

State Fund for Guaranteeing the Stability of the State Pension System Act
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99/15.12.2009, effective 1.01.2010

Chapter One

GENERAL PROVISIONS

Subject, objective and status of the Fund

Article 1. (1) This Act shall regulate the status and activity of the State Fund for Guaranteeing the Stability of the State Pension System, hereinafter referred to as "the Fund".

(2) The Fund's objective shall be to ensure and guarantee the sustainability of the state pension system through accumulation, investment and transfer of additional funds to the Pensions Fund of the state social security budget.

(3) The resources of the Fund shall be an independently separated part of the central budget and shall be managed and structured in investment portfolios in accordance with the provisions of this Act.

Chapter Two

BODIES OF THE FUND

Management Board of the Fund

Article 2. (1) The Fund shall be managed by a Management Board. The Management Board shall consist of a Chairperson and 8 members.

(2) The Minister of Finance and the Minister of Labour and Social Policy shall participate by title in the Management Board.

(3) Members of the Management Board shall furthermore be:

1. three representatives of the Ministry of Finance designated by the Minister of Finance;
2. one representative designated by the Minister of Labour and Social Policy;
3. one representative of the nationally represented organisations of employees;
4. one representative of the nationally represented organisations of employers;
5. the Governor of the National Social Security Institute or a representative designated thereby.

(4) (Supplemented, SG 99/2009, effective 1.01.2010) The representatives of the organisations of employees and employers referred to in sub-paragraphs 3 and 4 of paragraph 3

shall be designated by their national-level management bodies in a time period set by the Minister of Finance. Should the national-level management bodies fail to designate the representatives within the period referred to in the preceding sentence, upon proposal by the Minister of Finance, the Council of Ministers shall appoint, based on a one-year rotation principle, the relevant representative organisations under Paragraphs 3, item 3 and 4 which shall be represented in the Management Board.

(5) The Minister of Finance shall be the Chairperson, and the Minister of Labour and Social Policy shall be the Deputy Chairperson of the Management Board.

(6) The members of the Management Board referred to in sub-paragraphs 1 - 4 of paragraph 3 shall have university education in economics or law with a degree not lower than master's and professional experience for not less than 5 years in one of the following areas:

1. banking;
2. finance;
3. financial investment management and trade in securities;
4. accounting.

(7) The members of the Management Board shall be appointed and dismissed by a decision of the Council of Ministers.

(8) The Management Board of the Fund shall meet at least once every two months. The meetings of the Management Board shall be valid, if at least two-thirds of the members are present. The decisions of the Management Board of the Fund shall be made with a simple majority of all its members.

(9) Minutes shall be taken for the Management Board's decisions and they shall be signed by all members present.

(10) The Management Board shall adopt its Rules of Procedure.

(11) The Management Board may use individual experts as consultants and set up committees in support of its functions and adopt rules of procedure for the activity of such committees.

(12) The Council of Ministers shall determine the costs for the remuneration of the Fund's Management Board.

Conflict of interest

Article 3. (1) The following persons may not be members of the Fund's Management Board:

1. persons who have been convicted of premeditated crime of a public nature, unless they have been exonerated;

2. persons who have been members of executive or controlling bodies, or unlimited liability partners in companies that have been closed for bankruptcy with any creditors having been left unsatisfied, notwithstanding whether their rights have been restituted;

3. persons who, in the 5 years preceding the decision on the bankruptcy of a bank or another financial institution, have been members of its managing or controlling body;

4. persons who are spouses or relatives of direct or lateral line up to the third degree including of a member of the Fund's Management Board, or are in actual cohabitation with such a member;

5. persons who are spouses or relatives of direct or lateral line up to the third degree of a member of management or controlling bodies of financial institutions - managers of investment portfolios of the Fund, or are in factual cohabitation with such a member;

6. persons who have been deprived of the right to hold a position of financial responsibility;

7. persons who are non-rehabilitated bankrupt debtors.

