LAW ON PUBLIC OFFERING OF SECURITIES

Promulgated State Gazette issue 114 in 1999; amended iss. 63 and 92 in 2000; iss. 28, 61, 93 and 101 in 2002; iss. 8, 31, 67 and 71 in 2003; iss. 37 in 2004; iss. 19, 31, 39, 103 and 105 in 2005; iss. 30, 33, 34, 59, 63, 84 and 86 in 2006; iss. 52, 53, 109 in 2007; iss. 67, 69 in 2008; iss. 23, 24 and 42 in 2009

Title One
GENERAL PROVISIONS
Chapter One
SECURITIES

Art. 1. (Am. – SG, iss. 61 in 2002) (1) This law shall govern:

1.(Am. – SG, iss. 52 in 2007) the public offering of securities, the issue and disposal of dematerialized securities including outside of the cases of public offering, as well as the restrictions on the disposal of securities issued by non-public offering;

2. (Am. – SG, iss. 86 in 2006, iss. 52 in 2007) the activities of the Central Depository, of the investment and management companies, and the conditions for carrying out such activities.

3. requirements for public companies and other issuers of securities;

4. (Am. – SG, iss. 39 in 2005) requirements for persons that manage and control persons under item 2 and 3, as well as towards persons holding 10 or more than 10 per cent of the votes in the general assembly of persons under item 2 and 3;

5. (Am. – SG, iss. 86 in 2006) the state supervision for ensuring compliance with this law.

(2) The goal of this law is to:

1. (Am. – SG, iss. 86 in 2006) provide protection of investors in securities including ensuring that they have greater knowledge about the capital market;

2. (Am. – SG, iss. 86 in 2006) create prerequisites for development of a fair, transparent and efficient capital market;

3. (Am. – SG, iss. 86 in 2006) maintain the integrity and the public confidence in the capital market.

(3) (New – SG, iss. 86 in 2006, am. iss. 52 in 2007) This Law shall not apply for the issue, acquisition, payment and transactions with government securities, the registration systems and settlement thereof, the regulation of the government securities and the control over trades with them, as well as for the other financial transactions, executed with the purpose of the national debt's management.

Art. 2. (1) (Am. – SG, iss. 61 in 2002; iss. 39 in 2005; iss. 86 in 2006, iss. 52 in 2007) Securities are transferable rights registered on accounts with the Central Depository, and for the government securities – registered on accounts with the Bulgarian National Bank or with a sub-depository of government securities or in a foreign institutions, pursuing such business (dematerialized securities) or documents evidencing transferable rights (materialized securities) which may be dealt in on the capital market, excluding instruments of payment, such as:

1. equity shares in companies and other securities, equivalent to equity shares in equity companies, personal companies and other legal entities, as well as depository receipts for equity shares;

2. bonds and other debt securities, including depository receipts for such securities;

3. other securities, giving the right to acquire or dispose of any such securities or which result in cash settlement, determined by means of securities, exchange rates, interest rates or profitability, commodities or other indexes or indicators.

(2) For the purposes of this law debt securities express transferable claims against the issuer of the securities stemming from funds or other property rights lent to that issuer for an income fixed in advance or to be determined in the future. Debt securities may also express other rights where this is not contrary to the law.

(3) (Am. – SG, iss. 86 in 2006) For the purposes of this law equity securities means:

1. shares in companies;

2. other securities equivalent to shares in companies;

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

(4) (New – SG, iss. 86 in 2006) Non-equity securities means all securities that are not equity securities within the meaning of para 3.

Art. 3. Public offering shall be forbidden:

1. of materialised securities except for cases specially stipulated by law;

2. of dematerialised securities whose transfer is subject to restrictions or special conditions

Art. 4 (1) (Am. – SG, iss. 61 in 2002; iss. 86 in 2006) Public offering of securities is the providing of information for offering of securities addressed to 100 and more persons, or to an indefinite circle of persons in any form and by any means, containing sufficient data about the terms of the offer and the securities to be offered, so as to enable the investor to decide to purchase or subscribe to these securities. The offering of securities through an investment intermediary shall also be considered a public offering, provided that if satisfies the conditions under the preceding sentence.

(2) Public offering also exists where the offering of securities involves a person who is neither an investment intermediary, nor holder of the securities.

(3) (Am. – SG, iss. 61 in 2002; iss. 86 in 2006) Public offering is not in place where securities are offered in cases of liquidation, execution court procedures or bankruptcy procedures in accordance with proceedings laid down in law;

Art. 5. (1) (Prev. Art. 5 – SG, iss. 61 in 2002) Initial public offering is an offering under the provisions of Art. 4:

1. securities to be subscribed by their issuer or authorized by it investment intermediary (subscription), or

2. securities for initial sale by an investment intermediary according concluded with their issuer underwriting agreement.

3. (Am. – SG, iss. 39 in 2005, cancelled iss. 86 in 2006).

(2) (New – SG, iss. 61 in 2002, cancelled iss. 86 in 2006)

Art. 6. (Am. - SG, iss. 61 in 2002, am., iss. 86 in 2006, cancelled iss. 52 in 2007).

Art. 7. (Am. - SG, iss. 86 in 2006, am., cancelled iss. 52 in 2007).

Chapter Two
FINANCIAL SUPERVISION COMMISSION

Art. 8. (Am. – SG, iss. 61 in 2002) (1) (Am. – SG, iss. 8 in 2003; iss. 39 in 2005; iss. 86 in 2006) The regulation of and the supervision over the persons, activities and transactions provided in Art. 1, para 1 shall be performed by the Financial Supervision Commission, hereinafter referred to as "the Commission", as well as by the deputy chairman in charge of Investment Activity Supervision Division, hereinafter referred to as the "deputy chairman".

(2) (Am. – SG, iss. 39 in 2005) In performing its functions the Commission must adopt clear and consistent decisions, be transparent and responsible for its actions, as well as estimate the burden of the regulatory restrictions and the expected benefit from them and promote fair competition.

Art. 9. (Am. – SG, iss. 61 in 2002, cancelled – SG, iss.8 in 2003).

Art. 10. (Am. – SG, iss. 61 in 2002, cancelled – SG, iss.8 in 2003).

Art. 11. (Cancelled – SG, iss.8 in 2003).

Art. 12. (Cancelled – SG, iss.8 in 2003).

Art. 13. (Am. – SG, iss. 61 in 2002, cancelled – SG, iss.8 in 2003).

Art. 14. (Cancelled – SG, iss.8 in 2003).

Art. 15. (Am. – SG, iss. 61 in 2002, cancelled – SG, iss.8 in 2003).

Art. 16. (Am. – SG, iss. 61 in 2002, cancelled – SG, iss.8 in 2003).

Art. 16a. (New – SG, iss. 61 in 2002, cancelled iss. 8 in 2003).

Art. 17. (Am. – SG, iss. 61 in 2002, cancelled – SG, iss.8 in 2003).

Art. 18. (Am. – SG, iss. 61 in 2002, cancelled – SG, iss.8 in 2003).

Art. 19. (Am. – SG, iss. 61 in 2002, cancelled – SG, iss.8 in 2003).

Title Two
REGULATED SECURITIES MARKETS
Chapter Three
STOCK EXCHANGE
Division I
Formation and Management

Art. 20. (Am. and suppl. – SG, iss. 61 in 2002, suppl., iss.71 in 2003, am., iss.39 in 2005, cancelled – iss. 52 in 2007).

Art. 21. (Am.- SG, iss.86 in 2006, in effect from 28 October 2006, cancelled – iss. 52 in 2007).

Art. 22. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007)

Art. 23. (Suppl. – SG, iss. 86 in 2006, in effect from 28 October 2006, cancelled – iss. 52 in 2007)

Art. 24. (Cancelled – iss. 52 in 2007)

Art. 25. (Cancelled – iss. 52 in 2007)

Art. 26. (Am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007)

Art. 27. (Am. – SG, iss. 61 in 2002, iss. 39 in 2005, iss. 86 in 2006, cancelled – iss. 52 in 2007)

Division II
Issuing and Withdrawal of License

Art. 28. (Am. – SG, iss. 61 in 2002, am. and suppl. iss. 39 in 2005, cancelled – iss. 52 in 2007)
Art. 29. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007)
Art. 30. (Cancelled – iss. 52 in 2007)
Art. 31. (Am. and suppl. iss. 39 in 2005, iss. 34 in 2006, cancelled – iss. 52 in 2007)
Art. 32. (Cancelled – iss. 52 in 2007)
Art. 33. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007)
Art. 34. (Am. and suppl. iss. 39 in 2005, cancelled – iss. 52 in 2007)
Art. 35. (Am. iss. 39 in 2005, cancelled – iss. 52 in 2007)
Art. 36. (Am. and suppl. iss. 39 in 2005, iss. and suppl., iss. 34 in 2006, cancelled – iss. 52 in 2007)

Division III
Membership and Stock Exchange Arbitration

Art. 37. (Cancelled – iss. 52 in 2007)
Art. 38. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007)
Art. 39. (Cancelled – iss. 52 in 2007)
Art. 40. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007)
Art. 41. (Cancelled – iss. 52 in 2007)
Art. 42. (Cancelled – iss. 52 in 2007)
Art. 43. (Cancelled – iss. 52 in 2007)

Chapter Four
UNOFFICIAL SECURITIES MARKET

Art. 44. (Am. – SG, iss. 39 in 2005, iss. 86 in 2006, cancelled – iss. 52 in 2007).
Art. 45. (Cancelled – iss. 52 in 2007).
Art. 46. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007).
Art. 47. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007).
Art. 48. (Cancelled – iss. 52 in 2007).
Art. 49. (Am. – SG, iss. 39 in 2005, iss. 34 in 2006, cancelled – iss. 52 in 2007).
Art. 50. (Cancelled – iss. 52 in 2007).
Art. 51. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007).
Art. 52. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007).
Art. 53. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007).

Title Three
TRANSACTIONS IN SECURITIES
Chapter Five
INVESTMENT INTERMEDIARIES

Division I
General Provisions

Art. 54. (Am. – SG, iss. 61 in 2002, am. – iss. 39 in 2005 in effect as of 1 Jan. 2006, iss. 59 in 2006, suppl., iss. 86 in 2006, iss. 25 in 2007, cancelled – iss. 52 in 2007).

Art. 55. (Am. – SG, iss. 39 in 2005, in effect as of 1 Jan., 2006) (1) (Cancelled – iss. 52 in 2007).

(2) (Cancelled – iss. 52 in 2007).

(3) (Cancelled – iss. 52 in 2007).

(4) (Am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

(5) (Am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

(6) (Am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

(7) (Am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

(8) (In effect from 3 July, 2007 till 1 Nov., 2007 – SG, iss. 52 in 2007) on request of the European Commission, the Commission shall limit or suspend for a period of three months the issue of authorizations to perform services and activities under Art. 54 para 2 and 3 on the territory of the Republic of Bulgaria by a legal entity from a third country. By decision of the Council of the European Union the period under sentence one may be extended.

(9) (In effect from 3 July, 2007 till 1 Nov., 2007 – SG, iss. 52 in 2007) Paragraph 8 shall not apply with regard to a subsidiary of an investment intermediary that has obtained an authorization to pursue business within the European Union, or with regard to a subsidiary of such subsidiary.

Art. 56. (Am. – SG, iss. 61 in 2002, am. – iss. 39 in 2005 in effect as of 1 Jan., 2006; iss. 25 in 2007, cancelled – iss. 52 in 2007)

Art. 56a (New – SG, iss. 39 in 2005, am., iss. 59 in 2006, cancelled – iss. 52 in 2007).

Art. 57. (Cancelled – iss. 52 in 2007).

Art. 58. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007).

Art. 59. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007).

Art. 60. (Am. and suppl. – SG, iss. 39 in 2005, am., iss. 25 in 2007, cancelled – iss. 52 in 2007).

Art. 61. (Cancelled – iss. 52 in 2007).

Division II
Issuing and Withdrawal of License

Art. 62. (Am. – SG, iss. 39 in 2005, suppl., iss. 86 in 2006, am. and suppl., iss.25 in 2007, cancelled – iss. 52 in 2007).

Art. 63. (Am. and suppl.– SG, iss. 39 in 2005, iss. 25 in 2007, cancelled – iss. 52 in 2007).

Art. 64. (Am. – SG, iss. 39 in 2005, suppl., iss. 86 in 2006, am. and suppl., iss.25 in 2007, cancelled – iss. 52 in 2007).

Art. 65. (Am. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007).

Art. 66. (Am. and suppl. – SG, iss. 39 in 2005, cancelled – iss. 52 in 2007).

Art. 67. (Am. – SG, iss. 39 in 2005, iss. 34 in 2007, cancelled – iss. 52 in 2007).

Art. 68. (Am. and suppl. – SG, iss. 39 in 2005, am., iss. 84 in 2006, am. and suppl., cancelled – iss. 52 in 2007).

Art. 68a. (New – SG, iss. 61 in 2002, am., 39 in 2005, cancelled – iss. 52 in 2007).

Art. 68b. (New – SG, iss. 61 in 2002, am., 39 in 2005, cancelled – iss. 52 in 2007).

Art. 69. (Am.– SG, iss. 61 in 2002, iss. 8 in 2003, iss. 39 in 2005, cancelled – iss. 52 in 2007).

Division IIa

(New – SG, iss. 39 in 2005 in effect as of the date of coming into force of the Treaty of Accession of the Republic of Bulgaria to the European Union)

Pursuing of Business by Investment Intermediaries in a Member State

(Title – am. SG, iss. 86 in 2006)

Art. 69a. (Am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Art. 69b. (Cancelled – iss. 52 in 2007)

Art. 69c. (Am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Art. 69d. (Prev. item 69c - SG, am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Art. 69e. (New – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Division II b

(New – SG, iss. 39 in 2005 in effect as of the date of coming into force of the Treaty of Accession of the Republic of Bulgaria to the European Union)

Pursuing of Business in the Republic of Bulgaria by Investment Intermediaries with Registered Office in a Member State

(Title am. – SG, iss. 86 in 2006)

Art. 69f. (Prev. item 69d - SG, am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Art. 69g. (Prev. item 69e - SG, am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Art. 69h. (Prev. item 69f - SG, am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Art. 69i. (Prev. item 69g - SG, am. – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Art. 69j. (New – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Art. 69k. (New – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Art. 69l. (New – SG, iss. 86 in 2006, cancelled – iss. 52 in 2007).

Division III

Requirements for the Business of Investment Intermediaries

Art. 70. (Am.- SG, iss.39 in 2007, cancelled – SG, iss.52 in 2007).

Art.71. (1) (Cancelled – SG, iss.52 in 2007).

(2) (Am. - SG, iss.39 in 2007. Cancelled – SG, iss.52 in 2007).

(3) (Cancelled – SG, iss.52 in 2007).

(4) (Cancelled – SG, iss.52 in 2007).

(5) (Am.- SG, iss.39 in 2007, cancelled – SG, iss.52 in 2007)

(6) The court may order disclosure of information under para 5 also upon the request of:

1. (Cancelled – SG, iss.52 in 2007)

2. (New – SG, iss. 63 in 2006, cancelled – SG, iss.52 in 2007)

3. (Am. – SG, iss. 105 in 2005, prev. item 2, iss. 63 in 2006, cancelled – SG, iss.52 in 2007)

4. (New – SG, iss. 19 in 2005, prev. item 2a., iss. 63 in 2006, cancelled – SG, iss.52 in 2007)

5. (Am. – SG, iss. 92 in 2000; iss. 33 in 2006, prev. item 3, iss. 63 in 2006, cancelled – SG, iss.52 in 2007)

6. (Am. – SG, iss. 63 in 2000, prev. item 4, iss. 63 in 2006, cancelled – SG, iss.52 in 2007)

7. (New – SG, iss. 52 in 2007; am. iss. 69 in 2008) the Director of General Prejudicial Proceedings Directorate – for the purposes of the investigation on an initiated criminal procedure;

8. (New – SG iss. 52 in 2007 in effect from 3 July, 2007 till 1 Nov., 2007) the Director of the National Security Service – when that is necessary for protection of the national security.

(7) (Cancelled – SG, iss.52 in 2007).

(8) (New - SG, iss.105 in 2006, cancelled – SG, iss. 52 in 2007)

(9) (New – SG, iss. 52 in 2007, in effect from 3 July, 2007 till 1 Nov., 2007; am. iss. 69 in 2008) On written request of the Director of the National Investigation Service, of the National Security Service or of the Commissioner General of the Ministry of Interior, the investment intermediaries shall provide information about the cash and the transactions effected under the accounts of the companies having over 50 per cent state and/or municipal participation.

(10) (New – SG, iss. 52 in 2007 in effect from 3 July, 2007 till 1 Nov., 2007) In case of available data about organized criminal activity or about money laundering, the Prosecutor General or authorised by him Deputy may demand form the investment intermediaries to provide the data under para 2.

Art. 71a. (New - SG, iss. 25 in 2007, cancelled – SG, iss.52 from 2007)

Art. 72. (Cancelled – SG, iss.52 from 2007)

Art. 73. (Cancelled – SG, iss.52 from 2007)

Art. 74. (Am. - SG, iss. 39 in 2005, Am. - SG, iss. 25 in 2007, cancelled – SG, iss. 52 in 2007).

Art. 74a. (New - SG, iss. 39 in 2005, am. - SG, iss.34 in 2006, iss. 86 in 2006, cancelled - SG, iss. 52 in 2007).

Art. 74b. (New - SG, iss. 86 in 2006) (1) (Am. - SG, iss. 25 in 2007, cancelled - SG, iss.52 in 2007).

(2) (Am. - SG, iss. 25 in 2007, cancelled - SG, iss.52 in 2007).

(3) (Cancelled - SG, iss. 52 from 2007).

(4) (Cancelled- SG, iss. 52 in 2007).

(5) (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007 till 1 Nov., 2007) The deputy chairman within 1 month after the notification under para 4 may issue a ban on execution of the acquisition or disposal under para 1-3 if he/she has established that the provisions of the law were not complied with, the applicant filed false data or documents with wrong contents, the stable management and integrity of the investment intermediary is jeopardized or the interests of the investment intermediary's clients have not been secured in some other way. If he/she fails to issue a ban within the term under sentence one, the deputy chairman may set a term within which the acquisition or disposal to be done.

(6) (Cancelled - SG, iss.52 in 2007)

(7) (Cancelled - SG, iss.52 in 2007)

(8) (New - SG, iss. 52 in 2007 in effect from 3 July, 2007 till 1 Nov., 2007) On request of the European Commission, the consideration of the notifications under para 5 for acquisition, directly or indirectly, of qualifying holding by a parent undertaking, which is regulated by the legislation of a third country, shall be limited or suspended for a period of three months. By decision of the Council of the European Union the period under sentence one may be extended.

Art. 74c (New – SG, iss. 86 in 2006, am. – SG, iss. 25 in 2007, cancelled - SG, iss. 52 in 2007)

Art.74.d (New – SG, iss. 39 in 2005, prev. Art. 74b, iss. 86 in 2006, cancelled - SG, iss. 52 in 2007)

Art. 75. (Am. - SG, iss. 61 in 2002, am. iss. 39 in 2005, am. iss. 86 in 2006, cancelled - SG, iss. 52 in 2007)

Art.76. (Am. – SG, iss. 39 in 2005, cancelled - SG, iss. 52 in 2007)

Art. 76a. (New – SG, iss. 39 in 2005; am. issue 86 in 2006, cancelled - SG, iss. 52 in 2007)

Art. 76b. (New – SG, iss. 39 in 2005, cancelled - SG, iss. 52 in 2007)

Art. 77. (Am. – SG, iss. 86 in 2006, cancelled - SG, iss. 52 in 2007)

Division IV
(New – SG, iss. 39 in 2005)
Investor Compensation

Art.77a. (New – SG, iss. 39 in 2005) (1) (Am. – SG, iss. 52 in 2007) Investor Compensation Fund is established, hereinafter referred to as „the Fund", as a legal entity with its head office in Sofia.

(2) The Fund shall guarantee the payment of compensation to the clients of an investment intermediary and to its subsidiaries in the host Member States under the conditions and procedure of this law, by the raised in the fund money in the cases where the investment intermediary is not able to pay its liabilities to the clients due to reasons directly linked to its financial situation.

(3) (Am. – SG, iss. 86 in 2006) Any investment intermediary, which holds, administers or manages clients' moneys and/or financial instruments and for which, due to it, liabilities to clients may arise, is obligated to contribute pecuniary premiums in the fund under Art. 77m, para 1 and 2.

(4) (Am. – SG, iss. 52 in 2007) The obligation under para 3 shall also apply to the branches of investment intermediaries from a third country in the Republic of Bulgaria, in the cases where:

1. (Am. – SG, iss. 52 in 2007) in the investment intermediary's home Member State there is no acting scheme for compensation of investors in financial instruments or it does not cover the investment intermediary's branches abroad;

2. (Am. – SG, iss. 52 in 2007) the rate or scope of the compensation, provided by the existing in the investment intermediary's home Member State scheme for compensation of investors in financial instruments is smaller than the rate and scope of the envisaged in this law compensation; in such case the compensation, provided by the Fund shall be for the difference, exceeding the compensation, provided by the investor compensation scheme in the investment intermediary' home Member State.

(5) When the rate or scope, including the percentage of compensation, envisaged herein, exceeds the rate or scope of the compensation, provided in the home Member State of an investment intermediary, which carries on activity in the Republic of Bulgaria through a branch,

the investment intermediary may participate in the Fund with the purpose of ensuring additional compensation to the clients of its branch. In such case the Fund shall provide compensation for the difference, exceeding the compensation, provided by the scheme for compensation of investors in financial instruments in the home Member State of the investment intermediary.

(6) The investment intermediary under Art. 6 must contribute premiums only under Art. 77m, para 2, whose rate shall be allocated proportionately to the additional compensation, provided by the Fund.

(7) The failure to pay the premiums due by the investment intermediaries under this Law shall not deprive the entitled clients of the investment intermediary of compensation up to the amounts, envisaged under Art. 77d.

Art. 77b. (1) (New – SG, iss. 39 in 2005) The Fund shall pay compensations to the investment intermediary's clients up to he amounts, envisaged in Art. 77d in the cases where:

1. by a decision of the respective district court bankruptcy proceedings have been instituted for the investment intermediary, including also when the bankruptcy proceedings have been terminated on the grounds of Art. 632 of the Commercial Law;

2. (Am. – SG, iss. 59 in 2006; iss. 52 in 2007) the license or the authorization has been withdrawn for pursuing the business of an investment intermediary, by a decision of the competent authority in the cases under Art. 20 para 2 item 3 of the Markets in Financial Instruments Act, and in respect to the investment intermediaries, which are banks – in the cases under Art. 36 para 2 of the Law on Credit Institutions.

(2) The authority under para 1, item 1 and 2 must latest by the end of the day, following the pronouncement of the decision, send a transcript of it to the Fund.

(3) (Am. – SG, iss. 52 in 2007) The Fund shall pay compensation to the customers of a foreign investment intermediary upon occurrence of events, analogous to these under para 1, which are ground for payment of compensation according the relevant legislation.

(4) (Prev. para 3 – SG, iss. 52 in 2007) Within 7 days of receiving the notification under para 2 the Fund shall publish at least in two central daily newspapers and on its Internet site announcement of the pronounced decision under para 1 and of the term under Art. 77u, para 2, within which the applicants for investment intermediary may raise claim for payment of compensation by the Fund, as well as the bank through which the payment of the compensation shall be made.

Art. 77c. (New – SG, iss. 39 in 2005) (1) Compensation shall be paid for the receivables, that have arisen as a result of the inability of the investment intermediary to return the client's assets in compliance with the legal and contractual provisions.

(2) (Am. – SG, iss. 86 in 2006; iss. 52 in 2007) Client assets within the meaning of this division are the cash, financial instruments and the other assets of an investment intermediary's clients, which it holds administers or manages for their account in connection with the services provided by it under Art. 5 para 2 and 3 of the Markets in Financial Instruments Act, including interests, dividends and other such payments. The client assets of investment intermediaries – banks shall not include the deposits within the meaning of § 1, item 1 of the Additional Provision of the Bank Deposits Guarantee Act.

(3) (Am. – SG, iss. 86 in 2006) The amount of the receivable under para 1 shall be determined as of the date of pronouncement of the decision under Art. 77b, para 1 in consistence with the legal and contractual provisions, the valuation of the client assets being done under conditions and procedure, as laid down in an ordinance.

Art. 77d. (New – SG, iss. 39 in 2005) (1) The Fund shall pay compensation to every client of an investment intermediary at the rate of 90 per cent of the amount of the receivable but not more than BGN 40 000.

(2) No compensation is paid to:

1. members of the management and supervisory body of the investment intermediary, as well as to its procurators;

2. (Am. – SG, iss. 25 in 2007) persons who own directly or indirectly 5 or over 5 per cent of the votes in the general meeting of the investment intermediary or may control it, as well as persons belonging to the same group to which the investment intermediary also belongs, for which consolidated reports are prepared;

3. the registered auditor, which has audited the investment intermediary's annual financial statement;

4. the spouses, relatives in the direct line without limitations, in the collateral line up to the second degree inclusive and by affinity up to the second degree inclusive of the persons under item 1, 2 and 3;

5. investment intermediaries;

6. (Am. – SG, iss. 86 in 2006) credit institutions;

7. insurers;

8. pension and social insurance funds;

9. (Am. – SG, iss. 86 in 2006) closed-end investment companies, collective investment schemes and special purpose vehicles;

10. the government and government institutions;

11. the municipalities;

12. (amended SG, iss. 103 in 2005) the Fund for Compensation of Investors in Financial Instruments, the Deposit Insurance Fund and the Guarantee Fund under Art. 287 of the Insurance Code;

13. (New – SG, iss. 86 in 2006) investors, who have availed themselves of circumstances related to the investment intermediary and that led to worsening of its financial situation as well as to investors, who contributed to that situation;

14. (Prev. item 13 – SG, iss. 86 in 2006; am. iss. 52 in 2007) other professional clients within the meaning of § 1 item 9 of the Additional Provisions of the Markets in Financial Instruments Act.

(3) The Fund shall not pay compensation for receivables, arisen out of or related to transactions and actions, constituting „money laundering" within the meaning of Art. 2 of the Law on Measures against Money Laundering, if the offender has been convicted and the sentence is effective.

(4) The circumstances, justifying the exceptions under para 2 and 3 shall be established as at the date of the resolution under Art. 77b, para 1.

Art. 77e. (New – SG, iss. 39 in 2005) (1) The Fund shall be transformed, cease its activities or be liquidated by a law.

(2) In the event of liquidation of the Fund after repaying its obligations, the remainder of its property shall be distributed among the investment intermediaries proportionately to the premiums paid by them, except for these investment intermediaries whose obligations to the clients are paid by the Fund.

(3) The Commission shall adopt Rules of the Organization and Operation of the Fund, which shall be promulgated in State Gazette.

(4) The National Audit Office shall exercise control over the Fund's activities.

Art. 77f. (New – SG, iss. 39 in 2005) (1) The Fund's Management Board shall be appointed by the Commission and shall consist of five members: chairperson, deputy chairperson and three members.

(2) The chairperson and the deputy chairperson of the Fund's Management Board are nominated by the deputy chairman of the Commission.

(3) The other three members of the Fund's Management Board are nominated as follows:

1. (Am. – SG, iss. 52 in 2007) a person, nominated by an association or associations, representing the persons, who have obtained a license to carry out services and activities under Art. 5 para 2 and 3 of the Markets in Financial Instruments Act, except for banks, and which are obligated to contribute pecuniary premiums to the fund under the conditions and procedure hereof;

2. (Am. – SG, iss. 52 in 2007) a person, nominated by an association or associations, representing the investment intermediaries – banks that have obtained authorization to carry out services and activities under Art. 5 para 2 and 3 of the Markets in Financial Instruments Act and which must contribute pecuniary premiums to the Fund under the conditions and procedure hereof;

3. a person, nominated jointly by the associations under item 1 and 2.

(4) In cases where within the period of Art. 77g, para 2 the deputy chairman, as well as the association or the associations under para 3 do not nominate a person, who is to be elected as a member of the Fund's Management Board, the Commission's chairman shall nominate the person at his own discretion.

(5) The Management Board members shall have a degree in economics or law and professional experience of not less than 5 years in the area of law, finance, accounting, trade in financial instruments or banking.

(6) As members of the Fund's Management Board shall be elected persons:

1. who have not been members of executive or controlling bodies, or unlimited liability partners in a company for which insolvency proceedings have been initiated, or a wound up due to insolvency company, with any creditors having been left unsatisfied;

2. who have not been declared insolvent and who are not in a process of insolvency proceedings as sole proprietors;

3. who are not spouses or relatives of direct or collateral line up to third degree inclusive or by affinity up to the third degree inclusive of another member of the Fund's Management Board;

4. who have not been convicted of premeditated crime of a public nature;

5. who have not been deprived of the right to hold a position of financial responsibility.

(7) The chairperson and the deputy chairperson of the Fund's Management Board may not engage in other remunerative activity other than research and teaching.

(8) The remunerations of the chairperson, deputy chairperson and members of the Fund's Management Board shall be at amount, not bigger than 90 per cent of the amount of the remuneration of the Commission's deputy chairman.

Art. 77g (New – SG, iss. 39 in 2005) (1) The mandate of the Management Board shall be 5 years. The members of the Fund's Management Board will continue to exercise their powers and to perform their functions after the expiry of their mandate, until the coming into office of the new members. The members of the Management Board may be reappointed without any restriction.

(2) Within a three-month period before the expiry of the mandate of the members of the Fund's Management Board, the chairman, the association or associations under Art. 77f, para 3

shall present their nominations for persons, who are to be elected as members of the Fund's Management Board.

(3) The mandate of a member of the Management Board shall be terminated before its expiry by decision of the Commission:

1. upon submission of resignation;

2. if such person no longer satisfies the requirements of Art. 77f, para 6;

3. he has been factually unable to carry out his responsibilities for more than 6 months;

4. in case of breach of Art. 77f, para (7);

5. he has been absent from three or more successive meetings of the Management Board without reasonable ground;

6. (New – SG, iss. 42 in 2009) upon the effectuation of an act whereby a conflict of interest has been established under the Prevention and Detection of Conflict of Interests Act.

(4) In case of a pre-term termination of a mandate of a Management Board member, another person shall be appointed in his/her place for the remainder of the mandate. Paragraph 2 shall apply accordingly.

Art. 77h (New – SG, iss. 39 in 2005) (1) The Fund's Management Board shall:

1. set and collect in accordance the rules laid down in this law and its implementing instruments the entry and annual premium contributions of investment intermediaries;

2. (Am. – SG, iss. 86 in 2006) ascertain, upon collection of relevant evidence, which foreign investment intermediaries' branches in Bulgaria meet the prerequisites under Art.77a., para 4;

3. invest the Fund's resources in accordance with the requirements of this Law;

4. organize the payment of compensations up to the amounts, provided for under Art. 77d under the conditions and the procedure of this Law and its implementing instruments;

5. approve the annual report of the Fund's activities and the annual financial statement and present them to the Commission and to the National Audit Office by 30 May of next year;

6. approve the annual budget for the Fund's administrative expenses and a report on its performance and present them for approval by the Commission. The approved budget and report on its performance shall be presented to the National Audit Office;

7. prepare draft regulations for implementation of this Division and present them to the Commission for discussion and approval;

8. adopts the staff number of the Fund and rules for the remuneration of its officials and present them for approval by the Commission;

9. consider and decide any other issues, concerning the Fund's activity.

(2) The Fund may require from the investment intermediaries any documents, necessary to make an unbiased evaluation on the existence and size of the client assets, for which compensation is paid.

