Paragraph (6).

(8) Unless otherwise provided by this Act, any creditor under Paragraph (2) shall send copies of the documents supporting its claim, if any, and shall specify the nature of the claim, the date on which it arose and its amount, as well as whether he alleges preference, security in re or reservation of title in respect of the claim and what assets are covered by his security.

(9) The claims of all creditors of a bank authorised (licensed) in the Republic of Bulgaria in respect of which liquidation or bankruptcy proceedings has been opened shall be treated in the same way and accorded the same ranking as claims of an equivalent nature regardless of whether they have arisen within the territory of the Republic of Bulgaria or within the territory of other Member States.

(10) The liquidator or trustee in bankruptcy shall keep the creditors of the bank under Paragraph (1) regularly informed, in an appropriate manner, in respect of which liquidation or bankruptcy proceedings are opened, with regard to the progress in the proceedings.

Section IV

Provisions common to reorganisation measures and winding-up proceedings

Article 141. Where reorganisation measures and winding-up proceedings in respect of a bank are implemented the legal effects thereof shall be governed as follows:

1. employment contracts and relationships thereof - by the law of the Member State applicable to the employment contract;
2. contracts conferring the right to make use of or acquire immovable property - by the law of the Member State within the territory of which the immovable property is situated. That law shall determine whether property is movable or immovable.
3. rights in respect of immovable property, a ship or an aircraft subject to registration in a public register - by the law of the Member State under the authority of which the register is kept.

Article 142. (1) The adoption of reorganisation measures or the opening of winding-up proceedings in respect of a bank shall not affect the rights in re of creditors or third parties in respect of tangible or intangible, movable or immovable assets - both specific assets and collections of indefinite assets as a whole - belonging to the bank, which are situated within the territory of another Member State at the time of the adoption of such measures or the opening of such proceedings in respect of the bank concerned.

(2) The rights referred to in Paragraph (1) shall mean in particular:

1. the right to dispose of assets or have them disposed of and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage;
2. the exclusive right to have a claim met, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;
3. the right to demand the assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled;
4. a right in re to the beneficial use of assets.

(3) The right, recorded in a public register and enforceable against third parties, under which a right within the meaning of Paragraph (1) may be obtained, shall be considered a right under Paragraph (1).

(4) Paragraph (1) shall not preclude the actions for voidness, voidability or unenforceability laid down in Item 12 of Article 137 (2).

Article 143. (1) The adoption of reorganisation measures or the opening of winding-up proceedings concerning a bank purchasing an asset shall not affect the seller's rights based on a reservation of title until full payment of the price where at the time of the adoption of such measures or opening of such proceedings the asset is situated within the territory of a Member State other than the State in which the said measures were adopted or the said proceedings were opened

(2) The adoption of reorganisation measures or the opening of winding-up proceedings concerning a bank selling an asset under a contract referred to in Paragraph (1), after delivery of the asset, shall not constitute grounds for rescinding or terminating the sale and shall not prevent the purchaser from acquiring title where at the time of the adoption of such measures or the opening of such proceedings concerning the bank the asset sold is situated within the territory of a Member State other than the State in which such measures were adopted or such proceedings were opened.

(3) Paragraphs 1 and 2 shall not preclude the actions for voidness, voidability or unenforceability laid down in Item 12 of Article 137 (2).

Article 144. (1) The adoption of reorganisation measures or the opening of winding-up proceedings concerning a bank shall not affect the right of creditors to demand the set-off of their claims against the claims of the bank, where such a set-off is permitted by the law applicable to the bank's claim.

(2) Paragraph (1) shall not preclude the actions for voidness, voidability or unenforceability laid down in Item 12 of Article 137 (2).

Article 145. The governing law in respect of reorganisation measures and winding-up proceedings concerning a bank shall be:

1. (amended, SG No. 62/2015, effective 14.08.2015) for the right of ownership or other rights in financial instruments within the meaning of Article 4(1) item 50 "b" of Regulation (EU) No. 575/2013, the existence or transfer of which entails their recording in a register, account or in a centralised depository institution located or kept in a Member State – the law of the Member State where the relevant register, account or centralised depository institution is located or kept;

2. (supplemented, SG No. 62/2015, effective 14.08.2015) for the netting agreements – the law that applies to the agreement which provides for netting in accordance with the provisions of Articles 100 and 103 of the Recovery and Resolution of Credit Institutions and Investment Firms Act or relevant legislation of a Member State;

3. (supplemented, SG No. 62/2015, effective 14.08.2015) for the repurchase agreements – the law that applies to the agreement which provides for reverse repurchase, provided that item 1 is not violated, in compliance with the provisions of Articles 100 and 103 of the Recovery and Resolution of Credit Institutions and Investment Firms Act, or relevant legislation of a Member State;

4. without prejudice to point 1, transactions carried out in the context of a regulated market shall be governed solely by the law of the contract which governs such transactions;

5. a pending lawsuit concerning an asset or a right of which the bank has been divested shall be governed solely by the law of the Member State in which the lawsuit is pending.

Article 146. (1) (Amended, SG No. 27/2014) The administrator of reorganisation measures, liquidator, trustee in bankruptcy or any other competent judicial or administrative authority of the home country shall take all the necessary measures to record the reorganisation measures or the decision to open winding-up proceedings concerning a bank in the respective property register, commercial register and any other public register kept in the Republic of Bulgaria where such registration is mandatory according to Bulgarian legislation.

(2) The costs of registration shall be regarded as costs and expenses incurred in the reorganisation measures or the winding-up proceedings.

Article 147. (1) Article 137 (2) shall not apply as regards the rules relating to the voidness, voidability or unenforceability of legal acts detrimental to the creditors as a whole, where the beneficiary of these acts provides proof that the act detrimental to the creditors as a whole is subject to the law of a Member State other than the home Member

State and that law does not allow any means of challenging that act in the case in point.

(2) Where a reorganisation measure decided on by a judicial authority provides for rules relating to the voidness, voidability or unenforceability of legal acts detrimental to the creditors as a whole performed before adoption of the measure, Article 134 (1) sentence two shall not apply in the cases provided for in Paragraph (1) of this Article.

Article 148. (Amended, SG No. 62/2015, effective 14.08.2015) Where by an act concluded after the adoption of a reorganisation measure or the opening of winding-up proceedings concerning a bank, the bank disposes, for consideration, with an immovable asset, ship or aircraft subject to registration in a public register or with financial instruments within the meaning of Article 4, paragraph 1, subparagraph 50 "b" of Regulation (EU) No. 575/2013 or rights in such instruments the existence or transfer of which presupposes their being recorded in a register, an account or a centralised depository system held or located in a Member State, the validity of that act shall be governed by the law of the Member State within the territory of which the immovable asset is located or under the authority of which that register, account or depository system is kept.

Article 149. All persons required to receive or divulge information in connection with the information or consultation procedures laid down in this Chapter shall be bound by bank and professional secrecy.

Article 150. (1) The decision of the competent authority of a Member State on appointment of a person responsible for the administration of reorganisation measures or winding-up proceedings for a bank authorised in the said Member State shall be effective within the territory of the Republic of Bulgaria. The person's appointment shall be evidenced by a certified transcript of the original decision appointing him, together with a translation in Bulgarian which is not legalised.

(2) The appointed persons under Paragraph (1) shall be entitled to exercise all the powers which they are entitled to exercise within the territory of the home Member State and in respect of the branch within the territory of the Republic of Bulgaria, unless otherwise provided by this Act. They may also assist the creditors of the bank in the Republic of Bulgaria in relation to the exercise of their rights.

(3) In exercising their powers within the territory of the Republic of Bulgaria, the appointed persons under Paragraph (1) shall comply with the Bulgarian law, in particular with regard to procedures for the realisation of assets and the provision of information to employees. Those powers may not include the use of force or the right to rule on legal proceedings or disputes.

Chapter Fourteen

ISSUE OF, AND APPEAL AGAINST, ADMINISTRATIVE ACTS

Article 151. (1) (Amended, SG No. 27/2014, SG No. 97/2017, effective 5.12.2017) Individual administrative acts under this Act shall be issued by the BNB Governing Council on a motion by the Deputy Governor heading the Banking Supervision Department, except for the individual administrative acts under Article 3a, which shall be issued by the Deputy Governor heading the Banking Supervision Department, and under Articles 56 and 56a, which shall be issued by the Deputy Governor heading the Banking Department.

(2) (Supplemented, SG No. 105/2011) Administrative acts under Paragraph (1) shall be motivated and subject to immediate execution and the register proceedings in the commercial register in relation to such acts shall not be subject to stay.

(3) (Supplemented, SG No. 22/2015, effective 24.03.2015) The administrative acts covered under Paragraph (1) shall be subject to appeal before the Supreme Administrative Court as to their conformity with the law. The Court may not stay the execution of an act until pronouncement on the appeal. The Court shall rule on the appeal within one month of institution of the respective first-instance or cassation proceedings.

(4) (Amended, SG No. 62/2015, effective 14.08.2015) In the legal proceedings under Paragraph (3), where a court accounting expert appraisal or court economic expert appraisal is required, the court shall appoint experts from the list approved by the Chairman of the Supreme Administrative Court. The Bulgarian National Bank shall provide the President of the Supreme Administrative Court with information regarding the specialised auditing entities which have audited the annual financial statements of a bank or a branch of a bank in a third country according to the procedure established by Articles 76 and 78 herein during the five previous years. The said entities shall submit to the President of the Supreme

Administrative Court a list of at least two certified public accountants who have participated in the said activities. The President of the Supreme Administrative Court shall endorse a list of expert witnesses, which shall be updated at least once every five years.