(2) The members of the Management Board may not be members of management or controlling bodies or be in labour or employment legal relations with banks or other financial institutions within the meaning of Article 3 of the Credit Institutions Act.

(3) The circumstances under sub-paragraphs 2 - 7 of paragraph 1 and paragraph 2 shall be ascertained by a declaration.

Dismissal of a member of the Management Board

Article 4. (1) A member of the Management Board under Article 2, paragraph 3 shall be dismissed where it is established that:

1. any of the circumstances referred to in Article 3 apply to him/her;

2. he/she has been physically unable to carry out his/her responsibilities for more than 6 months;

3. he/she has been engaged in a serious misconduct;

4. his/her activities impair the Fund's interests;

5. he/she has failed to attend three successive meetings of the Management Board without reasonable grounds.

(2) The establishing of the circumstances under paragraph 1 shall be carried out by the relevant authority under Article 2, paragraphs 3 and 4 and the dismissal of a member of the Management Board shall be done by the Council of Ministers upon a proposal from the Fund's Management Board.

Powers of the Management Board

Article 5. The Management Board shall:

1. approve the long-term investment policy of the Fund;
2. approve a medium-term strategy for investment of the Fund's resources in compliance with law;
3. determine the types, structure, investment policy, investment horizon and parameters for measurement, assessment and control of the yield and risk of investment portfolios;
4. approve criteria for selection of banks in which resources of the Fund may be deposited;
5. approve the requirements to be satisfied by the depository institution of the investment portfolios;
6. make the decision on opening a procedure for selection of managers of the Fund's investment portfolios; approve the criteria, method of assessment and ranking of the managers of the Fund's investment portfolios; examine the draft contracts for management of the Fund's investment portfolios and, upon approval, assign the Minister of Finance to enter into relevant contracts;
7. make a decision on amending, extending or terminating the contracts for management of the Fund's investment portfolios and, upon approval, assign the Minister of Finance to amend, extend or terminate relevant contracts;
8. determine the procedure and time limits for re-balancing of investment portfolios in relation to Article 14, paragraph 11, as well as make decisions on their re-balancing;
9. assign the development of demographic, actuarial, macroeconomic and financial forecasts for the purposes of the Fund's activity;
10. approve forecasts and projections of the level of expected yield and risk of the Fund's investment portfolios for the following budget year and in the medium term;
11. approve projected remuneration costs in relation to the contracts under chapter five and in respect of consultants under Article 8, paragraph 3 for the following budget year;
12. approve an annual report and a report on the activity, current status, the level of realised yield and risk assumed on investment portfolios.

Powers of the Chairperson of the Management Board

Article 6. The Chairperson of the Management Board shall:

1. organise, manage and control the overall activity of the Fund;

2. submit for approval to the Management Board documents and other information relating to the powers of the Management Board under Article 5;

3. monitor the achievement of the objectives set for yield and risk of the investment portfolios and of the Fund as a whole, as well as the compliance with all legal requirements for investment of the Fund's resources;

4. determine and monitor the level of risks assumed on investment portfolios and of the Fund as a whole in compliance with the legal requirements and in accordance with the management contracts signed;

5. implement the decisions of the Management Board;

6. solve any issues beyond the competence of the Management Board.

Disclosure of conflict of interest. Confidentiality

Article 7. (1) Each member of the Management Board shall be obliged to disclose in writing to the Management Board any existing conflict of interest, including any trading, financial or another professional interest which could impair the Fund's interests, its investments and the Fund's investment portfolios.

(2) In fulfilling their obligations, the persons referred to in paragraph 1 shall be obliged to place the Fund's interests before their own interests.

(3) The members of the Management Board shall not participate in the discussion and shall refrain from voting on issues in which their commercial, financial or other professional interests, or those of their families, are involved.