(3) On the Fund's request, the deputy chairman of the Commission, or the Deputy Governor, heading the Banking Supervision Department at the Bulgarian National Bank, where the investment intermediary is a bank, may conduct target examinations of investment intermediaries and present the results to the Fund.

(4) The Fund publishes information about its activities on its Internet site or in some other appropriate manner;

Art. 77i. (New – SG, iss. 39 in 2005) (1) The Fund's Management Board shall consider and solve all issues within its competence at meetings, which shall be held at least once in three months.

(2) The meetings are convened by the chairperson or on the request from three of the members of the Fund's Management Board.

(3) The meetings shall be held if more than a half of the Management Board members attend.

(4) The decisions of the Fund's Management Board shall be taken with a simple majority of its members.

Art. 77j. (New – SG, iss. 39 in 2005) (1) The chairperson of the Fund's Management Board shall:

1. represent the Fund at home and abroad;

2. organize and manage the operating activity of the Fund;

3. convene and preside over the Management Board's meetings;

4. conclude and terminate the contracts with the Fund's administrative staff;

5. organize and exercise current control of the execution of the approved by the Commission budget;

(2) The chairperson may assign some of his powers to another member of the Management Board.

Art. 77k. (New – SG, iss. 39 in 2005) (1) The Fund's activity shall be supported by an administrative staff, whose number, structure, rights and obligations shall be determined in accordance with the Rules under Art. 77e. para 3.

(2) The legal relations with the officials from the administration shall be settled under the Labour Code.

Art.77l. (New – SG, iss. 39 in 2005) (1) Sources for raising of the Fund's resources shall be:

1. initial (entry) premiums under Art. 77m, para 1;

2. annual premiums under Art. 77m, para 2;

3. proceeds from investment of the resources raised by the Fund;

4. (Am. – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) proceeds received by the Fund from the investment intermediaries' property in the cases under Art.77u, para 6;

5. other sources, such as loans, donations, foreign assistance.

(2) The Bulgarian National Bank shall be the depository of the Fund's resources.

Art.77m. (New – SG, iss. 39 in 2005) (1) (Am. – SG, iss. 52 in 2007) The entry contribution shall be deposited as a single payment and shall be the amount of one percent of the minimal required capital for an investment intermediary, according to the authorised services and activities under Art. 5 para 2 and 3 of the Markets in Financial Instruments Act.

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

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

2. up to 0.1 per cent of the total amount of the other client assets for the preceding year, fixed on average monthly basis.

(3) The percents under para 2 for the respective year shall be determined by the Fund's Management Board within a period by 31 December of the preceding year and are equal for all investment intermediaries.

(4) The annual premium shall be contributed in four equal instalments within a 30-day period after the end of each quarter.

(5) When calculating the amount of the due annual contribution, the cash in foreign currency shall be recalculated at the exchange rate of the Bulgarian National Bank on the last day of the month, and the financial instruments and other assets shall be evaluated at the last day of

the month, if possible at their market value, in accordance with rules as laid down by an ordinance.

(6) The total amount of the client assets under para 2 shall not include the assets of the persons under para 77d, para 2.

(7) The amount of the annual premium contribution to be paid by an investment intermediary, which has obtained a license to pursue business in the respective year, shall be calculated proportionately to the time period following the investment intermediary's entry, or of the change of its scope of activity, in the Commercial Register until the end of the year on the basis of the client assets as at the end of the same year, whereas the days of the year shall be 360. In such cases, the contribution shall be paid by 31 January in the year following the year of the investment intermediary's licensing to pursue business.

(8) In the event of failure to pay the relevant instalment of the annual premium contribution within the term under Art. 4, interest shall be charged and owed on the amount due for the period of delay at the legal interest rate.

(9) The entry and annual premium contributions shall be accounted for as accounting expenses for the current year.

(10) The contributions made by the investment intermediaries shall not be subject to refunding, except for the contributions made in excess or wrongly made.

(11) The investment intermediary must submit to the Commission and the Fund by 10th of every month a check-up about the client assets at the last day of the preceding month in a model form, approved by the Commission's deputy chairman.

(12) (New – SG, iss. 86 in 2006) The investment intermediaries – banks do not make an annual contribution under para 2 item 1.

Art.77n. (New – SG, iss. 39 in 2005). (1) (Am. – SG, iss. 59 in 2006; iss. 86 in 2006 in effect from 28 Oct., 2006; iss. 52 in 2007) In case that an investment intermediary shall not pay a required amount of the annual premium, the Fund shall inform the Commission, respectively the deputy chairman, to take the actions under Art. 118 para 1 of the Markets in Financial Instruments Act, and in the cases where the investment intermediary is a bank - the Bulgarian National Bank, respectively the Deputy Governor, in charge of Banking Supervision Department, to take the actions under the Law on Credit Institutions. If despite the measures taken under sentence one, the investment intermediary fails to fulfil its liability for payment, the Commission, or the Bulgarian National Bank, shall withdraw the investment intermediary's license.

(2) (Am. – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) In case that an investment intermediary under Art. 77a, para 5 shall not pay a required amount of the annual premium the Fund shall inform the competent authority, which has issued the license to the investment intermediary to pursue business, to take the necessary actions for payment of the amount due by the intermediary. If, in spite of the taken actions, the investment intermediary does not pay the amount due, the Fund may, with the consent of the competent authority under sentence one, terminate with a 12-months prior notification, the providing of additional compensation. The Fund shall publish at least in two central daily newspapers announcement of the date, from which it terminates the provision of additional compensation.

(3) (Am. – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) The Fund shall provide payment of compensation after the withdrawal of the license for pursuing the business of investment intermediary, or after termination of the provision of additional compensation under para 2, for receivables, related to services, provided by the investment intermediary until the withdrawal of the license, or termination of the provision of additional compensation.

Art. 77o. (New – SG, iss. 39 in 2005) (1) Upon request by the Fund, the Commission and the BNB shall provide all the information available to them on the amount of client assets in the investment intermediaries, required for calculation of the contributions to be paid by the investment intermediaries.

(2) The Fund may use the received by it information only for the execution of the entrusted to it functions.

(3) Members of the Fund's Management Board and the officials from its administration are not allowed to disclose personally or through other persons any information which represents banking, professional or other protected by law secret, which has become known to them in the course of performance of their duties.

Art. 77p (New – SG, iss. 39 in 2005) (1) The Fund's resources may be used only for payment of compensations up to the amounts laid down in Art. 77d in the envisaged by this law cases, for repayment of the principal and interest on loans received by the Fund, as well as in the cases of covering the operating expenses incurred by the Fund.

(2) The Fund's resources shall be invested in:

1. financial instruments, issued or guaranteed by the government;

2.short-term deposits at banks;

3. deposits at the Bulgarian National Bank.

Art.77r (New – SG, iss. 39 in 2005) (1) In the event the resources in the Fund are insufficient to cover its liabilities under this Law, by decision of the Management Board, the shortfall may be covered in one of the following ways:

1.by requiring from the investment intermediaries to pay outright the whole annual premium;

1.by requiring from the investment intermediaries to pay in advance the annual premium for the next year, using as basis for its determination the total amount of the client assets as of the last day of the preceding month;

2.by increasing the annual premium;

3. by drawing loans on terms that are not more favourable than the market ones.

(2) The decisions of the Management Board under para 1 shall be approved by the Commission.

(3) The amount paid in advance under para 1, item 2 shall be deducted from the annual premium contribution due by the investment intermediary for the next year, and the amount that has been overcharged shall be subject to refund.

(4) The maximum amount of the increased annual premium contribution under para 1, item 3 may not exceed more than twice the amount under Art. 77m para 2 and 6.

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

Art. 77s (New – SG, iss. 39 in 2005) (1) Where the resources accumulated in the Fund exceed 5 per cent of the total amount of the client assets with all investment intermediaries, the Management Board may take a decision the payment of the annual premiums to be temporarily suspended. The decision of the Management Board shall be approved by the Commission.

(2) Payment of annual premiums shall be resumed as soon as the resources in the Fund fall below the specified in para 1 amount.

Art.77t (New – SG, iss. 39 in 2005) (1) (Am. – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) The amount of the receivable under Art. 77d, para 1 shall be determined by adding up all receivables of the relevant client from the investment intermediary, regardless of the number of accounts and the place where they have been opened.

(2) In the event when the client assets are in foreign currency or in financial instruments, the client shall be paid the BGN equivalence of his receivables in the amount under Art. 77d, para 1, determined on the date of the decision under Art. 77b, para 1 shall be paid to the client.

(3) In the cases where the client assets belong to more than one person, each person's portion shall be taken into account in establishing the total amount of his receivables from the investment intermediary. Unless otherwise provided for, it shall be assumed that the clients' portions are equal.

(4) In the cases where the investment intermediary's client has acted for someone else's account, the compensation shall be paid to the person, for whose account the client has acted, provided that this person is or may be identified before the date of the decision under Art. 77b, para 1. If the investment intermediary's client has acted for the account of two or more persons, para 3 shall apply.

(5) Client assets that are encumbered or serve as collateral shall be included in determining the amount of the compensation according to para 1, and the relevant due on the client assets compensation shall not be paid to the titleholder until such encumbrance or security has been lifted. Where a judicial document issued by a judicial authority in respects of the client assets referred to in the first sentence is effective, the Fund shall pay the compensation due in relation to the client assets to the person, indicated in the act as having the right to receive compensation on the client assets.

(6) (New – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) In cases where the client has a liability to the investment intermediary, when the amount of the receivable under Art. 77d para 1 is determined, the sum of liabilities shall be deducted.

Art. 77u (New – SG, iss. 39 in 2005) (1) Within 30 days from the date of the decision under Art. 77b, para 1, the appointed quaestor, liquidator or receiver shall present to the Fund written information about the client assets.

(2) (New – SG, iss. 86 in 2006, in effect from 28 Oct., 2006; iss. 52 in 2007) The claim for payment of compensation shall be raised in writing to the Fund within a period of one year after the publishing of the announcement under Art. 77b, para 4, unless the failure to observe the time-limit is due to any special, unforeseen circumstances. The entitlement to compensation will lapse with the expiry of the term under sentence one above.

(3) (New – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) The Fund shall consider the claim lodged and shall pay the compensation not later than three months after the establishment of the ground and the amount of the receivable of the investment intermediary's client.

(4) In special cases the term for payment of compensation to the clients of the investment intermediary may be extended with no more than three months with an approval by the Commission.

(5) (New – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) In case of a dispute on the right to compensation, the client may lodge a claim against the Fund under the Civil Procedure Code within three years after the day of receiving the notification of the decision on the request for compensation payment.

(6) (Prev. para 5 – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) The Fund shall enter into the rights of the clients against the investment intermediary to the extent of the paid compensation.

(7) (Prev. para 6 – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) The Fund shall periodically inform the quaestor, liquidator or receiver of the amount of compensation paid to each client.

(8) (Prev. para 7 – SG, iss. 86 in 2006, in effect from 28 Oct., 2006) For their receivables exceeding the amount of the compensation paid from the Fund, the clients shall satisfy themselves from the investment intermediary's property in compliance with the acting legislation.

(9) (Prev. para 8, am. - SG, iss. 86 in 2006, in effect from 28 Oct., 2006) The procedure and manner for the request consideration and the payment of compensation by the Fund shall be regulated by an ordinance.

Art. 77v. (New – SG, iss. 39 in 2005) The Fund shall not owe interest on the guaranteed amounts.

Art. 77w. (New – SG, iss. 39 in 2005) Regardless of the term, set under Art. 77u, para 3 or 4, when a client of the investment intermediary or some other person, entitled to compensation, has been charged with the perpetration of a crime, arising from or related to money laundering, the Fund may suspend the payment of compensation until the court's decision.

Art. 77x. (New – SG, iss. 39 in 2005) Investment intermediaries may not advertise payment of compensation in amounts exceeding those set by this Law.

Chapter Six
PUBLIC OFFERING OF SECURITIES AND ADMISSION OF SECURITIES TO TRADING ON A REGULATED MARKET
(Title, am. – SG, iss. 86 in 2006)
Division I
General Provisions

Art. 77y. (New – SG, iss. 86 in 2006) (1) For the purposes of this Chapter:

1. "Qualified investors" means:

a) legal entities which have license to pursue business on the financial markets or are subject to regulation for pursuing such business, including banks, investment intermediaries, other licensed or regulated financial institutions, insurance companies, collective investment schemes and their management companies, pension funds and pension insurance companies, commodity dealers, as well as legal entities not authorized or regulated for carrying out such business and whose sole subject of activity is investment in securities;

b) national and regional governments, central banks, international and supranational institutions such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations;

c) other legal entities, which are not small and medium-size enterprises within the meaning of item 2;

d) natural persons who are with permanent residence in the Republic of Bulgaria and are registered as qualified investors under conditions and procedure determined in an ordinance, as well as natural persons who are with permanent residence in other Member States and have been registered as qualified investors in those states;

e) small and medium-size enterprises with a registered office in the Republic of Bulgaria, which have been registered as qualified investors under conditions and procedure determined in an ordinance, as well as small and medium-size enterprises with a registered office in other Member States, which have been registered as qualified investors in those states.

2. “Small and medium-size enterprises” means companies, which, according to their last annual or consolidated accounts, meet at least two of the following three criteria:

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

b) a total amount of the balance sheet assets not exceeding the BGN equivalence of 43 000 000 euro;

c) an annual net turnover not exceeding the BGN equivalence of 50 000 000 euro.

3. “Offering program” means a plan for the issuance in a continuous or repeated manner during a specified issuing period of non-equity securities, including warrants in any form, having a similar type and/or class.

4. “Securities issued in a continuous or repeated manner” means issues of securities, issued regularly depending on the investor interest or at least two separate issues of securities of a similar type and/or class over a period of one year.

5. “Approval of prospectus” means the positive standpoint of the Commission or the home Member State relevant competent authority at the outcome of the scrutiny carried out of the completeness of the prospectus, including consistency and the comprehensibility of the information given in it;

6. “Home Member State” means:

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

b) the Member State where the issuer has its registered office – for all issuers from the Member States which are not mentioned under letter “a”;

c) the Member State where the securities are to be offered to the public for the first time after 31 December, 2003 or where the first application for admission to trading on a regulated market is filed, at the choice of the issuer, the offeror or the person asking for admission of the securities to trading on a regulated market – for all issuers with a registered office in third countries, which are not mentioned under letter “a”. The choice of the preceding sentence may be subject to subsequent change by issuers incorporated in third countries if the home Member State was not determined by their choice.

7. “Host Member State” means the Member State where an offer to the public is made or admission of securities to trading on a regulated market is sought, when different from the home Member State.

8. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) “Undertaking for collective investment, which is not of closed type” is an investment company or unit trust, whose objective is collective investment of funds raised by public offering of units, which operates on the principle of risk spreading and on request of the holders of such units, directly or indirectly, redeems its units at price based on its net asset value;

9. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) “Units of an undertaking for collective investment” are securities issued by an undertaking for collective investment, which express the rights of their holders over the assets of the undertaking for collective investment”.

(2) This chapter shall also apply for money market instruments, which have a period until maturity longer than twelve months.

Art. 78. (1) (Am. – SG, iss. 86 in 2006) Carrying out of public offering of securities and admission of securities to trading on a regulated market shall not be allowed before the issuer, offeror or the person asking for admission of the securities to trading on a regulated market publishes a prospectus in the manner and with the contents laid down in this Law and in its implementing instruments.

(2) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) The prospectus for public offering or for admission to trading on a regulated market may only be published if the Commission has given a written approval of the prospectus.

(3) (Am. – SG, iss. 86 in 2006) The subscription for or sale of, and the offer to subscribe for or sell, as well as the admission to trading on a regulated market of securities in contravention of the requirements of para 1 and 2 are prohibited.

(4) (Am. – SG, iss. 61 in 2002) In cases of subscription for or sale of securities in contravention of the prohibition under para 3, and in cases where material information in the prospectus is false or material information has been concealed in the prospectus, the investor may request, within three months from the discovery of the relevant fact, but not later than one year after the end of the subscription or the sale, that such acquisition of securities be declared invalid, unless he has acted in bad faith.

Art. 78a. (New – SG, iss. 86 in 2006) (1) The provisions of this chapter shall not apply to:

1. (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) units issued by undertakings for collective investment which are not of closed type;

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

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

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

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

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

a) are not subordinated, convertible or exchangeable;

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

c) materialize reception of repayable deposits;

d) are covered by the Deposit Guarantee Fund or an analogous deposit guarantee scheme in another state.

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

8. non-equity securities, issued in a continuous or repeated manner by banks where the total consideration of the offer is less than the BGN equivalence of 50 000 000 euro, which limit shall be calculated for a period of 1 year, provided that these securities:

a) are not subordinated, convertible or exchangeable;

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

(2) In the cases under para 1, item 2, 4, and 8 the issuer, the offeror or the person asking for admission to trading on a regulated market shall be entitled to draw up a prospectus in accordance with the provisions of this law and its implementing instruments where securities are offered to the public or admitted to trading on a regulated market.

Art. 79. (Am. – SG, iss. 61 in 2002; iss. 86 in 2006) (1) The obligation to publish a prospectus shall not apply to the following types of offer:

1. an offer of securities only to qualified investors

2. an offer of securities addressed to fewer than 100 natural or legal persons in the Republic of Bulgaria or in any other Member State;

3. the minimum amount at which the offered securities may be acquired is the BGN equivalence of 50 000 euro per investor, for each separate offer;

4. an offer of securities whose denomination per unit amounts to at least the BGN equivalence of 50 000 euro;

5. an offer of securities with a total consideration of less than BGN equivalence of 100 000 euro, which limit shall be calculated over a period of 1 year.

(2) (New – SG, iss. 61 in 2002; am. iss. 86 in 2006) Any subsequent resale of securities which were previously the subject of one or more of the types of offer mentioned in paragraph 1 shall be regarded as a separate offer for the purposes of Art. 4 para 1. The offering of securities through an investment intermediary shall be subject to publication of prospectus, unless some of the conditions under para 1 exists.

(3) (Prev. para 2, am. – SG, iss. 61 in 2002; iss. 86 in 2006) The obligation to publish a prospectus shall not apply to the public offering of the following types of securities:

1. shares issued in substitution for shares of the same class already issued without any increase in the capital;

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

3. securities offered, allotted or to be allotted in connection with a merger or acquisition, provided that a document is provided to the persons containing information which is regarded by the Commission as being equivalent to the information in the prospectus;

4. shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of shares of the same class as the shares in respect to which such dividends are paid, provided that a document is made available to the persons containing information on the reason for the offer of the shares, their number and nature, on the rights attached to them and the way of their exercising, on the conditions and procedure for acquisition of the shares as well as other details of the offer.

5. securities offered, allotted or to be allotted to existing and former members of the management or supervisory bodies and/or employees by their employer, which already has securities admitted to trading on a regulated market or by an affiliated undertaking, provided that a document is made available to the persons containing information on the reason for the offer of the securities, their number and nature, on the rights attached to them and the way of their exercising, on the conditions and procedure for acquisition of the shares as well as other details of the offer.

(4) (New – SG, iss. 86 in 2006) The obligation to publish a prospectus shall not apply to the admission to trading on a regulated market of the following types of securities:

1. shares representing less than 10 per cent of the number of shares of the same class already admitted to trading on the same regulated market, which limit shall be calculated for a period of 1 year;

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

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

4. securities offered, allotted or to be allotted in connection with a merger or acquisition, provided that a document is made available to the persons, containing information which is regarded by the Commission as being equivalent to that of the prospectus;

5. shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that the shares are of the same class as the already admitted to trading on the same regulated market shares and provided that a document is made available to the persons, containing information on the reasons for the offering of the shares, on their number and nature, on the rights attached to them and the way of their exercising, on the conditions and procedure for the shares acquisition, as well as other details of the offer.

6. securities offered, allotted or to be allotted to existing and former members of the management and supervisory bodies and/or workers and employees by their employer, or by affiliated undertaking, provided that the securities are of the same class as the already admitted to trading on the same regulated market securities and provided that a document is made available to the persons containing information on the reasons for the offering of securities, on their number and nature, on the rights attached to them and the way of their exercising, on the conditions and procedure of the shares acquisition, as well as other details of the offer.

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

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

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

b) for securities first admitted to trading on a regulated market after 31 December, 2003, the admission to trading on that other regulated market was preceded by an approval of a prospectus and its publication according Art. 92a para 5;

c) except for the cases under letter “b”, for securities first admitted to trading after 30 June 1983, a prospectus was approved for admission to trading;

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

e) the person seeking the admission of securities to trading on a regulated market in the Republic of Bulgaria, availing of this exemption, publishes a summary document prepared in a language accepted by the Commission and that the summary document is published according Art. 92a, para 5 in the Republic of Bulgaria and the contents of the summary document shall comply with the provisions of the law and its implementing instruments and it shall state the places where the most recently drawn up prospectus can be obtained and where the financial information published by the issuer pursuant to his ongoing disclosure obligations is available.

(5) (New – SG, iss. 61 in 2002, prev. para 4, am. iss. 86 in 2006) Where no prospectus has been issued, investors shall enjoy the right under Art. 78 para 4, if the other information about a public offering or the admission of securities to trading on a regulated market, disseminated by the issuer, the offeror or the persons seeking admission of securities to trading on a regulated market, is false or if material information has been concealed.

Art. 79a. (New – SG, iss. 61 in 2002) (1) (Am. – SG, iss. 86 in 2006) If more than one issue of securities of one class has been issued in the calendar year concerned, each one offered to less than 100 persons but the total number of addressees being more than 100 persons, Art. 78 shall apply to any issues that cross this threshold.

(2) (Am. – SG, iss. 39 in 2005) The Commission shall confirm a prospectus under para 1 if the securities of issues launched for the year by that time meet the requirements of Art. 3. Any securities issue under para 1 shall be registered with the Commission as public under terms and conditions as laid down in an ordinance.

Art. 80. (New – SG, iss. 86 in 2006) (1) A subscription may also be carried out on a regulated market, provided that its conditions envisage the issue price of the securities to be paid off in whole.

(2) (Cancelled – SG issue 86 in 2006).

(3) (Am. – SG, iss. 39 in 2005, iss. 86 in 2006) Subscription of shares in the cases under para 1 is possible only if the term under Art. 194, para 3 of the Commercial Law, has expired.

Art. 80a. (New – SG, iss. 61 in 2002) For any unsettled herein cases concerning the issuance of securities in the conditions of an initial public offering, shall apply the Commercial Law.

Division II
Prospectus

Art. 81. (1) (Am. – SG, iss. 86 in 2006) The prospectus shall contain all information which, according to the particular nature of the issuer and of the securities offered to the public or admitted to trading on a regulated market, is necessary for the investors to make an accurate assessment of the economic and financial status, of the assets and liabilities, financial results and prospects of the issuer and of any guarantor of the securities, and of rights attaching to such securities. The prospectus may not contain false, misleading or incomplete particulars.

(2) (New – SG, iss. 86 in 2006) The prospectus shall be signed by the issuer, offeror or the person asking for the admission of the securities to trading on a regulated market, as well by the person guaranteeing the securities, who shall declare that the prospectus satisfies the requirements of the law;

(3) (Am. – SG, iss. 61 in 2002; iss. 86 in 2006; iss. 105 in 2006) Members of the management body of an issuer, and its procurator, as well as the offeror, the person asking for the admission of the securities to trading on a regulated market, and the guarantor shall be jointly and severally liable for any damage caused by false, misleading or incomplete information in the prospectus. The persons under Art. 34 para 1 and 2 of the Accountancy Act shall be jointly and severally liable with the persons in sentence one for any damage caused by false, misleading or incomplete information in the issuer's financial statements and the registered auditor – for any damage caused by the financial statements certified by them.

(4) (New – SG, iss. 86 in 2006) Liability under para 3 may not arise only on the basis of the summary of the prospectus, including any translation thereof, unless the information it contains is misleading, inaccurate or inconsistent with the other parts of the prospectus.

(5) (New – SG, iss. 86 in 2006) The prospectus shall clearly state the names and functions, respectively the names, seat and registered office of the persons under para 3, as well as declarations by them that, to the best of their knowledge, the information contained in the prospectus is correct and complete.

(6) (New – SG, iss. 61 in 2002, prev. para 4, am. iss. 86 in 2006) In case no prospectus has been issued, para 3 shall apply accordingly to the other information disseminated by the issuer, offeror or the person asking for admission of the securities to trading on a regulated market in relation to the public offering or the admission to trading on a regulated market.

Art. 82. (Am. – SG, iss. 86 in 2006) (1) The prospectus shall contain information concerning the issuer and the securities to be offered to the public or to be admitted to trading on a regulated market.

(2) (New – SG, iss. 86 in 2006) There shall be no requirement to provide a summary of the prospectus where the prospectus relates to the admission to trading on a regulated market of non-equity securities having a denomination per unit of at least BGN equivalence of 50 000 euro, except when Commission or the relevant competent authority of a Member State requires its submission.

(3) (New – SG, iss. 86 in 2006) The issuer, offeror or the person asking for the admission of the securities to trading on a regulated market may draw up the prospectus as a single document or as separate documents. The Prospectus, that is drawn up as separate documents, shall contain the required by the law and its implementing instruments information, divided in three documents:

1. a registration document, containing information relating to the issuer;

2. securities note, containing information concerning the securities offered to the public or to be admitted to trading on a regulated market; and

3. summary of the prospectus.

(4) (New – SG, iss. 86 in 2006) The information, which the prospectus must contain shall be determined by an ordinance.

(5) (New – SG, iss. 86 in 2006) It shall be considered that the prospectus contains the relevant information under para 1 also when it makes reference to one or more documents that have been approved by or filed with the Commission, provided that the information in these documents is the latest available and a detailed cross-reference list is drawn up in order to enable investors to identify easily specific information by reference. Sentence one shall not apply in respect to the summary of the prospectus.

(6) (Prev. para 2, am.– SG, iss. 86 in 2006) Where some particulars of the required contents of the prospectus prove to be inapplicable to a particular issuer, due to its subject of activity or its legal form, or to the securities for which the prospectus relates, they shall be replaced with the relevant information. In case that there is no available relevant information, the requirement for replacement of the data under sentence one shall not apply.

(7) (Prev. para 3, am. – SG, iss. 86 in 2006) The information contained in the prospectus must be presented in a way easy for analyzing and accessible for the investors and giving a possibility to reach the objectives of Art. 81, para 1.

Art. 82a. (New – SG, iss. 86 in 2006) (1) Where the issuer already has a registration document approved by the Commission, when securities are offered to the public or admitted to trading on a regulated market, only the securities note and the summary may be drawn up.

(2) In the cases under para 1, the securities note shall also contain updated information from the registration document, if since the latest updating or supplement under Art. 85 para 2 of the registration document, there has been a material change in the data contained therein or recent developments occurred which could affect the investors' assessments.

(3) The Commission shall pronounce on the securities note and the summary document under the procedure of Art. 91. Where an issuer has only filed a registration document in the Commission without approval, the Commission shall pronounce on the entire prospectus, including the updated information.

Art. 82b. (New – SG, iss. 86 in 2006) (1) Issuers whose securities are admitted to trading on a regulated market in the Republic of Bulgaria shall at least annually provide a document that contains or refers to all the information that they have published or made otherwise available to the public over the preceding 12 months in the Republic of Bulgaria, or in another Member State. Where the document under sentence one refers to certain information, it shall be stated where the information can be obtained.

(2) The document under para 1 shall be filed with the Commission within a period not later than 1 month after the publication of the issuer's annual financial statement.

(3) Paragraph 1 shall not apply to issuers of non-equity securities whose denomination per unit amounts to at least the BGN equivalence of 50 000 euro.

Art. 83. (Am. – SG, iss. 39 in 2005) The deputy chairman shall give instructions on the prospectus layout in view of the investor protection.

Art. 84. (1) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) If the issuer or the offeror carries out a subscription for a public offering of securities, he may extend its period once for up to 60 days, while introducing the corresponding amendments to the prospectus and notifying the Commission. In such case the last day of the extended period shall be considered a closing date for the subscription.

(2) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) The issuer or the offeror shall immediately announce the extension of the period under para 1 to the Commission, at the places where the subscription is carried out, and in the mass media.

(3) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) The issuer or the offeror shall notify the Commission of the result of the subscription within seven days after its closing date.

(4) No subscription for securities shall be allowed before the initial date and after the closing date of the subscription.

Art. 85. (1) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) During the period from date on which the application for confirmation of the prospectus is filed until the date of the decision of the Commission, the issuer, offeror or the person asking for admission of the securities to trading on a regulated market must within 3 working days from the occurrence, or from coming to know of changes which necessitate amendments to the prospectus, notify the Commission of those changes and introduce the corresponding amendments to the prospectus.

(2) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) During the period between the issuance of the confirmation for the prospectus and the deadline for the public offering or the beginning of trading on a regulated market, the issuer, offeror or the person asking for admission of the securities to trading on a regulated market are obliged latest by the expiry of the next business day after any significant new factor, material mistake or inaccuracy relating to the information included in the prospectus, which is capable of affecting the assessment of the offered securities occur, or become known of, to draw up a supplement to the prospectus and to present it at the Commission. The summary and the translations thereof shall also be supplemented, if necessary to take into account the new information included in the supplement.

(3) (New – SG, iss. 86 in 2006) The Commission shall pronounce on the supplement to the prospectus within 7 business days after its receiving, and where any additional information and documents have been demanded – from their receiving. Article 91 shall apply accordingly.

(4) (New – SG, iss. 86 in 2006) The Commission shall refuse to approve the supplement to the prospectus if the provisions of this law and its implementing instruments were not complied with. In such case the Commission may terminate definitely the public offering or the trade in the securities under the procedure of Art. 212.

(5) (New – SG, iss. 86 in 2006) The issuer, offeror or the person asking for admission of the securities to trading on a regulated market must within a 7-days period after the decision of the Commission for approval of the supplement to the prospectus, publish an announcement for the supplement and make the supplement available to the public according to Art. 92a.

(6) (Prev. para 3, am. – SG, iss. 86 in 2006) In the cases under para 2, the person who has subscribed for or purchased securities before the publication of the supplement to the prospectus, may renounce those securities within two business days, or another longer time-limit envisaged in the prospectus, from the publication of the announcement about the supplement and shall not be liable, unless he has acted in bad faith. The renouncement under the previous sentence is made by a written declaration at the place, where the securities have been subscribed or purchased, respectively.

(7) (Prev. para 4, am. – SG, iss. 86 in 2006) The issuer, offeror or the person asking for admission of the securities to trading on a regulated market shall be jointly and severally liable for any damage caused by failure to fulfil the obligations under para 1, 2 and 5.

Art. 86. (Am. – SG, iss. 86 in 2006) (1) The issuer, offeror or the person asking for admission of the securities to trading on a regulated market can draw up the prospectus as a base prospectus in case of public offering or admission to trading of:

1. non-equity securities, including warrants in any form, issued under an offering programme;

2. non-equity securities issued in a continuous or repeated manner by banks, where:

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

b) in the event of insolvency of the bank-issuer, the sums under letter “a” are paid with a priority for coverage of the capital and interest falling due.

(2) The base prospectus shall contain the relevant information on the issuer and on the securities to be offered to the public or to be admitted to trading on a regulated market, as well as in the issuer’s judgement the final terms of the offer. If necessary this information shall be supplemented in accordance with Art. 85 with updated information on the issuer and on the securities to be offered to the public or to be admitted to trading on a regulated market.

(3) In case that the base prospectus or the supplements thereto do not include information on the final terms of the offer, the issuer, offeror or the person asking for admission of securities to trading on a regulated market shall file this information with the Commission and shall make it available to the public in accordance with Art. 92a para 5 with each public offer as soon as possible, but not later than the starting date of the offer. In the cases under sentence one, Art. 87a para 1 sentence one shall apply.