(5) In the cases where the BNB has not pronounced on an application for granting of a licence within 6 months from submission of the application and all the required documents and information, an implicit denial shall be deemed to exist, which may be appealed under the procedure of Paragraph (3). An implicit denial shall furthermore exist where the BNB has not pronounced on an application for granting of a license within 12 months of submission thereof.

(6) In the cases where the BNB has not pronounced on an application for granting of a permission within three months from submission of the application and all the required documents and information, an implicit denial shall be deemed to exist, which may be appealed under the procedure of Paragraph (3).

(7) Individual administrative acts hereunder shall be communicated to their addressees by delivery against signature or by registered mail with advice of delivery. Delivery by registered mail with advice of delivery shall be made at the permanent address of the person, if it is a natural person, or at its headquarters and registered address if it is a legal entity.

(8) Where the administrative act is not delivered by one of the means specified in Paragraph (7), it shall be deemed delivered on putting it on a specifically designated place in the BNB premises. This circumstance shall be ascertained by a protocol executed by office holders determined by an order of the Deputy Governor heading the Banking Supervision Department.

Chapter Fifteen

ADMINISTRATIVE PENALTY PROVISIONS

Article 152. (1) (Supplemented, SG No. 22/2014, effective 11.03.2014, amended and supplemented, SG No. 27/2014, supplemented, SG No. 15/2018, effective 16.02.2018) Any person, who commits or suffers another to commit a violation of this Act, Regulation (EU) No. 575/2013, Regulation (EU) No. 648/2012, Regulation (EU) No. 2015/2365 or of any statutory instrument issued for their application or of Regulation (EU) No. 1031/2010, shall be liable to a fine of BGN 1,000 to BGN 4,000, and for repeated violation - BGN 3,000 to BGN 12,000, unless the act constitutes a criminal offence.

(2) (Amended, SG No. 105/2011, supplemented, SG No. 27/2014) If the offender under Paragraph (1) is a bank, a financial holding company or a mixed-activity financial holding company, it shall be liable to a financial penalty of BGN 50,000 to BGN 200,000, and for repeated violation - BGN 200,000 to BGN 500,000.

(3) (Amended, SG No. 105/2011, supplemented, SG No. 27/2014) Should the offender under Paragraph (1) be a legal entity other than a bank, a financial holding company or a mixed-activity financial holding company, it shall be liable to a financial penalty of BGN 5,000 to BGN 20,000, and for repeated violation - BGN 20,000 to BGN 50,000.

(4) (Repealed, SG No. 105/2011).

Article 152a. (New, SG No. 105/2011, repealed, SG No. 59/2016).

Article 152b. (New, SG No. 27/2014) (1) In case of a committed violation under Article 28 (1) or Article 33 (1) or (2) the offender shall be sanctioned:

1. in case of a natural person - with a fine to the BGN equivalent amount of EUR 5 million;

2. in case of a legal entity - with a financial penalty in the amount of up to 10 per cent of the annual turnover, including gross income, comprising interest receivable and other similar income, income from shares and other variable or fixed yield securities income and receivables from commissions and/or fees.

(2) Where the value of the acquired as a result of the violation under Article 28 (1) or Article 33 (1) or (2) may be determined, the person shall be sanctioned with a fine, a financial penalty, respectively, to the double amount of the acquired.

(3) In the cases under Item 2 of Paragraph (1) gross income shall be considered to be the gross income under the consolidated financial statements of the beneficial parent undertaking for the previous year.

Article 152c. (New, SG No. 27/2014) (1) In case of a committed violation under Article 34 (1) and (2), item 3 of Article 36 (1) and the violations referred to in item 8 and items 12 - 16 of Article 103 (1) the offender shall be sanctioned:

1. in case of a natural person - with a fine to the BGN equivalent amount of EUR 5 million;
2. in case of a legal entity - with a financial penalty in the amount of up to 10 per cent of the annual turnover, including gross income, comprising interest receivable and other similar income, income from shares and other variable or fixed yield securities income and receivables from commissions and/or fees.

(2) Where the value of the profit earned or loss avoided may be determined, the person shall be sanctioned with a fine, a financial penalty, respectively, to the double amount of the profit earned or loss avoided.

Article 152d. (New, SG No. 27/2014) (1) The Bulgarian National Bank shall promptly publish at its official website information about all effective written statements imposing sanctions for violations of this Act, Regulation (EU) No. 575/2013 and the instruments for their application, including the type of violation, the offender and the amount of the sanction.

(2) The Bulgarian National Bank shall publish the information under Paragraph (1) in a summarised format should it deem that:

1. the publication of personal data about a natural person on whom a sanction is imposed is excessive;
2. the publication would threaten the stability of the financial markets or pending criminal proceedings;
3. the publication would cause excessive damages to the affected parties.

(3) The publication under Paragraph (1) shall be postponed for an appropriate time limit if there is a probability for the circumstances under Paragraph (2) to drop out.

(4) The published information may be accessed at the official website of the BNB for a period not shorter than 5 years.

(5) The Bulgarian National Bank shall inform the EBA about all imposed administrative penalties under Articles 152, 152b and 152c, including any appeal and results thereof.

Article 153. (1) (Supplemented, SG No. 105/2011, amended and supplemented, SG No. 59/2016, amended, SG No. 20/2018, effective 6.03.2018) Written statements on ascertainment of any violation covered under Article 152, Article 152b and Article 152c herein shall be drawn up by officials authorised by the Deputy Governor heading the Banking Supervision Department within 6 months of the date on which the offender was found, but not later than 5 years after the offense was committed.

(2) Penalty decrees shall be issued by the Deputy Governor heading the Banking Supervision Department. or by an office holder authorized thereby.

(3) The drawing up of written statements, the issue, appeal against, and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

SUPPLEMENTARY PROVISIONS

§ 1. (1) Within the meaning of this Act:

1. "Officer" shall be:

(a) a member of a Supervisory or Management Board (Board of Directors) of a bank;

(b) procurators and the persons whose position, according to the internal structure of the bank, includes performance of functions for management and control over structural units which have direct responsibility for carrying on the principal

business of the bank;

(c) the management of the specialised internal control unit.

2. "Deposit" shall be any amount received upon obligation to repay, unless given:

(a) (amended, SG No. 59/2016) as a credit from a bank;

(b) as liquidated damages or earnest securing performance of a commercial or another transaction;

(c) as advance payment on a contract of sale or on a contract for the provision of a service or another activity and forfeitable in the event of non-performance of the contract;

(d) for any other purposes in cases as specified by the BNB.

3. "Receiving deposits or other repayable funds from the public" shall be receiving deposits or other repayable funds from more than 30 persons which are not banks or other institutional investors. Where bonds or other debt securities are issued under the terms and procedure other than the Public Offering of Securities Act, receiving deposits or other repayable funds from the public shall be deemed to exist where:

(a) bond issues or other debt securities issues have been acquired at the initial offering by more than 30 persons which are not banks or other institutional investors;

(b) this is one of the principal activities of the issuer, and

(c) the issuer grants credits by the nature of trade thereof or provides other financial services by the nature of trade thereof.

4. (Amended, SG No. 24/2009, effective 31.03.2009) "Connected persons" shall be:

(a) spouses, lineal relatives up to any degree, collateral relatives up to the fourth degree of consanguinity inclusive, and relatives by marriage up to the third degree of affinity inclusive;

(b) partners;

(c) any two persons, of whom or of which one participates in the management of the other or in the management of a subsidiary thereof;

(d) any number of persons with one and the same legal or natural person participating in the management or supervisory body thereof, even where the natural person represents a legal person;

(e) a company in respect of a person which or who holds more than 10 per cent of the voting interests or shares issued by the said company;

(f) any two persons, or which or whom one exercises control over the other;

(g) any number of persons, whereof the business is controlled by a third party or by a third party's subsidiary;

(h) any number of persons, who or which jointly control a third party or a subsidiary thereof;

(i) any two persons, of whom or of which one is commercial agent of the other;

4a. (New, SG No. 24/2009, effective 31.03.2009) "Persons acting in agreement" shall be two or more persons for whom or for which, on the basis of the nature of the relationships among them or between any of them and a third party and according to their market behaviour or the business transactions closed between them, it can be reasonably assumed that they exercise or will exercise the rights related to the shares in the bank held by them in line with an explicit or silent agreement with another shareholder. The same is valid for connected persons.

5. (Amended, SG No. 24/2009, effective 31.03.2009, SG No. 94/2010, effective 31.12.2010) "Economically connected persons" shall be two or more persons, which are bearers of common risk, as they are financially (in terms of business) related in such a way that if one of them has financial problems including in connection with financing or repayment of its obligations, it is likely that the other person or all other persons will experience difficulties in the financing of their activities or in the discharging of their obligations (bearers of a shared risk). These are two or more persons connected in one or more of the following manners:

(a) spouses and lineal and collateral relatives up to the second degree of consanguinity;

(b) (repealed, SG No. 94/2010, effective 31.12.2010);

(c) the persons under item 4, letters "c" to "h";

6. (Amended, SG No. 24/2009, effective 31.03.2009, SG No. 27/2014) "Qualifying holding" shall be a concept within the meaning of item 36 of Article 4 (1) of Regulation (EU) No. 575/2013.