Operative services for the Fund

Article 8. (1) The work of the Chairperson of the Management Board shall be assisted by a specialised unit of the administration of the Ministry of Finance.

(2) The specialised unit referred to in paragraph 1 shall perform the following key functions:

1. draw up draft documents and other information concerning the exercising of the powers of the Chairperson of the Fund's Management Board;

2. monitor the process of investing and managing the Fund's resources in accordance with the long-term investment policy and the mid-term management strategy;

3. perform current monitoring, assessment and control of the yield and risk of investment portfolios and the Fund as a whole, as well as monitor compliance with all legal requirements applying to the management of investment portfolios and the resources of the Fund as a whole;

4. monitor the level of assumed risks of the Fund's investment portfolios and the Fund as a whole in compliance with the legal requirements and in accordance with the management contracts concluded;

5. prepare a projection of the costs for consultants, costs for management of the Fund's investment portfolios and other costs relating to investment of the Fund's resources.

(3) The Minister of Finance may assign to consultants the following tasks, in accordance with criteria and a procedure determined by the Management Board:

1. pre-select financial institutions applying for managers of the Fund's investment portfolios;
2. assist in the development of the Fund's long-term investment policy and the mid-term strategy for investment of the Fund's resources;
3. assist the activities related to the determining of the types, structure, investment policy, investment horizon and parameters for measurement, assessment and control of the yield and risk of the investment portfolios and of the Fund as a whole;
4. draw up a draft procedure for defining the parameters and models for assessment, management, control and monitoring of the risks of investment portfolios and of the Fund as a whole;
5. make a review and analysis of the efficiency of the management of investment portfolios in accordance with the long-term investment policy, the mid-term investment strategy, the legal requirements and the management contracts concluded;
6. forecast the level of expected yield and risk of the investment portfolios and of the Fund as a whole in the medium term;
7. make assessments of the efficiency of the implementation of the investment strategies applied by the Management Board;
8. prepare documents and other information related to his powers under Article 6.

(4) Consultants who are natural persons may not be members of the Fund's Management Board or persons related thereto, or be in employment or official legal relations and be members of a managing or controlling body of a financial institution managing an investment portfolio of the Fund, or related persons thereto. Consultants that are legal entities may not be managers of investment portfolios of the Fund or related persons.

(5) The Management Board shall determine the costs for remuneration of the consultants under paragraph 3.

Administrative services for the Fund

Article 9. Administrative services for the Fund shall be provided by the administration of the Ministry of Finance.

Expenditure on the operative and administrative services

Article 10. (1) The costs for remuneration of the Management Board, of the consultants

under Article 8 and other administrative costs relating to the Fund's activity shall be covered from the budget of the Ministry of Finance.

(2) The remuneration costs for the contracts under chapter five shall be at the expense of the central budget.

Chapter Three

SOURCES OF REVENUES FOR THE FUND

Sources of raising funds

Article 11. (1) the following shall be deducted from the central budget in favour of the Fund:

1. (amended, SG No. 99/2009, effective 1.01.2010) privatisation proceeds reported in the executive budget;

2. twenty five per cent of the executive budget surplus reported for the relevant year;

3. revenues from concessions reported in the executive budget;

4. revenues from other sources determined by law or an act of the Council of Ministers.

(2) The amounts under paragraph 1 shall be transferred to the Fund's account not later than 31 May the following budget year.

(3) The amounts deducted shall be accounted for as transfers between accounts of the central budget and the Fund.

(4) Added to the Fund shall be any realised and non-realised earnings offset by the level of admissible realised and non-realised losses from the investment portfolios, as well as any interest on the Fund's deposits.

(5) The Fund may furthermore acquire financial assets gratuitously.

Chapter Four

ASSETS AND INVESTMENT PORTFOLIOS - STRUCTURE, RULES AND RESTRICTIONS FOR INVESTMENT

Principles of investment

Article 12. The Fund's resources shall be invested in compliance with the principles of reliability, profitability, liquidity and diversification.