Art. 87. (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) The Commission may authorise that certain information, which is required under this law and its implementing instruments be excluded from the prospectus if it considers that:

1. disclosure of such information would be contrary to the public interest;

2. disclosure of such information might inflict serious damages on the issuer and its exclusion shall not result in misleading investors in respect of the facts and circumstances which are material for achieving the goal of Art. 81, para 1.

3. such information is of minor importance only for a specific offer or admission to trading on a regulated market and could not influence the assessment of the financial position and prospects of the issuer, offeror or guarantor of the securities.

Art. 87a. (Am. – SG, iss. 86 in 2006) (1) Whenever information about the final issue or sale price and the final amount of the offered securities cannot be included in the prospectus, it shall indicate the maximum price or the criteria and/or conditions with which the final price and the final amount of the offered securities will be determined. If the information under sentence one is not indicated in the prospectus, the persons who have subscribed to, or purchased securities may renounce them within a period of 2 working days or another longer period envisaged in the prospectus as from the filing with the Commission of the information about the final price and the final amount of the offered securities by a written declaration at the places where the securities were subscribed to, respectively purchased. The person shall not be liable for his renouncement under sentence second, unless he acted in bad faith.

(2) The issuer, offeror or the person asking for admission of the securities to trading on a regulated market must immediately inform the Commission about the final price and the final number of the offered securities and to publish this information in accordance with Art. 92a para 5.

Art. 88. (Am. – SG, iss. 39 in 2005; cancelled iss. 86 in 2006).

Art. 89. (1) (Am. – SG, iss. 61 in 2002) The persons who have subscribed for securities shall pay up the sums into a special account at a bank determined by the issuer. Where an issuer is a bank, this account shall be opened with another bank.

(2) (New – SG, iss. 61 in 2002, iss. 34 in 2006) Any amount in this account may not be used prior to the end of the subscription and the entry of the capital increase in the commercial register.

(3) (Prev. para 2 – SG, iss. 61 in 2002) Where the subscription is closed without success and without fulfilling the conditions provided for in the prospectus, the sums raised shall be returned to the persons who have subscribed for securities in one month from the announcement under Art. 84, para 3, together with the interest calculated by the bank under para 1.

(4) (Prev. para 3 – SG, iss. 61 in 2002; iss. 86 in 2006) In the cases under para 3, the issuer or the offeror are obliged, in the day of the announcement under Art. 84, para 3, to notify the bank about the results from the subscription, as well as to publish invitations in two central daily newspapers to the persons, who have subscribed securities, and also to announce at the subscription places the conditions and procedure for refunding the collected sums.

Division III
Issuing and Refusal to Give Confirmation

Art. 90. (Am. – SG, iss. 39 in 2005; iss.86 in 2006) The issuer, offeror or the person asking for admission of the securities to trading on a regulated market shall file with the Commission an application for approval of prospectus for public offering or admission to trading on a regulated market while enclosing:

1.the prospectus;

2.the issuer’s articles of association;

3.the issuer’s last year-end financial statement, certified by a registered auditor;

4. other documents, as laid down in an ordinance.

Art. 91. (1) (Prev. Art. 91 – SG, iss. 61 in 2002, am. iss. 39 in 2005, iss.86 in 2006, am. iss. 52 in 2007) (1) On the basis of the submitted documents the Commission shall ascertain to what extent the requirements to the issue of the requested approval have been complied with. If the presented data and documents are incomplete or irregular or some additional information or evidence is needed for the correctness of the data, the Commission shall send a notification about the found deficiencies and irregularities and/or about the demanded additional information and documents within 10 working days after the receiving of the application.

(2) (Am. – SG, iss. 52 in 2007) If the notification under para 1 is not received on the indicated by the applicant address for correspondence, the term for their presentation shall start running from the posting of the notification on a specially designated for the purpose place in the Commission's building. The latter shall be ascertained by a report, drawn up by officials appointed by an order of the Commission's Chairman.

(3) (Am. – SG, iss. 52 in 2007) The Commission shall decide on the application and inform the applicant within 10 working days from its receiving, and where additional information and documents have been required – within 10 days from their receiving.

(4) (New – SG, iss. 86 in 2006; prev. para 2, am. iss. 52 in 2007) In the cases where subject of public offering are securities issued by an issuer, which does not have any securities admitted to trading on a regulated market and which has not previously offered securities to the public, the time limit referred to in para 3 shall be 20 working days.

(5) (New – SG, iss. 61 in 2002, am. iss. 39 in 2005, prev. para 2, am. iss. 86 in 2006, prev. para 3, am. iss. 52 in 2007) In the cases under para 1, Art.7 of the Restriction of the Administrative Regulations and Administrative Control Over the Economic Activity Act shall not apply.

(6) (New – SG, iss. 86 in 2006, prev. para 4, am. iss. 52 in 2007) Where the Republic of Bulgaria is a home Member State, the Commission may, due to the nature of the issuer and the offered securities or the specifics of the public offering, with the consent of the relevant competent authority of another Member State, transfer to it the approval of a prospectus. In such case the Commission shall inform the issuer, the offeror or the person asking for admission of the securities to trading on a regulated market within 3 working days from the date of its decision for transfer of the approval. The time limit for pronouncing of the relevant competent authority under para 3, or para 4 shall start running from the date of the decision under the preceding sentence.

(7) (New – SG, iss. 86 in 2006; prev. para 5, am. iss. 52 in 2007) When the Republic of Bulgaria is not a home Member State, the Commission may under the conditions of para 6 undertake the approval of a prospectus from the competent authority of another Member State. Paragraph 6 shall apply accordingly.

Art. 92. (1) (Am. – SG, iss. 39 in 2005) The Commission shall refuse to give the confirmation under Art. 78 para 2 by means of a written reasoned decision, where:

1. the prospectus does not satisfy the requirements of the law;

2. the issue price of the shares is lower than the balance-sheet value of one share before the increase in capital calculated as at the moment of passing the resolution on increase in capital, thus harming the interests of the shareholders;

3. the interests of investors are not guaranteed due to the special rights attaching to the shares or for any other reason.

(2) (Am. – SG, iss. 39 in 2005) The Commission may refuse to give a confirmation only where the applicant has failed to remove the inconsistencies and to submit the documents required within the time limit set by the Commission, which may not be shorter than one month.

(3) (Am. – SG, iss. 39 in 2005) The Commission shall not be liable for the truthfulness of the particulars contained in the prospectus.

(4) (Am. – SG, iss. 39 in 2005; iss. 34 in 2006; iss. 86 in 2006) Except in the cases when no prospectus confirmation is required, the increase in the capital done on the conditions of Art. 5 shall be entered in the commercial register after the issued by the Commission confirmation is also submitted.

Art. 92a. (New – SG, iss. 86 in 2006) (1) The issuer or the offeror shall publish a notice of the public offering, the initial and the closing date of the subscription or the initial and the closing date of the sale, respectively, the registration number of the approval given by the Commission, the place, time and way of inspecting the prospectus, as well as other particulars laid down in an ordinance.

(2) The notice under para 1 shall be promulgated in the "State Gazette" and be published in one national daily newspaper at least 7 days before the initial date of the subscription or the commencement of the sale.

(3) The date on which the notice under para 1 is published shall be considered commencement of the public offering.

(4) The date indicated in the notice under para 1 on which, at the earliest, securities of the issuer may be subscribed or purchased, shall be considered commencement of the subscription or the sale, respectively.

(5) The issuer, the offeror or the person asking for admission of securities to trading on a regulated market must place the prospectus at the disposal of the public through its publication in the press, in the form of a leaflet or in another appropriate manner not later than the initial date of the public offering or the admission of the securities to trading on a regulated market.

(6) In the cases of an initial public offer of a class of shares not already admitted to trading on a regulated market and for which subsequently admission to trading for the first time shall be asked, the prospectus shall be made available to the public at least 6 working days before the deadline of the offer.

(7) The advertisements and publications relating to the public offering of securities or admission of securities to trading on a regulated market shall indicate that the prospectus is or will be made available to the public, as well the way in which investors may acquaint themselves with it. The advertisements and publications may not contain false or misleading information, or such that contradicts the information contained in the prospectus submitted to the Commission. The Commission shall exercise control over the consistence of the advertisements and the publications with the requirements of the law and it's implementing instruments.

(8) The issuer, the offeror and the person asking for admission of securities to trading on a regulated market may not make statements about the public offering applied for or admission to trading on a regulated market, which contradict the information contained in the prospectus submitted to the Commission, or contain important information that is not included in that prospectus.

(9) The requirements for the availability of a prospectus and other information, related to public offering or admission to trading on a regulated market to the public, the advertisements and publications under para 7, the terms, methods and distribution places, the publication of a summary of the prospectus in the press or the dissemination of information through a news agency shall be laid down in an ordinance.

Art. 92b. (New – SG, iss. 86 in 2006) (1) A prospectus shall be valid for 12 months after its publication in accordance with Art. 92a para 5, provided that the requirements of Art. 85 para 2 have been met.

(2) A registration document, as referred to in Art. 82 para 3 item 1 shall be valid for a period of 12 months, provided that it has been updated in accordance with Art. 82b. In such cases the registration document accompanied by the securities note, updated in accordance with Article 82a, if necessary, and the summary note, shall be considered to constitute a valid prospectus.

(3) In the case of an offering program, the base prospectus shall be valid for a period of 12 months.

(4) In the cases under Art. 86 para 1 item 2 the prospectus shall be valid until no more of the securities concerned are issued on a continuous or repeated manner.

Art. 92c. (New – SG, iss. 86 in 2006) (1) Where the Republic of Bulgaria is a home Member State, a public offering of securities can be made, or admission of securities to trading on a regulated market on the territory of one or more host Member States requested, on the grounds of an approved by the Commission prospectus, after the competent authorities of the host Member States are notified in advance of it in accordance with para 4.

(2) If an offer of securities is made to the public or admission to trading on a regulated market on the territory of one or more host Member States, the issuer or the person responsible for the drawing up of the prospectus must preliminarily inform of it the Commission.

(3) The notification under para 2 shall contain indication of the host Member State, the host Member States, respectively. Attached to the notification shall be the prospectus, if it has not been approved by the Commission.

(4) Within 3 working days following the receipt of the notification under para 2, or within 1 working day after the approval of the prospectus, if the prospectus has been submitted for approval together with the notification, the Commission shall provide the competent authority of the host Member State with a certificate, attesting that the prospectus has been drawn up in accordance with the requirements of Directive 2003/71/EC of the European Parliament and of the Council and amending Directive 2001/34/EC, and with a copy of the prospectus under para 3. The Commission shall inform forthwith the issuer, respectively the person responsible for the drawing up of the prospectus, about the sending of the documents under sentence one.

(5) To the supplements to the prospectus under Art. 85 para 2, shall apply paragraph 2-4 accordingly.

(6) When the Commission has allowed the exclusion of some data from the prospectus in accordance with Art. 87 or Art. 82 para 5 has been applied, this shall be stated in the certificate under para 4 along with the reasons for applying these provisions.

(7) Where the Commission is informed by the competent authority of the host Member State of breaches committed of the acting legislation of such state by the issuer or the persons authorized to carry out the public offering, or of breaches of the obligations attaching to the issuer by reason of the fact that the securities are admitted to trading on a regulated market, the Commission shall apply the appropriate measures under Art. 212 and shall inform the host Member State of the measures taken.

Art. 92d (New – SG, iss. 86 in 2006) (1) Where the Republic of Bulgaria is a host members state the securities may be offered to the public or admitted to trading on a regulated market on its territory, after the Commission receives from the relevant competent authority of the home Member State:

1. a certificate attesting that there is an approved prospectus for the securities, which has been drawn up in compliance with the requirements of Directive 2003/71/EC of the European Parliament and of the Council and amending Directive 2001/34/EC, as well as information on whether some data from the prospectus have been excluded or replaced, the data that have been excluded or replaced, as well as reasons for their exclusion or replacement;

2. a copy of the approved prospectus

3. the Commission shall inform forthwith the issuer, respectively the person responsible for the drawing up of the prospectus of the receiving of the documents under para 1.

(3) The issuer, offeror or the person asking for admission of the securities to trading on a regulated market shall make available the prospectus to the public in accordance with Art. 92a. When the prospectus has not been drawn up in the Bulgarian language, the issuer, offeror or the person asking for admission of the securities to trading on a regulated market must along with the prospectus make available to the public the summary document in the Bulgarian language.

(4) To the supplements to the prospectus shall apply paragraph 1-3 accordingly.

(5) When learning of any significant new factor, material mistake or inaccuracy in the prospectus, the Commission shall inform the competent authority of the home Member State of the need for a supplement to the prospectus.

(6) Where the Commission finds that the issuer or the persons in charge of the public offer in the Republic of Bulgaria commits breaches of the Law or its implementing instruments or that breaches have been committed of the obligations attaching to the issuer by reason of the fact that the securities are admitted to trading on a regulated market in the Republic of Bulgaria, it shall inform of it the competent authority of the home Member State.

(7) If, despite the measures taken by the competent authority of the home Member State or because such measures prove inadequate, the issuer or the person in charge of the public offer in the Republic of Bulgaria persists in breaching this Law or its implementing instruments, the Commission may, after informing the competent authority of the host Member State, take all the appropriate measures in order to protect investors. The Commission shall inform the European Commission of such measures within 7-day period of their applying.

Art. 92e. (New – SG, iss. 86 in 2006) (1) Where an offer to the public is made or admission to trading on a regulated market is sought only in the Republic of Bulgaria and the home Member State is the Republic of Bulgaria, the prospectus shall be drawn up in the Bulgarian language.

(2) Where an offer to the public is made or admission to trading on a regulated market is sought in one or more Member States, excluding the Republic of Bulgaria, and the home Member State is the Republic of Bulgaria, the prospectus shall be drawn up in a language accepted by the competent authorities of those Member States or in a language customary in the sphere of international finance, at the choice of the issuer, offeror or the person asking for admission of the securities to trading on a regulated market. For the purposes of the prospectus approval by the Commission, the prospectus shall be drawn up in the Bulgarian or English language, at the choice of the issuer, offeror or the person asking for admission of the securities to trading on a regulated market.

(3) Where an offer to the public is made or admission to trading on a regulated market is sought in more than one Member State, including the Republic of Bulgaria, and the home Member State is the Republic of Bulgaria, the prospectus shall be drawn up in the Bulgarian language. In such cases the prospectus shall be made available to the public also in a language accepted by the competent authorities of each host Member State or in a language customary in the sphere of the international finance, at the choice of the issuer, offeror or the person asking for admission of the securities to trading on a regulated market.

(4) Where admission to trading on a regulated market of non-equity securities whose denomination per unit amounts to at least the BGN equivalence of 50 000 euro is sought in one or more Member States, the prospectus shall be drawn up in a language accepted by the competent authorities of the home and host Member States or in a language customary in the sphere of

international finance, at the choice of the issuer, offeror or the person asking for admission of the securities to trading on a regulated market.

Art. 92f. (New – SG, iss. 86 in 2006) (1) Where the Republic of Bulgaria is a home Member State of an issuer having its registered office in a third country, the Commission may approve a prospectus for an offer to the public or for admission to trading on a regulated market, drawn up in accordance with the legislation of a third country, provided that:

1. the prospectus has been drawn up in accordance with international standards set by international organisations of securities commissions, including the IOSCO disclosure standards;

2. the requirements to the information contained in the prospectus, including information of a financial nature, are analogues to the requirements under this law and its implementing instruments;

(2) In the case of offer to the public or admission to trading on a regulated market of securities, issued by an issuer incorporated in a third country, in a Member State other than the Republic of Bulgaria, and the home Member State is the Republic of Bulgaria, the requirements set out in Articles 93c and 93e shall apply accordingly.

Art. 92 g. (New – SG, iss. 86 in 2006) (1) (Am. – SG, iss. 52 in 2007) The Commission shall cooperate and exchange information with the relevant competent authorities of the other Member States whenever necessary for the purpose of realization of its powers and shall render them assistance with a view to exercising of their functions, including in the cases when there are two or more home Member States and respectively competent authorities for a certain issuer due to the issued by it various classes of securities, or where the approval of the prospectus has been transferred to the competent authority of another Member State pursuant to Art. 91 para 6. The Commission shall closely cooperate with the authorities under sentence one, also when one or several of them require suspension or termination of trading for certain securities traded in various Member States in order to ensure a level playing field between trading venues and protection of investors.

(2) Where the Republic of Bulgaria is a host Member State, the Commission may request assistance from the competent authority of the home Member State from the stage at which the case is scrutinized, in particular as regards a new or rare type of securities. Where the Republic of Bulgaria is a home Member State, the Commission must render assistance to the host Member State competent authorities in the cases under para 1.

(3) The Commission may ask for information from the competent authorities of the host Member State on any items specific to the capital market in that state. On request by the competent authorities of the home Member State, the Commission shall provide information about the Bulgarian market.

(4) The Commission may consult with operators of regulated markets as necessary, and in particular, when deciding to suspend or terminate the trade with certain securities.

Art. 92h. (New – SG, iss. 86 in 2006) (1) To ensure compliance with the provisions of this chapter the Commission shall have the following powers besides those provided for in the other parts of the law and its implementing instruments:

1. to require issuers, offerors or persons asking for admission to trading on a regulated market to include in the prospectus supplementary information, if necessary for investor protection;

2. to require issuers, offerors or persons asking for admission to trading on a regulated market, and the persons that control them or are controlled by them, to provide certain information and documents;

3. to require auditors, the members of the management and supervisory bodies and procurators of the issuers, offerors or persons asking for admission to trading on a regulated market, as well as the persons commissioned to carry out the offer to the public or ask for admission to trading on a regulated market, to provide certain information;

4. to suspend a public offer or admission to trading on a regulated market for a maximum of 10 consecutive working days on any single occasion if it has reasonable grounds for believing that the provisions of the law or its implementing instruments have been infringed;

5. to prohibit or suspend an advertisement for a maximum of 10 consecutive working days on any single occasion if it has reasonable grounds for believing that the provisions of the law or its implementing instruments have been infringed;

6. to prohibit the carrying out of a public offer if it has reasonable grounds for believing that the provisions of the law or its implementing instruments have been infringed or would be infringed;

7. to make public the fact that an issuer is failing to comply with its obligations under this law and its implementing instruments.

(2) The Commission may disclose to the public every measure or sanction that has been imposed for infringement of the provisions of this law or its implementing instruments, unless this would seriously jeopardise the financial markets integrity or cause disproportionate damage to the parties involved.

Art. 93. (Am. – SG, iss. 61 in 2002, iss. 39 in 2005, cancelled - iss. 86 in 2006)

Division IV
(Cancelled – SG, iss. 52 in 2007 in effect from 3 July, 2007)

Art. 93a. (New – SG, iss. 61 in 2002, am., iss.105 in 2006, cancelled – SG, iss. 52 in effect from 3 July 2007)

Art. 94. (Am. and suppl. – SG, iss. 61 in 2002, am., iss. 39 in 2005, am. and suppl. iss. 86 in 2006, am. iss.105 in 2006, cancelled – SG, iss. 52 in effect from 3 July 2007)

Art. 95. (Am. – SG, iss. 61 in 2002, iss. 39 in 2005, cancelled – SG, iss. 52 in effect from 3 July 2007)

Art. 95a. (New – SG, iss. 39 in 2005, cancelled – SG, iss. 52 in effect from 3 July 2007)

Art. 96. (Am. – SG, iss. 61 in 2002, iss. 39 in 2005, cancelled – SG, iss. 52 in effect from 3 July 2007)

Art. 97. (Am. - SG, iss. 61 in 2002, cancelled – SG, iss. 39 in 2005).

Art. 98. (Am. – SG, iss. 61 in 2002, iss. 39 in 2005; iss. 84 in 2006, cancelled – SG, iss. 52 in effect from 3 July 2007).

Art. 98a. (New – SG, iss. 61 in 2002, am., iss. 39 in 2005, cancelled – SG, iss. 52 in effect from 3 July 2007).

Art. 99. (Am. and suppl. – SG, iss. 61 in 2002, am., iss. 39 in 2005, iss. 86 in 2006, cancelled – SG, iss. 52 in effect from 3 July 2007)

Art. 100. (Am. and suppl. – SG, iss. 61 in 2002, am. iss. 8 in 2003, am. iss. 39 in 2005, cancelled – SG, iss.52 in 2007 in effect from 3 July, 2007).

Division V
(New – SG, iss. 61 in 2002)
Special Requirements for the Initial Public Offering of Bonds

Art. 100a. (New – SG, iss. 61 in 2002) (1) Initial public offering of secured bonds shall be allowed if the issuer has concluded a contract with a trustee of the bondholders. Art. 208, Art. 209 para 2, Art. 210-213 of the Commercial Law shall not apply.

(2) The trustee of the bondholders shall act on his behalf in the cases defined in this Law and the contract under para 1.

(3) The remuneration of a trustee shall be paid by the issuer.

(4) The requirement of para 1 shall not apply to bonds issued under the Mortgage Bonds Law.

(5) The requirement under para 1 shall apply to unsecured bonds if so provided for by the decision to launch a bond issue under Art. 204 para 3 of the Commercial Law.

(6) Owners of bonds of one issue or class may at the general meeting make decisions on issues of mutual interest. The general meeting shall be convened by the trustee of the bondholders under the terms of Art. 214 of the Commercial Law.

Art. 100b. (New – SG, iss. 61 in 2002) (1) A prospectus for a bond issue must contain:

1. the conditions under which the issuer must pay in advance the bond issue;

2. an obligation of the issuer to observe certain financial ratios until the bond issue is redeemed including the maximum value of the liabilities to assets ratio as per the balance sheet and the minimum ratio at which interest expenses are covered;

3. conditions that the issuer must meet to launch new bond issues of the same class.

(2) The ratio at which interest expenses are covered under para 1, item 2 shall be calculated by adding the profit from operations to interest expenses and dividing this sum by interest expenses.

(3) (Am. – SG, iss. 39 in 2005) Where an issuer has not concluded a contract with a trustee of bondholders, it must publish a half-yearly report whether the conditions of the bond issue have been met in the bulletin of the regulated market where the bonds are traded and present it to the Commission within 30 days of the end of each six months' period. The report shall contain information about:

1. the meeting of the issuer's obligations to bondholders under the terms of the issue, including compliance with the specified financial ratios;

2. the expenditure of funds raised by the bond issue;

3. other circumstances set out in an ordinance.

Art. 100c (New – SG, iss. 61 in 2002) (1) The trustee of the bondholders must act in the best interest of the bondholders.

(2) Agreements that preclude or limit the trustee's liability to the bondholders in the cases of negligence shall be void.

(3) The trustee shall not be liable to the bondholders for damages inflicted on them, where his actions or failures to act were in compliance with a decision of the general meeting of shareholders, approved by a majority of ½ of the subscribed debt.

Art. 100d. (New – SG, iss. 61 in 2002) (1) A trustee of the bondholders may only be a commercial bank with a registered office in the country or a bank operating in the country via a branch licensed by the Bulgarian National Bank.

(2) Trustee of the bondholders may not be a commercial bank:

1. that is an underwriter of the bond issue or trustee for bonds of another class issued by the same issuer;

2. which controls directly or indirectly the issuer or is controlled directly or indirectly by the bond issuer;

3. in other cases where there is or may be a substantial conflict between interest of the bank or the interest of a person who controls it and the interest of the bondholders.

(3) In the event that any of the circumstances under para 2 comes into being after the agreement under Art. 100a has been concluded, the trustee of the bondholders must forthwith notify the bond issuer and eliminate the inconsistency with the law within 30 days of the coming into being of the circumstance. When an inconsistency cannot be eliminated, the bond issuer shall be obligated to terminate the agreement with the trustee of the bondholders not later than 45 days after the coming into being of the inconsistency and conclude a new agreement under Art.100a with another person. The trustee shall continue to fulfil his obligations to the bondholders until a new agreement is concluded.

(4) The provision of para 3 shall also apply accordingly in cases when the license of the trustee of the bondholders to perform activity is revoked, a decision was made for its voluntary liquidation or bankruptcy proceedings have been initiated against the trustee.

Art. 100e. (New – SG, iss. 61 in 2002) (1) The agreement under Art. 100a must define completely the rights and obligations of the trustee of the bondholders to the bond issuer, the obligations of the trustee to the bondholders as well as the obligations of the issuer to the trustee of the bondholders.

(2) The agreement under Art. 100a shall be a part of the prospectus for a bond issue.

Art. 100f. (New – SG, iss. 61 in 2002) (1) A bond issuer shall be obligated:

1. (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) to provide to the trustee of the bondholders the information under Chapter Six "a", within the respective terms;

2. to give the trustee of the bondholders, not later than the 10th of the month following every quarter, a report on the fulfilment of their obligations pursuant to the terms of the bond issue, including the expenditure of the funds raised by the bond issue, the keeping of the respective financial ratios and the condition of the collateral;

3. to notify the trustee of the bondholders by the end of the following business day of:

a) all changes in the collateral put up for the bond issue including the material changes in the value of the property subject of the collateral;

b) any failure to meet the obligation to keep the financial ratios specified in the contract.

(2) (Am. – SG, iss. 39 in 2005) an issuer shall also file the report under para 1, item 2 with the Commission, as well as with the regulated securities market where the bonds are traded.

Art. 100g. (New – SG, iss. 61 in 2002) (1) A trustee of the bondholders shall be obligated:

1. to analyze regularly the financial status of the bond issuer in view of their ability to fulfil their obligations to the bondholders;

2. (Am. – SG, iss. 39 in 2005) within 30 days of the end of every half-year, to publish a report on the period that has elapsed in the bulletin of the regulated market where the bonds are traded and submit the report to the Commission. The report shall contain the information under Art. 100b, para 3, as well as information about:

a) the condition of the collateral for the bond issue when there are such terms;

b) the financial status of the issuer in view of their ability to fulfil their obligations to bondholders;

c) activities performed by the trustee in fulfilling their obligations

d) the presence or absence of the circumstances under Art. 100d, para 2.

3. to regularly check the balance and condition of collateral;

4. to give written answer to questions asked by the bondholders in relation to the bond issue;

(2) Where an obligation of the issuer is not met under the terms of the bond issue, a trustee of the bondholders shall:

1. (Am. – SG, iss. 39 in 2005) publish a notification about the issuer's failure to meet its obligations and about the steps under item 2, which the trustee will take, in the bulletin of the regulated market where the bonds are traded and submit the notification to the Commission;

2. take the necessary steps to protect the rights and interests of bondholders including:

a) require the bond issuer to provide as much additional collateral as is necessary to guarantee the interests of bondholders;

b) notify the bond issuer about the amount of the bond issue which becomes demandable in case of any overdue payment of a specified part of the monetary obligations to bondholders;

c) move to foreclose out-of-court on the collateral for the bond issues where applicable in the law;

d) bring an action against the bond issuer;

e) file a bankruptcy petition against the bond issuer.

(3) A trustee shall be entitled to access to the book of bondholders whose interests he represents.

Art. 100h. (New – SG, iss. 61 in 2002) (1) Any receivables of bondholders may be collateralized by a pledge, mortgage or in any other way and the designated secured creditor shall be the trustee of bondholders.

(2) Commercial enterprises may not be pledged to collateralize receivables of bondholders.

(3) Only first-line pledges and mortgages may be set up for the benefit of bondholders.

Art. 100i. (New – SG, iss. 61 in 2002) (1) An initial public offering of a bond issue for which collateral is envisaged shall be allowed after the collateral has been put up.

(2) The requirement of para 1 shall not apply where the collateral is property acquired with the funds raised by the bond issue. The funds raised shall be kept in a bank account in the name of the trustee until the property has been acquired. The trustee shall follow the putting-up of the collateral in accordance with the terms of the agreement under Art. 100a.

(3) When putting up collateral, as well as at least once a year until the bond issue has been redeemed, the issuer shall assign experts with the necessary qualification and experience to make a valuation of the pledged or mortgaged property at its market price. The trustee of bondholders may also assign for the account of the issuer a valuation of the collateralized property were there are circumstances reasonably believed to have brought about a significant reduction of the collateral's value.

(4) The initial valuation of the collateral under para 1 shall apply to the prospectus for the bond issue and in the other cases valuations shall apply to the issuers' reports on the meeting of the obligations regarding the issue.

Chapter Six "a"
(New – SG, iss. 52 in effect from 3 July 2007)
DISCLOSURE OF INFORMATION
Division I
General Provisions

Art. 100j. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) This Chapter shall govern the requirements to disclosure of information by issuers for which the Republic of Bulgaria is a home Member State and whose securities have been admitted to trading on a regulated market, as well as by issuers which have made an offer to the public in the Republic of Bulgaria.

(2) For the purposes of this Chapter:

1. "Home Member State" means:

a) for an issuer of equities or of debt securities, whose nominal value per unit amounts to less than the BGN equivalence of 1 000 euro or an equivalent amount in another currency, in which the securities are denominated at the date of their issue:

aa) for an issuer from a Member State, the Member State in which its registered office is situated;

bb) for an issuer from a third country - the Member State where the issuer is obligated to file with the relevant competent authority a document, which contains or refers to the whole information, which it published or otherwise made available to the public during the last 12 months according the requirements of Art. 10 of Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC;

b) in cases other than those under letter "a" – the Member State where the registered office of the issuer is situated or where its securities are admitted to trading on a regulated market, at the issuer's choice; the issuer may indicate only one home Member State, and its choice shall be valid for a period of not less than three years, unless the securities are already traded on a regulated market in the Republic of Bulgaria or other Member State;

2. "Host Member State" means the Member State where the securities are admitted to trading on a regulated market, when such state is different from the home Member State.

3. "Securities issued in a continuous or repeated manner" means issues of debt securities of a single issuer, issued regularly or at least two separate issues of securities of a similar type and/or class;

4. "debt securities" means bonds or other negotiable securitized debts, with the exception of securities equivalent to equities in companies or such which upon their conversion or exercising of the rights attached thereto, give rights to acquisition of equities or securities, equivalent to equities in companies.

(3) An issuer who has chosen the Republic of Bulgaria as a home Member State under para 2 item 1 letter "b" must make public its decision of choice in accordance with Art. 100s and 100u.

Art. 100k. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) The provisions of this Chapter shall not apply to:

1. units of undertakings for collective investment which are not of closed type within the meaning of Art. 77y para 1 item 8 and 9, or to units acquired or transferred within such undertakings for collective investment;

2. money market instruments with maturity shorter than 12 months.

Art. 100l. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The reports, notifications and other information, which are made public under this Chapter shall contain the information needed for investors to make a reasoned investment decision. Such reports, notifications and information may not hold incorrect, misleading or incomplete data.

(2) The issuer's management body shall be responsible for the drawing up and public disclosure of the financial statements.

(3) The members of the issuer's management body, as well as its procurator, shall be jointly and severally liable for the damages, caused by incorrect, misleading or incomplete data in the reports, notifications and other information, which is disclosed under this Chapter. The persons under Art. 34 para 1 and 2 of the Accountancy Act shall be jointly and severally liable with the persons under sentence one for any damages, caused by incorrect, misleading or incomplete data in the issuer's financial statements, and the registered auditor – for the damages, caused by the audited by him financial statements.

Division II
Disclosure of Regulated Information

Art. 100m. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The issuer shall make public its annual financial statement concerning its activities within 90 days after the fiscal year's end.

(2) An issuer who is obligated to prepare a consolidated financial statement shall make public its annual consolidated financial statement about its activities within 120 days after the fiscal year's end.

(3) The issuer must ensure the annual financial statement and the annual consolidated financial statement about the activities to remain at the disposal of the public for a period not shorter than 5 years.