6a. (New, SG No. 24/2009, effective 31.03.2009) When the qualifying holding is determined, the following shall be also included:

(a) the voting rights held by a third party with which the person has concluded an agreement for following a stable common policy for company management by joint exercising of the voting rights held by the person and the third party;

(b) the voting rights held by a third party, with which the person has concluded an agreement envisaging their temporary transfer;

(c) the voting rights related to shares, given to the person as a security, provided that the person can control the voting rights related to these shares and has explicitly declared intention to exercise them;

(d) the voting rights related to shares granted for use to the person;

(e) the voting rights which are held or can be exercised in accordance with item 6a, letters "a" - "d" by a company, controlled by the person;

(f) the voting rights related to shares, deposited with the person, which the person can exercise at its own discretion without special instructions from the shareholders;

(g) the voting rights held by third parties on their name but at the expense of the party;

(h) the voting rights which can be exercised by the person in the capacity of proxy, where the person can exercise these rights at its own discretion without special instructions from the shareholders.

6b. (New, SG No. 24/2009, effective 31.03.2009) When the qualifying holding is determined, the following shall not be included:

(a) the shares acquired solely for the purpose of clearing and settlement within the normal settlement cycle, which cannot exceed three business days of the closing of the transaction, as well as shares held by trustees in their capacity provided that the latter can exercise the voting rights related to the shares only upon instructions from the client given in writing or electronically;

(b) the shares held by a market-maker in this capacity, provided that the market-maker has obtained a licence for operating as an investment intermediary, does not participate in the management of the company and does not influence the company to buy the shares or maintain their prices;

(c) (amended, SG No. 27/2014, SG No. 15/2018, effective 16.02.2018) the voting rights or the shares which investment intermediaries or credit institutions might hold as a result of undertaking issues of financial instruments or selling financial instruments on the basis of a fixed commitment, as envisaged in Article 6 (2), item 6 of the Markets in Financial Instruments Act, provided that these rights are not exercised or used in any manner for the purpose of interfering in the management of the issuer and as long as they are transferred within one year following their acquisition.

6c. (New, SG No. 24/2009, effective 31.03.2009) When the qualified holding is determined, the voting rights of the managing company, related to shares included in individual portfolios managed by it in accordance with Article 202 (2), item 1 of the Public Offering of Securities Act, shall not be included in the voting rights of the parent company of the managing company, provided that the managing company exercises these voting rights independently of the parent company. This shall not apply in the cases where the parent company or another company controlled by the parent company has made an investment in voting shares, managed by the managing company, and the managing company does not have the right to exercise these rights at its own discretion but only in accordance with direct or indirect instructions given by the parent company or the other company controlled by the parent company.

6d. (New, SG No. 24/2009, effective 31.03.2009, amended, SG No. 15/2018, effective 16.02.2018) When the qualified holding is determined, the voting rights of an investment firm, authorised to conduct business in accordance with Article 3 of Directive 93/22/EEC of 10 May 1993 on investment services in the securities field, the voting rights being related to shares included in individual portfolios managed by it in accordance with § 1, item 8 of the Additional Provisions of the Markets in Financial Instruments Act, shall not be included in the voting rights of the parent company of the investment firm, provided that the investment firm:

(a) (amended, SG No. 15/2018, effective 16.02.2018) has the right to manage individual portfolios in accordance with Item 4 of Article 6 (2) of the Markets in Financial Instruments Act;

(b) can exercise the voting rights related to the shares only on the basis of instructions given in writing or electronically, or can guarantee that the management of the individual portfolio is performed independently of other services and under conditions equivalent to the conditions specified in Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), by undertaking appropriate steps;

(c) exercises its voting rights independently of the parent company.

6e. (New, SG No. 24/2009, effective 31.03.2009) Item 6d shall not apply in the cases where the parent company or another company controlled by the parent company has made an investment in voting shares, included in an individual portfolio managed by the investment intermediary, and the investment intermediary does not have the right to exercise these rights at its own discretion but only in accordance with direct or indirect instructions given by the parent company or the other company controlled by the parent company.

7. (Amended, SG No. 27/2014) "Control" shall be a concept within the meaning of item 37 of Article 4 (1) of Regulation (EU) No. 575/2013.

8. (Amended, SG No. 27/2014) "Parent undertaking" shall be a concept within the meaning of item 15 of Article 4 (1) of Regulation (EU) No. 575/2013.

9. (Amended, SG No. 27/2014) "Subsidiary" shall be a concept within the meaning of item 16 of Article 4 (1) of Regulation (EU) No. 575/2013.

10. (Amended, SG No. 27/2014) "Close links" shall be a concept within the meaning of item 38 of Article 4 (1) of Regulation (EU) No. 575/2013.

11. "Banking group" shall be in existence where the parent undertaking is a bank and has as subsidiaries other credit institutions and/or financial institutions.

12. (Amended, SG No. 27/2014) "Financial holding company" shall be a concept within the meaning of item 20 of Article 4 (1) of Regulation (EU) No. 575/2013.

12a. (New, SG No. 70/2013, amended, SG No. 27/2014) "Mixed-activity financial holding company" shall be a concept within the meaning of item 21 of Article 4 (1) of Regulation (EU) No. 575/2013.

13. (Amended, SG No. 27/2014) "Mixed-activity holding company" shall be a concept within the meaning of item 22 of Article 4 (1) of Regulation (EU) No. 575/2013.

14. "Distribution of capital" shall be any provision of money or other property of the bank to shareholders thereof with the exception of allotment of new shares issued as a result of increase of capital through capitalisation of profit.

15. "Member State" shall be a country which is a member of the European Union or another country which belongs to the European Economic Space.

16. (Amended, SG No. 27/2014) "Home country" shall be a concept within the meaning of item 43 of Article 4 (1) of Regulation (EU) No. 575/2013.

17. (Amended, SG No. 27/2014) "Host country" shall be a concept within the meaning of item 44 of Article 4 (1) of Regulation (EU) No. 575/2013.

18. "Third country" shall be country other than a Member State within the meaning of item 15.

19. (Amended, SG No. 27/2014) "Competent authority" shall be a concept within the meaning of item 40 of Article 4 (1) of Regulation (EU) No. 575/2013.

20. (Amended, SG No. 27/2014) "Authorisation (licence)" shall be a concept within the meaning of item 42 of Article 4 (1) of Regulation (EU) No. 575/2013.

21. (Amended, SG No. 27/2014) "Ancillary services company" shall be a concept within the meaning of item 18 of Article 4 (1) of Regulation (EU) No. 575/2013.

22. (Amended, SG No. 27/2014) "Branch" shall be a concept within the meaning of item 17 of Article 4 (1) of Regulation (EU) No. 575/2013.

23. (Amended, SG No. 24/2009, effective 31.03.2009) "Financial broking" shall be intermediation in the event of interbank crediting.
24. "Derivative instruments" shall be rights and obligations the value of which is affected directly or indirectly by the price of securities, foreign currencies, goods, interest rates, indices, credit risk evaluation or other similar variable values.
25. "Family" shall comprise spouses, lineal relatives, brothers, sisters, as well as the persons living together permanently.
26. (Amended and supplemented, SG No. 70/2013, repealed, SG No. 27/2014).
27. (Amended and supplemented, SG No. 70/2013, amended, SG No. 27/2014) "EU parent credit institution" shall be a credit institution within the meaning of item 29 of Article 4 (1) of Regulation (EU) No. 575/2013.
28. (Amended and supplemented, SG No. 70/2013, amended, SG No. 27/2014) "Parent financial holding company in a Member State" shall be a concept within the meaning of item 30 of Article 4 (1) of Regulation (EU) No. 575/2013.
- 28a. (New, SG No. 70/2013, amended, SG No. 27/2014) "Parent mixed-activity financial holding company in a Member State" shall be a concept within the meaning of item 32 of Article 4 (1) of Regulation (EU) No. 575/2013.
29. (Amended, SG No. 70/2013, SG No. 27/2014) "EU parent financial holding company" shall be a concept within the meaning of item 31 of Article 4 (1) of Regulation (EU) No. 575/2013.
- 29a. (New, SG No. 70/2013, amended, SG No. 27/2014) "EU parent mixed-activity financial holding company" shall be a concept within the meaning of item 33 of Article 4 (1) of Regulation (EU) No. 575/2013.
30. "Repeated" shall be any violation committed within one year from entry into force of a penal decree imposing a sanction for the same type of violation.
31. (New, SG No. 94/2010, effective 31.12.2010, supplemented, SG No. 70/2013, amended, SG No. 27/2014) "Consolidated supervisor" shall be a concept within the meaning of item 41 of Article 4 (1) of Regulation (EU) No. 575/2013.
32. (New, SG No. 27/2014) "Investment firm" shall be a concept within the meaning of item 2 of Article 4 (1) of Regulation (EU) No. 575/2013.
33. (New, SG No. 27/2014) "Insurance undertaking" shall be a concept within the meaning of item 5 of Article 4 (1) of Regulation (EU) No. 575/2013.
34. (New, SG No. 27/2014) "Reinsurance undertaking" shall be a concept within the meaning of item 6 of Article 4 (1) of Regulation (EU) No. 575/2013.
35. (New, SG No. 27/2014) "Senior management" shall be natural persons exercising executive functions at a bank and who are accountable and report to the management board or the board of directors in relation to its current management.
36. (New, SG No. 27/2014) "Systemic risk" shall be a risk of disturbances in the financial system, which is capable of triggering serious negative effects on the financial system and the real economy.
37. (New, SG No. 27/2014) "Managing company" shall be an asset management company within the meaning of item 19 of Article 4 (1) of Regulation (EU) No. 575/2013.
38. (New, SG No. 27/2014) "Financial sector entity" shall be a concept within the meaning of item 27 of Article 4 (1) of Regulation (EU) No. 575/2013.
39. (New, SG No. 27/2014) "Central counterparty" shall be a concept within the meaning of item 34 of Article 4 (1) of Regulation (EU) No. 575/2013.
40. (New, SG No. 27/2014) "ESCB central banks" shall be a concept within the meaning of item 45 of Article 4 (1) of Regulation (EU) No. 575/2013.
41. (New, SG No. 27/2014) "Central banks" shall be a concept within the meaning of item 46 of Article 4 (1) of Regulation (EU) No. 575/2013.
42. (New, SG No. 27/2014) "Consolidated basis" shall be a concept within the meaning of item 48 of Article 4 (1) of Regulation (EU) No. 575/2013.