Types of Fund's assets

Article 13. (1) The Fund's resources may be invested in:

1. deposits at the Bulgarian National Bank;

2. deposits at banks - not more than twenty percent;

3. shares of issuer companies from EU Member States, which are accepted for trading in regulated securities markets or are traded in multilateral trading facilities in EU Member States, other than the shares under sub-paragraphs 3 and 4 of paragraph 8, which companies have been given an investment grade credit rating for their long-term obligations by an internationally recognised credit rating agency - not more than 70 percent;

4. shares of issuer companies from third countries, which are accepted for trading in regulated securities markets or are traded in multilateral trading facilities, other than the shares under sub-paragraphs 3 and 4 of paragraph 8, which companies have been given an investment grade credit rating for their long-term obligations by an internationally recognised credit rating agency - not more than 30 percent;

5. bonds and other debt securities other than those under sub-paragraphs 1 and 2 of paragraph 8, which have been given an investment grade credit rating by an internationally recognised credit rating agency - not more than 30 percent;

6. money market instruments - not more than 10 percent;

7. other negotiable securities entitling their holder to acquire shares or other securities similar to shares, by means of subscription or substitution of companies under sub-paragraphs 3 and 4 - not more than 10 percent.

(2) The Fund's resources shall be invested in accordance with sub-paragraphs 3 - 7 of paragraph 1 only in liquid financial assets the value of which can be defined accurately at any time.

(3) The Fund may furthermore effect financial transactions aimed at reducing the risk associated with the Fund's investments.

(4) The total market value of the investments under sub-paragraphs 3 - 7 of paragraph 1 in financial instruments issued by one issuer may not exceed 5 percent of the Fund's invested resources.

(5) The total market value of the investments under sub-paragraphs 3 - 7 of paragraph 1 in financial instruments the issuers of which are companies from third countries may not exceed 35 percent of the Fund's invested resources.

(6) The total market value of the investments under sub-paragraphs 3 - 7 of paragraph 1 in financial instruments the issuers of which are banks, electronic money institutions, insurance, pension and pension insurance companies, lease companies, investment intermediaries, investment companies as well as any other company the subject of activity of which is the granting loans and/or trade in and brokerage of securities, may not exceed 40 percent of the Fund's invested resources.

(7) The Fund's resources invested in instruments denominated and payable in euro may not be less than 70 percent.

(8) The Fund's resources may not be invested in:

1. government securities issued by the Bulgarian government;
2. municipal securities issued by Bulgarian municipalities in accordance with the Municipal Debt Act;
3. shares of companies registered in the territory of Bulgaria and any derivative financial instruments related thereto;
4. shares or units in collective investment schemes or contractual funds;
5. immovable property, including through units of joint-stock special purpose vehicles;
6. precious metals and certificates thereon.

(9) The Fund may acquire assets under Paragraph 8 only as a result of collateral or gratuitously.

(10) The assets acquired as a result of collateral under Paragraph 9, as well as the assets under sub-paragraphs 3 - 7 of paragraph 1 which no longer meet the requirements of the law shall be sold within three months from their acquisition in accordance with a procedure determined by the Management Board. Where the sale of such assets cannot be effected within the time limit set at a price equal to or close to their fair value, by a decision of the Fund's Management Board such assets may be held for a longer period.

Structuring the Fund's assets in investment portfolios

Article 14. (1) The assets under Article 13, paragraph 1, sub-paragraphs 2 - 7 shall be structured in investment portfolios.

(2) The number, types of portfolios, their structure, target values, investment horizon and other parameters, including for measurement, assessment and control of the portfolio's yield and risk, the maximum amount of admissible market value loss, the rules and restrictions for the management of investment portfolios shall be determined by the Fund's Management Board.