(4) The annual financial statement on the activities shall contain:

1. certified by a registered auditor financial statement under the Accountancy Act, as well as the auditor's report;

2. annual activity report;

3. programme for application of the internationally recognized good corporate governance standards, specified by the deputy chairman;

4. written statements by the responsible within the issuer persons, with their names and functions indicated, certifying that as far as they know:

a) the financial statement, drawn up according the applicable accounting standards, reflects correctly and fairly the information on the assets and liabilities, the financial situation and the profit or loss of the issuer and of the companies included in the consolidation;

b) the report on the activities contains a reliable review of the development and the results of the issuer's activities, as well as of the situation of the issuer and the companies, included in the consolidation, along with the major risks and uncertainties which it faces;

5. other information, as laid down in an ordinance.

(5) Where the issuer is obligated to draw up a consolidated financial statement, the annual consolidated report on the activity shall be with the contents under para 4 item 1, 2, 4 and 5, and the financial statement shall be prepared according the International Accounting Standards and shall be submitted together with the annual audited financial statement of the parent undertaking, drawn up in consistence with the legislation of the home Member State of the parent undertaking.

(6) Where the issuer is not obligated to draw up a consolidated financial statement under para 5, the audited financial statement shall be prepared in compliance with the national legislation of its home Member State.

(7) The annual report on the activities shall include, beside the information under the Accountancy Act also information about:

1. the fulfilment of the programme for the application of the internationally recognized good corporate governance standards under para 4 item 3, and where there is no such programme available – about the reasons due to which it has not been prepared, as well as on compliance of the operation of the issuer's management and supervisory bodies during the past year with these standards;

2. the reasons due to which the operation of the issuer's management and supervisory bodies was not in compliance with the programme, respectively with the standards under item 1, if such non-compliance exists;

3. the measures taken to overcome the reasons under item 2 and for fulfilment of the programme of good corporate governance;

4. revaluation of the programme and proposals for its change with the purpose of improving the application of the good corporate governance standards in the company;

5. other information, laid down in an ordinance.

Art. 100n. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The issuer shall make public its quarterly financial statement about its operation within 30 days after the end of each quarter.

(2) An issuer who is obligated to draw up a consolidated financial statement shall make public a quarterly consolidated financial statement of its operation within 60 days after the end of each quarter.

(3) The issuer must ensure the quarterly financial statement and the quarterly consolidated financial statement on the activity to remain available to the public for a period not less than 5 years.

(4) The quarterly financial statement for the activities shall contain:

1. a set of financial statements;

2. an interim report on the operation, containing information on important events that have occurred during the quarter and with accumulation from the beginning of the fiscal year till the end of the respective quarter and on their impact over the results in the financial statement, as well as description of the major risks and uncertainties, which the issuer faces during the remaining part of the fiscal year; in respect to issuers of equities the report must contain information about the concluded large transactions between related persons whose minimum content shall be laid down in an ordinance;

3. written statements by the responsible within the issuer persons, with indication of their names and functions, attesting that so far as they know:

a) the set of financial statements, drawn up according the applicable accounting standards, reflect correctly and fairly the information about the assets and liabilities, the financial situation and the profit or loss of the issuer, or of the companies included in the consolidation;

b) the interim report on the activities contains a trustworthy review of the information under item 2;

4. other information, as laid down in an ordinance.

(5) Where the issuer is obligated to draw up a consolidated financial statement, the consolidated quarterly financial statement on the activities shall be with the content under para 4, and the financial statement shall be prepared according the International Accounting Standards, applicable for the drawing up of interim reports.

(6) Where the issuer is not obligated to prepare an interim consolidated financial statement under para 5, the set of financial statements, in the cases when it has not been prepared according

the International Accounting Standards, must contain at least a short-form balance sheet, a short-form income statement and selected explanatory appendices, whose content shall be laid down in an ordinance. The same principles of recognition and accounting shall be applied in the preparation of the short-form balance sheet and the short-form income statement as those applied in the preparation of the annual financial statement.

(7) If the interim financial statement has been certified by a registered auditor or it has undergone an auditor's review on conditions and with content, as laid down in an ordinance, the auditor's report, or the results of the review shall be made public along with the financial statement. If the financial statement is not certified or has not been reviewed, the issuer shall state this circumstance.

Art.100o. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The requirements under Art. 100m and 100n shall not apply for issuers from a third country, if the Commission decides that the legislation of the respective country provides for requirements equivalent to the requirements of this Act and its implementing instruments. The conditions on which the Commission may consider that the requirements of the legislation of the third country are equivalent to the requirements of this Act and its implementing instruments shall be laid down in an ordinance.

(2) The information which the persons under para 1 are obligated to disclose according their national legislation, shall be disclosed under the conditions and procedures of Art. 100s and 100u.

(3) The persons under para 1 are obligated to disclose under the conditions and procedure of Art. 100s and 100u also the information which they disclose according their national legislation, including when it is not regulated, but could be of significance for the public in the Member States.

(4) The Commission shall post on its web page the states for which it considers that their legislation provides for requirements equivalent to the requirements under this Act and its implementing instruments.

Art. 100p. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The provisions of Art. 100m and Art. 100n shall not apply to:

1. The Republic of Bulgaria, regional or local authorities in the Republic of Bulgaria, public international organizations, a member of which is at least one Member State, the European Central Bank, Bulgarian National Bank and the central banks of the other Member States, regardless of whether issuers of equities or other securities;

2. issuers which issue only debt securities, admitted to trading on a regulated market, having a nominal vale of not less than the BGN equivalence of 50 000 euro, or in cases of debt securities denominated in foreign exchange, other than euro, having a nominal value at the date of their issue of not less than the BGN equivalence of 50 000 euro.

(2) The provisions of Art. 100n shall not apply to banks whose shares are not admitted to trading on a regulated market and which person that has applied without the issuer's consent for the admission of the securities to trading on a regulated market, shall disclose the regulated information simultaneously to the Commission and to the public. An issuer which has made only public offering of securities must disclose the information under sentence one first on the territory of the Republic of Bulgaria.

(2) Paragraph 1 shall also apply to issuers whose securities have been admitted to trading on a regulated market in the Republic of Bulgaria and have not been admitted to trading on a regulated market of the home Member State. In such case the regulated information must satisfy the minimum requirements of Directive 2004/109/EC of the European Parliament and of the have issued only debt securities issued on a continuous or regular basis by them, provided that:

1. the total nominal value of the debt securities is less than the BGN equivalence of 100 000 000 euro;

2. they have not published a prospectus.

Art. 100r. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The issuer of securities, other than shares, shall immediately disclose to the public the changes in the rights of the owners of securities other than shares, including the changes in the time-limits and conditions concerning these securities, which could indirectly affect those rights, which are a result of alteration in the conditions of the loan or the interest rate.

(2) The issuer of securities shall immediately disclose to the public the information about the issuance of a new issue of debt securities and all related guarantees and collateral. This requirement shall not apply to international institutions or other similar organizations, a member of which is at least one Member State.

Art. 100s. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) An issuer, or the person that has applied without the issuer's consent for the admission of the securities to trading on a regulated market, shall disclose the regulated information simultaneously to the Commission and to the public. An issuer which has made only public offering of securities must disclose the information under sentence one first on the territory of the Republic of Bulgaria.

(2) Paragraph 1 shall also apply to issuers whose securities have been admitted to trading on a regulated market in the Republic of Bulgaria and have not been admitted to trading on a regulated market of the home Member State. In such case the regulated information must satisfy the minimum requirements of Directive 2004/109/EC of the European Parliament and of the Council for harmonization of the requirements to transparency in respect to information on the issuers, whose securities have been admitted to trading on a regulated market and amending Directive 2001/34/EC.

(3) The regulated information shall be disclosed to the public in a manner which ensures that it will reach the widest possible circle of persons, simultaneously and in a manner that does not discriminate them. The issuer must use a news agency or another media, which may ensure the efficient dissemination of the regulated information to the public in all Member States. The requirements to the form and content of the regulated information, as well as the conditions, ways and procedure of its disclosure shall be laid down in an ordinance.

(4) The issuer, or the person that has asked for admission of the securities to trading on a regulated market, may not collect fees from investors for access to the regulated information.

Art. 100t. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The Commission shall create and maintain a centralized data base for storage of the regulated information, received from the issuers whose securities have been admitted to trading on a regulated market and whose home Member State is the Republic of Bulgaria.

(2) The information under para 1 is public and the access to it shall be free of charge.

(3) The establishment and maintenance of the centralized data base for storage of the regulated information, as well as the requirements to safety of the information, to reliability of its sources, to the time, procedure and manner for providing an access to it, shall be laid down in an ordinance.

Art. 100u. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) Where the securities are admitted to trading on a regulated market only in the Republic of Bulgaria and the Republic of Bulgaria is the home Member State, the regulated information shall be disclosed in the Bulgarian language. When the securities are proposed to the public on the territory of the Republic of Bulgaria, the regulated information shall be disclosed in the Bulgarian language.

(2) Where the securities have been admitted to trading on a regulated market simultaneously in one or more Member States, including in the Republic of Bulgaria, and the Republic of Bulgaria is the home Member State, the regulated information shall be disclosed in the Bulgarian language and in a language, accepted by the competent authority of these states, or in a language that is customary in the field of the international finances, at the issuer's choice.

(3) Where the securities have been admitted to trading on a regulated market simultaneously in one or more Member States, with the exception of the Republic of Bulgaria, and the Republic of Bulgaria is the home Member State, the regulated information shall be disclosed in a language, accepted by the competent authorities of these Member States, or in a language that is customary in the field of the international finances, at the issuer's choice. For the purposes of realization of the supervisory functions of the Commission, the information shall also be disclosed in Bulgarian language or in English language, at the issuer's choice.

(4) When the securities are admitted to trading on a regulated market without the issuer's consent, the requirements under para 1-3 shall apply to the person that applied for admission of the securities to trading on a regulated market.

(5) In cases other than those under para 1-4, where securities, having a unit nominal vale of not less than the BGN equivalence of 50 000 EURO, or in cases of debt securities denominated in foreign currency, other than euro, having a nominal value at the date of their issue of not less than the BGN equivalence of 50 000 euro, have been admitted to trading on a regulated market in one or more Member States, the regulated information shall be disclosed in a language, accepted by the home and host Member States, or in a language accepted as customary in the field of international finances, at the choice of the issuer or of the person, that applied for admission of the securities to trading on a regulated market.

Division III
Requirements to Bond Issuers to Provide Information to Holders of Bonds and Other Debt Securities

Art. 100v. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The issuer of bonds shall ensure equal treatment of bondholders in identical situation with regard to all rights, related to bonds.

(2) The bondholders may be represented by a proxy with a power of attorney, drawn up in compliance with the legislation of the issuer's home Member State.

(3) The person under para 1 shall:

1. ensure all necessary conditions and information, so that the bondholders may exercise their rights, as well as to guarantee the integrity of that information;

2. provide a model form of the power of attorney under para 2 on paper bearer or by electronic means, if applicable, together with the materials for the general meeting or on request and after its convening;

3. indicate at least one financial institution, through which payments concerning the bonds are made; the types of financial institutions through which the payment may be effected shall be laid down in an ordinance.

(4) The issuer may use electronic means to provide information to the bondholders, provided the general meeting has taken such decision and the following conditions have been complied with:

1. the use of electronic means does not depend on the head office or the address of the bondholders, or of the persons representing them;

2. measures for identification have been taken, so that the information may be really provided to the bond-holders;

3. the bond-holders have stated expressly in writing assent for provision of information through electronic means or within a 14-day period after the receiving of a request of the issuer for such assent, they have not stated an express denial; on the bondholders' request, the issuer shall at any time provide them with the information on paper bearer;

4. the specifying of the costs related to the provision of information through electronic means does not contradict the principle of ensuring equal treatment under para 1.

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

Art. 100w. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) A bond issuer shall send to the Commission the notice under Art. 214 para 1 of the Commercial Law at least 15 days prior to the general meeting. Beside the information under Art. 223, para 4 of the Commercial Law, the notice about the general meeting shall include information on the bondholders' right to participate in it.

(2) The bond issuer must inform the Commission about:

1. payment of interest;

2. decisions in relation to conversion, exchange, subscription or cancellation of rights attaching to the bonds and payments in relation to them.

(3) The obligation under para 2 shall be fulfilled by the end of the working day following the day of decision-making, and when it is subject to entry in the commercial register – till the end of the working day following the day of coming to know of the entry, but not later than 7 days after the entry.

(4) When the notice for the general meeting relates only to bondholders with a unit nominal value of at least the BGN equivalence of 50 000 euro or an equivalent amount in another currency, in which the bonds are denominated at the date of their issue, the bond issuer for whom the Republic of Bulgaria is a home Member State may take a decision the general meeting to be held in any of the Member States, provided that all needed conditions and information are ensured in that state, so that the bond-holders may exercise their rights. In such case, the issuer shall notify the Commission of its choice.

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

(6) Paragraphs 1-5 shall apply accordingly for issuers of other debt securities.

Art. 100x. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The requirements of this Division shall not apply to issuers from a third country, if the Commission decides that the legislation of the relevant country provides for requirements, equivalent to the requirements of this Act and its implementing instruments. The conditions on which the Commission may consider that the requirements of the third country's legislation are equivalent to the requirements according this Act and its implementing instruments shall be laid down in an Ordinance.

(2) The information which the persons under para 1 are obligated to disclose under their national legislation will be disclosed on the conditions and under the procedure of Art. 100s and 100u.

(3) The persons under para 1 shall disclose under the conditions and the procedure of Art. 100s and 100u also the information which they disclose according to their national legislation,

including when it is not regulated, but could be of importance for the public in the Member States.

(4) The Commission shall publish on its web site a list of the states where it considers their legislations provide for requirements equivalent to the requirements under this Act and its implementing instruments.

Division IV
Supervisory Requirements

Art. 100y. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The issuer is obligated to inform the Commission of:

1. changes in its articles of association;
2. changes in its management and supervisory bodies;
3. a decision for the company's transformation;
4. other circumstances, as laid down in an ordinance.

(2) The obligation under para 1 shall be fulfilled by the issuer by the end of the working day, following the day of decision-making or coming to know of the relevant circumstance, and when it is subject to entry in the commercial register – by the end of the working day following the day of coming to know of the entry, but not later than 7 days after the entry.

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

Art. 100z. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The requirements to the form of the reports and the notifications under this Chapter, the way and procedure of their provision to the Commission, as well as to making the reports public shall be laid down in an ordinance.

(2) The circumstances subject to disclosure by an issuer in a procedure of liquidation or bankruptcy shall be laid down in an ordinance.

(3) The issuer's obligations under this Chapter shall be terminated with the decision of the deputy chairman for its deletion from the register under Art. 30 para 1 item 3 of the Financial Supervision Commission Act.

(4) The conditions and procedure for filing in and deletion of issuers from the register under Art. 30 para 1 item 3 of the Financial Supervision Commission Act shall be laid down in an ordinance.

Division V
Supervision and Cooperation

Art. 100z' (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) To ensure compliance with the provisions of this Chapter, beside the envisaged in the other parts of the Act and its implementing instruments powers, the deputy chairman may:

1. require from the auditors, the issuer and from the persons, controlling it or which are controlled by it, to provide certain information or documents;
2. require from an issuer to make public the information under item 1 in a manner and within a term set by him/her;

3. publish, after submission of explanation by the issuer, the information under item 1 on his own initiative in the cases where the issuer or the persons controlling it or which are controlled by it have failed to perform their obligation under item 2;

4. require from the members of the management and supervisory bodies and the procurators of the issuer to provide certain information under this Chapter, and where needed – also additional information and documents;

5. cease the trade on a regulated market with certain securities for not more than 10 days, if he has sufficient grounds to consider that the provisions of this Chapter or its implementing instruments have been violated;

6. prohibit the carrying out of trade on a regulated market, if the provisions of this Chapter or its implementing instruments have been violated or there are enough grounds to consider that they have been violated;

7. obligate the issuer to take specific measures for the timely disclosure of information, so that to ensure public access to it simultaneously in all Member States where its securities have been admitted to trading;

8. inform the public that certain issuer does not comply with its obligations under this Chapter and its implementing instruments;

9. obligate the issuer within set by him sufficient term to remove the established deficiencies and other inconsistencies with the provisions of this Act or its implementing instruments, including with the International Accounting Standards, admitted in the financial statements, registers and other accounting documents.

(2) In the cases under para 1 item 1, no restrictions for disclosure of information envisaged by law, sub-statutory act or contract shall apply with respect to the auditor. The auditor will not be responsible for disclosure of information under para 1 item 1 to the Commission and the deputy chairman.

(3) The Commission may disclose any applied coercive measures and imposed sanction for offence of the provisions of this Chapter or its implementing instruments, unless this would seriously jeopardize the financial markets integrity or would cause excessive damages to the persons to whom this information relates.

Art. 100z" (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The Commission shall cooperate and exchange information with the relevant competent authorities of the other Member States, when necessary for the realization of its powers under this Chapter, and shall render them assistance with a view to the exercising of their functions.

(2) Where the Republic of Bulgaria is a host Member State and the Commission establishes that the issuer offends this Law or its implementing instruments, it shall notify of it the home Member State's competent authority.

(3) If despite of the applied by the competent authority of the home Member State measures or due to it that those measures proved to be inappropriate, the issuer continues to commit offences of this Law or its implementing instruments, the Commission, after notifying the competent authority of the home Member State, may take the necessary measures for investor protection. The Commission shall inform the European Commission of the measures taken within a 7-day period of their applying.

(4) Where the Commission is informed by the relevant competent authority of the host Member State about an issuer for which the Republic of Bulgaria is a home Member State, which offends the legislation of the Member State on whose territory its securities have been admitted to trading, the Commission, or the deputy chairman, shall impose respective coercive administrative measures.

Chapter Seven
TRADING IN SECURITIES
Division I
General Provisions
(Cancelled – SG, iss. 52 in 2007)

Art. 101. (Am. – SG, iss. 61 in 2002; iss. 8 in 2003, iss. 39 in 2005, iss. 86 in 2006; cancelled –SG iss. 52 in 2007 г.).

Division II
Trading on the Official Stock Exchange Market
(Cancelled – SG, iss. 52 in 2007)

Art. 102. (Am. - SG, iss. 61 in 2002, Am. – SG, iss. 86 in 2006, cancelled – SG, iss 52 in 2007)

Art. 103. (Am. – SG, iss. 86 in 2006, cancelled – SG, iss 52 in 2007)

Art. 104. (Am. – SG, iss. 86 in 2006, iss. 25 in 2007, cancelled – SG, iss 52 in 2007)

Art. 105. (Cancelled – SG, iss 52 in 2007)

Art. 106. (Am. – SG, iss. 86 in 2006, cancelled – SG, iss 52 in 2007)

Art. 107. (Am. – SG, iss. 86 in 2006, cancelled – SG, iss. 52 in 2007)

Art. 108. (Am. – SG, iss. 39 in 2005; iss. 86 in 2006, cancelled – SG, iss 52 in 2007)

Division III
Trading on Unofficial Securities Market

(Cancelled – SG, iss. 52 in 2007)

Art. 109 (Cancelled – SG, iss. 52 in 2007)

Division IV
Securities Transactions Settlement Systems
(New – SG, iss. 31 in 2005)

Art. 109a. (New – SG, iss. 31 in 2005) (1) Systems may be set up and operated for settlement of transactions in securities, hereinafter called "systems", with at least three participants under a procedure laid down in a law.

(2) Participants in a system under para 1 shall be the Central Depository, its members and other legal entities, determined in the system's operational rules. The setting up and the organization of the system for registering and servicing the trade in government securities shall be regulated by another statutory act.

(3) The operational rules of the system shall define the time of settlement as a moment after which the accepted by the system order for registering of a transfer may not be withdrawn by a

participant in the system or by a third person, as well as the execution of such order may not be otherwise frustrated.

Art. 109b. (New – SG, iss. 31 in 2005) (1) The institution of bankruptcy proceedings in regard to a participant in the system shall not affect:

1. the right to use securities from the account of the participant in the system, kept in the Central Depository, for execution of liabilities of the participant in the system, resulting from his participation in such system;

2. the obligations of the Central Depository to process and carry out clearing of the orders of a participant in the system, as well as the validity and matching of the orders against third persons;

3. the rights over the collateral that has been provided by a participant in the system in relation to his participation therein; the rights to compulsory execution and satisfying from such collateral shall also remain unaffected at any time during the process of the bankruptcy procedure, if the conditions agreed for the coercive execution and satisfying exist.

(2) (In effect from the date of coming into force of the Treaty of the Republic of Bulgaria's accession to the European Union) The initiation of bankruptcy proceedings in regard to a participant in the system shall not affect the rights over a collateral that has been provided to guarantee the rights of the European Central Bank and the rights of the central banks of other members states of the European Union, or the rights of a central bank from another state from the European Economic Area. The rights for coercive execution and satisfying from such collateral shall also remain unaffected at any time in the course of the bankruptcy procedure, if the conditions agreed for compulsory execution and satisfying exist.

Art. 109c. (New – SG, iss. 31 in 2005) (1) After the moment of acceptance of the order to register a transfer, a participant in the system or a third person may not withdraw or cancel the accepted by the system order, as well as the execution of such order may not be frustrated in some other way.

(2) The initiation of bankruptcy proceedings for a participant in the system shall not affect the right to use funds under the participant's account kept in such system for execution of his liabilities, resulting from his participation in the system on the date of initiation of the bankruptcy proceedings.

(3) The initiation of bankruptcy proceedings in relation to a participant in the system shall not affect the obligation of the system to process and carry out settlement of the given by such participant orders for registration of a transfer, as well as the validity and matching against third persons of such orders, if they have been accepted by the system in compliance with its rules:

1. before the time of instituting the bankruptcy proceedings;

2. at the moment of initiation of bankruptcy proceedings and after that time, if the orders for registration of transfer have been given on the date of instituting bankruptcy proceedings, provided that the initiation of such proceedings has not been known to the Central Depository and that the participants in the system whose orders have been affected, can prove that the initiation of bankruptcy proceedings has not been known to them from notifications under Art. 7 and 8 or otherwise.

(4) Retrospective recalculation of mutual claims and liabilities of participants in the system is prohibited;

(5) The institution of bankruptcy proceedings in respect to a participant in the system shall not affect the rights over the collateral, provided by such participant in favour of another participant in the system or of some other person in relation to his participation in this system.

The rights to compulsory execution and any claims to the provided collateral shall also remain unaffected.

(6) The collateral, provided by a participant in the system in favour of another participant in the system or of another person, in relation to his participation in this system may not be a subject of forfeiture or compulsory execution.

(7) In case that a court forwards to the Central Depository a notification for the initiation of bankruptcy proceedings for a participant in an operated under the procedure of this Law system, the Central Depository must in due time inform about this circumstance all other participants in the system.

(8) (In effect from the date of coming into force of the Treaty of the Republic of Bulgaria's accession to the European Union) If a notification has been given to the Central Depository for the initiation of bankruptcy proceedings in regard to a participant in the operated according the legislation of another EU Member State system, and such participant has its seat, subsidiary or place of economic activity in the Republic of Bulgaria, the Central Depository must inform about that circumstance the competent authorities of the individual Member States of the European Union, to which according the legislation of the relevant states such function has been assigned.

Chapter Eight
PUBLIC COMPANY
Division I
General Provisions

Art. 110. (1) (Suppl. – SG, iss. 23 on 2009, in effect as from 27 March, 2009) A public company is a joint-stock company with a legal seat in the Republic of Bulgaria which:

1. has issued shares under the conditions of an initial public offering, or;

2. (Am. – SG, iss. 8 in 2003, am. iss. 39 in 2005; iss. 86 in 2006) has entered in the register under Art. 30, para 1, item 3 of the Financial Supervision Commission Act, an issue of shares with the purpose of trading on a regulated market, or

3. (New – SG, iss. 39 in 2005) which has more than 10 000 shareholders in the last day of two consecutive calendar years.

(2) (Am. – SG, iss. 61 in 2002) Public companies are also those under Art. 122, para 1.

(3) (Am. – SG, iss. 8 in 2003; am. iss. 39 in 2005) A company under para 1, item 1 becomes public after the entering of the company or the increase in its capital in the commercial register. The company must, in a 7 day period from the entry in the commercial register, submit documents for entering in the register under Art. 30, para 1, item 3 of the Financial Supervision Commission Act.

(4) (New – SG, iss. 86 in 2006) A company under para 1, item 2, becomes public from the moment of taking the decision for registration of the shares issue with the purpose of trading them on a regulated market.

(5) (New – SG, iss. 61 in 2002, cancelled iss. 86 in 2006)

(6) (New – SG, iss. 61 in 2002) It shall be recorded in the commercial register that the company under para 1 is public. The company must declare this circumstance for entry in the commercial register.

(7) (Prev. para 5 – SG, iss. 61 in 2002, am. iss. 8 in 2003, am. iss. 39 in 2005) The Commission shall notify in written form the company under para 1 about its entry in the register under Art. 30, para 1, item 3 of the Financial Supervision Commission Act, in a 7-day period.

(8) (Prev. para 6, am. – SG, iss. 61 in 2002, am. iss. 8 in 2003, iss. 39 in 2005) The conditions and procedure for entry into and deletion of the public companies from the register under Art. 30, para 1, item 3 of the Financial Supervision Commission Act shall be laid down in an ordinance.

(9) (Prev. para 7, am. – SG, iss. 61 in 2002) The persons who manage and represent the public company must:

1. (Am. – SG, iss. 8 in 2003, am. iss. 39 in 2005; iss. 86 in 2006) file for entry in the register under Art. 30 para 1 item 3 of the Financial Supervision Commission Act any following issue of shares within 7 days of entry into the commercial register;

2. (Am. – SG, iss. 8 in 2003, iss. 39 in 2005; am. iss. 86 in 2006) request any following issue of shares to be admitted on a regulated market within 7 days of the entry in the register under Art. 30, para 1, item 3 of the Financial Supervision Commission Act.

Art. 110a. (New – SG, iss.39 in 2005, in effect from 1 Jan., 2006 concerning the requirements to the public companies under Art. 94 para 1 and 2, Art. 95 and Art. 98a, cancelled – iss. 86 in 2006 in effect from 28 October, 2006).

Art. 110b. (New – SG, iss. 52 in 2007, in effect from 3 July, 2007; suppl. iss. 23 in 2009 in effect as from 27 March, 2009) The public company shall ensure equal treatment of shareholders in identical situation, including in relation to the participation and exercising of voting right in the company's general meeting..

Art. 110c. (New – SG, iss. 52 in 2007, in effect from 3 July, 2007) The public company must ensure all necessary conditions and information to enable shareholders to exercise their rights, as well as to guarantee the integrity of this information.

Art. 111. (1) (Am. – SG, iss. 61 in 2002) (1) The right to vote at a public company's general meetings shall arise at the moment of paying up the full issue price of each share and after the entry of the company, or of the increase in its capital in the commercial register.

(2) The company's capital may not be decreased by means of a compulsory cancellation of shares.

(3) The shares of a company under para 1 shall be dematerialised. Art. 185, para 2, sentence two of the Commercial Law shall not apply.

(4) (New – SG, iss. 61 in 2002) A public company may not issue preferred shares giving the right to more than one vote or to an additional liquidation share.

(5) (New – SG, iss. 61 in 2002) A public company may acquire for one calendar year more than 3 per cent of its own voting shares in cases of capital reduction by cancellation of shares and redemption only under the terms and procedures of tender offers under Art. 149b. In this case, the requirements for holding at least 5 per cent and minimum redemption amount of more than 1/3 of the voting shares shall not apply.

(6) (New – SG, iss. 61 in 2002; am. iss. 52 in 2007 in effect from 3 July, 2007) A public company shall inform the Commission of the number of its own shares, which it will redeem in accordance with the limit under para 5, and about the investment intermediary with which the buy order was placed. The notification shall be made latest by the end of the business day proceeding the day of redemption. The Commission shall make the received information public through the kept by it register of public companies and other securities issuers.

(7) (New – SG, iss. 61 in 2002) Where a public company offers to acquire its own, non-voting shares in cases under para 5, it must redeem proportionately the shares of shareholders who have accepted the offer. In this case, Art.149b does not apply.

(8) (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) A public company which has acquired or transferred its own shares directly or through another person, acting on its own behalf

but for the public company's account, must disclose information about the number of votes, attaching to these shares, on the conditions and under the procedure of Art. 100s and 100u forthwith, but not later than 4 business days after the acquisition or transfer, when their number reaches, exceeds or falls below 5 or 10 per cent of the voting rights.

(9) (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) The voting rights shall be calculated on the basis of the total number of shares, entitling to vote.

Art. 111a. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) A public company is obligated to disclose under the conditions and the procedure of Art 100s and 100u all changes in the rights attaching to the separate classes of shares, including changes in the rights attaching to derivative financial instruments issued by it, which entitle to acquisition of shares of the company.

(2) The public company shall inform the Commission about any decision for the issuing of new shares, including also about decisions for distribution, subscription, cancellation or conversion of bonds into shares.

(3) The obligation under para 1 and 2 shall be fulfilled by the end of the business day following the day of the decision-making, and where it is subject to entry in the commercial register – by the end of the business day, following the day of coming to know of the entry, but not later than 7 days after the entry.

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

Art. 112. (Am. – SG, iss. 61 in 2002) (1) In the event of an increase in the capital of a public company each shareholder shall be entitled to the right to acquire shares corresponding to their participating interest in the capital prior to the increase. Art. 194 para 4 and Art. 196 para 3 of the Commercial Law shall not apply.

(2) In the event of an increase in the capital of a public company through the issuance of new shares, rights under § 1, item. 3 shall be issued. One right shall be issued for each existing share.

(3) The capital of a public company may not be increased by increasing the par value of shares that have already been issued or by conversion into shares of bonds that have not been issued as convertibles.

(4) In the case of increase in the capital of a public company, the issuing value of the new shares must be paid in full, except in increase in the capital under Art. 197 of the Commercial Law, as well as in conversion of bonds into shares. Art. 188, para 1, sentence two of the Commercial Law shall not apply.

Art. 112a. (New – SG, issue 61 in 2002, am. iss. 39 in 2005, cancelled iss. 86 in 2006).

Art. 112b. (New – SG, iss. 61 in 2002) (1) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006; iss. 52 in 2007) The decision to increase the capital of a public company shall indicate an investment intermediary, with capital not less than the capital provided for in Art. 8 para 1 of the Market in Financial Instruments Act, that will service the increase in the capital, as well as other necessary information on the issues of rights and shares. The company must send to the Commission, the regulated market, and the Central Depository the minutes with the decision for the increase in capital until the end of the working day following the day on which the general meeting was held or the day on which the meeting of the management board was held.

(2) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) Right to participate in the increase in the capital shall have the persons who have acquired shares not later than 14 days after the date of the general meeting's decision to increase the capital, or when this decision is made by the management - the persons who have acquired shares not later than 7 days after the date of the

publication of the announcement under Art. 92a para 1. On the next working day, the Central Depository shall open accounts for rights of the persons under the previous sentence, drawing on information from the book of shareholders.

(3) (Am. – SG, iss. 86 in 2006) After receiving the decision of the general meeting under para 1, and when the decision to increase the capital was made by the management – after publishing the notice under Art. 92a para 1, the regulated market where the shares are traded shall announce forthwith the final date for conclusion of transactions in them as a result of which the acquirer of the shares shall have the right to participate in the capital increase. For the period during which the shares are transferred with the right to participate in the capital increase, the regulated market may apply special rules with regard to price restrictions for the orders or quotations placed and for the transactions concluded.

(4) (Am. – SG, iss. 86 in 2006) The time limit for transfer of the rights may not be shorter than 14 days and longer than 30 days.