43. (New, SG No. 27/2014) "Financial instrument" shall be a concept within the meaning of item 50 of Article 4 (1) of Regulation (EU) No. 575/2013.

44. (New, SG No. 27/2014) "Own funds" shall be a concept within the meaning of item 118 of Article 4 (1) of Regulation (EU) No. 575/2013.

45. (New, SG No. 27/2014) "Operational risk" shall be a concept within the meaning of item 52 of Article 4 (1) of Regulation (EU) No. 575/2013.

46. (New, SG No. 27/2014) "Regulated market" shall be a concept within the meaning of item 92 of Article 4 (1) of Regulation (EU) No. 575/2013.

47. (New, SG No. 27/2014) "Internal approaches" shall be the internal ratings based approach referred to in Article 143 (1), the internal models approach under Article 221, the own estimates approach under Article 225, the advanced measurement approaches under Article 312 (2), the internal models method under Articles 283 and 363, and the internal assessment approach under Article 259 (3) of Regulation (EU) No. 575/2013.

48. (New, SG No. 27/2014) "Consolidated situation" shall be a concept within the meaning of item 47 of Article 4 (1) of Regulation (EU) No. 575/2013.

49. (New, SG No. 27/2014) "Securitisation position" shall be a concept within the meaning of item 62 of Article 4 (1) of Regulation (EU) No. 575/2013.

(2) (Repealed, SG No. 24/2009, effective 31.03.2009).

§ 2. (1) (Previous text of § 2, SG No. 27/2014) Save in so far as otherwise provided by this Act, the functions of the BNB regarding banking supervision shall be discharged by the Deputy Governor heading the Banking Supervision Department, personally and independently or by office holders authorised thereby.

(2) (New, SG No. 27/2014, repealed, SG No. 62/2015, effective 14.08.2015).

§ 3. (Amended, SG No. 59/2016) The arrangements for, and control over, the security of banks shall be regulated by an ordinance of the Minister of the Interior and the Governing Board of the Bulgarian National Bank.

§ 4. (Amended and supplemented, SG No. 94/2010, SG No. 105/2011, SG No. 70/2013, SG No. 27/2014) This Act shall introduce the provisions of Directive 89/117/EEC of the Council on the obligations of branches established in a Member State of credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents, Directive 2000/46/EC of the European Parliament and of the Council on the taking up, pursuit of and prudential supervision of the business of electronic money institutions, Directive 2001/24/EC of the European Parliament and of the Council on the reorganisation and winding up of credit institutions, and Directive 2006/48/EC of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions (recast), of Directive 2009/111/EC of the European Parliament and the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management (OJ, L 302/97 of 17 November 2009), Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ, L 331/120 of 15 December 2010), and of Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate (OJ, L 326/113 of 8 December 2011) and of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

TRANSITIONAL AND FINAL PROVISIONS

§ 5. This Act shall supersede the Banking Act (promulgated, State Gazette No. 52/1997; supplemented, SG No. 15/1998; amended, SG Nos. 21, 52, 70 and 98/1998, Nos. 54, 103 and 114/1999, Nos. 24, 63, 84 and 92/2000, No. 1/2001, Nos. 45, 91 and 92/2002, No. 31/2003, Nos. 19, 31, 39 and 105/2005, Nos. 30, 33 and 34/2006).

§ 6. The banks which have been granted a licence for conduct of banking business under the procedure of the superseded Banking Act (promulgated, State Gazette No. 52/1997; supplemented, No. 15/1998; amended, Nos. 21, 52, 70 and 98/1998, Nos. 54, 103 and 114/1999, Nos. 24, 63, 84 and 92/2000, No. 1/2001, Nos. 45, 91 and 92/2002, No. 31/2003, Nos. 19, 31, 39 and 105/2005, Nos. 30, 33 and 34/2006) shall, within three months of entry into force of this Act, take a decision on modification of their Articles of Association in accordance with this Act and file an application to the BNB on updating their licence. The acts of licence update shall be issued by the BNB Governor.

§ 7. Foreign banks of Member States which have been granted licence for conduct of banking business through a branch in the Republic of Bulgaria before entry into force of this Act shall continue their activity in the country without meeting the requirement for notification under Article 20 (1) and without receiving a notice or waiting expiry of the time limit under Article 21 (2).

§ 8. By-laws issued by the BNB regarding the application of the superseded Banking Act (promulgated, State Gazette No. 52/1997; supplemented, No. 15/1998; amended, Nos. 21, 52, 70 and 98/1998, Nos. 54, 103 and 114/1999, Nos. 24, 63, 84 and 92/2000, No. 1/2001, Nos. 45, 91 and 92/2002, No. 31/2003, Nos. 19, 31, 39 and 105/2005, Nos. 30, 33 and 34/2006) shall remain in force in so far as they do not contravene this Act.

§ 9. (1) The provisions of this Act shall furthermore apply to pre-existing administrative proceedings to the BNB.

(2) Administrative acts issued by the BNB on the superseded Banking Act (promulgated, State Gazette No. 52/1997; supplemented, No. 15/1998; amended, Nos. 21, 52, 70 and 98/1998, Nos. 54, 103 and 114/1999, Nos. 24, 63, 84 and 92/2000, No. 1/2001, Nos. 45, 91 and 92/2002, No. 31/2003, Nos. 19, 31, 39 and 105/2005, Nos. 30, 33 and 34/2006), which were not subject to appeal before court may not be appealed before court under the procedure of this Act.

§ 9a. (New, SG No. 52/2007) Everywhere in the Act the words "Article 54 (2) and (3) of the Public Offering of Securities Act" shall be replaced by "Article 5, (2) and (3) of the Markets in Financial Instruments Act.

§ 10. (1) Pre-existing procurators of a bank upon entry into force of this Act, except those whose authorization refers to the activity of a specific branch, shall be discharged from office should they fail to obtain a certificate under Article 11 (2) within two months from entry into force of this Act.

(2) The BNB shall remove from office the persons under Paragraph (1) if they have not been removed by the relevant body within 30 days after expiry of the term under Paragraph (1).

§ 11. By a decision of the Governing Board of the BNB the restrictions under Items 4 and 5 of Article 11 (1) of this Act, under Item 1 of Article 234 (2) of the Commerce Act and under Items 4 and 13 of Article 25 (1) of the Bankruptcy Act may be lifted for:

1. a member of a management or controlling body of a bank in which the BNB has acquired after 1 October 1995 over 50 per cent of the voting shares, where the person has been elected by the competent body after acquisition by the BNB of said participation, had not been a member of its management or controlling body before that and has been released from liability by the general meeting of shareholders of the bank;

2. a member of a management or controlling body of a bank in which the Bank Consolidation Company AD has held over 50 per cent of the voting shares, where the person has been elected after 1 January 1994 on a proposal from the Bank Consolidation Company AD, had not been a member of the bank's management or controlling body before that and has been released from liability by the general meeting of shareholders of the bank.

§ 12. Credit unions of private farmers set up under the capital fund scheme by virtue of concluded contracts between the government of the Republic of Bulgaria and the European Commission on utilization of grants shall continue operating as

financial institutions within the meaning of this Act and in accordance with a procedure established by the Council of Ministers.

§ 13. The Governing Board of the BNB shall issue ordinances on the application of chapters one, two, three, four, five, seven, nine, ten, eleven, twelve and thirteen.

§ 14. The Commerce Act (promulgated, State Gazette No. 48/1991; amended, No. 25/1992, Nos. 61 and 103/1993, No. 63/1994, No. 63/1995, Nos. 42, 59, 83, 86 and 104/1996, Nos. 58, 100 and 124/1997, Nos. 52 and 70/1998, Nos. 33, 42, 64, 81, 90, 103 and 114/1999, No. 84/2000, Nos. 28, 61 and 96/2002, Nos. 19, 31 and 58/2003, Nos. 31, 39, 42, 43, 66, 103 and 105/2005, No. 38/2006) shall be amended as follows:

1. In Article 187f(3) the word "non-bank" shall be deleted.
2. In chapter twenty nine "Banking transactions":
 - (a) section IV Articles 433 and 434 shall be repealed;
 - (b) section IX Articles 451, 452, 453 and 454 shall be repealed.
3. A new chapter thirty seven with Articles 605 - 606a shall be created:

"Chapter Thirty Seven

CONTRACT FOR RENT OF SAFE DEPOSIT BOX

Definition

Article 605. (1) By the contract of rent of safe deposit box the lessor grants to the lessee for a fixed term against a fee the use of a safe deposit box in secured premises. The safe deposit box shall be used for safeguarding of valuables and securities, other items and documents. Only the lessee shall have access to the safe deposit box.