(3) Some of the assets in the investment portfolios may be derivative financial instruments, provided that such instruments are used for mitigating and controlling risks associated with portfolio investments. In this case, the types of derivative financial instruments, the main risks, the quantitative limits and the selected methods for assessment of the risk associated with such investments shall be indicated along with the risk management rules.

(4) The maximum exposure to derivative financial instruments in any investment portfolio shall be determined by the Fund's Management Board. The exposure shall be calculated taking

into account the current value of the underlying asset, the risk of the counterparty to the transaction involving the derivative financial instrument, future market fluctuations, as well as the required period of time for closing the position.

(5) The amount of the assets under Article 13, paragraph 1, sub-paragraphs 3 - 7 in any investment portfolio may not exceed 90 percent of its total assets.

(6) By a decision of the Fund's Management Board, the investment portfolios defined may be assigned by a contract for management to the financial institutions selected under the procedure of chapter five.

(7) The management of investment portfolios shall be subject to the principle of risk allocation.

(8) The financial institution managing an investment portfolio of the Fund and the depository bank, when acting on behalf of the Fund, may not:

1. sell securities, money market instruments and other financial instruments which are not held in the investment portfolio;

2. invest resources of the Fund in securities issued by them or persons related thereto or persons controlling them.

(9) The financial institution managing an investment portfolio and the depository bank may not pledge assets or be held responsible to its creditors with assets of the Fund's investment portfolio.

(10) The assets under Article 13, paragraph 9 shall be managed through one or several separate portfolios in accordance with a procedure determined by the Management Board. Said assets may not be included in the Fund's investment portfolios under paragraph 1.

(11) Where, as a result of changes in the market conditions or other objective factors, the structure and positions of the investment portfolio result in violation of one or more of the restrictions under Article 13 and this Article, re-balancing of the portfolio shall be effected within a time limit and in accordance with a procedure specified by the Management Board.

Ban on the issue of debt and guarantees

Article 15. (1) The Fund may not issue bonds or other debt securities, take loans and issue guarantees in any form whatsoever.

(2) The Fund's resources may not be used as collateral in favour of other persons, nor may any obligations be assumed directly or indirectly at the expense of the Fund's resources, other than those arising from the main activity of the Fund.

Chapter Five

CONTRACTS FOR MANAGEMENT OF INVESTMENT PORTFOLIOS

Selection of financial institutions as managers of investment portfolios

Article 16. (1) The selection of managers of investment portfolios shall commence by a decision of the Management Board on opening a procedure for selection of managers of investment funds.

(2) The decision under paragraph 1 shall determine the characteristics of the portfolio to be assigned for management, the management conditions and restrictions, the requirements for the persons applying for managers of the portfolio, the management remuneration, the documents to be submitted by the applicants, the place and deadline for filing the proposals and other specific requirements.

(3) The selection of financial institutions as managers of the Fund's investment portfolios shall be carried out in accordance with criteria, method of evaluation and ranking approved by the Fund's Management Board.

(4) Simultaneously with the decision under paragraph 1, the Management Board shall determine the composition of the commission for evaluation of the proposals and the period of its operation.

(5) Members of the commission may be persons possessing the professional qualification and practical experience required for evaluating the proposals, who shall sign a declaration of absence of material interest in the selection of a specific applicant for a manager of an investment portfolio and that they are not related persons with any applicant for a manager of an investment portfolio or with a member of its managing or controlling body.

(6) The provisions of Article 3 shall apply *mutatis mutandis* to the members of the commission.

(7) On the basis of the criteria and method of evaluation, the commission under paragraph 4 shall evaluate and rank the proposals of the applicants for managers of an investment portfolio of the Fund and shall issue a report to the Management Board.

(8) Any documents issued in a foreign language, submitted by the applicants for managers of portfolios, shall be accompanied by a certified translation into the Bulgarian language.