(5) (Am. – SG, iss. 86 in 2006) The time limit for subscription for shares shall be at least 30 days. The beginning of the time limit for subscription for shares coincides with the beginning of the time limit for transfer of the rights. The time limit for subscription for shares shall expire at least 15 working days after the expiration of the time limit for transfer of the rights.

(6) (Am. – SG, iss. 86 in 2006) The transfer of the rights shall be performed on a regulated market. The regulated market that has admitted to trading the shares in the public company must admit to trading the rights issued by the company.

(7) On the fifth working day after the expiration of the time limit for transfer of the rights, the public company shall offer, through the investment intermediary under para 1, for sale on the regulated market under the terms of open auction the rights in exchange for which no shares of the new issue have been subscribed until the expiration of the term for the rights transfer. The company shall distribute the sum received from the sale of the rights that have not been exercised less the expenses on the sale proportionally among the holders of the rights.

(8) The sums received from the sale of rights shall be credited to a special account opened by the Central Depository and may not be used until the increase in the capital is entered in the commercial register.

(9) The public company shall organize the subscription in a way that can allow for remote subscription for shares through the Central Depository and its members.

(10) During the subscription in the beginning of every working day the Central Depository shall announce publicly information on the rights that were exercised by the end of the previous working day.

(11) Paragraphs 1 – 10 shall apply accordingly in the case of issue of warrants and convertible bonds.

(12) (Am. – SG, iss. 39 in 2005) The public company shall notify the Commission, within 3 working days of the end of the subscription, of how the subscription was carried out and its results, including difficulties, arguments and others in the process of trading the rights and subscribing for the shares. The notification may not contain false or incomplete material information.

Art. 112c. (New – SG, iss. 61 in 2002; am. iss. 34 in 2006; iss. 86 in 2006; iss. 52 in 2007; iss. 23 in 2009 in effect as from 27 March, 2009) The entering in the commercial register of an increase in the capital of a public company shall be admissible only if the provisions of this chapter have been fulfilled. The company must present proof that it has complied with the requirements of Art. 112 para 4, Art. 112b para 2, 8 and para 12, sentence one, and, when the

decision to increase the capital of the company was taken by the general meeting, also the requirements of Art. 115 para4.

Art. 112d. (New – SG, iss. 61 in 2002, am. iss. 67 in 2003, iss. 39 in 2005; iss. 86 in 2006) The Commission shall adopt an ordinance on the implementation of Art. 112b.

Art. 112e. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The public company shall disclose under the conditions and procedure of Art. 100s and 100u information about the total number of voting shares and the amount of capital at the end of every month, within which there was an increase or decrease. The information shall be disclosed for each separate class of shares.

Art. 113. (1) (In effect from 30.12.1999) (Am. – SG, iss. 61 in 2002) The capital of a public company may not be increased in accordance with Art. 193, Art. 195 and Art. 196, para 3 of the Commercial Law.

(2) The previous para shall not apply to:

1. banks, investment intermediaries, insurance or other companies, when the increase of capital is required to implement a restructuring program to bring their capital adequacy in compliance with the requirements of the law or a coercive administrative measure was imposed on them, requiring the increase of their capital under the conditions of Art. 195 of the Commercial Law.

2. when the increase of the capital under the procedure of Art. 195 of the Commercial Law is necessary for the execution of merger, tender offer for exchange of shares or ensuring the rights of the warrant or convertible bonds holders

Art. 114. (1) (Am. – SG, iss. 61 in 2002) The persons who manage and represent a public company may not, without being explicitly authorized to that effect by the general meeting, enter into transactions as a result of which:

1. the company acquires, transfers, receives or grants for use or as indemnification in any form fixed assets of the company whose total value exceeds:

a) one third of the lower value of assets in the last audited or the last prepared balance sheet of the company;

b) 2 percent of the lower value of assets in the last audited or the last prepared balance sheet of the company where interested persons participate in such transactions;

2. obligations of the company arise, to one person or related persons, whose total amount exceeds the value under para 1, letter “a”, and when the obligations arise to interested persons – the value under para 1, letter “b”;

3. the receivables of the company from one person or a group of related persons exceed the value under para 1, letter “a”, and when debtors to the company are interested persons – more than 10 per cent of the value under para 1, letter “b”.

(2) (Am. – SG, iss. 61 in 2002) The transactions of a public company with the participation of interested persons outside those under para 1 must be approved in advance by the management body.

(3) (New – SG, iss. 61 in 2002) The value of any acquired and received for use property under para 1, item 1 shall be the agreed price, and of any property transferred and granted for use or as collateral – its value as per the last audited financial statement of the company. The value of payables and receivables under para 1, items 2 and 3 shall also include the agreed interest rate. When securities are subject of transactions under para 1, they shall be valuated as per their current market price.

(4) (New – SG, iss. 61 in 2002) Transactions, which are individually below the thresholds under para 1, but taken altogether lead to a change in property that is above these thresholds, shall

be considered as one whole, if they have been committed within a period of three calendar years and to the benefit of one person or related persons, respectively if one person or related persons are a party in the transactions. In such cases the operation or transaction that exceeds the thresholds under para 1 shall be subject to approval by the general meeting of shareholders.

(5) (New – SG, iss. 61 in 2002) Interested parties shall be the members of the management and supervisory bodies of the public company, its procurator, as well as persons who directly or indirectly hold at least 25 percent of the votes at the company's general meeting or who control the company, when they or persons related to them:

1. are a party, its representative, or an intermediary to the transaction, or the transactions or operations are carried out to their benefit; or

2. they own directly or indirectly at least 25 percent of the voting rights in the general meeting, or they control a legal entity, which is a party, its representative, or an intermediary to the transaction, or to whose benefit the transactions or operations have been carried out;

3. are members of management or controlling bodies, or procurators of a legal entity under item 2.

(6) (New – SG, iss. 61 in 2002) Any property of a public company shall be received or granted for use in any form under the terms and conditions of a common enterprise agreement under Division Three, if the property:

1. is granted to a company which holds directly or indirectly at least 25 percent of the votes at the general meeting of the public company or controls the public company or is an entity related to it; and

2. is designed to conduct the core business of the public company within the meaning of Art. 126b, para 2 or of a material part of it.

(7) (New – SG, iss. 61 in 2002, am. iss. 39 in 2005) If the conditions under para 6, items 1 and 2 arise after the property has been granted for use, the public company and the counter party shall immediately take steps to conclude a common enterprise agreement and shall file an application with the deputy chairman under Art. 126c within a month.

(8) (New – SG, iss. 61 in 2002) The provisions of para 1 do not apply in cases:

1. of any transaction effected in the conduct of the ordinary business of the company, including conclusion of contracts for bank credits and collateral unless interested persons participate in them;

2. (Am. – SG, iss. 86 in 2006) of loans from a holding company and provision of deposits by a subsidiary under conditions that are not more unfavourable than the market conditions in the country;

3. where there is a common enterprise agreement under Division Three.

(9) (New – SG, iss. 61 in 2002) The ordinary business under para 8 item 1 shall be the totality of operations and transactions of the company, effected by the company within its scope of business operations and pursuant to the usual business practice, outside of transactions and operations arising from extraordinary circumstances.

(10) (New – SG, iss. 39 in 2005) The transactions carried out in breach of para 1-9 shall be void;

(11) (New – SG, iss. 86 in 2006) Where deposits are provided under para 8 item 2, the holding company must notify the Financial Supervision Commission within a 7-days period.

Art. 114a. (New – SG, iss. 61 in 2002) (1) The management body shall present a reasoned report to the general meeting about the expediency and the conditions of the operations and transactions under Art. 114, para 1. The report shall be part of the materials given to shareholders

when a general meeting is convened. An ordinance may establish the circumstances which are subject to disclosure by the management body to the general meeting.

(2) The general meeting of the company shall make a decision under Art. 114 para 1 in cases of acquisition or disposal of fixed assets by a majority of ¾ of the represented capital and in any other cases – by a simple majority.

(3) In making a decision under Art. 114, para 1 interested parts may not exercise their voting right. Interested members of the management board shall not take part in any decision-making under Art. 114, para 2.

(4) Any transaction under Art. 114, para 1 and 2 involving interested parties may only be effected at market price. Valuation shall be made by the management board, or in cases under Art. 114, para 1, item 1, letter "b" – by independent experts with the necessary qualification and experience appointed by it.

(5) Any decision under para 3 shall mention the material conditions of the transaction including the parties thereto, subject matter and value, as well as for whose benefit the transaction concerned is effected.

Art. 114b (New – SG, iss. 61 in 2002) (1) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) Members of the management and supervisory bodies of the public company, its procurator and the persons directly or indirectly holding at least 25 percent of the votes at the general meeting of the company or controlling the company, must state to the management board of the public company and to the Commission and the regulated market where the company's shares were admitted to trading information about:

1. the legal entities in which they hold directly or indirectly at least 25 per cent of the votes at the general meeting or which they control;

2. the legal entities in whose management and supervisory bodies they participate or whose procurators they are;

3. the current and future transactions known to them with respect to which they think they may be considered interested persons.

(2) The members of the management and supervisory bodies of the public company and its procurator must disclose the respective circumstances under para 1 within 7 days of their election and the persons who hold directly or indirectly at least 25 per cent of the votes at the general meeting - within 7 days of the acquisition of the votes, respectively the control. The persons under the previous sentence must update the disclosing document within 7 days of coming into existence of the respective circumstances.

Art. 115. (1) The general meeting of a public company shall be held at its registered office. The regular general meeting shall be held until the end of the first half of the year after the end of the reporting year.

(2) (New – SG, iss. 52 in 2007; am. iss. 23 in 2009 in effect from 27 March, 2009) Beside the information under Art. 223 para 4 of the Commercial Law, the invitation for the general meeting must also include information about:

1. the total number of shares and voting rights in the general meeting on the date of the decision for convening of the general meeting, including the total number of each class of shares, if the capital is divided into classes of shares, as well as the right of shareholders to participate in the general meeting;

2. the right of shareholders to include issues on the agenda of the general meeting and to make proposals for decisions on matters included in the general meeting's agenda and the deadline for exercising that right; the invitation may contain only the deadline in which these

rights can be exercised, if it indicates the place on the company's web site, where there is more detailed information about these rights;

3. the shareholders' right to raise issues during the general meeting;

4. the rules of voting through a proxy, the model forms that are used for voting through a proxy and the ways in which the company shall be informed of authorizations made in an electronic way;

5. the rules of voting through correspondence or electronic means, where applicable;

6. the date under Art. 115b para 1 with indication that only the persons entered as shareholders on that date have the right to participate and vote at the general meeting;

7. the place and manner of receiving the written materials related to the agenda of the general meeting under Art. 224 of the Commercial Law;

8. the web site on which the information under para 5 is published.

(3) (New – SG, iss. 23 in 2009, in effect from 27 March, 2009) The voting rules under para 2 item 5 shall be adopted by the general meeting, and if the articles of association allow it – by the company's management body. The rules shall settle the requirements to the content of the model form for voting, the ways of its receiving from the shareholders and the conditions for the shareholders' identification.

(4) (Am. – SG, iss. 61 in 2002; iss. 34 in 2006; prev. para 2, iss. 52 in 2007; prev. para 3, am. iss. 23 in 2009, in effect from 27 March, 2009) The company must declare the invitation under Art. 223, para 4 of the Commercial Law in the commercial register and announce it under the conditions and procedure of Art. 100s para 1 and 3 no later than 30 days before its opening. The public company may not collect fees from the shareholders for the preparation and announcement of the notice.

(5) (Am. – SG, iss. 61 in 2002, am. iss. 39 in 2005; iss. 86 in 2006; prev. para 3; iss. 52 in 2007, prev. para 4; am. iss. 23 in 2009 in effect from 27 March, 2009) The invitation under para 2 together with the materials for the general meeting under Art. 224 of the Commercial Law shall be forwarded to the Commission within the term under para 4 and shall be posted on the company's web site for the period from its announcement according para 4 to the conclusion of the general meeting. The information according to sentence one, posted on the public company's web site must be identical in content with the information provided to the general public.

(6) (New – SG, iss. 23 in 2009, in effect as from 27 March, 2009) The public company shall publish under the procedure of para 5 also the model forms for voting through a proxy, or through correspondence, if applicable. If the model forms may not be published due to technical reasons, the company must indicate on its web site the way in which the model forms may be obtained on a paper carrier, where in such case, on request by the shareholder, the company shall forward the model forms by postal service at its expense.

(7) (New – SG, iss. 39 in 2005; am. SG iss. 86 in 2006; prev. para 4, iss. 52 in 2007; prev. para 5, am. iss. 23 in 2009 in effect from 27 March, 2009) In the cases under Art. 223a of the Commercial Law, the shareholders shall submit to the Commission and to the public company at the latest on the next business day after the statement of the items at the commercial register, the materials under Art. 223a, para 4 of the Commercial Law. The public company shall update the invitation and publish it together with the written materials under the conditions and the procedure of Art. 100s para 1 and 3 forthwith, but not later than at the end of the business day following the day of receiving the notification for inclusion of the items on the agenda.

(8) (Cancelled – SG, iss. 61 in 2002; new iss. 23 in 2009, in effect from 27 March, 2009) The public company may provide in its articles of association for a possibility the company's

general meeting to be held by using electronic means through one or more of the following forms:

1. broadcasting the general meeting in real time;

2. bidirectional communications in real time allowing the shareholders to participate in the discussion and decision-making in the general meeting remotely;

3. a mechanism of voting before or during the general meeting, without it being necessary to authorize a person who is to participate personally in the general meeting.

(9) (Cancelled – SG, iss. 61 in 2002; new iss. 23 in 2009, in effect from 27 March, 2009) The participation of the shareholders in the general meeting by using electronic means according to para 8 shall be accounted for when determining the quorum, and the voting shall be indicated in the minutes of the general meeting. To the minutes of the general meeting shall be also attached a list of the persons who exercised their right to vote in the general meeting though electronic means and of the number of the held shares, which shall be certified by the chairman and the secretary of the general meeting.

(10) (Cancelled – SG, iss. 61 in 2002; new iss. 23 in 2009, in effect from 27 March, 2009) The public company shall ensure the necessary measures for identification of the shareholders and the persons who represent them in their participation in the general meeting by using electronic means, and for security of the connection, insofar as necessary for the achievement of these objectives.

(11) (Am. – SG, iss. 61 in 2002, prev. Art 4, iss. 39 in 2005; prev. para 5, iss. 52 in 2007; prev. para 6, am. iss. 23 in 2009) The members of the management and supervisory bodies and the procurator of the company must answer correctly, exhaustively and to the point to questions asked by shareholders at the general meeting regarding the economic and financial situation of the company and its commercial activity, except for circumstances that are considered inside information. Shareholders may ask such question regardless of whether they are related to the agenda.

(12) (Cancelled – SG, iss. 61 in 2002; new iss. 23 in 2009, in effect as from 27 March, 2009) If there is no quorum, in the cases under Art. 227 para 1 and 2 of the Commercial Law a new meeting may be convened not earlier than 14 days thereafter and it shall be legitimate irrespective of the capital represented at it. The date of the new meeting may also be indicated in the invitation for the first meeting. On the agenda of the new meeting may not be included items under Art. 223a of the Commercial Law.

(13) (Cancelled – SG, iss. 61 in 2002)

Art. 115a. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) The public company may use electronic means for supplying information to the shareholders, provided that the general meeting took such decision and the following conditions have been complied with:

1. the use of electronic means does not depend on the seat or address of the shareholders or the persons under Art. 146 para 1 item 1-8;

2. identification measures have been taken, in order the information to be really provided to the shareholders or the persons entitled to exercise the voting right or to determine its exercising.

3. the shareholders or the persons under Art. 146 para 1 item 1-5, entitled to acquire, transfer or exercise voting right, have expressly stated a written assent for the provision of information by electronic means, or within a 14-day period after receiving a request of a public company for such assent, have not stated an express refusal; on request of the persons under sentence one the public company must at any time provide the information to them also on a paper bearer;

4. the specifying of the expenditures, related to the provision of the information by electronic means shall not contradict the principle of ensuring equal treatment under Art. 110b.

Art. 115b. (New – SG, iss. 61 in 2002; prev. Art. 115a in 2007) (1) The right to vote shall be exercised by persons who were entered as shareholders in the Central Depository's registers 14 days prior to the date of the general meeting.

(2) (Suppl. – SG, iss. 23 in 2009, in effect from 27 March, 2009) The Central Depository must provide the company with lists of shareholders under para 1 and of the foreign entities under Art. 136 para 1 upon request by the person authorized to manage and represent the company.

(3) (Am. – SG, iss. 52 in 2007, in effect from 3 July, 2007, cancelled iss. 23 in 2009, in effect from 27 March, 2009).

(4) (New – SG, iss. 23 in 2009, in effect from 27 March, 2009) A public company may provide in its articles of association for a possibility the voting right to be exercised before the date of the general meeting through correspondence, by using mail, including electronic mail, courier, or another technically possible way.

(5) (New – SG, iss. 23 in 2009, in effect from 27 March, 2009) The voting through correspondence shall be valid if the vote is received by the company not later than the day preceding the date of the general meeting. The shares of the persons who have voted through correspondence shall be accounted for in the determination of the quorum, and the voting shall be indicated in the minutes of the general meeting. To the minutes of the general meeting shall be also attached a list of the persons who exercised their right to vote at the general meeting by correspondence, and of the number of the held shares, which shall be certified by the chairman and the secretary of the general meeting.

(6) (New – SG, iss. 23 in 2009, in effect from 27 March, 2009) If the shareholder attends the general meeting in person, the exercised by him/her voting right by correspondence shall be valid, unless the shareholder declares the contrary. In relation to the items on which the shareholder casts a vote at the general meeting, the exercised by such shareholder voting right by correspondence shall drop off.

(7) (New – SG, iss. 23 in 2009, in effect from 27 March, 2009) The public company may raise requirements for establishment of the shareholder's quality and for voting by correspondence, which are necessary for ensuring the shareholders' identification and insofar as it conforms to the achievement of that objective.

Art. 115c. (New – SG, iss. 61 in 2002; prev. Art. 115b, iss. 52 in 2007) (1) (Am. – SG, iss. 52 in 2007) Entitled to receive dividend shall be persons who were entered as shareholders in the Central Depository's registers on the 14th day following the date of the general meeting which approved the annual financial statement and made a decision to distribute the profit. Art. 115b, para 2 shall apply accordingly.

(2) (Am. – SG, iss. 39 in 2005, am. iss. 52 in 2007) The company must immediately notify the Commission, the Central Depository and the regulated market about the decision of the general meeting as to the type and amount of the dividend and about the dividend payment terms and procedure, including to indicate at least one financial institution through which the payments will be made. The types of financial institutions through which the payments may be effected shall be laid down in an ordinance.

(3) Upon receipt of a notification under para 2, the regulated market on which the shares are traded shall immediately announce the final date for concluding share transactions enabling the purchaser to receive the dividend on these shares voted at the general meeting.

(4) Until the end of the business days following the day of any notification under para 2 and the final day for concluding transactions under para 3, special rules may apply to the regulated securities market regarding the price limitations of orders or quotations and transactions concluded.

(5) The company must ensure that the dividend voted at the general meeting be paid to shareholders within 3 months after the general meeting has been held. All expenses related to the payment of the dividend shall be covered by the company.

(6) The payment shall be made with the assistance of the Central Depository. The procedure for the payment of dividends shall be established by an ordinance.

Art. 115d. (New – SG, iss. 23 in 2009, in effect as from 27 March, 2009) (1) The shareholders in a public company have the right to authorize any natural or legal entity to participate and vote in the general meeting on their behalf. Art. 220 para 1, sentence three of the Commercial Law shall not apply if the shareholder has expressly indicated the manner of voting for each of the items on the agenda.

(2) The proxy shall have the same rights to speak and to ask questions at the general meeting as the shareholder whom he/she represents.

(3) The proxy must exercise the right to vote in conformity with the instructions of the shareholder, contained in the power of attorney.

(4) A proxy may represent more than one shareholder at the general meeting of the public company. In such case the proxy may vote in a different way under the shares held by the separate shareholders which the proxy represents.

(5) The authorization may be effected also by using electronic means. The public company must ensure at least one way of receiving powers of attorney through electronic means. It must publish on its web site the conditions and procedure for receiving powers of attorney by electronic means.

(6) The public company may raise requirements for the authorization, provision of a power of attorney to the company and the giving of instructions by a shareholder on the way of voting, if any, which requirements are necessary for identification of the shareholders and the proxy, or to ensure possibility for checking the content of the instructions, insofar as it conforms to the achievement of these objectives.

(7) The procedure under para 5 and 6 shall also apply in case of withdrawal of a power of attorney.

Art. 116. (1) (Am. – SG, iss. 23 in 2009, in effect as from 27 March, 2009) The written power of attorney to represent a shareholder at a public company's general meeting must be given for a particular general meeting, it must be explicit and state as a minimum:

1. data on the shareholder and the proxy;
2. number of shares to which the power of attorney relates;
3. agenda of the items proposed to be discussed;
4. proposals for decisions on each of the items on the agenda;
5. way of voting on each of the items, if applicable;
6. date and signature.

(2) (Cancelled – SG, iss. 61 in 2002; new, iss. 23 in 2009, in effect from 27 March, 2009) In cases where the power of attorney does not indicate the way of voting on the individual items on the agenda, it must state that the proxy has the right to decide if and in what way to vote.

(3) (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) The public company shall provide a sample form of the written power of attorney on a paper media or through electronic means, if applicable, together with the materials for the general meeting, or on request after its convening.

(4) (Am. – SG, iss. 61 in 2002, prev. para 3; iss. 52 in 2007 in effect from 3 July, 2007) Re-authorization with the rights under para 1, as well as a power of attorney given in contravention of the rules of para 1 shall be void.

(5) (Prev. para 4 – SG, iss. 52 in 2007 in effect from 3 July, 2007) The offer to represent a shareholder or shareholders with more than 5 % of the votes in the general meeting of a public company has to be published in a central daily newspaper or sent to every shareholder to whom it relates. The offer shall contain at least the following data:

1. the agenda of the issues, proposed for discussion at the general meeting and the suggestions for decisions on them;

2. invitation for instructions by the shareholders regarding the way of voting on the agenda issues;

3. statement about the way, in which the offeror will vote on every agenda issue, if the shareholder, who has accepted the proposal does not give instructions on the voting.

(6) (Prev. para 5 – SG, iss. 52 in 2007 in effect from 3 July, 2007) The offeror must vote at the general meeting of the company in accordance with the instructions of the shareholders, contained in the power of attorney, and if such instructions are not given – in accordance with the statement under item 3 of para 5. The offeror can digress from the instructions of the shareholders, or respectively his statement regarding the way of voting, if:

a) certain circumstances have emerged, which have not been known as of the moment of making the offer or the signing of the proxy's power of attorney by the shareholders;

b) the offeror was not able to ask for new instructions and/or make a new statement, or has not received in time new instructions from the shareholders;

c) the digression is required in order to protect the shareholders' interest.

(7) (Am. – SG, iss. 61 in 2002; prev. para 5; iss. 52 in 2007 in effect from 3 July, 2007) The Company may not require to be provided with powers of attorney under para 1 earlier than 2 working days before the date of the general meeting. The company shall notify the shareholders present at the general meeting about the submitted powers of attorney at the opening of the general meeting.

(8) (Am. – SG, iss. 61 in 2002; prev. item 7; iss. 52 in 2007 in effect from 3 July, 2007) If there is more than one power of attorney submitted under para 1 that was issued by the same shareholder, valid shall be the one that has been issued last.

(9) (Prev. item 8; iss. 52 in 2007 in effect from 3 July, 2007) If until the beginning of the general meeting the company is not notified in writing by a shareholder about the withdrawal of a power of attorney, the latter shall be considered valid.

(10) (Prev. item 9; iss. 52 in 2007 in effect from 3 July, 2007) If the shareholder is personally present at the general meeting, the power of attorney, issued by him for this general meeting, is valid, except if the shareholder claims the opposite. Regarding the agenda issues, on which the shareholder votes personally, the proxy's voting right on those issues is cancelled.

(11) (Am. – SG, iss. 39 in 2005; prev. para 10, iss. 52 in 2007) The company must notify the Commission about the proxy voting within 7 days after the general meeting has been held.

(12) (New – SG, iss. 61 in 2002, prev. para 11, iss. 52 in 2007; cancelled, iss. 23 in 2009 in effect from 27 March, 2009).

Art. 116a. (New – SG, iss. 61 in 2002) (1) Members of the supervisory board and the management board of a public company may not be persons that, as of the moment of election, have been convicted and have an effective sentence of fraud, misappropriation, crimes against the industry, against the tax, financial or insurance systems committed in the Republic of Bulgaria or abroad unless they have been exculpated.

(2) At least one third of the members of the Board of Directors or the supervisory board of a public company must be independent persons. An independent member of the board may not be:

1. an officer in the public company;

2. a shareholder who owns directly or through related persons at least 25 percent of the votes at the general meeting or a person related to the company;

3. a person who has lasting trade relations with the public company;

4. a member of a management or supervisory body, procurator or officer in a company or another legal entity under items 2 and 3;

5. a person related to another member of a management or supervisory body of the public company.

(3) Persons who have been elected as members of the management or supervisory bodies, with respect to whom the circumstances under para 1 or 2 arise after their election, must notify forthwith the management body of the public company. In this case, the persons shall stop performing their functions and shall not receive remuneration.

(4) Applicants for an elective position shall prove the lack of circumstances under para 1 with a certificate showing no previous convictions and those under para 2 – with a declaration.

Art. 116b. (New – SG, iss. 61 in 2002) (1) Members of the management and supervisory bodies of a public company must:

1. perform their duties with due diligence in a manner they reasonably believe to be in the best interests of all company's shareholders, and by using only information that they reasonably believe is truthful and full;

2. be loyal to the company as they:

a) give priority to the company's interest over their own interest;

b) avoid any direct or indirect conflict between their own interest and the company's interest, and where such a conflict arises – disclose it in writing in due time and fully to the relevant body, and they do not participate and do not influence the other members of the board in making a decision in such cases;

c) do not disclose any non-public information about the company even after they are no longer members of the relevant bodies, until the relevant circumstances have been publicly disclosed by the company.

(2) The provision under para 1 shall also apply to natural persons that represent legal entities – members of management and supervisory bodies of a company as well as to the procurators of a public company.

Art. 116c. (New – SG, iss. 61 in 2002) (1) Any remuneration and bonuses of members of the management and supervisory bodies of a public company, as well as the period in which they are due shall be determined by the general meeting.

(2) Any person under para 1 shall give collateral for their management within seven days of their election.

(3) The collateral shall be in cash. The amount of collateral shall be determined by the general meeting of shareholders but it may not be less than the gross quarterly remuneration of the persons under para 1.

(4) The collateral shall be blocked for the benefit of the company in a bank on the territory of the country. Interest on the collateral blocked in a bank shall not be blocked and may be withdrawn upon the request of the person who has put up the collateral.

(5) In case collateral has not been given within the specified time limit, the person concerned shall not receive their remuneration as a member of the relevant body until the full amount of collateral has been given.

(6) Collateral shall be released:

1. for the benefit of the depositor under para 1 – after the date of the decision of the general meeting to relieve them from responsibility and discharge them from office;

2. for the benefit of the company – in case the general meeting has so decided after it has discovered any damages to the company.

(7) (Am. – SG, iss. 39 in 2005) The general meeting may relieve a member of a management or supervisory body from responsibility at a regular annual general meeting if there is an annual financial report for the preceding year and an interim financial report for the period from the beginning of the current year to the last date of the month, preceding the month in which the invitation for the general meeting's convening has been promulgated, which have been certified by a registered auditor.

(8) Paragraphs 1 – 7 shall apply accordingly to the procurators and the powers of the general meeting shall be performed by the supervisory board, respectively the board of directors. These bodies shall report to the general meeting about the amount of remuneration received, the specified collateral and the extent to which the tasks assigned to any person have been fulfilled.

Art. 116d (New – SG, iss. 61 in 2002) (1) The management body of a public company shall be obligated to employ under a labour contract a director of investor relations.

(2) A director of investor relations must have adequate qualifications or experience to discharge their duties and may not be a member of a management or supervisory body or a procurator of the public company.

(3) A director of investor relations shall:

1. provide efficient contact between the management body of the company and its shareholders and the persons that are interested in investing in securities of the company, by providing to them information about the current financial and economic position of the company, as well as any other information they are entitled to in the capacity of shareholders or investors;

2. be responsible for sending the materials for a general meeting within the term established by law to all shareholders who have requested to get acquainted with them;

3. keep and maintain accurate and thorough minutes of the meetings of the managing and supervisory bodies of the company;

4. (Am. – SG, iss. 39 in 2005) be responsible for sending without delay all necessary reports and information about the company to the Commission, the regulated market on which the securities of the company are traded, and to the Central Depository;

5. keep a register for the sent materials under items 2 and 4, as well as for the filed requests and the information given under item 1. If the information has not been provided, the reasons for that shall be explained.

(4) A director of investor relations shall report to shareholders at the annual general meeting.

(5) The persons who manage the company must assist the director of investor relations and control the performance of the functions under para 3.

(6) Art. 116a and Art. 116b shall apply accordingly to any director of investor relations.

Art. 117. (1) (New – SG, iss. 23 in 2009, in effect as from 27 March, 2009) The results of the voting in the minutes of the general meeting must include information on the number of shares under which actual votes were cast, what part of the capital they represented, the total number of the actually cast votes, the number of given votes "for" and "against", and if necessary – the number of the abstaining, for each of the decisions on the agenda items.

(2) (Prev. Art. 117, am. – SG, iss. 61 in 2002, iss. 39 in 2005; iss. 86 in 2006, prev. para 1, am. iss. 23 in 2009 in effect from 27 March, 2009) The company shall forward to the Commission the minutes of the general meeting within 3 working days after the meeting's holding.

(3) (New – SG, iss. 61 in 2002, am. iss. 39 in 2005; prev. para 2; am. iss. 23 in 2009, in effect from 27 March, 2009) Within the term under para 2 the public company shall post the minutes of the general meeting on its web site for a period not less than one year.

Art. 118. (1) The persons holding jointly or separately at least 5 per cent of the capital of a public company may bring before the court the company's claims against third parties in case of inaction of the public company's management bodies which jeopardises its interests. The company shall also be summoned as a party to the proceedings.

(2) (Am. – SG, iss. 61 in 2002) The persons under para 1 may:

1. bring a claim before the district court according to the company's registered office for compensation of damages inflicted on the company as a result of the executive actions or inaction of the members of the management and supervisory bodies and of the company's procurators;

2. request that the general meeting or the district court appoint controllers to examine the entire financial documentation of the company and to prepare a report of their findings;

3. request that the district court convene a general meeting or empower a representative to convene a general meeting following an agenda specified by them.

4. (New – SG, iss. 23 in 2009, in effect from 27 March, 2009) ask for inclusion of items and propose decisions on already included items in the general meeting's agenda according the procedure of Art. 223a of the Commercial Law.

(3) (New – SG, iss. 61 in 2002) The court shall forthwith issue a judgment on any request under para 2, item 2 and 3.

Art. 118a. (New – SG, iss. 61 in 2002) Any person, who controls a public company, as well as any other person who through their influence on the public company has persuaded a member of the company's managing or supervisory bodies, or a procurator of the company, to act or to refrain from action in a way that conflicts with the interests of the company, shall be jointly and severally liable for the damages done to the company. Art. 118, para 2, item 1 shall apply accordingly.