(2) The contract for rent of safe deposit box may be with declared or undeclared content of the deposited items before the lessor.

(3) The lessor shall not have the right to possess a copy of the key of the safe deposit box delivered to the lessee.

Forbidden items

Article 606. (1) No items threatening the security of the safe deposit box and the lessor as well as items the acceptance of which is prohibited by law may be put in the safe deposit box.

(2) The lessor shall control in appropriate manner compliance with the requirements of Paragraph (1) without detecting the content of the deposited items where it is not declared.

(3) On failure to fulfill the obligation under Paragraph (1) the lessor may break the contract immediately.

Rights of the lessor upon non-payment

Article 606a. (1) Upon breaking of a contract due to non-payment of the agreed fee, the lessor may demand opening and ascertainment of the content of the safe deposit box in the presence of a notary public. Items found in the safe shall remain with the lessor for safeguarding and compensation for the expenses and a fee shall be due to the latter.

(2) For its receivables under the contract the lessor shall have the right to retain the deposited items in the safe deposit box."

4. In Article 655 (2) :

(a) after the words "para. 2" in item 8 the following shall be added: "of this Act or Article 29 (1) items 6 or 7 of the Bank Bankruptcy Act";

(b) item 9 shall be modified as follows:

"9. the measure under Article 65 (2) item 11 of the Banking Act or under Article 103 (2) item 14 of the Credit Institutions Act shall not have been applied to him."

§ 15. The Bank Bankruptcy Act (promulgated, State Gazette No. 92/2002; amended, No. 67/2003, No. 36/2004, Nos. 31 and 105/2005, Nos. 30 and 34/2006) shall be supplemented as follows:

1. In Article 1:

(a) the existing wording shall become Paragraph (1);

(b) Paragraph (2) shall be created:

"(2) The provisions of chapter thirteen of the Credit Institutions Act shall furthermore apply to the bankruptcy proceedings of a bank with branches in Member States."

2. In Article 3 (2) the words "Article 21 (2) of the Banking Act" shall be replaced by "Article 36 (2) of the Credit Institutions Act."

3. In Article 8:

(a) in Paragraph (1) the words "Article 21 (2) of the Banking Act" shall be replaced by "Article 36 (2) of the Credit Institutions Act";

(b) a new Paragraph (2) shall be created:

"(2) Bankruptcy proceedings shall be furthermore opened against a bank in liquidation proceedings in respect of which it has been established under the terms of Art., 125 or Article 130 that it is in a state of insolvency.";

(c) existing Paragraph (2) shall become Paragraph (3);

(d) existing Paragraph (3) shall become Paragraph (4) and the words therein "Article 21 (2) of the Banking Act" shall be replaced with "Article 36 (2) of the Credit Institutions Act" and the word "no" shall be added before the words "later";

(e) existing Paragraph (4) shall become Paragraph (5) the words therein "Article 21 (2) of the Banking Act" shall be replaced with "Article 36 (2) of the Credit Institutions Act".

4. Paragraph (2) of Article 9 shall be amended to read as follows:

"(2) The request of the Central Bank under Paragraph (1) shall specify solely the ground or grounds under Article 36 (2) of the Credit Institutions Act on the basis of which the licence has been withdrawn. In the cases under Article 125 or Article 130 of the Credit Institutions Act the request shall specify solely the ground or grounds for the bank's insolvency on the basis of which the order of the governor has been issued."

5. In Article 11:

(a) in Paragraph (1) the figure "10" is replaced by "15";

(b) new paragraphs 4 and 5 shall be created:

"(4) Shareholders which at the date of withdrawing the licence for banking business held more than 5 per cent of the bank's capital may intervene in the proceeding for examination of the petition of the Central Bank.

(5) Where the act of the Central Bank under Article 9 (3) has entered into force, the court shall open bankruptcy proceedings against the bank.";

(c) Paragraph (6) shall be created:

"(6) In the cases where act of the Central Bank under article 9 (3) has not entered into force due to court appeal thereof, the court shall suspend the proceedings until closure of the administrative legal dispute. Suspension of proceedings shall not preclude imposition of preliminary security measures.";

(d) former paragraphs 4 and 5 shall become paragraphs 7 and 8, respectively.

6. In Article 13 (1) in the wording before item 1 the words "of this Act in connection with Article 21 (2) of the Banking Act" shall be replaced by "and where the conditions of Article 11 (5) exist".

7. In Article 14 at the end shall be added "or if a decision has entered into force on the BNB act under Article 9 (3) to be repealed".

8. In Article 18 (2) the words "the Banking Act" shall be replaced by "the Credit Institutions Act".

9. In Article 21 (1) the words "Article 21 (2) of the Banking Act" shall be replaced by "Article 36 (2) of the Credit

Institutions Act".

10. In Article 56:

(a) in Paragraph (1) the words "bank deposit box" shall be replaced by "safe deposit box";

(b) in Paragraph (2) the words "bank deposit boxes" shall be replaced by "safe deposit boxes";

(c) in Paragraph (3) in the first sentence the words "Bank deposit box which is not vacated" shall be replaced by "Safe deposit box which is not vacated", and in second sentence the word "deposit box" shall be replaced by "safe deposit box".

11. In Article 59 (4) the words "Article 21 (2) of the Banking Act" shall be replaced by "Article 36 (2) of the Credit Institutions Act".

12. In Article 80 (5) after the word "enterprise" a comma is added and the words "from the list under Article 61 (2) of the Banking Act" shall be replaced by "which meets the requirements of Article 76 of the Credit Institutions Act".

§ 16. The Bank Deposit Guarantee Act (promulgated, State Gazette No. 49/1998; amended, Nos. 73, 153 and 155/1998, No. 54/1999, No. 109/2001, Nos. 92 and 118/2002, Nos. 31 and 39/2005) shall be amended and supplemented as follows:

1. Article 5 (1) item 7 shall be amended as follows:

"7. financial institutions under Article 3 of the Credit Institutions Act;"

2. In Article 8 item 2 the words "Paragraph (2)" shall be replaced by "Paragraph (3)".

3. In Article 10 (3) the words "non-bank institutions within the meaning of Article 1 (5) of the Banking Act" shall be replaced by "non-bank financial institutions within the meaning of Article 3 of the Credit Institutions Act".

4. Article 12:

(a) item 9 shall be created in Paragraph (1):

"9. take decisions on acquisition of shares under the terms and according to the procedure of Article 118 (1) of the Credit Institutions Act as well as on transfer thereof.";

(b) in Paragraph (2) the words "Article 52 of the Banking Act" shall be replaced by "Article 62 of the Credit Institutions Act";

(c) a new Paragraph (4) shall be created:

"(4) To make the decisions under Paragraph (1), item 9 the Bulgarian National Bank shall provide the Fund with the necessary information.";

(d) former Paragraph (4) shall become Paragraph (5).

5. In Article 19 the words "Article 21 (2) or Article 65 (2) of the Banking Act" shall be replaced by "the Credit Institutions Act".

6. In Article 20 (3) after the words "Article 65 (2) of the Banking Act" shall be added "or under Article 103 (2) of the Credit Institutions Act".

7. Article 22:

(a) a new Paragraph (2) shall be created:

"(2) The amounts in the Fund may be used for acquisition of shares in a bank in the cases of Article 118 (1) of the Credit Institutions act where the Fund determines that this could prevent higher expenses for payment of amounts under guaranteed deposits.";

(b) former Paragraph (2) shall become Paragraph (3).

§ 17. The Bulgarian National Bank Act (promulgated, State Gazette No. 46/1997; amended, Nos. 49 and 153/ 1998, Nos.

20 and 54/1999, No. 109/2001, No. 45/2002, Nos. 10 and 39/2005, No. 37/2006) shall be amended and supplemented as follows:

1. In Article 13 (1) the words "bank and commercial secret" shall be replaced by "bank, commercial and other legally protected secret".

2. In Article 16:

(a) item 3 shall be amended as follows:

"3. determine the interest, fees and commissions in relation to the bank's activity;"

(b) item 15 shall be amended as follows:

"15. grant, refuse to grant and withdraw licences of banks and electronic money institutions under the terms of the Credit Institutions Act;"

(c) item 16 shall be created:

"16. put banks and electronic money institutions under special supervision under the terms of the Credit Institutions Act;"

3. In Article 20 (3) sentence three shall be deleted.

4. In Article 23:

(a) a new Paragraph (1) shall be created:

"(1) Official secret shall be the information relating to the preparation for production of Bulgarian banknotes and coins; the technical parameters of the sensors for reading of security elements of Bulgarian banknotes and coins; the systems for physical security and the information security of the bank and its subsidiaries; the information on the transportation and security of valuable parcels and other facts and circumstances the unauthorized access to which would affect adversely the interests of the State or any other legally protected interest as determined by the Governor of the Bulgarian National Bank in accordance with Article 26 (3) of the Classified Information Protection Act.";

(b) in Paragraph (2) the words "bank or commercial secret" shall be replaced by "bank, commercial and other legally protected secret".