Decision of the Management Board on entering into a contract

Article 17. Based on the report by the commission under Article 16, paragraph 7, the Management Board shall make a decision on the selection of a financial institution as manager of an investment portfolio of the Fund and shall assign the Minister of Finance to enter into a contract.

Entering into a contract for investment portfolio management

Article 18. Based on the decision of the Management Board of the Fund, the Minister of Finance shall enter into a contract for management of an investment portfolio of the Fund.

Content of the contract

Article 19. (1) The contract for management of an investment portfolio of the Fund must indicate:

1. the classes and types of assets in which investments shall be made, in accordance with the provisions of Article 13;

2. the investment horizon;

3. the methods of evaluation of the assets, the method of determining their market value and the portfolio's yield;

4. the maximum amount of the admissible loss of the portfolio's market value;

5. the margins of deviation of expected revenues from sales, maturity dates and yields on assets in the portfolio in the medium term;

6. the parameters and the methods of risk assessment, monitoring and control;

7. the submission of current and periodic information for the purposes of the analysis of the portfolio;

8. the determination of the remuneration for management;

9. audits and checks;

10. the conditions, time limits and rules for portfolio re-balancing;

11. the realisation of assets and transfer of cash flows to accounts of the Fund at the Bulgarian National Bank and the re-investment.

(2) An integral part of the contract shall be:

1. the rules for assessment of the market value and yield of the investment portfolio;

2. the rules for risk management and for compliance with the restrictions on investments in accordance with the provisions of the law and the contract for management concluded; where some of the assets in the portfolio are derivative financial instruments, the rules for risk management shall include the types of derivative financial instruments, the key risks, the quantitative limits and the methods selected for assessment of the risk associated with such investments;

3. the contract for depository services and the rules for determining the remuneration of the depository bank.

Early termination of the contract

Article 20. (1) The contract for management of an investment portfolio of the Fund may be terminated prematurely with at least three-month's notice.

(2) The contract for management of an investment portfolio of the Fund may be terminated unilaterally and with immediate effect by the Minister of Finance where:

1. the requirements of the Fund's Management Board regarding investment portfolio re-balancing are not fulfilled, relating to the general restrictions imposed on the investments of the Fund;

2. the manager of the investment portfolio fails to fulfil his/her obligations under the contract for management with due care or is in breach of legal requirements;

3. the manager of the investment portfolio has deliberately violated the clauses of the contract and acts to the detriment of the assignor.

(3) Any condition of the contract for management which restricts the right of the Minister of Finance under paragraph 2 shall be invalid.

Chapter Six

CURRENT BANK ACCOUNTS OF THE FUND AT THE BULGARIAN NATIONAL BANK, CASH FLOWS AND USE OF RESOURCES

Current bank accounts at the Bulgarian National Bank

Article 21. (1) Temporarily unused current resources of the Fund shall be kept on individual accounts at the Bulgarian National Bank.

(2) The accounts under paragraph 1 shall reflect the cash flows arising from the transfer of resources from the central budget to the Fund, their investment, sale and closing of investment portfolios and bank deposits, as well as reverse transfer of funds to the central budget to finance costs for pensions through the state social security budget.

(3) The balance in the Fund's accounts shall be carried forward as available amount for the following year and shall be used in accordance with the purpose intended.

Admissible operations on the Fund's accounts at the Bulgarian

National Bank

Article 22. (1) The resources of the Fund shall be used only for investment aimed at generating a yield and for the transfer of resources to the state social security budget to cover costs for pensions of the Pensions Fund.

(2) The transfer of resources under paragraph 1 shall be made from the account of the Fund to the central budget, wherefrom the amounts shall be allocated to the state social security budget.

(3) Direct transfer of resources of the Fund to accounts of the state social security fund and direct payments from the Fund's accounts of costs of the state social security fund may not be made.

(4) No payments other than for investment of its resources and transfers under paragraph 2 may be made from the Fund's accounts.