Art. 119. (1) A company under Art. 110, para 1 shall cease to be a public company as of the date of the decision to delete it from the Commission's register if:

1. (Am. – SG, iss. 61 in 2002) the general meeting of the company has taken a decision for its deletion by a majority of 2/3 of the represented capital on condition that:

a) the number of shareholders is less than 300 persons 14 days before the date of the general meeting as well as on the last day of the preceding calendar year; and

b) the value of the company's assets is less than BGN 500 000 as per the last monthly balance sheet as well as according to the last certified annual balance sheet; or

2. (Cancelled – SG, iss. 61 in 2002)

3. (Am. – SG, iss. 61 in 2002) a tender offering under Art. 149a has been held, and:

a) shareholders who own no less than ½ of the total number of shares subject to the tender offer have accepted the tender offer, or

b) (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) the general meeting of the company has decided in favour of its delisting with a majority of ½ of the represented capital. The represented capital shall not include shares that the tender offeror acquired prior to the registration of the tender offer with the Commission, as specified in Art. 149a, para 1. The tender offeror shall vote only with the shares that it has acquired as a result of this tender offer and after that.

4. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) upon the buying of all voting rights in the general meeting of the public company according Art. 157a.

(2) (Am. – SG, iss. 61 in 2002) The invitation for convening the general meeting under para 1, item 1 must state the reasons of the proposal for a decision to delete the company.

(3) (New – SG, iss. 61 in 2002) In the application for deletion from the register with the deputy chairman in charge of the Investment Activity Supervision Commission, the company shall mention the transactions and operations that have contributed significantly to the decline of the number of shareholders and the value of the company's assets below the respective thresholds under para 1, item 1. Art. 91 shall apply accordingly.

(4) (New – SG, iss. 61 in 2002, am. iss. 39 in 2005, iss. 52 in effect from 3 July, 2007) The deputy chairman shall refuse to make a deletion of the public company if the conditions under para 1, item 1 or item 3 or 4 are not met, including cases where the law has been violated in meeting such conditions.

(5) (Cancelled, new – SG, iss. 61 in 2002, am. iss. 39 in 2005) After the decision of the deputy chairman to delete the public company from the register takes effect, the statement that the company is public shall be removed from the company's charter. The company must ask for this change to be entered into the Company Register and submit an updated charter under the procedure in Art. 174, para 4 of the Commercial Law.

(6) (Cancelled, prev. para 3 – SG, iss. 61 in 2002, am. iss. 39 in 2005) After the decision of the deputy chairman for deletion from the register, the shares in the company may not be dealt in on a regulated securities market.

(7) (Cancelled, prev. para 4 – SG, iss. 61 in 2002, am. iss. 39 in 2005) The public company may be transformed into a limited liability company only after the decision of the deputy chairman to delete it from the register.

(8) (Cancelled – SG, iss. 61 in 2002)

(9) (Cancelled – SG, iss. 61 in 2002)

Art. 120. (Suppl. -SG, is. 61 in 2002; iss. 39 in 2005, am. iss. 52 in 2007; iss. 23 in 2009) Chapter Six "a", Division IV shall apply to the public company, including the form, procedures and ways of providing the information under Art. 115, para 5 and 7 and Art. 117 as well as the public dissemination of this information.

Art. 120a. (New – SG, iss. 52 in 2007) (1) (Suppl. – SG, iss. 23 in 2009 in effect as of 27 March, 2009) Articles 110b, 110c, 111 para 8 and 9, 111a, 112e, 115 para 2 item 1, 115a, 115c para 2 regarding the indication of financial institution and Art. 116 para 3 shall also apply to the issuers of shares from a third country, for which the Republic of Bulgaria is a home Member State according Art. 100j para 2 item 1.

(2) The requirements under para 1 shall not apply to issuers from a third country for which the Republic of Bulgaria is a home Member State, if the Commission decides that the legislation of the relevant country provides for requirements equivalent to the requirements according this Act and its implementing instruments. The conditions on which the Commission may consider that the requirements of the third country's legislation are equivalent to the requirements under this Act and its implementing instruments shall be laid down in an ordinance.

(3) The information which the persons under para 1 must disclose according their national legislation shall be disclosed under the conditions and the procedure of Art. 100s and 100u.

(4) The Commission shall post on its web site a list of the countries for which it considers that their legislations provide for requirements, equivalent to the requirements under this Act and its implementing instruments.

Art. 121. The provisions of the Commercial Law shall apply to the cases which are not explicitly covered by the present division.

Division II
Transformation

Art. 122. (1) (Am. – SG, iss. 39 in 2005) In cases of transformation under Chapter Sixteen of the Commercial Law, which involves at least one public company, the newly-established and the host company or companies, shall also be public.

(2) (Am. – SG, iss. 61 in 2002, iss. 39 in 2005; iss. 34 in 2006) The entering of the transformation under para 1 in the commercial register is allowed only after the submission of the deputy chairman's decision under Art. 124, para 1.

(3) (Am. – SG, iss. 39 in 2005) In a 7 day period from the entering of the transformation in the commercial register, the management bodies of the newly established or host company or companies are required to:

1. submit to the Commission papers for entering into the register under Art. 30, para 1, item 3 of the Financial Supervision Commission Act;

2. submit to the Central Depository papers for registration of their issues of shares and their allocation on accounts or the transfer of the shares.

(4) (Cancelled – SG, iss. 39 in 2005).

(5) (Am. – SG, iss. 61 in 2002, cancelled iss. 39 in 2005).

(6) (Cancelled – SG, iss. 39 in 2005).

(7) (Cancelled – SG, iss. 39 in 2005).

(8) (Cancelled – SG, iss. 39 in 2005).

(9) (New – SG, iss. 61 in 2002, cancelled iss. 39 in 2005).

Art. 123 (Am. – SG, iss. 39 in 2005) (1) The contract or plan for transformation under Art. 262g of the Commercial Law, besides the particulars under Art. 262g of the Commercial Law must also contain:

1. the fair share price of any of the transforming companies, or a company, as well as the exchange ratio of shares in the transforming companies/company, against shares in the newly-established companies/company, or the host company, determined on a date which may not be earlier than 1 month before the date of the contract or plan for transformation;

2. the price rationale under item 1 on the basis of generally accepted valuation methods;

3. other measures, proposed to the shareholders with special rights and to the holders of securities other than shares, other than the rights under Art. 262g, para 2, item 8 of the Commercial Law, if such have been envisaged;

(2) The requirements for the contents of the rationale under para 1, item 2, including the application of valuation methods shall be laid down in an ordinance.

(3) The contract or plan for transformation under para 1 must be verified by an independent expert under Art.262j of the Commercial Law, included in a list, approved by the deputy chairman.

Art. 124. (Am. – SG, iss. 61 in 2002, am. iss. 39 in 2005) (1) The contract or plan for transformation and the reports of the management body under Art. 242i of the Commercial Law and of the verifying expert under Art. 262l of the Commercial Law of any of the participating in the transformation companies must be approved by the deputy chairman.

(2) The transforming companies, or the transforming company shall submit an application for approval and they shall enclose:

1. the contract or the plan for the transformation, satisfying the requirements of Art. 262f and 262g of the Commercial Law;

2. report of the management body of each of the transforming and the host companies under Art. 262i of the Commercial Law, stating also the grounds for which the transformation is needed;

3. report of the verifying expert under Art. 262l of the Commercial Law, respectively also under Art. 262u of the Commercial Law, as well as a declaration of the verifying expert that he is not a related person to the companies participating in the transformation and has no other relations with them, that may arouse well-founded suspicions about his impartiality.

4. the annual financial statements under Art. 26, para 1 of the Accountancy Act and the activity reports of all transforming and host companies for the past three financial years, if there are any and they have not been filed with the Commission;

5. a balance sheet as of the last date of the month preceding the date of the contract or the plan for transformation;

6. the draft of new articles of association of each of the newly established companies, or amendments and supplements to the articles of association of each of the transforming and host companies;

7. copy of the application filed with the Central Depository under Art. 262x, para 5 of the Commercial Law;

8. any other documents as set out in an ordinance.

(3) The balance sheet under para 2, item 5 must be prepared by applying the same accounting policy and form as of the last annual financial statement.

Art. 124a. (New – SG, iss. 61 in 2002. cancelled iss. 39 in 2005).

Art. 125 (Am. – SG, iss. 61 in 2002, iss. 39 in 2005) The deputy chairman shall refuse the issue of approval if the written materials under Art. 124, para 2 do not comply with the requirements of the law, the information they contain is not presented in a way accessible to the shareholders or does not reveal faithfully and completely the material circumstances that are important for the shareholders to make a reasoned decision on the proposal for transformation as well as if the shareholders' interests are harmed in any other way. Art. 91 and Art. 92, para 2 and 3 shall apply accordingly.

Art. 126 (Am. – SG, iss. 39 in 2005) (1) Any shareholder who quitted the company according to Art. 263r of the Commercial Law shall have the right to receive the equivalence of the shares owned by him before the transformation at the price stated in the plan or in the contract for transformation. In this case, Art. 111, para 5 shall not apply.

(2) Within thirty days of the date of the notification for termination of a participation under Art. 263r of the Commercial Law, the newly-established and/or host company must buy out the shares of shareholders under para 1.

Art. 126a. (New – SG, iss. 61 in 2002, cancelled iss. 39 in 2005).

Division III
(New – SG, iss. 61 in 2002)
Common Enterprise Agreement

Art. 126b. (New – SG, iss. 61 in 2002) (1) A common enterprise agreement obligates a public company to conduct its core business or a part of it in a common interest with another company which holds directly or indirectly at least 25 percent of the votes at the general meeting of the public company which controls the public company or is a person related to it.

(2) Core business under para 1 shall be the totality of the company's legal and business actions and operations generating at least 25 percent of its revenues from goods sold or services rendered in accordance with the last audited annual financial report.

(3) A common enterprise shall be managed jointly by the management bodies of the companies that are parties to an agreement or independently by the management body of one of these companies, respectively by persons appointed by the management body.

(4) (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) The persons under para 3 shall file with the Commission an annual and quarterly financial statement for the activity under Chapter Six "a", Division II, as well as other information, as laid down in an ordinance. The procedure, terms and manner of provision of the information according sentence one to the Commission, as well as of its public dissemination shall be laid down in an ordinance.

(5) (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) The Commission shall make public the information received under para 1 through the register kept by it under Art. 30 para 1 of the Financial Supervision Commission Act.

(6) (Prev. para 5 – SG, iss. 52 in 2007 in effect from 3 July, 2007) The distribution of profits and losses from the activity of a common enterprise shall be made in view of the proportion of the assets and other forms of contribution with which each company participates in the common enterprise.

(7) (Prev. para 6 – SG, iss. 52 in 2007 in effect from 3 July, 2007) An agreement must provide in complete details for the form and ways of contribution of each of the companies in the common enterprise, its activity, ways of management, and methods of distribution among the companies of the profits and losses of the common enterprise, as well as the terms and procedures for the termination of the agreement.

Art. 126c. (New – SG, iss. 61 in 2002) (1) The management body of each public company that is party to a common enterprise agreement shall draw up a written report containing the legal and economic rationale for the agreement, a valuation of the assets and the other forms of contribution with which each company participates in the common enterprise, as well as a rationale, on the basis of generally accepted valuation methods, of the fair price of the shares in the respective public company. Any requirements of the content of the rationale for the fair price, including requirements of the application of valuation methods, shall be set out in an ordinance.

(2) (Am. – SG, iss. 39 in 2005) The report under para 1 must be reviewed by not more than three independent experts with the necessary qualifications and experience approved by the deputy chairman upon proposal by the companies that are parties to the agreement. The costs of the expertise shall be covered by the companies.

(3) (Am. – SG, iss. 39 in 2005) The experts shall draw up a written report for the shareholders that indicates the methods for valuation of the forms of contribution of the parties to an agreement and for valuation of the fair price of the shares in the public company, to what degree these methods are appropriate, as well as any difficulties in the valuation if there are any.

The report must also indicate other material circumstances that are important for the shareholders to make a reasoned decision on the draft agreement.

(4) (New – SG, iss. 39 in 2005) Any expert is entitled to obtain an access to information and written materials, relating to each of the companies participating in the common enterprise, which are connected with his task, as well as to carry on all needed check-ups.

Art. 126d. (New – SG, iss. 61 in 2002) (1) (Am. – SG, iss. 39 in 2005) The draft common enterprise agreement and the reports under Art. 126c must be approved by the deputy chairman.

(2) (Am. – SG, iss. 39 in 2005, am. iss. 52 in 2007) Each public company that is party to a common enterprise agreement shall file with the Commission an application for approval and it shall enclose the documents under para 1 and other documents laid down in an ordinance. The deputy chairman shall render a decision on the application within thirty days of its filing and if there has been a request for elimination of incomplete details or irregularities or for the filing of additional information – within 14 days of the documents filed in addition.

(3) (New - SG, iss. 52 in 2007) On the grounds of the submitted documents the deputy chairman shall establish to what extent the requirements to the issue of the requested approval have been complied with. If the submitted data and documents are incomplete or irregular or additional information is needed or evidence of the data correctness, the deputy chairman shall forward a notice about the found out deficiencies and irregularities and/or for the required additional information and documents.

(4) (New - SG, iss. 52 in 2007) If the notice under para 3 is not accepted at the indicated by the applicant address for correspondence, the term for their submission shall start running from the placing of the notice on a specially designated for the purpose site in the Commission's building. The latter circumstance shall be certified by a report, drawn up by officials appointed on orders of the Commission's Chairman.

(5) (New - SG, iss. 52 in 2007) The applicant shall be informed in writing of the decision taken within a 7-day period.

(6) (Am. – SG, iss. 39 in 2005; prev. para 3, iss. 52 in 2007) The deputy chairman shall issue a motivated refusal for approval only if the documents under para 1 do not comply with the requirements of the law, if the information they contain is not presented in a way that is accessible to the shareholders or does not disclose appropriately and completely material circumstances that are important for the shareholders to make a reasoned decision on the draft agreement or if the interests of the shareholders in a public company that is party to a common enterprise agreement have been harmed in any other way.

Art. 126e. (New – SG, iss. 61 in 2002) (1) A common enterprise agreement shall become effective following an approval by the general meeting of each of the companies that are parties to the agreement. The decision of the general meeting shall be made by a majority of ¾ of the represented capital.

(2) (Am. – SG, iss. 8 in 2003, am. iss. 39 in 2005) The companies shall file the common enterprise agreement, the decisions of their general meetings and the decision by the deputy chairman for its approval with the commercial register within 7 days of the agreement's effective date. Within this term, a public company that is party to an agreement shall also enter it for filing in the register under Art. 30, para 1, item 3 of the Financial Supervision Commission Act.

(3) Any termination or rescission of a common enterprise agreement shall have a prospective effect. In such cases, para 1 shall apply accordingly.

(4) Any further amendments to a common enterprise agreement shall be made in accordance with the provisions of this chapter.

Art. 126f. (New – SG, iss. 61 in 2002) (1) (Am. – SG, iss. 39 in 2005) Any shareholder in a public company that is party to a common enterprise agreement shall be entitled to request of the company to purchase all or a portion of the shares the person holds at the price indicated in the report of the company's management body which is approved by the deputy chairman, if the person voted against a decision of the general meeting to approve the agreement or a further amendment to it. In this case, Art. 111, para 5 shall not apply.

(2) Instead of purchase of shares, a common enterprise agreement may entitle the persons under para 1 to request of the company to exchange all or a portion of their shares in the public company for shares in the company that is counter party to the agreement. In this case, the management body's report under Art. 126c must contain information about the rights associated with the shares in the controlling company and a rationale, on the basis of generally accepted economic methods, of the fair price of the shares in the controlling company and their exchange ratio for shares in the public company.

(3) The persons under para 1 must file with the respective public company a request for the buy-out or exchange of shares within thirty days of the date of the general meeting.

(4) Within thirty days of the expiration of the term under the previous paragraph but not before the effective date of a common enterprise agreement, the public company must purchase the shares of shareholders who have made a request.

Art. 126g. (New – SG, iss. 61 in 2002) (1) The persons who manage a common enterprise must act in the interest of the parties to the agreement and their shareholders. Art. 116b shall apply accordingly.

(2) The persons under para 1 shall be jointly and severally liable for any damage caused due to failure to perform their obligations in the management of a common enterprise to each company that is party to the common enterprise agreement.

(3) A person who through their influence on a manager of a common enterprise has made the manager act or refrain from action not in the interest of the parties to the agreement shall be jointly and severally liable for the damages caused.

(4) Persons holding together or separately at least 5 percent of the capital of a public company that is party to a common enterprise agreement may file a claim with the district court for the district where the company is incorporated for indemnity for damages caused to the public company by action or inaction of the persons under para 2 and 3.

Art. 126h. (New – SG, iss. 61 in 2002) (1) Common enterprise agreements with international participation shall be subject to the provisions of this Division and the mandatory provisions of Bulgarian law.

(2) Parties to an agreement that are foreign persons as well as the foreign persons who manage a common enterprise must indicate a country representative and an address where summons, messages and other correspondence will be delivered.

Chapter Nine
CENTRAL DEPOSITORY

Art. 127. (1) The issue and disposal of dematerialized securities shall become effective only after they have been registered at the Central Depository.

(2) The Central Depository is a joint stock company with an one-tier management system and with the following activities:

1. opening and keeping of accounts for securities under para 1;

2. registration of transactions in securities under para 1;

3. keeping of cash accounts and effecting of payments in relation to transactions in securities under para 1;

4. administration of securities, including keeping of the books for dematerialised shares and bonds;

5. immobilisation of securities in the cases under Art. 141, para 2;

6. other activities laid down in the ordinance under Art. 140.

(3) The Central Depository may not carry out commercial transactions unless this is necessary for the pursuit of the activities under para 2.

(4) (New – SG, iss. 52 in 2007 The Central Depository may not:

1. grant credits or secure receivables of third persons;

2. issue bonds;

3. receive credit on conditions, less favourable than the market ones for the country.

(5) (Prev. para 4 – SG, iss. 52 in 2007) The Central Depository shall be a non- profit organization and shall not distribute dividends. The surplus of revenues over expenses of the Central Depository is accounted for at the end of the fiscal year and half of the funds are transferred to the reserve fund, and the other half – in accordance with Art. 132, para 2.

(6) (Prev. para 5 – SG, iss. 52 in 2007) Except for the purposes of Art. 246, para 3 of the Commercial Law, the funds of the reserve fund of the Central Depository shall also be used to cover expenses related to its activity.

(7) (Prev. para 6 – SG, iss. 52 in 2007) The Central Depository must have qualified personnel, technical equipment and hardware and software necessary for the efficient and secure performance of its activities under para 2.

(8) (Prev. para 7 – SG, iss. 52 in 2007) An arbitrage court is established with the Central Depository. The general meeting of the Central Depository approves the rules of the arbitrage court and elects its chairman and deputy chairman.

(9) (Prev. para 4 – SG, iss. 52 in 2007) The Central Depository shall not be terminated by resolution of the general meeting. Bankruptcy proceedings may not be instituted for the Central Depository.

Art. 128. (1) The Central Depository shall issue only registered shares with the right of one vote. The Central Depository may not issue preferred stock.

(2) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) At least three fourths (3/4) of the Central Depository capital must be held by the Ministry of Finance, the Bulgarian National Bank, banks and investment intermediaries. The participation of the Ministry of Finance and the Bulgarian National Bank may not be less than 34 per cent.

(3) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) Any shareholder of the Central Depository may not hold, directly or through related persons, more than 5 per cent of its shares. This restriction shall not apply in regard to the participation of the Ministry of Finance, the Bulgarian National Bank and the persons under Art. 131, para 1, item 4 and 5.

Art. 129. (1) (New – SG, iss. 86 in 2006 in effect from 28 October, 2006) The board of directors of the Central Depository shall include at least one representative each of the Ministry of Finance and of the Bulgarian National Bank.

(2) (Prev. para 2, am. – SG, iss. 39 in 2005, prev. para 1, iss.86 in 2006 in effect from 28 October, 2006) The board of directors of the Central Depository shall:

1. adopt rules on the organization and activities of the Central Depository;

2. admit and expel members of the Central Depository;

3. organise and control the payments under executed transactions;

4. impose sanctions on the members in accordance with the conditions and procedures provided for in the ordinance under Art. 140;

5. exercise any other rights which are explicitly vested therein by virtue of the law, the ordinance under Art. 140, the articles of association and the rules;

6. pass resolutions and issue orders in relation to the exercise of its rights.

(3) (Prev. para 1, am. – SG, iss. 39 in 2005; prev. para 2, iss. 86 in 2006 in effect from 28 October, 2006) Representatives of the Commission may also attend sessions of the board of directors.

Art. 130. The rules of the Central Depository shall contain:

1. the conditions and procedure for the admission of members and for their temporary or final expulsion;

2. the conditions and procedure for carrying on the business and providing the services under Art. 127, para (2);

3. the organisation of internal control;

4. the conditions and procedure for imposing sanctions on the members of the Central Depository;

5. the conditions and procedure for the provision of information about the services provided, the requirements for keeping the registers of the Central Depository, as well as the control of their observance;

6. the conditions and procedures for management of the guarantee fund under Art. 132 and for paying compensations there from.

Art. 131. (1) Members of the Central Depository may be:

1. banks;

2. investment intermediaries;

3. management companies;

4.(New – SG, iss. 52 in 2007) regulated markets, or market operators in the cases where they are entities other than regulated markets.

5. foreign depository and clearing institutions.

(2) No member of the Central Depository may have any priority before the other members in the process of operation of the Central Depository.

Art. 132. (1) With the Central Depository a guarantee fund shall operate for compensation of the damages stemming from the carrying out the business of the Central Depository.

(2) Each member of the Central Depository must pay up an admission contribution and an annual cash contribution at the amount set in the rules under Art. 130. Other sources for raising cash into the fund shall be half of the profit of the Central Depository, loans, donations, foreign assistance, etc.

(3) (Am. – SG, iss. 39 in 2005) The management of the settlement risk of securities is regulated by an ordinance under Art. 140.

Art. 133. (1) (Am. – SG, iss. 39 in 2005) Any investor has the right to access the registers of the Central Depository through a member of the institution only with regard to the information related to his/her shares and to securities transactions where he is a party. The Central Depository and its members cannot refuse to perform the services described in the previous sentence.

(2) The members of the board of directors of the Central Depository, its employees and all other persons working for the Central Depository may neither disclose, unless they are authorised to do so, nor use to their own benefit or to the benefit of third parties facts and circumstances relating to the balances and the operations on the securities accounts kept at the Central

Depository, of which they have become aware in the course of carrying out their official and professional duties.

(3) Upon taking office or commencing activities for the Central Depository any person under para 2 shall sign a confidentiality declaration under para 2.

(4) The provision of para 2 shall also apply to the cases where the persons mentioned are not involved in official activities or their activities have been terminated.

(5) (Am. – SG, iss. 39 in 2005) Except for the provision of data to the Commission, respectively to the deputy chairman for the purposes of their supervisory activities, the Central Depository may provide data about the balances and the operations on the securities accounts kept thereby only:

1. with the consent of the members of the Central Depository and their clients, or

2. (New – SG, iss. 52 in 2007) by decision of the court, issued under the conditions and the procedure of Art. 35 para 6 and 7 of the Markets in Financial Instruments Act.

3.(New – SG, iss. 52 in 2007; am. iss. 109 in 2007, iss. 69 in 2008) on written request of the Director of the National Investigation Service, of the Chairman of State Agency for National Security or of the Commissioner General of the Ministry of Interior about the companies having over 50 per cent of state and/or municipal participation;

4. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) on request of the Prosecutor General or an authorized by him Deputy if there are data about organized criminal activity or money laundering.

Art. 134. (1) The Central Depository shall maintain sine die an archive of all data, including wrong and corrected entries.

(2) The Central Depository shall maintain at the Bulgarian National Bank a parallel data base duplicating the whole information under para 1.

(3) The ordinance under Art. 140 shall provide the measures for prevention of information loss from the registers of the Central Depository, and of termination of its activities in cases of accidents, natural disasters, etc.

Art. 135. (1) (Am. – SG, iss. 8 in 2003, am. – SG, iss. 39 in 2005) The companies with issues of dematerialized shares must register them at the Central Depository in accordance with a procedure laid down in the ordinance under Art. 140. The registration of an issue of securities at the Central Depository may be deleted after presenting the decision of the deputy chairman for deletion from the register under Art. 30, para (1), item 3 of the Financial Supervision Commission Act.

(2) The Central Depository may refuse registration where:

1. required data and information are missing, or these are not filed under the appropriate procedure;

2. specific items of the information are missing, or there are inaccuracies and controversies related to the data under item 1;

3. the balance of the accounts of the transferor or transferee is insufficient for the conclusion of the transaction within the settlement period, set by the rules of the Central Depository;

4. there are inconsistencies when the information submitted by the transferor and the transferee is compared;

5. there are prohibitions or restrictions as laid down by law;

6. there are other cases envisaged by the ordinance under Art. 140.

(3) In the cases under para 2, items 1, 2 and 4 the Central Depository requires through its respective member the inaccuracies to be eliminated within a certain time limit and sends

appropriate instructions in this respect. In the cases under para (2), item 3 the transactions are completed in accordance with the procedures stipulated in the ordinance regarding the Central Depository.

Art. 136. (1) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) The names of the holders of dematerialised securities shall be entered in the register of the Central Depository, as well as the names of foreign entities under Art. 41 para 1 of the Markets in Financial Instruments Act, that have acquired securities in their own name, but on behalf of other foreign entities.

(2) The Central Depository shall keep the register of shareholders in companies with dematerialized shares, as well as the register of holders of other dematerialized securities under the procedures laid down by the ordinance under Art. 140.

(3) (Am. – SG, iss. 39 in 2005; iss. 52 in 2007) The securities entered at the Central Depository shall be considered securities of their holders in respect of the creditors of the Central Depository, the investment intermediaries under Art. 5 para 3 item 1 of the Markets in Financial Instruments Act, and any other third parties.

(4) The guarantee funds and the collateral which guarantee fulfilment of the obligations of the members of the Central Depository shall not be considered rights of the Central Depository or of its members in respect of their creditors.

(5) (Am. – SG, iss. 39 in 2005; iss. 52 in 2007) The allocation of interest, dividends, notification and other acts relating to administration of securities, as well as the corresponding liability of the public companies and other issuers, the Central Depository and the investment intermediaries under Art. 5 para 3 item 1 of the Markets in Financial Instruments Act shall be governed by the ordinance under Art. 140.

Art. 137. (1) The issue and disposal of dematerialised securities shall be certified by a registration certificate. The conditions and procedure for issuing such registration certificate of securities and for entry of a foreign entity in the Central Depository's register under Art. 136, para 1, shall be determined in the ordinance under Art. 140.

(2) When an entry under Art. 127, para 1 is made for or through members of the Central Depository, the Central Depository shall issue to them a registration certificate. On request from an owner of dematerialized securities, the Central Depository shall issue, through one of its members, an ownership certificate for the securities held. The members of the Central Depository cannot refuse to their clients the service in sentence two.

(3) The foreign entity under para 2 may issue depository receipts to its clients – foreign entities, regarding the securities acquired on their behalf, after the Central Depository has restricted the disposal of those securities in the country.

Art. 138. (1) The acquisition of securities on a regulated securities market by a person acting in good faith shall be valid regardless of whether the transferor is in possession of these securities.

(2) Transactions in securities entered into and admitted for execution by the Central Depository shall be completed in accordance with the rules of the Central Depository notwithstanding any objections made or claims brought. Exceptions shall be allowed in the cases provided for in the ordinance under Art. 140. Compensation for damages shall be governed by the commercial and civil legislation.

(3) The procedure for rectifying wrong entries, made by the Central Depository, shall be laid down in the ordinance under Art. 140.

Art. 139. (1) (Am. – SG, iss. 39 in 2005) The Commission and the deputy chairman shall exercise control over the activities of the Central Depository.

(2) (Am. – SG, iss. 39 in 2005) The Central Depository must submit to the Commission an annual report not later than 31 March of the following year, as well as a 6-month report not later than 31 August of the current year.

(3) (Am. – SG, iss. 39 in 2005) The reports under para 2 shall contain data about the business of the Central Depository, the composition of shareholders and the members of the Central Depository and year-end financial statements in compliance with Art. 26, para 1 of the Accountancy Act, certified by a registered auditor. The reports are prepared based on a template, approved by the deputy chairman.

(4) (Am. – SG, iss. 39 in 2005) Upon request, the Central Depository must submit to the Commission and the deputy chairman any other information and documents relating to its business.

(5) (Am. – SG, iss. 39 in 2005) The deputy chairman performs field inspections and audits.

Art. 140. (Am. – SG, iss. 61 in 2002, iss.67 in 2003, iss. 39 in 2005) The Commission shall issue an ordinance on the implementation of this chapter.

Chapter Ten
PUBLIC OFFERING IN THE REPUBLIC OF BULGARIA OF SECURITIES ISSUED BY NON-RESIDENTS. PUBLIC OFFERING ABROAD OF SECURITIES ISSUED BY RESIDENTS

Art. 141. (1) (Am. – SG, iss. 37 in 2004; iss. 86 in 2006) To the public offering in the country of securities, which are issued by persons having a registered office in third countries and which have not been publicly offered and are not admitted to trading on a regulated market in another Member State, the requirements of Chapters Six and Seven shall apply accordingly, and the existence of the following conditions is required:

1. the securities must satisfy the conditions laid down in this law;

2. the issuer must have submitted evidence that he has complied with the law at the place of his registration;

3. the rights of the local investors must be guaranteed.

(2) Where the securities under the previous paragraph are materialised, they may be publicly offered after they are immobilised at the Central Depository.

(3) (Am. – SG, iss. 39 in 2005) Where so provided in an international treaty to which the Republic of Bulgaria is a party, the Commission may recognise the prospectus for securities published according to the law at the place of their issuance if the objectives of Art. 81 are achieved. In such case the Commission may require the issuer to provide additional information and documents necessary for the performance of its functions.

Art. 142. (1) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) The Commission should be notified of any public offering in third countries of securities issued by residents.

(2) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) When submitting the documents for public offering in a third country to the third country's relevant competent authority, the issuer or the offeror should present to the Commission:

1. the draft prospectus and other documents required by the foreign law;

2. (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) a declaration that he undertakes to provide the Commission with copies of all documents published or delivered in a third country in accordance with the foreign law;

3. other documents as laid down in an ordinance.

Art. 143. (New – SG, iss. 37 in 2004) The entering into and/or execution of transactions pertaining to public offering under Art. 141 or Art. 142 shall comply with the requirements of the Foreign Exchange Law.

Art. 144. (Am. – SG, iss. 52 in 2007) Chapters Six shall apply accordingly to the issues that are not explicitly covered by the present chapter.

Chapter Eleven
DISCLOSURE OF PARTICIPATION AND TENDER OFFERING OF SECURITIES
Division I
Disclosure of Participation

Art. 145. (1) (Am. – SG, iss. 61 in 2002, iss. 39 in 2005; iss. 86 in 2006, am. iss. 52 in 2007 in effect from 3 July, 2007) Any shareholder who acquires or transfers directly and/or according Art. 146 a voting right in the general meeting of a public company shall notify the Commission and the public company, where:

1. as a result of the acquisition or transfer his voting right reaches, exceeds or falls below 5 per cent or a figure multiple of 5 per cent, from the number of votes in the company's general meeting;

2. his voting right reaches, exceeds or falls below the thresholds under item 1 as a result of events, which lead to changes in the total number of voting rights on the basis of the information disclosed according Art. 112e.

(2) The voting rights shall be calculated on the basis of the total number of voting shares, irrespective of whether a restriction has been imposed on the exercising of the voting right. The calculation shall be made for every separate class of shares.

(3) Where the reaching or exceeding of the thresholds under para 1 is as a result of direct acquisition or transfer of voting shares, the obligation under para 1 shall arise also for the Central Depository. The form, content and procedure for making the notification shall be laid down in an ordinance.