5. In Article 27:

(a) in Paragraph (1) the words "may be replaced or exchanged" shall be replaced by "the Bulgarian National Bank and the banks shall replace and exchange";

(b) in Paragraph (2) after the word "houses" a comma shall be added and the words "exchange bureaus" shall be replaced by "exchange bureaus and providers of services";

(c) in Paragraph (3) the words "The institutions under Paragraph (2)" shall be replaced by "The Persons under Paragraph (2) as well as the competent government authorities";

(d) a new Paragraph (5) shall be created:

"(5) Banks and providers of services shall separate any Bulgarian banknotes and coins which are not fit for use in the current banknote and coin circulation. They shall not provide to customers such banknotes and coins.";

(e) new paragraphs 6 and 7 shall be created:

"(6) Banks and providers of services shall submit to the BNB banknotes and coins which are not fit for use in the current banknote and coin circulation.

(7) Reproduction of Bulgarian banknotes and coins shall be carried on upon a written consent by the BNB."

(f) former Paragraph (5) shall become Paragraph (8).

6. Article 42 shall be amended as follows:

"Article 42. The Bulgarian National Bank shall comile the balance of payments and shall maintain the monetary and interest statistics as well as the statistics of the financial accounts of the country. To this end, all government and municipal authorities and legal and natural persons shall submit to the BNB information in accordance with the procedure prescribed by it."

7. The heading "Additional Provision" shall be amended as follows" "Additional Provisions".

8. In the additional provisions § 1a shall be created:

"§ 1a. "provider of services" shall be a person carrying on in the nature of trade thereof activities and operations with banknotes and coins, including categorisation, storage, transportation and/or circulation thereof."

§ 18. In the Measures against Money Laundering Act (promulgated, State Gazette No. 85/1998; amended, No. 1/2001, No. 31/2003, Nos. 103 and 105/2005, Nos. 30 and 54/2006) Article 3 (2) item 1 shall be amended as follows:

"1. The Bulgarian National Bank, credit institutions carrying on activity within the territory of the Republic of Bulgaria, financial houses, exchange bureaus and the persons providing services for funds transfer from the country abroad or vice versa, acting on their behalf on behalf of other persons;"

§ 19. The Funds Transfers, Electronic Payment Instruments and Payment Systems Act (promulgated, State Gazette No. 31/2005; amended, No. 99/2005, No. 30/2006) shall be amended and supplemented as follows:

1. Paragraph (3) shall be created in Article 25:

"(3) In execution of cross-border transfers in euro to the amount of up to EUR 50,000 between the Republic of Bulgaria and other country member of the European Economic Space any implementing institution shall apply the same fees and commissions as those applied by it on identical transfers in euro executed in the Republic of Bulgaria."

2. Article 40a shall be created:

"Fees and commissions on cross-border electronic payment transactions

Article 40a. (1) Cross-border electronic payment transactions shall be:

1. cross-border funds transfers effected through EPI except for transfers ordered or executed by persons which effect cross-border transfers and/or cross-border electronic payment transactions as part of their nature of trade;

2. cross-border cash withdrawal through EPI or loading or reduction of monetary value on/from EPI through terminals in the commercial premises of the issuer or a person having entered into a contract for acceptance of the payment instrument.

(2) In effecting cross-border payment transactions in euro up to the amount of EUR 50,000 between the Republic of Bulgaria and other country member of the European Economic Space any person effecting cross-border transfers and/or cross-border electronic payment transactions as part of its nature of trade shall apply the same fees and commissions as those applied by it on identical transfers in euro executed in the Republic of Bulgaria."

3. In Article 60 (3) item 1 the words "with registered address in the Republic of Bulgaria" shall be deleted.

§ 20. The Access to Public Information Act (promulgated, State Gazette No. 55/2000; amended, Nos. 1 and 45/2002, No. 103/ 2005, Nos. 24 and 30/2006) shall be amended as follows:

1. In Article 7 (1) the words "classified information constituting state or" shall be replaced by "classified information or".

2. In Article 37 (1) item 1 the words "information constituting state or official secret" shall be replaced by "information or other protected secret in the cases provided by law".

§ 21. The Act Restricting Administrative Regulation and Administrative Control over Economic Activity Act (promulgated, State Gazette No. 55/2003; corrected No. 59/2003; amended, No. 107/2003, Nos. 39 and 52/2004, Nos. 31 and 87/2005, Nos. 24 and 38/ 2006) in the appendix to Article 9 (1) item 2 point 1 shall be amended as follows:

"1. Banking activity, activity as electronic money institution as well as activity as system operator of payment systems."

§ 22. The Public Offering of Securities Act (promulgated, State Gazette No. 114/1999; amended; Nos. 63 and 92/2000, Nos. 28, 61, 93 and 101/2002, Nos. 8, 31, 67 and 71/2003, No. 37/2004, Nos. 19, 31, 39, 103 and 105/2005, Nos. 30, 33 and 34/2006) shall be amended and supplemented as follows:

1. In Article 54:

(a) in Paragraph (4), item 1 the words "Article 1 (1) of the Banking Act" shall be replaced by the words "Article 2 (1) of the Credit Institutions Act";

(b) in Paragraph (6) the words "under the terms and according to the procedure of the Banking Act" shall be deleted;

(c) in Paragraph (7) the words "which have been granted licence for effecting transactions under the terms and according to the procedure of the Banking Act" shall be deleted.

2. In Article 56a (2) the words "Banking Act" shall be replaced by the "Credit Institutions Act".

3. In Article 77b (1) item 2 the words "Article 21 (2) of the Banking Act" shall be replaced by the words "Article 36 (2) of the Credit Institutions Act".

4. In Article 77o (1) the words "Article 21 (2) or Article 65 (2) of the Banking Act" shall be replaced by the words "the Credit Institutions Act".

5. In Article 173 (2):

(a) in item 2 the words "under the terms and according to the procedure of the Banking Act" shall be deleted;

(b) at the end of item 5 shall be added "or under Article 103 (2) items 14, 19 or 20 of the Credit Institutions Act".

6. Paragraph (2) in § 3 of the transitional and final provisions shall be repealed.

§ 23. The Tax Insurance Procedure Code (promulgated, State Gazette No. 105/2005; amended, Nos. 30, 33 and 34/2006) shall be amended as follows:

1. In Article 143 (4) the words "Article 52 of the Banking Act" shall be replaced by "Article 62 of the Credit Institutions Act".

2. In Article 212 (3) the words "non-bank financial" shall be replaced by "financial" and the words "bank deposit boxes" shall be replaced by "safe deposit boxes".

3. In Article 262 (1) the words "bank deposit boxes" shall be replaced by "safe deposit boxes".

§ 24. The Social Insurance Code (promulgated, State Gazette No. 110/1999, No. 55/2000 - Decision No. of the Constitutional Court of 2000; amended; No. 64/ 2000; Nos. 1, 35 and 41/2001, Nos. 1, 10, 45, 74, 112, 119 and 120/ 2002, Nos. 8, 42, 67, 95, 112 and 114/2003, Nos. 12, 38, 52, 53, 69, 70, 112 and 115/ 2004, Nos. 38, 39, 76, 102, 103, 104 and 105/2005, Nos. 17, 30, 34 and 56/2006) shall be amended and supplemented as follows:

1. At the end of Article 123a (2) item 5 shall be added "or under Article 103 (2) items 14, 19 or 20 of the Credit Institutions Act".

2. In Article 344 (5) the words "Article 65 (2) of the Banking Act", shall be replaced by "Article 103 (2) of the Credit Institutions Act".

§ 25. In the Criminal Code (promulgated, State Gazette No. 26/1968; corrected, No. 29/1968; amended, No. 92/ 1969, Nos. 26 and 27/1973, No. 89/1974, No. 95/1975, No. 3/1977, No. 54/1978, No. 89/1979, No. 28/1982; corrected, No. 31/1982; amended, No. 44/1984, Nos. 41 and 79/1985; corrected, No. 80/1985; amended, No. 89/1986; corrected, No. 90/1986; amended, Nos. 37, 91 and 99/1989, Nos. 10, 31 and 81/1990, Nos. 1 and 86/1991; corrected, No. 90/1991; amended, No. 105/1991, No. 54/1992, No. 10/1993, No. 50/1995, No. 97/1995 - Decision No. 19 of the Constitutional Court of 1995; amended, No. 102/1995, No. 107/1996, Nos. 62 and 85/1997, No. 120/1997 - Decision No. 19 of the Constitutional Court of 1997; amended, Nos. 83, 85, 132, 133 and 153/1998, Nos. 7, 51 and 81/1999, Nos. 21 and 51/2000, No. 98/2000 - Decision No. 14 of the Constitutional Court of 2000; amended, Nos. 41 and 101/2001, Nos. 45 and 92/2002, Nos. 26 and 103/2004, Nos. 24, 43, 76, 86 and 88/2005) in Article 227b (4) the words "Banking Act" shall be replaced by "the Credit Institutions Act".

§ 26. In the Foreign Exchange Act (promulgated, State Gazette No. 83/1999; amended, No. 45/2002, No. 60/2003, No. 36/2004, No. 105/2005, Nos. 43 and 54/2006) in Article 16 (5) the words "Article 64 of the Banking Act" shall be replaced by "Article 80 of the Credit Institutions Act".

§ 27. In the Public Financial Inspection Act (promulgated, State Gazette No. 33/2006) in Article 10 (3) the words "Article 52 (5) item 3 of the Banking Act" shall be replaced by "Article 62 (6) item 5 of the Credit Institutions Act".

§ 28. In the Mortgage Bond Act (promulgated, State Gazette No. 83/2000) in § 2 (3) of the additional provisions the words "Article 41 (2) of the Banking Act" shall be replaced by "Article 73 (3) item 5 of the Credit Institutions Act".