(5) The amounts from the invested resources of the Fund, including the yield generated, may not be diverted to other accounts and for other purposes and payments except for re-investment and transfers under paragraph 2.

(6) For the purpose of optimal management and re-balancing of the investment portfolios of the Fund, the Minister of Finance may order temporary transfers to the Fund's accounts of additional resources from the central budget in excess of the amounts under Article 11, paragraph 2, which shall be returned to accounts of the central budget not later than 31 May of the following year.

Chapter Seven

PLANNING, REPORTING AND PUBLICITY

Planning

Article 23. (1) The long-term investment policy and the medium-term strategy of the Fund under Article 5, sub-paragraphs 1 and 2 shall be updated, examined and adopted by the Council of Ministers annually.

(2) The information under Article 5, sub-paragraphs 10 and 11 shall be an integral part of the report to the draft State Budget of the Republic of Bulgaria Act for the following budget year.

(3) The transfer of Fund's resources to the Pensions Fund of the state social security budget shall be determined by the State Budget of the Republic of Bulgaria Act for the corresponding year.

Reporting

Article 24. (1) The rules and requirements for the central budget reporting shall apply to the Fund's reporting.

(2) For the purposes of reporting the Fund's resources in investment portfolios, the managers of the investment portfolios of the Fund shall prepare periodic and annual reports on the assets, operations and yield on the Fund's resources and other information in accordance with a procedure, manner and time limits set by the Management Board.

(3) The annual report and the report under Article 5, sub-paragraph 12 shall be examined by the Council of Ministers and shall be submitted to the National Assembly as an integral part of the report on the execution of the state budget for the respective year.

Publicity

Article 25. The Ministry of Finance shall publish on its website information about the activity and operations of the Fund, including the documents Article 5, sub-paragraphs 1, 2 and 12, and the decisions for selection of managers of investment portfolios of the Fund and

consultants.

ADDITIONAL PROVISION

§ 1. Within the meaning of this Act:

1. "Internationally recognised credit rating agencies" shall be Standard&Poors, Moody's, Fitch and Japan Credit Rating Agency.

2. "Related persons" shall be:

a) spouses, linear relatives without limitation, lateral relatives up to the fourth degree inclusive and relatives by marriage up to the third degree inclusive;

b) employer and employee;

c) partners;

d) persons, one of which participates in the management of the other or in the other company's subsidiary;

e) persons in the managing and controlling body of which one and the same legal or natural person participates where the natural person represents a legal entity;

f) a company or a person holding more than 5 percent of the stakes or the issued voting shares in the company;

g) persons, one of which exercises control over the other;

h) persons whose activity is controlled by a third party or its subsidiary;

i) persons exercising joint control over a third party or its subsidiary;

j) persons, one of which is a trade representative of the other;

k) persons, one of which has made donation to the other.

3. "Financial institutions" shall be banks and investment intermediaries.

TRANSITIONAL AND FINAL PROVISIONS

§ 2. The assets of the Fund shall furthermore include the funds under § 17 of the transitional and final provisions of the 2008 State Budget of the Republic of Bulgaria Act.

§ 3. Transfers of the Fund's resources to the state social insurance budget may be effected not earlier than 10 years from the entry into force of this Act and shall be in the amount specified in the State Budget of the Republic of Bulgaria Act for the respective year.

§ 4. In the Public Procurement Act (promulgated, SG, No. 28/2004; amended, No. 53/2004, Nos. 31, 34 and 105/2005, Nos. 18, 33, 37 and 79/2006, No. 59/2007 and No. 94/2008) in Article 4, sub-paragraph 3 after the word "debt" a semicolon shall be inserted and the following text shall be added: "the services provided in relation to the management of the assets of the State Fund for Guaranteeing the Sustainability of the State Pension System".

§ 5. The implementation of this Act is assigned to the Minister of Finance.

This Act has been adopted by the 40th National Assembly on 30 October 2008 and bears the official seal of the National Assembly.