(4) Paragraph 1 shall not apply to voting rights, related to:

1. shares acquired only with the purpose of performing clearing and settlement within the normal settlement cycle, which may not be longer than 3 business days after the conclusion of the transaction;

2. shares held by custodians in that capacity, and provided that they may exercise the voting rights related to the shares only on the client' orders given in written or electronic form.

(5) A notification shall not be required from a market-maker, acting in that capacity, whose voting right reaches, exceeds or falls below 5 per cent of the votes in the company's general meeting, provided that he:

1. has been authorized to pursue the business of investment intermediary according to Art. 3 of Council Directive 93/22/EEC on investment services in the securities field;

2. does not participate in the management of the company and does not exercise influence on the company for the purchase of shares or for the maintenance of their prices.

Art. 146. (Am. – SG, iss. 86 in 2006, iss. 52 in 2007 in effect from 3 July) (1) The obligation under Art. 145 para 1 shall also apply to any person entitled to acquire, transfer or exercise the voting rights in the general meeting of the public company in one or more of the following cases:

1. voting rights, possessed by a third person, with whom the person has concluded an agreement to pursue lasting common policy of the company's management by joint exercising of the possessed by them voting rights;

2. voting rights, possessed by a third person, with whom the person has concluded an agreement, providing for temporary transfer of the voting rights;

3. voting rights attaching to shares provided as a collateral to the person, provided that such person may control the voting right and has expressly stated his intent to exercise them;

4. voting rights, attaching to shares provided to be used by the person;

5. voting rights, which are possessed or may be exercised according item 1-4 by a company over which the person exercises control;

6. voting rights attaching to shares deposited with the person, which such person may exercise at his discretion without special orders by the shareholders;

7. voting rights, possessed by third persons on their behalf, but for the account of the person;

8. voting rights, which the person may exercise in his capacity of a proxy, where such person may exercise the voting rights at his discretion, without special orders by the shareholders;

(2) To the voting rights of the parent undertaking of a management company shall not be added the voting rights of the management company, attaching to shares, included in the individual portfolio managed by it according Art. 202 para 2 item 1, provided that the management company exercises the voting rights independently of the parent undertaking.

(3) To the voting rights of the parent undertaking of an investment intermediary, authorized to pursue business under Art. 3 of Council Directive 93/22/EEC on investment services in the securities field, shall not be added the voting rights of the investment intermediary, related to shares included in an individual portfolio, managed by the intermediary according § 1, item 7 of the Additional Provisions of the Markets in Financial Instruments Act, provided that:

1. the investment intermediary has the right to pursue management of an individual portfolio according Art. 5 para 2 item 4 of the Markets in Financial Instruments Act;

2. the investment intermediary may exercise the voting rights attaching to the shares only by an order, given in writing or in an electronic way, or to guarantee that the management of the individual portfolio is carried out irrespective of other services and on conditions, equivalent to the provisions of Council Directive 85/611/EEC by applying appropriate measures;

3. the investment intermediary exercises its voting rights independently from the parent undertaking;

(4) Paragraph 2 and 3 shall not apply in the cases where the parent undertaking or another company, controlled by the parent undertaking, has invested in voting shares, included in an individual portfolio, managed by the management company, or by the investment intermediary and the management company, respectively the investment intermediary is not entitled to exercise the voting rights at its own discretion, but may exercise them only in consistence with direct or indirect instructions given to it by the parent undertaking or by another company, controlled by the parent undertaking.

(5) Paragraph 2-4 shall also apply to companies whose head office is in a third country, for which a license would be required according Art. 5 of Council Directive 85/611/EEC or for the management of an individual portfolio according item 3 of Section "A" of Annex No. 1 to Council Directive 93/22/EEC on investment services in the securities field, if they had a head office situated in a Member State, or in the cases of an investment intermediary – if its registered office was located in a Member State, provided that they comply with equivalent requirements for independent exercising of the voting rights or in the management of a portfolio as a

management company, respectively an investment intermediary. The conditions on which the requirements shall be considered equivalent shall be laid down in an ordinance.

Art. 147. (Am. – SG, iss. 52 in 2007 in effect from 3 July) The requirements of Art. 145 and Art. 146 para 1 item 3 shall not apply for shares, provided to or by the European Central Bank, the Bulgarian National Bank or the central banks of the other Member States in the fulfilment of their functions in pursuance of the monetary policy, including shares provided to or by them as a collateral in repo transactions or similar agreements for ensuring liquidity for the purposes of the monetary policy or within a payment system, if the transactions are entered into for a short period of time and the voting rights attaching to the shares are not exercised.

Art. 148. (Am. – SG, iss. 86 in 2006; iss. 52 in 2007 in effect from 3 July, 2007) (1) The notification under Art. 145 para 1 and Art. 146 para 1 shall contain at least:

1. number of votes as a result of the change;

2. the controlled persons, through whom the person exercises the voting rights, if applicable;

3. the date on which the voting rights of the persons have reached, exceeded or fallen below the thresholds under Art. 145 para 1;

4. data about the shareholder, irrespective of whether he is entitled to exercise the voting rights according to Art. 146 para 1, and about the persons entitled to exercise the voting right for the shareholder's account.

(2) The notification shall be made in the Bulgarian language or in a language customary in the field of international finances. The public company shall not be obligated to provide a translation of the notification in a language, accepted by the Commission or the other competent authorities.

(3) The obligation for notification under Art. 145 para 1 and Art. 146 para 1 shall be fulfilled immediately, and not later than 4 working days after the day following the day in which the shareholder or the person under Art. 146 para 1:

1. comes to know of the acquisition, transfer or of the possibility to exercise the voting rights according to Art. 146, or on which according the specific circumstances he must have learnt of it, regardless of the date, on which the acquisition, transfer were carried out or the possibility for exercising the voting rights arose;

2. is informed of the occurrence of the events under Art. 145 para 1 item 2;

(4) The notification obligation under Art. 145 para 3 shall be performed latest by the end of the day following the shares acquisition or transfer.

(5) The requirement under para 1 shall not apply to the entity, for which the notification obligation has been fulfilled by its parent undertaking or where the parent undertaking itself is a controlled company – by its parent undertaking.

(6) To the notification shall be attached a written statement for the availability of the circumstances under Art. 145 and/or Art. 146.

(7) The form and procedure of making the notification, as well as the additional requirements to its content, the cases in which it is considered that the person must have learnt of the acquisition and transfer, the conditions in which it is considered that the exercising of the votes, or the portfolio management by the management company and the investment intermediary are independent, as well as the measures for exercising control for compliance with the conditions for exemption from the obligations for notification under this Division, shall be laid down in an ordinance.

Art. 148a. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The notification obligation under Art. 145 shall also relate to persons holding directly or indirectly financial

instruments, entitling them to acquire on their own initiative and on the grounds of a written contract, voting shares in the public company's general meeting.

(2) The types of financial instruments under para 1, the procedure of making the notification, the nature of the contract, the contents, term and form of the notification, as well as the other requirements in connection with the notification's forwarding shall be laid down in an ordinance.

Art. 148b. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) A public company must disclose to the general public in accordance with Art. 100s the information provided with the notifications of the persons under Art. 145 and 146 within three working days after it is informed of it.

Art. 148c. (1) (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) To ensure compliance with the provisions of this Division, beside the powers envisaged in the other parts of the Law and its implementing instruments, the deputy chairman may:

1. require from the public company, Central Depository, shareholders, the persons who possess other financial instruments and the persons under Art. 146 and Art. 148a, to provide certain information and documents:

2. require from the public company to make public the information under item 1 in a manner and within a term, determined by him/her;

3. publish the information under item 1 on his own initiative in the cases when the public company has failed to fulfil its obligation under item 2 and after presentation of an explanation by the company;

4. require from the Central Depository, the shareholders and the persons who possess other financial instruments, as well as the persons under Art. 146 and 148a, to provide the information under this Division, and where needed – also additional information and documents;

5. inform the public that a given public company, shareholder or a person, who possesses other financial instruments, or the person under Art. 146 or 148a, does not comply with his obligations under this Division or its implementing instruments.

(2) The Commission may disclose any applied coercive measure and imposed sanction for violation of the provisions of this Division and its implementing instruments, unless this would be seriously prejudicial to the financial markets' integrity or would cause expressive damages to the persons, to whom such information relates.

Art. 148d. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) The Commission shall cooperate and exchange information with the relevant competent authorities of the other Member States, where this is needed for the realization of its powers under this Division, and shall render them assistance with a view to the exercising of their functions.

(2) Where the Republic of Bulgaria is a host Member State and the Commission establishes that an issuer, a shareholder or holder of other financial instruments, or the person under Art. 146 violates this Law or its implementing instruments, it shall notify of it the home Member State's competent authority.

(3) If despite of the applied by the competent authority of the home Member State measures, or due to it that such measures have proved inadequate, the issuer, the shareholder, the holder of other financial instruments or the person under Art. 146 continues to violate this Law or its implementing instruments, the Commission may, after notifying the home Member State competent authority, take the necessary measures for investor protection. The Commission shall inform the European Commission about the measures taken within 7 days from their applying.

(4) Where the Commission is informed by the relevant competent authority of the host Member State within the meaning of Art. 100j para 2 item 2 about a public company,

shareholders, holder of some other financial instruments or a person under Art. 146, who violates the legislation of the relevant Member State, the Commission, or the deputy chairman shall apply appropriate coercive administrative measures.

Art. 148e. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) This Division also applies to the issuers from a third country, whose shares have been admitted to trading on a regulated market, for which the Republic of Bulgaria is a home Member State within the meaning of Art. 100j para 2 item 1.

(2) In the cases under Art. 145 para 1 item 2, when the issuer is form a third country, the notification shall be made upon the occurrence of equivalent events, which result in changes of the total number of voting rights.

(3) The requirements under Art. 148b concerning the term of disclosure shall not apply to the persons under para 1, if the Commission decides, that the legislation of the relevant state provides for equivalent requirements. The conditions on which the Commission may consider that the requirements of the third country's legislation are equivalent to the requirements under Art. 148b, shall be laid down in an ordinance.

(4) The Commission shall post on its web site the states for which it considers that their legislations provide for requirements, equivalent to the requirements under Art. 148b.

Art. 148f. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) The provisions of this Division shall not apply to:

1. units of undertakings for collective investment, which are not of closed type within the meaning of Art. 77y para 1 item 8 and 9, or to units, acquired or transferred within such undertakings for collective investment;

2. money market instruments with a maturity shorter than 12 months.

Division II
Tender Offer to Buy and Exchange Shares

Art. 148g. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) For the purposes of this Division "related persons" are the persons who on the basis of an explicit or tacit, written or verbal agreement with the offeror or the company – subject of a tender offer, aim at the acquisition of control over the public company or prevention of the successful closing of a tender offer. The persons controlled by another person within the meaning of § 1 item 44 of the Additional Provisions shall be considered related persons with that person and among themselves, as well as with the persons under §1, item 12, letters "c" and "d" of the Additional Provisions.

Art. 148h. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) This Division shall not apply to tender offers about:

1. securities issued by companies whose objective is collective investment of cash, raised by public offering of units, which acts on the principle of risk spreading and on request of the unit holders, directly or indirectly, redeems its units at price based on their net asset value;

2. shares issued by the central banks of the Member States.

Art. 149. (1) (Am. – SG, iss. 61 in 2002) A person who has acquired, directly or through related persons, more than 50 percent of the votes at the general meeting of a public company, within 14 days from the acquisition, is obliged:

1. (Am. – SG, iss. 39 in 2005) to register with the Commission under Art. 151 a tender offer to the remaining shareholders with voting shares for the acquisition of their shares and/or exchange of the latter with shares which will be issued for this purpose by the offeror; or

2. to transfer the necessary number of shares, in order to hold directly or through related persons less than 50 percent of the votes at the general meeting of the company.

(2) The provisions of para 1 are applied also:

1. toward persons, who hold together more than 50 per cent of the voting shares and have made an agreement to pursue a common policy related to the management of the corresponding company, through joint exercise of the voting rights held by them;

2. when other persons hold for the account of the person under para 1 voting shares and the total number of their votes is more than 50 per cent of all voting shares in the general meeting of the company.

(3) (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) In cases of acquisition through related persons, as well as in the cases under para 2 item 1, tender offeror is the person, who held the biggest number of the total votes, and for the cases of para 2 item 2 – the person, for whose account the shares are held.

(4) (Am. – SG, iss. 39 in 2005) In the cases under para 2, the offeror is obliged to register with the Commission a tender offer within 14 days from the agreement date, respectively from the shares acquisition date for the account of the person under para 1.

(5) Till the release of the tender offer under the provisions of Art. 154, respectively till the transfer of shares, the parties under para 1 and 2 do not have the right to exercise their voting rights in the general meeting.

(6) (Am. – SG, iss. 61 in 2002) The obligation under para 1 item 1 shall also arise for any person who acquires directly, through related persons or indirectly under para 2 more than 2/3 of the votes at the general meeting of a public company unless, within 14 days of the acquisition, the person transfers the necessary number of shares so that they hold directly, through related persons or indirectly under para 2 less than 2/3 of the votes. Para 3, 4 and 5 shall apply accordingly.

(7) (Am. – SG, iss. 61 in 2002) If any person under para 1 acquires more than 2/3 of the votes within 14 days, they shall register one tender offer.

(8) (Am. – SG, iss. 61 in 2002) Any person who holds directly, through related persons and/or indirectly under para 2 more than half of the votes at the general meeting, shall not be entitled within a year to acquire, including through related persons or indirectly under para 2, voting shares representing more than 3 percent of the total number of shares in the company without making a tender offer under Art. 149b. Paragraph 5 shall apply accordingly.

(9) (Am. – SG, iss. 61 in 2002, iss. 52 in 2007) The persons under para 1, 2, 6 and 8 shall be obliged to execute the tender offer through an authorized investment intermediary, by using the options of remote admittance of the tender offer via the Central Depository. The investment intermediary's capital shall be no less than that provided for by Art. 8 para 1 of the Markets in Financial Instruments Act.

Art. 149a. (New – SG, iss. 61 in 2002) (1) (Am. – SG, iss. 52 in 2007) Any person who acquires directly, through related persons or indirectly under Art. 149 para 2 more than 90 percent of the votes at the general meeting of a public company shall be entitled to register a tender offer to buy the shares of the other shareholders. Art. 149, para 3, 4 and 9 shall apply accordingly.

(2) (Am. – SG, iss. 39 in 2005) If any person under para 1 does not register a tender offer within 14 days of the acquisition of the number of votes under para 1, the person shall be obligated to notify the shareholders, the regulated market and the Commission about their

intention to register a tender offer at least 3 months in advance. The person must notify forthwith shareholders, the regulated market and the Commission if the intention for a tender offer is abandoned, including the reasons for this.

(3) (New – SG, iss. 52 in 2007 in effect from 3 July) If the person under Art. 149 para 1 and 6, within the 14-day period acquires directly, through related persons or indirectly under Art. 149 para 2, more than 90 per cent of the votes in the public company's general meeting, such person shall fulfil his obligation under Art. 149 para 1 and 6 and may exercise his right under para 1, registering a tender offer.

(4) (Am. – SG, iss. 39 in 2005; prev. para 3, iss. 52 in 2007 in effect from 3 July, 2007) The Commission may refuse the publication of a tender offer under para 1 if an offeror has violated the requirement under Art. 149, para 8 in the past 24 months.

(5) (Prev. para 4 – SG, iss. 52 in 2007 in effect from 3 July, 2007) Any person under para 1 shall be obligated to purchase the shares of each shareholder on demand until a tender offer has been published, as well as 14 days after its closing date. Art. 150, para 6 shall apply accordingly.

Art. 149b. (New – SG, iss. 61 in 2002) (1) (Am. – SG, iss. 39 in 2005, iss. 52 in 2007) Any person who holds at least 5 percent of the votes at the general meeting of a public company and wants to acquire directly, through related persons or indirectly under Art. 149, para 2 more than 1/3 of the votes at the general meeting of this company may publish a tender offer for the purchase or exchange of shares to all shareholders with voting rights following a prior confirmation of a draft offer by the Commission. Art. 149, para 3, 4 and 9 shall apply accordingly.

(2) Any offeror under para 1 shall be obligated to buy, respectively exchange, all voting shares of a shareholder who has accepted the offer. If the number of voting shares deposited on the part of all shareholders who have accepted the offer is more than the total number of shares under the tender offer, an offeror shall buy or exchange shares from each shareholder among those who have accepted the offer proportionately to the shares deposited by them.

(3) Any person under para 1 may determine the minimum number of shares that must be offered to them to acquire which will make an offer valid.

(4) (Am. – SG, iss. 39 in 2005) The Commission may stop the trading in shares in a company whose shares are subject to a tender offer if this is necessary in view of the principles under Art. 150 para 1.

Art. 150. (1) The tender offer is executed in conformity with the following principles

1. (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) securing of equality of the shareholders, who are in the same position in the company, whose shares are subject to the tender and protection of the other shareholders upon acquisition of control over the company;

2. (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) providing enough time and information to the shareholders of the company, in order to enable them to correctly evaluate the offer and to make a reasonable decision regarding its acceptance. When presenting a position on the tender offer, the management body of the company – subject of a tender offer, shall state its opinion on the consequences of the tender offer acceptance for the officials, the conditions of the labour contracts and the venue of carrying out activities.

3. (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) the conduct of the management bodies to be in the interest of the company as a whole and not to prevent shareholders from the possibility to take decision on the tender offer's substance;

4. not allowing market manipulations of the company's securities, whose shares are subject to the tender, as well as of securities of other companies, which are affected by the offer;

5. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) making a tender offer only after ensuring a possibility for full payment, or exchange of the shares of the shareholders who accepted the offer;

6. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) the company – subject of a tender offer not to be placed in a situation which obstructs the performed by it activity for unreasonably long period of time.

(2) (Am. – SG, iss. 61 in 2002) The offer under Art. 149, para 1, 6 and 8, Art. 149a and Art. 149b must contain the following information:

1. (Am – SG, iss. 52 in 2007 in effect from 3 July, 2007) name or business name, registered office and address of the tender offeror and of the investment intermediary authorised thereby;

2. (New – SG, , iss. 52 in 2007 in effect from 3 July, 2007) the shares, respectively the class of shares to which the tender offer relates;

3. (Am. – SG, iss. 61 in 2002, prev. item 2, iss. 52 in 2007 in effect from 3 July, 2007) number of voting shares, which the offeror does not hold and must request or wants to acquire;

4. (Am. – SG, iss. 39 in 2005, prev. item 3, iss. 52 in 2007 in effect from 3 July, 2007) the offered price per share, issued by the company, whose shares are subject to the tender offer and/or the proportion of its exchange with shares according to Art. 149, para 1, item 1, its issuing price and information about the rights related to this shares;

5. (New – SG, iss. 52 in effect from 3 July 2007) the indemnification for the shareholders' rights, which may be restricted according to Art. 151a para 4, including the procedure and way of its payment and the methods of its fixing.

6. (Prev. item 4 – SG, iss. 52 in effect from 3 July 2007) information about the number and type of shares, which the offeror holds directly or through related persons, as well as under Art. 149, para 2 in the company, whose shares are subject to the tender offer;

7. (Prev. item 5 – SG, iss. 52 in effect from 3 July 2007) the time limit for acceptance of the offer;

8. (Am. – SG, iss. 61 in 2002, prev. item 6, iss. 52 in 2007 in effect from 3 July, 2007) the terms and conditions, under which the offeror will finance the acquisition of the shares and the proof that the funds needed for the purchase or the securities needed for the exchange are available;

9.(Prev. item 7 – SG, am. iss. 52 in effect from 3 July 2007 in effect from 3 July, 2007) the intention of the offeror about the future activity of the company – subject of the tender offer and of the offeror – a legal entity, to the extent it is affected by the tender offer, about retaining the members of the management bodies and officials of the companies, including about material changes in the conditions of the labour contracts, and more especially, about the strategic plans of the offeror for the two companies and the impact which the offer may have on the officials and the venue of the companies' operation.

10. (Prev. item 8 – SG, am. iss. 52 in effect from 3 July 2007) time limit for fulfilment of the obligations in case of accepting the tender offer;

11. (Prev. item 9 – SG, Am. iss. 52 in effect from 3 July 2007) the information under Art. 82 para 1, when an exchange of shares is offered;

12. (New – SG, iss. 52 in 2007 in effect from 3 July 2007) the applicable law regarding the contracts between the offeror and the shareholders in case of acceptance of the tender offer and the competent court;

13. (Am. – SG, iss. 39 in 2005; prev. item 10, iss. 52 in 2007 in effect from 3 July, 2007) other information or documents, specified in an ordinance or requested by the Commission under the provisions of Art. 152, para 1.

(3) (Am. – SG, iss. 61 in 2002, iss. 39 in 2005, iss. 52 in 2007 effect from 3 July, 2007) The tender offer under Art. 149a should indicate that after the expiration of the time limit for its acceptance, the company may cease to be public, even if the requirement of Art. 119, para 1, item 1 is not satisfied, and also whether the offeror intends to ask for deletion of the company from the Commission's register. With regard to this tender offer, para 2 item 3 and item 11 shall not be applied.

(4) (Am. – SG, iss. 61 in 2002) The offer shall be signed by the offeror and by the investment intermediary under Art. 149, para 9, who must declare that it is in conformity with the requirements of the law.

(5) The offeror and the investment intermediary, who signed the offer, will be jointly liable for any damages caused by false, misleading or incomplete particulars in the offer.

(6) (Am. – SG, iss. 61 in 2002; iss. 52 in 2007) A tender offer under Art. 149, para 1 and 6 and Art. 149a shall include a rationale for the offered price, respectively the offered exchange value under para 2 item 4. The rationale shall specify the fair price of one share in the company calculated on the basis of generally accepted valuation methods. The requirements for the price rationale including the application of valuation methods shall be laid down in an ordinance.

(7) (Am. – SG, iss. 61 in 2002) The price, respectively the exchange value of a tender offer under Art. 149, para 1 and 6 and Art. 149a may not be lower than the higher value out of:

1. (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) the fair price of a share specified in the rationale under para 6.

2. (Am. – SG, iss. 52 in 2007 in effect from 3 July, 2007) the average weighted market price of the shares for the preceding 3 months.

3. (New – SG, 52 in effect from 3 July 2007) the highest price per share, paid by the offeror, by related to him persons or the persons under Art. 149 para 2 in the last 6 months before the registration of the offer; in cases where the shares' price cannot be fixed according the preceding sentence, it shall be fixed as the higher between the last issue value and the last price paid by the tender offeror.

(8) (New – SG, iss. 61 in 2002; suppl. iss. 52 in 2007) The price of tender offers under Art. 149, para 8 as well as under Art. 149b may not be lower than the average weighted market price of the shares for the preceding 3 months and if there is no such price - the highest price for a share paid by the offeror, related to him persons or the persons under Art. 149 para 2, during the 6 months preceding the registration of the offer. The tender offeror may reason the price they offer pursuant to para 6.

(9) (New – SG, iss. 52 in effect from 3 July 2007) In case that until the lapse of the term of the tender offer, the tender offeror acquires directly, through related persons, or indirectly under Art. 149 para 2, voting shares in the general meeting of the company – subject of a tender offer, at price higher than that proposed in the tender offer, it must increase the proposed price up to that higher price. In such case the purchase of shares shall be done at the higher price with regard to all shareholders that have accepted the offer prior to or after the increase.

(10) (Prev. para 8 – SG, iss. 61 in 2002, am. iss. 52 in 2007) The offer for exchange of shares must include an alternative option for purchase of the voting shares of the other shareholders.

(11) (Prev. para 9 – SG, iss. 61 in 2002; prev. para 10, am. iss. 52 in 2007) The time limit under para 2 item 7 may not be shorter than 28 days or longer than 70 days from the date on which the tender offer has been published, except in the cases of made competitive tender offer, when the term of the tender offer shall be extended until the expiry of the deadline for acceptance of the competitive tender offer.

Art. 151. (1) (Am. – SG, iss. 61 in 2002, iss. 39 in 2005) The offers under Art. 149 para 1, 2, 6, 8 and Art. 149a shall be registered at the Commission and may be published, unless the Commission imposes a temporary prohibition within 14 days, and for offers under Art. 149b, a final prohibition. The failure of the Commission to pronounce within the terms stipulated in the previous sentence is deemed tacit approval of the tender offer.

(2) (New – SG, iss. 52 in 2007) Paragraph 1 shall not apply to a tender offer for acquisition and/or exchange of voting shares of a company, which is with a head office in a Member State and whose shares have been admitted to trading on a regulated market in the Republic of Bulgaria, which was subject to such approval and was approved by a Member State's competent authority. In such case the Commission may require from the tender offeror to prepare a translation of the tender offer, as well as to include additional information therein, which is specific for the market in the Republic of Bulgaria and relates to the conditions for the tender offer acceptance, the obtaining of the shares' price or their exchange value, as well as to the fees due in connection with them.

(3) (Am. – SG, iss. 39 in 2005, iss. 86 in 2006, prev. item 2, am. and suppl., iss. 52 in 2007) On the day of registering under para 1, the tender offeror is obliged to present the offer to the management body of the company, whose shares are subject to the tender, to the representatives of its officials or to the officials, when there are no such representatives, as well as to the regulated market, on which the shares of the company are admitted to trading. In the notification it should be clearly indicated, that the Commission has not yet expressed an opinion with regard to the offer.

(4) (New – SG, 52 in effect from 3 July 2007) The management body of the company – subject of a tender offer shall provide the tender offer to the representatives of its officials or to the officials, when there are no such representatives.

(5) (Am. – SG, iss. 61 in 2002, iss. 39 in 2005, prev. item 3, am. iss. 52 in effect from 3 July, 2007) The company's management body within 7 days of receiving the offer, shall present in the Commission, to the offeror and to the representatives of the officials or to the officials when there are no such representatives, a reasoned opinion on the offered deal, including about the consequences of the tender offer acceptance on the company and the officials and about the strategic plans of the offeror for the company – subject of the tender offer and their eventual impact on the officials and the venue of operation, as indicated in the tender offer according Art. 150 para 2 item 9. The opinion shall also contain information about the availability of eventual agreements on the exercising of the voting rights attaching to the shares of the company – subject of the tender offer, insofar as the management body is aware of it, as well as data about the number of shares in the company, owned by the members of its management body and whether they intend to accept the proposal. Where the management body of the company – subject of a tender offer receives within the term under sentence one an opinion of the officials' representatives about the tender offer's impact over the officials, this opinion shall be attached to the management board's opinion.

(6) (Prev. item 4, am. – SG, iss. 52 in effect from 3 July, 2007) After receiving the offer under para 3 until the publishing of the results of the tender offer, or its termination, the management body of the company – subject of the tender offer may not carry out activities, with the exception of searching for a competitive tender offer, whose main objective is the frustration of the tender offer acceptance or creation of considerable difficulties or substantial additional expenditures for the offeror, such as issue of shares or entering into transactions, which would result in significant change in the company's property, unless the activities are performed with the preliminary approval of the general meeting of the company – subject of the tender offer.

(7) (New – SG, 52 in effect from 3 July, 2007) The general meeting shall also approve any decision of the management body for taking actions under para 6, made before the tender offer's receiving, which has not been realized in part or in whole, and which is not a part of the normal activities of the company and may frustrate the acceptance of the tender offer.

Art. 151a. (New – SG, 52 in effect from 3 July, 2007) (1) All restrictions on the transfer of voting shares, provided for in the articles of association of the company – subject of a tender offer, in agreements between the company – subject of a tender offer and the shareholders, or in agreements among the shareholders shall not apply in respect to the tender offeror within the term for the tender offer acceptance.

(2) Restrictions on the voting right, envisaged in the articles of association of the company that is subject of a tender offer, in agreements between the company – subject of the tender offer and the shareholders or in agreements among the shareholders, shall not apply in decision-making by the general meeting on taking actions under Art. 151 para 6 and 7.

(3) Where as a result of a tender offer, the offeror acquires more than 75 per cent of the votes in the public company's general meeting, the restrictions under para 1 and 2 shall not apply, as well as the shareholders' exclusive rights related to election or removal of management bodies' members, envisaged in the articles of association of the company – subject of a tender offer.

(4) The offeror shall pay compensation to the shareholders for the restriction of their rights under para 1-3. The conditions and procedure for payment of the compensation shall be determined by the offeror and indicated in the tender offer. Disputes in relation to the set amount of compensation shall be settled through the general procedure.

(5) Paragraphs 2 and 3 shall not apply to shares, where the limitations in the voting right are compensated by an additional dividend or other pecuniary payments.

(6) Paragraphs 1-4 shall not apply about the special rights of the state, connected with its participation in the company – subject of a tender offer.

Art. 152. (1) (Am. – SG, iss. 61 in 2002, iss. 39 in 2005, suppl. iss. 52 in effect from 3 July 2007) Where the documents submitted are invalid or additional information or proof of authenticity is required, within 14 working days from the registration of the offer the Commission shall impose a temporary prohibition to publish the offer and shall send a notice of the irregularities and inconsistencies established and of the additional information and documents required. The term for tender offers under Art. 149b is 7 working days. The Commission may require any information about the tender offer, which it needs for the realization of its functions, also from the members of the management body of the offeror – a legal entity, the company – subject of the tender offer, the shareholders and the members of the management body of the company – subject of a tender offer, as well as from related to them persons.

(2) (New – SG, iss. 61 in 2002) The notifications regarding the proceedings under para 1 may also be made by registered letter with delivery receipt, by telex, telefax, telegram, or electronic mail. The notifications and announcements by registered letter with delivery receipt or by telegram are certified by a notice of their delivery, these by telefax are certified in writing by the officer who has accomplished it as well as with the receipt confirmation, by telex - via a written confirmation that the notification was sent and by electronic mail – with an electronic copy of the sent message.

(3) (New – SG, iss. 61 in 2002. am. iss. 8 in 2003, am. iss. 39 in 2005) If the notifications and notices regarding the proceedings under para 1 are not accepted at the addresses given by the entities or the address, telex number or fax number entered in the relevant register specified in Art. 30 para 1 of the Financial Supervision Commission Act, the notifications and notices shall be

deemed made after they have been posted at a specially assigned place in the Commission building. This circumstance shall be certified in a protocol drawn up by officials chosen by an order of the Commission's Chairman.

(4) (Prev. para 2, am. – SG, iss. 61 in 2002) The person shall remove the indicated incomplete details or irregularities or provide the additional information and documents required within 14 working days as from receipt of the notice to that effect, or within 3 working days for tender offers under Art. 149b.

Art. 153. (1) (Am. – SG, iss. 61 in 2002, iss. 39 in 2005) Except for the case of a tender offer under Art. 149b, if within 7 working days of the receipt of the full set of documents the Commission does not issue a final prohibition to publish the offer, the offeror may publish it.

(2) (Am. – SG, iss. 61 in 2002, am. iss. 39 in 2005) The Commission may impose a reasoned prohibition under para 1 only if the offer and the enclosures thereto do not satisfy the requirements of this law and of its implementing instruments or the interests of the shareholders are in any other way harmed. Art. 152 para 2 and 3 shall apply accordingly.

(3) (New – SG, iss. 61 in 2002, am. iss. 39 in 2005) The Commission may issue a final prohibition on the offer under Art. 149b only if there are material omissions in the circumstances under Art. 150, para 2. Art. 152, para 2 and 3 shall apply accordingly.

(4) (Prev. para 3 – SG, iss. 61 in 2002, am. iss. 39 in 2005) The Commission shall not be liable for the truthfulness of the particulars contained in the offer.