§ 29. The Financial Supervision Commission Act (promulgated, State Gazette No. 8/2003; amended, Nos. 31, 67 and 112/2003, No. 85/2004, Nos. 39, 103 and 105/200, No. 30/2006) shall be amended as follows:

1. In Article 15 (1) the words "Article 65(2) of the Banking Act" shall be replaced by "Article 103 (2) of the Credit Institutions Act".

2. In Article 18 (7) the words "Article 52 of the Banking Act" shall be replaced by "Article 62 of the Credit Institutions Act".

§ 30. In the Corporate Income Tax Act (promulgated, State Gazette No. 115/1997; corrected, No. 19/1998; amended, Nos. 21 and 153/1998, Nos. 12, 50, 51, 64, 81, 103, 110 and 111/1999, Nos. 105 and 108/2000, Nos. 34 and 110/2001, Nos. 45, 61, 62 and 119/2002, Nos. 42 and 109/2003, Nos. 18, 53 and 107/2004, Nos. 39, 88, 91, 102, 103 and 105/2005, Nos. 30 and 34/2006) in § 1, item 47 of the additional provision the words "non-bank financial institutions under the Banking Act" shall be replaced by "financial institutions under the Credit Institutions Act".

§ 31. In the Measures Against the Financing of Terrorism Act (promulgated, State Gazette No. 16/2003; amended, No. 31/2003, No. 19/2005) in § 1 of the additional provision the words "transactions under Articles 1 and 2 of the Banking Act" shall be replaced by "activities under Article 2 (1) and (2) of the Credit Institutions Act".

§ 32. The Protection of Competition Act (promulgated, State Gazette No. 52/1998, No. 112/1998 - Decision No. 22 of the Constitutional Court of 1998; amended, No. 81/1999, No. 28/2002, Nos. 9 and 107/2003, No. 105/2005, No. 37/2006) shall be amended as follows:

1. In Article 23 (1) in the text before letter "a" the word "non-bank" shall be deleted.

2. In Article 24 (5) the word "non-bank" shall be deleted.

§ 33. In Investment Promotion Act (promulgated, State Gazette No. 97/1997; corrected, No. 99/1997; amended, Nos. 29 and 153/1998, No. 110/1999, No. 28/2002, No. 37/2004; corrected, No. 40/2004; amended, No. 34/2006) in Article 12 (2) the word "non-bank" shall be deleted.

§ 34. In the Agricultural Producers Support Act (promulgated, State Gazette No. 58/1998; amended, Nos. 79 and 153/1998, Nos. 12, 26, 86 and 113/1999, No. 24/2000, Nos. 34 and 41/2001, Nos. 46 and 96/2002, No. 18/2004, Nos. 14 and 105/200, Nos. 18, 30 and 34/2006) in Article 35 (2) the words "Banking Act" shall be replaced by "the Credit Institutions Act".

§ 35. The Consumer Protection Act (promulgated, State Gazette No. 99/2005; amended, Nos. 30, 51 and 53/2006) shall be amended as follows:

1. In § 13 item 12, letter "j" of the additional provisions the words "bank deposit boxes" shall be replaced by "safe deposit boxes".

2. (Effective 21.07.2006) In § 34 of the transitional and final provisions the words "Paragraph (2), item 7" shall be replaced by "Paragraph (2), item 8".

§ 36. This Act shall enter into force on the day of entry into force of the EU Treaty of Accession of the Republic of Bulgaria, save for § 35, item 2, which shall enter into force on the day of promulgation of the Act in the State Gazette.

This Act has been adopted by the 40th National Assembly on 13 July 2006 and bears the official seal of the National

TRANSITIONAL AND FINAL PROVISIONS

to the Markets in Financial Instruments

(SG No. 52/2007, effective 1.11.2007)

.....

§ 27. (1) This Act shall come into force on 1 November 2007 with the exception of § 7, item 6, 7, 8, 18, 19, 22 - 24, 26 - 28, 30 - 40, item 44, "b", items 47, 48, item 49, letter "a", items 50 to 62, 67, 68, 70, 71, 72, 75, 76, 77, item 83 "a" and "d", item 85 "and" Item 91, 93, 94, item 98, "a", "aa", second sentence regarding the replacement Subletter "bb", second sentence regarding the replacement Subletter "cc", second sentence regarding the replacement and Subletter "yy", second sentence on the replacement item 99, letter "d" and "e", item 101, "b" and item 102, § 8 § 9, Paragraph (4), letter "a", Items 5 and 7, § 14, item 1 and § 19, which shall enter into force three days after their promulgation in the "Official Gazette".

.....

TRANSITIONAL AND FINAL PROVISIONS

to the Act on Payment Services and Payment Systems

(SG No. 23/2009, effective 1.11.2009)

.....

§ 6. (1) Within three months from the entry into force of this Act the payment service providers, payment system operators and other obligations under the Act are required to comply with the law their activities and relationships with third parties, arising prior to its entry into force.

(2) Payment service providers can use the methods and procedures for the notification referred to in Article 42, para. 1 and Article 43, paragraph 1 and 2 in the notification of the persons with whom they have already concluded framework contracts for the changes in these contracts resulting from this Act.

§ 7. Within three months of the entry into force of this Act BNB updated licenses to companies for cash transfers issued under the repealed Law on Funds Transfers, Electronic Payment Instruments and Payment Systems in accordance with this Act and enter them in the register under Article 17. Updated licenses are issued by the BNB Governor.

§ 8. Within three months of the entry into force of this Act BNB update licenses system operators of payment systems under Article 60 of the repealed Law on Funds Transfers, Electronic Payment Instruments and Payment Systems in accordance with this Act and enter them in the register under Article 81. Updated licenses are issued by the BNB Governor.

§ 9. Apart from the cases referred to in § 7 and 8 companies engaged in any of the payment services under Article 4, within three months from the entry into force of this Act shall submit an application to the Bank for authorization. Company that is not filed within the term of sentence or after the documents have been reviewed by the Bank, refused under Article 14 shall not operate as a payment institution.

§ 10. (Effective from 27.03.2009 - SG No. 23/2009) The BNB Governing Council shall adopt regulations for the application of Chapters second, third, fourth and sixth in the three months following the promulgation of the law in the "State Gazette".

§ 11. The BNB Governing Council adopted an ordinance to determine how the formation of the unique identifier of the Bank's current accounts (IBAN).

.....

§ 21. This Act shall enter into force on 1 November 2009, with the exception of § 10, which shall enter into force on the day of its publication in the "State Gazette".

ACT Amending and Supplementing the Credit Institutions Act
(SG No. 24/2009, effective 31.03.2009)

.....

Additional Provision

§ 34. This Act introduces the provisions of Directive 2007/44/EC of the European Parliament and of the Council of 5 September 2007 amending Council Directive 92/49/EEC and Directives 2002/83/EC, 2004/39/EC, 2005/68/EC and 2006/48/EC as regards procedural rules and evaluation criteria for the prudential assessment of acquisitions and increase of holdings in the financial sector (OJ, L 247/1 of 21 September 2007).

Transitional and Final Provisions

§ 35. The authorisations of banks with headquarters in the Republic of Bulgaria shall be updated within 6 months of the entry into force of this Act on the basis of applications submitted by them to the BNB accompanied by decisions for amendments in their Articles of Incorporation in line with the amendments in Article 2 (2). Authorisations of banks with headquarters in a third country, which conduct business in the Republic of Bulgaria through a branch, shall be updated in accordance with the same procedure following a consideration of the correspondence between Article 2 (2) and the permitted scope of operations of the corresponding bank. The acts for updating the authorisations shall be issued by the Governor of BNB.

§ 36. (1) The financial institutions referred to in Article 3 (2) shall be registered with the BNB within 6 months of the entry into force of this Act.

(2) The requirements of Article 3a (1), item 1 regarding the legal and organisational form shall not apply to the registration of credit unions in the meaning of § 12 of the Transitional and Final Provisions.

§ 37. (1) The administrative proceedings for issuing of permissions under Articles 28 and 31, which have not been closed at the time of entry into force of this Act, shall be completed following the existing procedures.

(2) Persons acting in agreement, with regard to which at the time of entering into force of this Act grounds arise for approval following the procedure of Article 28, shall submit an application within three months. Should this deadline not be met or should an approval be refused, the BNB may apply the measure referred to in item 15 of Article 103 (2).

FINAL PROVISIONS to the amendment
of Act on Bank Deposit Guaranty Bank
(SG No. 44/2009, effective 12.06.2009)

.....

§ 8. This Act shall enter into force on the day of its publication in the "State Gazette" with the exception of § 2 and § 5, Paragraph (1), letter "b", which came into force on September 1, 2009.

SUPPLEMENTARY PROVISIONS

to the Act to Amend and Supplement
the Excise Duties and Tax Warehouses Act

(SG No. 95/2009, effective 1.01.2010)

.....

§ 96. This act shall enter into force on 1 January 2010 save for § 1, § 2, items 1, 3, 4 and 6, § 3 and 4, § 5, items 1 and 4, § 6, 7, 8, 10 and 11, § 13, item 1, letters "b" and "c", § 15 and 16, § 20, item 2, § 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 35, 36, 37, 38, 39, 41, 42, 45, 46, 47, 50, 51, 52, 53, 54, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 78, 81, 82, 86, 87, 88, 90, 91, 92, 93, 94 and 95, which shall enter into force on the day of promulgation of the Act in the State Gazette and § 2, items 2 and 5, § 5, item 3, § 20, item 1, § 34, 43, 44, 48, 77, 79, 80, 83, 84, 85 and 89, which shall enter into force on 1 April 2010.

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Credit Institutions Act

(SG No. 94/2010, effective 31.12.2010)

§ 22. By 31 December 2012 the term under Article 92c (2) shall be 6 months.

.....

TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing the Payment Services and Payment Systems Act

(SG No. 101/2010, effective 30.06.2011)

.....

§ 69. This Act shall enter into force on 30 June 2011 with the exception of:

1. paragraphs 1 - 16, § 41 - 56 and § 62 and 66, which shall enter into force on 30 April 2011;
2. paragraphs 60 and 68, which shall enter into force on 31 December 2010.

TRANSITIONAL AND CONCLUDING PROVISIONS

to the Act on Forfeiture to the Exchequer of Unlawfully Acquired Assets

(SG No. 38/2012, effective 19.11.2012)

§ 3. (1) Within two months after the entry into force of this Act, the National Assembly shall elect and the President and the Prime Minister shall appoint members of the Commission for Forfeiture of Unlawfully Acquired Assets.

(2) The credentials of the members of the Commission for Establishing Property Acquired from Criminal Activity who are incumbent upon the entry into force of this Act shall be terminated upon the election or the appointment, as the case may be, of the members of the Commission for Forfeiture of Unlawfully Acquired Assets.

(3) The assets, liabilities, archives and the other rights and obligations of the Commission for Establishing Property Acquired from Criminal Activity shall pass to the Commission for Forfeiture of Unlawfully Acquired Assets.

(4) The Commission referred to in Paragraph (1) shall adopt the Rules referred to in Article 20 herein within one month after the determination of the composition thereof.

(5) The employment relationships of the employees of the Commission for Establishing Property Acquired from Criminal Activity shall be settled under the terms and according to the procedure established by Article 123 of the Labour Code.

§ 4. The authorities referred to in Article 13 (1) herein, who have been appointed prior to the entry into force of this Act, shall be obligated to take the action necessary for the elimination of incompatibility under Items 1, 3 and 5 of Article 8 (3) herein.

§ 5. Any examinations and proceedings for the forfeiture of assets acquired from criminal activity, which are not completed until the entry into force of this Act, shall be completed under the terms and according to the procedure established by the Criminal Assets Forfeiture Act as hereby superseded.

§ 6. This Act shall furthermore apply to any assets acquired unlawfully prior to the entry into force of the said Act.

§ 7. Within six months after the entry into force of this Act, the National Revenue Agency shall deliver to the Interdepartmental Board for Management of Forfeited Assets the case files of any assets which have been forfeited to the Exchequer according to the procedure established by the Act on Forfeiture to the Exchequer of Assets Acquired from Criminal Activity as hereby superseded and which have not been sold as at the date of entry into force of this Act, for making a decision under this Act.

§ 8. The instruction referred to in Article 30 (2) herein shall be adopted within three months after the entry into force of this Act.

.....
§ 16. This Act shall enter into force six months after the promulgation thereof in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Credit Institutions Act

(SG No. 27/2014, supplemented, SG No. 50/2015)

§ 79. The requirement for disclosure of all elements of the information under Article 70 (6) shall be effective from 1 January 2015, save for the information under items 1 - 3 which shall be disclosed by 1 July 2014.

§ 80. (1) Within six months from entry into force of this Act the financial institutions entered in the BNB register, and which have carried on activities under item 8 of Article 2 (2) and intend to provide one or more investment services and/or carry on one or more investment activities under Article 5 (2) of the Markets in Financial Instruments Act shall submit to the Financial Supervision Commission documents for obtaining a license for conducting business as an investment firm under the Markets in Financial Instruments Act.

(2) The financial institutions under item 8 of Article 2 (2), which are entered in the BNB register and which have carried on and intend to carry on cash exchange operations shall bring their business in line with the Foreign Exchange Act within the time limit under Paragraph (1).

(3) Financial institutions which at the date of entry into force of this Act conduct business under item 10 of Article 2 (2) shall not register at the BNB.

(4) Within six months from entry into force of this Act all registered financial institutions until its entry shall return to the BNB the registration certificates issued thereto and shall re-register at the BNB if they meet the requirements under Article 3a in accordance with a procedure defined in a BNB ordinance.

(5) Pending administrative proceedings for entry of financial institutions at the BNB upon of entry into force of this Act shall be completed in line with the new procedure.

(6) (New, SG No. 50/2015) Financial institutions under paragraphs 1 and 4, which have submitted documents for a licence or re-registration within the legally prescribed period, may carry out their activity until receipt of the licence or registration, as the case may be.

.....
§ 85. Paragraph 43, item 4, § 45, 46 and 47, § 48, item 1, § 49, § 50 regarding Article 87b (4) and (5), and § 67, item 4 shall enter into force on the date on which the liquidity coverage requirement becomes effective with the delegated act to be adopted by the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013.

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend the Law on Consumer Credit

(SG No. 35/2014, effective 23.07.2014)
.....

§ 15. Law shall enter into force three months after its publication in the "State Gazette".

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement to The Tax Insurance Procedure Code

(SG No. 94/2015, effective 1.01.2016)
.....

§ 66. The Credit Institutions Act (promulgated in the State Gazette No. 59 of 2006; amended in No. 105 of 2006, Nos. 52, 59 and 109 of 2007, No. 69 of 2008, Nos. 23, 24, 44, 93 and 95 of 2009, Nos. 94 and 101 of 2010, Nos. 77 and 105 of 2011, Nos. 38 and 44 of 2012, Nos. 52, 70 and 109 of 2013 and Nos. 22, 27, 35 and 53 of 2014 and Nos. 14, 22, 50 and 62 of 2015) shall be supplemented as follows:
.....

§ 71. This Act shall enter into force as from 1 January 2016, excluding § 66, Item 1 in respect of the electronic information system, which shall enter into force as from 1 January 2017.

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement to the Bank Bankruptcy Act

(SG No. 33/2016, effective 26.04.2016)
.....

§ 32. The receiver of a bank subjected to insolvency proceedings shall disclose the list under Article 63, Paragraph 12, item 5 of the Credit Institutions Act within 6 months of the entry into force of this Act.
.....

TRANSITIONAL AND FINAL PROVISIONS

to the Act on Payment Services and Payment Systems

(SG No. 20/2018, effective 6.03.2018)
.....

§ 28. This Act shall enter into force as of the date of its promulgation in the State Gazette, excluding:
.....

3. paragraph 16, item 2, letter "c" of the transitional and final provisions concerning paragraph 8, which shall enter into force on 1 January 2019;

.....
TRANSITIONAL AND FINAL PROVISIONS
to the Act to Amend and Supplement the Credit Institutions Act
(SG No. 51/2018, effective 1.07.2018)

§ 2. The provisions of Article 58, Paragraphs (5) and (6) shall also apply to loan agreements concluded before 1 July 2018, under which a market index such as LIBOR, EURIBOR or SOFIBOR is used as a reference interest rate, unless otherwise agreed.

.....
Annex
to Article 57, Paragraph (3)
(New, SG No. 62/2015, effective 14.08.2015)

DEPOSITOR INFORMATION TEMPLATE
Basic information about the protection of deposits

Deposits in [insert name of bank] are protected by:	Bulgarian Deposit Insurance Fund (BDIF)
Limit of protection:	BGN 196,000 per depositor per bank
If you hold more deposits at the same bank:	All your deposits at the same bank are "aggregated" and the total is subject to the limit of BGN 196,000 ¹
If you hold a joint deposit with other person(s):	The limit of BGN 196,000 applies to each depositor separately ²
Reimbursement period in case of bank's failure:	7 working days ³
Currency of reimbursement:	The amounts of the covered deposits are repaid in Bulgarian leva.
Contact:	Bulgarian Deposit Insurance Fund (BDIF) Address:, Tel:, Fax:, e-mail: contact@dif.bg URL: http://dif.bg
More information:	www.dif.bg
Acknowledgement of receipt by the depositor:	

¹If a deposit is unavailable because a bank is unable to meet its financial obligations, depositors are repaid by the BDIF. The repayment covers at maximum BGN 196,000 per bank. This means that all deposits at the same bank are added up in order to determine the coverage level. If, for instance a depositor holds a savings account with BGN 180,000 and a current account with BGN 40,000, he or she will only be repaid BGN 196,000.

²In case of joint deposits, the limit of BGN 196,000 applies to each depositor. More information can be obtained under the BDIF website: www.dif.bg.

³Reimbursement

The responsible Deposit Guarantee Scheme is:

Bulgarian Deposit Insurance Fund (BDIF)

27 Vladayska St., 1606 Sofia,

Tel: +359 2 953 1217, Fax: +359 2 952 1100

e-mail: contact@dif.bg

URL: <http://dif.bg>.

The BDIF will repay your deposits up to BGN 196,000 within seven working days from the date of the determination under Article 20 (1) of the Bank Deposit Guarantee Act.

Other important information

In general, all depositors, whether natural or legal persons, are covered by Deposit Guarantee Schemes. Exceptions for certain deposits are stated on the website of the responsible Deposit Guarantee Scheme. Your bank will also inform you on request whether certain products are covered or not. If deposits are covered, the bank shall also confirm this on the statement of account.