(5) (Prev. para 4 – SG, iss. 61 in 2002, am. iss. 39 in 2005) The Commission may terminate the tender offer before the time for accepting the offer elapses, if during or after its publishing the requirements of this law its implementing instruments are violated. Acceptance of such offer by the shareholders prior to termination will have no effect.

(6) (Prev. para 5, am. – SG, iss. 61 in 2002, iss. 39 in 2005) In the cases when the Commission has issued a final prohibition under para 1 or has terminated the offer under para 5, the effect of the prohibition under Art. 149 para 5 is reinstated till a subsequent offer is published.

Art. 154. (Am. and suppl. – SG, iss. 52 in effect from 3 July, 2007) (1) The offeror shall publish the offer and the opinion of the management body of the company regarding the acquisition, if such is given, in two central daily newspapers within three days of the expiration of the term under Art. 151 para 1 or under Art. 153, para 1, respectively. Within the term under sentence one the offeror shall provide the tender offer to the representatives of its officials and to the representatives of the officials of the company – subject of the tender offer, or to the officials where there are no such representatives. By an ordinance, additional requirements may also be envisaged with respect to the publishing of the information under the previous sentence.

(2) The advertisements and publications with respect to the offer should indicate the issue of the central daily newspaper under para 1 and the date of the publication.

(3) (New – SG, iss. 52 in effect from 3 July, 2007) In case that the shares of the company – subject of a tender offer have been admitted to trading also on a regulated market in another Member State, the offeror must within the term under para 1 submit the tender offer at the disposal of the shareholders in the states where its shares have been admitted to trading. On request by the competent authority of a Member State, the tender offeror must prepare a translation of the tender offer in the language, accepted by the relevant competent authority, as well as include additional information which is specific for the relevant market and relates to the conditions for the tender offer acceptance, the obtaining of the shares' price or their exchange value, or to the fees due in connection with them.

Art. 155. (1) (Am. – SG, iss. 61 in 2002, am. iss. 39 in 2005) Except for the case of a tender offer under Art. 149b, the offeror may not withdraw the offer after it is published. Exception can

be made only when the offer cannot be executed for reasons beyond the control of the offeror, the time for its acceptance has not expired, and when the Commission agrees thereto. In these cases Art. 151 para 1 and 3, Art. 152 and Art. 153 shall apply accordingly. Within 7 days of the notification of the granted by the Commission agreement, the offeror will publish a notice of withdrawal of the offer in two central daily newspapers.

(2) A withdrawal of the tender offer under para 1 reinstates the effect of the prohibition under Art. 149 para 5 till the publishing of a subsequent offer.

(3) (Am. – SG, iss. 39 in 2005) The Commission shall immediately notify of the withdrawal of the offer the regulated market, the investment intermediary or the Central Depository, where the certification documents of the shares are deposited. Within three days of the receipt of the notification the investment intermediary or the Central Depository shall ensure a return of the certification documents to those shareholders who have accepted the offer.

(4) (Am. – SG, iss. 61 in 2002, iss. 39 in 2005, am. iss. 52 in effect from 3 July, 2007) The offeror may extend the time limit for accepting the offer within the frame of the maximum period allowed under Art. 150 para 11, or increase the price offered for each share. In that case the shares shall be bought at the higher price in respect of all shareholders who have accepted the offer before or after the increase. The offeror can make other amendments to the offer, subject to approval by the Commission.

(5) (Am. – SG, iss. 39 in 2005, am. iss. 52 in effect from 3 July, 2007) The amendments under para 4 should be registered with the Commission and published immediately in two central daily newspapers, if within three working days the Commission does not issue a prohibition. Art. 151 para 3, Art. 152 and Art. 153 are applied accordingly.

Art. 156. (1) (Am. – SG, iss. 61 in 2002, am. iss. 52 in effect from 3 July, 2007) The offer is accepted by means of explicit written statement and by deposition of the certification documents of the shares with an investment intermediary or with the Central Depository, and by undertaking other necessary steps with respect to the transfer. The acceptance of the offer may be withdrawn before the expiration of the time limit under Art. 150 para 2 item 7, or the extended time limit under Art. 155 para 4, respectively.

(2) (Am. iss. 52 in effect from 3 July, 2007) The transaction shall be considered to be entered into at the moment of expiration of the time limit under Art. 150 para 2 item 7 or the extended time limit under Art. 155 para 4, respectively.

(3) Payment of the price or exchange of the shares shall be made within 7 working days after the transaction is entered into in conformity with para 1.

(4) The rights attached to shares, which form the subject of the offer, shall pass to the offeror upon registration of the transfer of the shares at the Central Depository.

Art. 157. (Am. – SG, iss. 39 in 2005, am. iss. 52 in effect from 3 July, 2007) Upon the expiration of the time limit for acceptance of the tender offer, the offeror shall immediately publish the result of the tender offer in accordance with Art. 154 and shall notify the Commission and the regulated market accordingly.

Art. 157a. (New – SG, iss. 52 in effect from 3 July, 2007) (1) A person who, as a result of a tender offer made to all shareholders with right to vote, acquires directly, through related persons or indirectly in the cases under Art. 149 para 2, at least 95 per cent of the votes in the public company's general meeting, shall be entitled within a 3-month period after the deadline of the tender offer to purchase the voting shares of the other shareholders. Article 149 para 3, 4 and 9 shall apply accordingly.

(2) The offer for purchase shall be approved by the Commission.

(3) The price offered by the person under para 1 must be at least equal to the price:

1. offered under the tender offer, whereby the threshold under para 1 is reached, when the making of the tender offer was obligatory;

2. offered under the tender offer, whereby the threshold under para 1 is reached, when the making of the tender offer was voluntary and provided that the person under para 1 has acquired not less than 90 per cent of the voting shares proposed by this tender offer;

3. fixed according Art. 150 para 6 and 7 - in the other cases.

(4) For the issuing of an approval, the person under para 1 shall file with the Commission a purchase offer, which shall contain the data under Art. 150 para 2 item 1-4, 6, 8, 10, 12 and 13. Article 150 para 4 and 5 shall apply accordingly.

(5) The Commission shall pronounce within 14 days after receiving the application for the issue of an approval. Articles 152 and 153 shall apply accordingly.

(6) Within 3 days after the issue of the approval, the person under para 1 shall present the offer to the company and the regulated market, on which the company's shares have been admitted to trading and shall publish it according Art. 154.

(7) The shareholders shall sell their shares to the person under para 1 within one month of the offer's publishing, without their consent to be necessary. The shares which are not sold within this term shall be considered to be ownership of the person under para 1 at the time of the term expiration. Article 156 shall apply accordingly.

Art. 157b. (New – SG, iss. 52 in 2007, in effect from 3 July, 2007) (1) Any shareholder shall have the right to require from the person who has acquired directly, through related persons or indirectly in the cases under Art. 149 para 2, at least 95 per cent of the votes in a public company's general meeting as a result of a tender offer, to buy his voting shares within 3 months after the deadline of the tender offer. The request has to be in writing and to contain data about the shareholder and the owned by him shares. In this case Art. 157a para 3 shall apply accordingly.

(2) The person under para 1 shall purchase the shares within 30 days after receiving the request.

Art. 157c. (New – SG, iss. 52 in effect from 3 July, 2007) (1) The Commission shall exercise supervision over the tender offers when the company – subject of a tender offer is with a registered office in the Republic of Bulgaria and the issued by it shares are admitted to trading on a regulated market in the Republic of Bulgaria or in a third country.

(2) The Commission shall exercise supervision over the tender offer also in the cases where the shares of the company-subject of a tender offer have been admitted to trading on a regulated market in the Republic of Bulgaria, but have not been admitted to trading on a regulated market in its home Member State.

(3) Where the shares of the company – subject of a tender offer under para 2, have been admitted to trading on a regulated market in the Republic of Bulgaria and in another Member State, the supervision over the tender offer shall be exercised by the Commission if the company's shares have been first admitted to trading on a regulated market in the Republic of Bulgaria.

(4) Where the shares of the company – subject of a tender offer under para 2 have been admitted to trading on a regulated market in the Republic of Bulgaria and in another Member State simultaneously, the supervision over the tender offer shall be exercised by the Commission, if the company has indicated it as a competent authority which is to carry out the supervision over the tender offer. The company shall inform of its decision the Commission and the competent authorities of the other Member States in which the company's shares have been admitted to trading on a regulated market, as well as the relevant regulated markets on the first day of trading.

(5) The Commission shall make public the decision under para 4, whereby it has been assigned to exercise supervision over the tender offer.

(6) In the cases under para 2-4, to issues concerning the price and/or the exchange value of the tender offer, the decision of the offeror to make a tender offer, the contents of the tender offer and its publication shall apply this Law and its implementing instruments, and in respect to issues concerning the information which is provided to the officials of the company-subject of a tender offer, and concerning the company law, including the cases in which an obligation arises to make a tender offer and in which this obligation is not complied with, as well as the circumstances in which the company–subject of a tender offering may take actions which may frustrate the tender offer, shall apply the legislation of the home Member State of the company – subject of tender offer.

Art. 157d. (New – SG, iss. 52 in effect from 3 July, 2007) (1) The Commission shall cooperate and exchange information with the competent authorities of the other Member States, especially in the cases under Art. 157c, para 2-4.

(2) Competent authorities of the other Member States are the authorities who exercise supervision over the tender offers, the markets of securities and other financial instruments and the trading on these markets.

(3) The Commission may request from the competent authorities of the other Member States assistance for the handing over of certain document with a view to enforcement of issued by it warrants in relation to a tender offer, as well as some actions with a view to establishment of committed or alleged breaches of this Law and its implementing instruments.

(4) On request of a Member State's competent authority, the Commission shall serve certain documents with a view to enforcement of issued by it warrants in relation to a tender offer, as well as other actions with a view to establishment of committed or alleged breaches of the legislation of the relevant Member State concerning tender offers.

Art. 157e. (New – SG, iss. 61 in 2002, prev. item 157a iss. 52 in 2007, in effect from 3 July, 2007) (1) (Am. – SG, iss. 67 in 2003, iss. 39 in 2005) The Commission shall adopt an ordinance on the application of this Division.

(2) (Am. – SG, iss. 52 in 2007) In accordance with the purposes of this Law, the ordinance specified in para 1 may determine other types of securities, apart from shares, that may be subject to tender offers, exceptions to the obligation for registration and/or publication of a tender offer, terms and procedures for placing a competitive tender offer, for withdrawing a tender offer, as well as additional terms and procedures for carrying out tender offers, and the purchase of voting shares under Art. 157a and 157b.

Chapter Twelve
UNFAIR TRADE
(Title amended – SG, issue 84 in 2006)

Art. 158. (1) (Am. - SG, iss. 61 in 2002, cancelled iss. 84 in 2006).

Art. 159. (Am. – SG, iss. 39 in 2005, cancelled iss. 84 in 2006).

Art. 160. (Cancelled – SG, iss. 84 in 2006).

Art. 161. (New – SG, iss. 61 in 2002, cancelled iss. 84 in 2006).

Art. 161a. (New – SG, iss. 61 in 2002, am. iss. 84 in 2006, cancelled – iss. 52 in 2007).

Art. 162. (Am. – SG, iss. 61 in 2002; iss. 84 in 2006, cancelled – iss. 52 in 2007).

Art. 163. (Am. – SG, iss. 67 in 2003, iss. 39 in 2005; cancelled iss. 84 in 2006).

Title Four
INVESTMENT COMPANIES AND CONTRACTUAL FUNDS
(Title, am. – SG, iss. 39 in 2005)
Chapter Thirteen
GENERAL PROVISIONS

Art. 164. (1) (Am. – SG, iss. 86 in 2006) The investment company is a joint stock company whose business is investing cash raised through public offering of shares, in securities and other liquid financial assets under Art. 195 and which acts on the principle of risk diversification.

(2) (New – SG, iss. 39 in 2005) The investment company has no right to carry out any other business activity, except when it is needed for the execution of the activity under para 1 hereof.

(3) (New – SG, iss. 39 in 2005; am. iss. 86 in 2006) An investment company is also any joint-stock company that raises funds through public offering of shares and whose investments in securities exceed 50 per cent of its balance sheet assets in the course of 6 months. This provision does not apply for companies whose activities have been regulated by law, as well as for holding companies, whose funds have been invested though their subsidiaries mainly in assets other than securities under Art. 164b para 2.

(4) (Prev. para 2, am. – SG, iss. 39 in 2005) An investment company shall only be formed at a constituent meeting.

Art.164a. (Am. – SG, iss. 39 in 2005) (1) (Am. – SG, iss. 86 in 2006) The contractual fund is a separate property with the purpose of collective investment in securities and other liquid financial assets under Art. 195, of cash raised through public offering of units, which is realized by a management company on the principle of risk diversification. In respect to the contractual fund, Section XV Company of the Law on Obligations and Contracts shall apply, with the exception of Art. 359 para 2 and 3, Art. 360, Art. 362, Art. 363, letters „c", and „d" and Art. 364, insofar as this Law or the rules of the contractual fund do not envisage otherwise.

(2) The management company may start performing the activity under para 1 upon obtaining an authorization for organization and management of contractual fund and the fund's entry in the register under Art. 30 para 1 item 5 of the Financial Supervision Commission Act. The contractual fund shall be considered established with its entry in the register under sentence one.

Art. 164b. (New – SG, iss. 86 in 2006) (1) The money market instruments in which the investment company and the contractual fund invests, must be liquid and with value which may be determined accurately at any time;

(2) The securities in which the investment company and the contractual fund may invest are:

1. company shares and other securities, equivalent to company shares;

2. bonds and other debt securities;

3. other negotiable securities, entitling to acquisition of such securities, by subscription or exchange.

(3) (New – SG, iss. 52 in 2007) Additional requirements to the conditions which must be met by the money market instruments under para 1 and the securities under para 2, as well as in determining the assets under Art. 195 which are considered to be liquid financial assets, shall be laid down in an ordinance.

Art.165. (1) (Prev. Art. 165 – SG, iss. 39 in 2005) An investment company may be of the open-end or closed-end type

(2) (New – SG, iss. 39 in 2005) The contractual fund is only of the open-end type.

Art. 166. (1) (Am. – SG, iss. 86 in 2006) The capital of an open-end investment company is always equal to the net value of its assets. It may not be less than BGN 500 000. The capital with which the company is incorporated shall be entered in the commercial register.

(2) (Am. – SG, iss. 39 in 2005) A closed-end investment company must at all times have a capital of at least BGN 500 000, whose structure and ratio with the balance sheet assets and liabilities of the company shall be determined by an ordinance.

(3) (New – SG, iss. 39 in 2005) The net asset value of the contractual fund may not be less than BGN 500 000. This minimum amount should be reached within one year of obtaining the license for organization and management of contractual fund. Until reaching the minimum amount of the net asset value of the contractual fund under sentence one, no redemption of its units shall be allowed.

(4) (Prev. Art. 3 – SG, iss. 39 in 2005) The contributions to the capital may only be in cash.

(5) (Prev. Art. 4, am. – SG, iss. 39 in 2005) At least 25 per cent of the capital under para 1, or para 2 must be paid in as at the date of filing the application to issue a license for pursuing the activity of an investment company, and the remaining portion - within 14-day period of the receiving of a written notification by the Commission that it will issue the license after the full amount of the capital is paid in.

Art. 167. (Am. – SG, iss. 52 in 2007) (1) A person who has been elected a member of an investment company's management body must:

1. have a professional qualification and experience necessary to manage the business of an investment company;

2. not have been sentenced for an intentional crime prosecuted on indictment;

3. not have been a member of a management or supervisory body, or unlimited liability partner in a company, for which a bankruptcy procedure has been initiated, or wound up due to bankruptcy, where there are unsatisfied creditors;

4. not have been declared bankrupt or be involved in a pending bankruptcy proceedings;

5. not be the spouse or relative in the direct or collateral line up to the third degree inclusive, or by affinity up to the third degree to another member of the company's management or supervisory body;

6. not have been deprived of the right to occupy positions involving financial responsibilities.

(2) A person elected as a member of the supervisory body of an investment company must satisfy the requirements of para 1, item 2 - 6.

(3) The requirements under para 1 and 2 shall also apply to the natural persons representing legal persons - members of the management and supervisory bodies of the investment company.

(4) The requirements of para 1 shall also apply to any other persons who may, independently or jointly with another person, enter into transactions for the account of the investment company;

(5) The circumstances under para 1, item 3-6 shall be certified by a written statement.

Art. 168. (1) (In effect as of 1 August, 2000) The business of an open-end investment company under Art. 164, para 1 shall be managed only by a managing company in accordance with a concluded contract, while a closed-end investment company can be managed either by a management company or by the management body of the investment company itself.

(2) The contract with the management company may be terminated by the investment company subject to a three-month notice.

(3) Where the contract under para 1 is rescinded by the investment company due to a failure of the management company to perform its duties, the management company shall forthwith discontinue the management of the investment company's activities under Art. 164 para 1. Until a contract is concluded with another management company, the managing body of the open-end investment company shall perform managerial actions under Art. 164 para 1 as an exception for a period not longer than one month.

(4) Any condition in the contract under para 1 which restricts the right of the investment company under para 2 or 3 shall be invalid.

(5) (Am. – SG, iss. 52 in 2007) If the business of a closed-end investment company is managed by its management body, the company shall conclude an agreement with a person under Art. 12 of the Markets in Financial Instruments Act entitling this person to provide investment advice.

Art. 169. (1) The investment company may not exercise control over the management company.

(2) The management company may not exercise control over the investment company.

Art. 170. (1) (Am. – SG, iss. 39 in 2005) The persons under Art. 167, the management company, members of management or supervisory body of the management company, as well as any person who makes decisions concerning the management of the company's investment business, may not be the same person as the investment intermediary through which the investment transactions are entered into and performed.

(2) A management company may not use or pledge the investment company's property in order to cover its own liabilities which are not connected with the management of the company's business.

Art. 171. (Am. – SG, iss. 39 in 2005, cancelled – iss 86 in 2006)

Art. 172. (1) (Am. – SG, iss. 52 in 2007) The members of a management or supervisory body of the management company, or members of the management body or other persons performing managerial or supervisory functions in the investment company may not invest the funds of the investment company in financial instruments issued by them or by related persons.

(2) (Am. – SG, iss. 39 in 2005) The members of management or supervisory body of an investment company, or of the management company and persons related to them, may not be parties to transactions with the investment company, except in their capacity as its shareholders, while complying with restrictions, provided for by an ordinance. The preceding sentence shall also apply to other persons who work for the management company under a contract

Art. 173. (1) (Am. – SG, iss. 39 in 2005, am. iss. 52 in 2007) Dematerialized financial instruments held by the investment company shall be entered in the register of the depository institution in the sub account of the depository bank and its other assets shall be kept at a depository bank. The depository bank shall also effect all payments for the account of the investment company.

(2) (Am. – SG, iss. 39 in 2005) The depository bank may be a bank that meets the following requirements:

1. (Am. – SG, iss. 86 in 2006) to be a local bank, bank from a Member State, which pursues bank activity on the territory of the Republic of Bulgaria by a branch, as well as a bank from a third country which has obtained a license from the Bulgarian National Bank to carry out bank activity on the territory of the country by a branch;

2. (Am. – SG, iss. 59 in 2006, am. iss. 52 in 2007) to have obtained an authorization for execution of transactions with financial instruments;

3. (Am. – SG, iss. 67 in 2008) to have obtained an authorization for carrying out activity as a depository or custodian institution according to Art. 2 para 2 item 4 of the Law on Credit Institutions;

4. whose licences, activities or operations have not been restricted to an extent that will impede or render impossible the execution of the duties, envisaged under this Law or by the contract for depository services;

5. (Am. – SG, iss. 59 in 2006) in relation to which no measures under Art. 65 para 2 item 11 and 14 of the Law on Banks or under Art. 103 para 2 item 14, 19 or 20 of the Law on Credit Institutions were imposed during the last 12 months;

6. which has capital, staff and information provision for the efficient execution of its depository functions and obligations in compliance with the requirements of this Law and its implementing instruments.

(3) (Am. – SG, iss. 86 in 2006) The depository bank may not be the same person or a related person with the management company or with the persons under Art. 167 or with another person performing managerial or supervisory functions in the investment company, or with persons who control the investment company.

(4) The depository bank may not be a creditor or guarantor of the investment company, except for its claims under the contract for depository services.

(5) The depository bank shall report separately on the funds and other assets of the investment company and shall separate the non-cash assets of the investment company from its own assets. The depository shall not be liable for its own obligations towards its creditors with the funds it owes to the investment company.

(6) The depository bank must:

1. ensure that the issue, sale, redemption and cancellation of the shares of the investment company are carried out in conformity with the law and the company's Articles of association;

2. (Am. – SG, iss. 39 in 2005) ensure that payments relating to transactions involving the assets of the investment company are effected within the statutory time limits, unless the other party is in default or there are sufficient grounds to consider that it will be in default;

3. (Am. – SG, iss. 39 in 2005) ensure the collection and use of the investment company's incomes in conformity with the law and the company's articles of association;

4. (Am. – SG, iss. 39 in 2005) dispose of the investment company's assets entrusted to it only upon order from the persons authorised, unless such order is contrary to the law, the company's Articles of association or the contract for depository services;

5. regularly report to the investment company on the assets entrusted and the operations carried out.

(7) (Am. – SG, iss. 52 in 2007) The depository bank shall assist the investment company to receive information and participate in general meetings of the issuers of the financial instruments in which it has invested, and also to incur other liabilities relating to the assets entrusted, in conformity with the contract made. The remuneration of the depository bank may not exceed the usual fee for the services provided.

(8) (New – SG, iss. 39 in 2005) The Bulgarian National Bank shall inform the Commission in due time of any imposed measure or sanction, which limits the license, transactions or operations of the depository bank to an extent that will impede or render impossible the execution of the envisaged under this Law or the contract for depository services obligations.

(9) (New – SG, iss. 39 in 2005) The deputy chairman and the Bulgarian National Bank shall approve a list of the banks which may be depositories.

(10) (Prev. para 8, am. – SG, iss. 39 in 2005) In the fulfilment of its obligations the depository bank is guided only by the interests of the shareholders in the investment company.

(11) (New – SG, iss. 39 in 2005) The depository bank is responsible to the investment company and its shareholders, as well as to the management company and the owners of units in the contractual fund for all damages, sustained by them as a result of non-execution of obligations by the depository bank, including also for any incomplete, incorrect and untimely execution, when it is due to reasons for which the bank is responsible.

(12) (New – SG, iss. 39 in 2005) The depository bank must monitor for compliance with the law and the contractual fund's rules in the execution of the sale and redemption of units by the management company, as well as in the calculation of the units value.

Art. 174. (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) A person who acquires the opportunity to exercise control over an investment company, must within 3 days notify the Commission and the regulated market where the shares of the company have been admitted to trading, by a procedure as laid down in an ordinance.

Art. 175. (Am. – SG, iss. 39 in 2005) (1) (Am. – SG, iss. 86 in 2006) An investment company may not acquire a holding of voting shares of a single issuer if that would enable the investment company, the members of its management or supervisory bodies, the management company or the members of its management or supervisory bodies, jointly or severally to exercise significant influence over the issuer.

(2) Paragraph 1 also applies for the management company in relation to all managed by it contractual funds.

Art. 176. (1) (Am. – SG, iss. 39 in 2005) An investment company, as well as a management company or a depository bank, when acting for the account of the contractual fund, may not grant loans or act as a guarantor of third parties.

(2) (Am. – SG, iss. 39 in 2005) An investment company, as well as a management company or a depository bank, when acting for the account of the contractual fund, may not:

1. (Cancelled – SG, iss. 86 in 2006);

2. (Am. – SG iss. 39 in 2005, am. iss. 86 in 2006) sell securities, money market instruments and other financial instruments under Art. 195 para 1 item 5, 7 and 8, which the investment company, or the contractual fund, does not possess;

3. invest in securities issued by:

a) (Am. – SG, iss. 39 in 2005) the founders or persons related thereto for a period of two years from the investment company's establishment;

b) persons exercising control over the investment company or other persons related to them.

Art. 177. (1) (Am. – SG, iss. 39 in 2005, iss. 86 in 2006) An investment company may not transform itself into another type of commercial company or contractual fund, as well as to change its scope of business. Transformation of a closed end investment company into an open-end one shall be carried out only with an authorization from the Commission. The contractual fund may be transformed only by merger, acquisition, splitting and spin-off, and in the transformation shall participate only contractual funds without changing their business.

(2) (Am. – SG, iss. 39 in 2005, am. iss. 52 in 2007) Any transformation through merger, acquisition, splitting or spin-off, as well as winding up of an investment company and of a contractual fund shall be carried out with a permission by the Commission. The persons appointed liquidators or trustees of an investment company, respectively liquidators of the

contractual fund, shall be approved by the Commission. Article 23 of the Markets in Financial Instruments Act shall apply accordingly.

(3) (Am. – SG, iss. 39 in 2005, am. iss. 52 in 2007) An application form shall be filed for the permission under para 1 and 2. The Commission shall decide on the application within 14 days of its receipt and in case additional information and documents have been demanded – within 7 days of their receipt.

(4) (New – SG, iss. 52 in 2007) On the basis of the submitted documents the Commission shall establish to what extent the requirements to the issue of the requested authorization have been complied with. If the presented data and documents are incomplete or irregular, or additional information is needed or evidence for the data correctness, the Commission shall send a notification of the established deficiencies and irregularities or of the required additional information and documents.

(5) (New – SG, iss. 52 in 2007) If the notification under para 4 is not accepted at the indicated by the applicant address for correspondence, the term for their presentation shall start running from the posting of the notification on a specially designated for the purpose place in the Commission's building. This circumstance shall be verified by a protocol, drawn up by officials, appointed by order of the Commission's Chairman.

(6) (Am. – SG, iss. 39 in 2005, prev. item 4, iss. 52 in 2007) The Commission shall reject the application under para 2 if the requirements of the law or its implementing instruments have not been complied with or the investors' interests are not adequately protected. The applicant shall be notified in writing about the decision taken within 3 days.

(7) (New – SG, iss. 39 in 2005, prev. item 5, iss. 52 in 2007) The conditions and procedure for transformation under para 1 and 2, as well as for winding up, shall be determined by an ordinance.

Art. 177a. (New – SG, iss. 39 in 2005) (1) The contractual fund shall be organized and managed by a management company. In carrying out activities of the contractual fund's management, the management company shall act on its own behalf, pointing out that it acts for the contractual fund's account.

(2) The contractual fund shall be considered an issuer of the units into which it is divided. The units shall give right to a relevant part of the fund's property, including in case of the fund's liquidation, right of redemption, as well as other rights envisaged under this Law and the contractual fund's rules.

(3) The contractual funds, on the basis of their net asset value, may also issue partial units against contributed money deposit of certain amount, if a whole number of units cannot be issued against the deposited amount.

(4) The contractual funds may distribute income proportionately to the owned units, under conditions and procedure, as determined by the fund's rules.

(5) The conditions for participation in the contractual fund, its organization, management and winding up shall be determined by the contractual fund's rules.

(6) The management company which manages the contractual fund shall segregate its property from the property of the contractual fund and shall draw up a separate balance sheet for it.

(7) (Am. – SG, iss. 52 in 2007) The dematerialized financial instruments in which the contractual fund invests shall be entered in depository institution on the sub-account of the depository bank. The other assets of the contractual fund shall be kept on its behalf at the depository bank.

(8) The management company, which manages the contractual fund, the members of its management and supervisory bodies and the depository bank shall act in the interest of all owners of units in the contractual fund.

(9) The management company which manages the contractual fund and the depository bank shall not be liable to their creditors with the fund's assets. The creditors of a person under the preceding sentence, as well as the creditors of a participant in the contractual fund may satisfy themselves from the owned by these persons units in the contractual fund. The creditors of a participant in the contractual fund may not direct their claims against the fund's assets.

(10) (Am. – SG, iss. 86 in 2006) In case of withdrawal of a license to pursue business, withdrawal of the authorisation for management of a contractual fund under Art. 185 para 2 item 3 and 4, winding up or declaring in insolvency of the management company, the depository bank of the contractual fund shall carry out as an exception management activity under Art. 164a, para 1, sentence one, for a period not longer than one month until another management company is assigned under conditions and procedure provided for in an ordinance.

(11) The management company shall be responsible before the owners of units in the contractual fund for all damages, sustained by them as a result from failure to execute the obligations by the management company, including from incomplete, incorrect and untimely execution, when it is due to reason for which the company is responsible.

(12) In relation to the contractual funds, Art. 166 para 4 and Art. 170-173 shall apply accordingly .

Art. 178. (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) A special regulation shall provide for any other requirements for the operation, structure of the assets and liabilities and liquidity of investment companies and contractual funds aimed at protecting the investor interests, including: maintenance and storing of reports by investment companies and contractual funds, annual and periodical accounts and their distribution, way and procedure for valuation of the assets and liabilities of the investment companies and the contractual funds, for determining the net asset value, calculation of the issue value and the redemption price, disclosure of information, contents of advertisements and publications relating to shares of the investment companies and units of the contractual funds, activities relating to the sale of shares, or units, contents of the contracts of the investment company with the management company and the depository bank, the content of the contracts of the management company with the depository bank in relation to the safekeeping of the contractual funds assets.

Art. 179. (Am. – SG, iss. 39 in 2005, iss. 52 in effect from 3 July, 2007) The provisions respectively of Chapters Eight, for closed end investment companies – also Chapter Eleven, shall apply to the issues which are not explicitly covered by the present chapter.

Chapter Fourteen
ISSUING AND WITHDRAWAL OF A LICENSE FOR AN INVESTMENT COMPANY AND AUTHORIZATION FOR ORGANIZATION AND MANAGEMENT OF CONTRACTUAL FUND.
(Title am. – SG, iss. 39 in 2005, iss. 52 in 2007)

Art. 180. (1) (Am. – SG, iss. 39 in 2005) In order for a license to be issued to pursue the business of an investment company, an application form shall be filed with the Commission with an approved by the deputy chairman form, to which shall be enclosed:

1. the articles of association and the other constitutive instruments;

2. particulars about the capital subscribed and paid-in;

3. information and other needed data about the members of the management and supervisory bodies of the investment company, or about the natural persons representing legal entities, members of its boards or other persons authorized to manage and represent the investment company, as well as information about their professional qualification and experience.

4. the contract with the management company, in accordance with Art. 168, and the contract for depository services;

5.(Am. – SG, iss. 39 in 2005; iss. 25 in 2007) the names or business names of and particulars about the persons who hold, directly or indirectly 10 or more than 10 per cent of the voting shares of the applicant or may control it otherwise, as well as about the number of owned by them votes. The persons shall submit written declarations, in determined by the deputy chairman form, concerning the origin of the funds from which the contributions have been made for the shares subscribed, including whether these are loan funds, as well as about the taxes paid by the persons over the preceding 5 years;

6. (New – SG, iss. 39 in 2005) the rules for portfolio evaluation and determining the net asset value;

7. (New – SG, iss. 39 in 2005) the prospectus of an investment company of open-end type;

8. (New – SG, iss. 86 in 2006) the rules of risk management;

9. (Prev. item 6, am. – SG, iss. 39 in 2005, prev. item 8, iss. 86 in 2006) other documents and data as determined by an ordinance.

(2) (New – SG, iss. 39 in 2005; am. iss. 86 in 2006) In order for an authorization to be issued to organize and manage a contractual fund, the management company shall file an application in a model form, to which shall be attached:

1. the contractual fund's rules;

2. decision of the competent body of the management company to organize a contractual fund;

3. the rules for portfolio valuation and determining the net asset value;

4. the contract for depository services;

5. the prospectus of the contractual fund;

6. (New – SG, iss. 86 in 2006) the rules of risk management;

7. (Prev. item 6 – SG, iss. 86 in 2006) other documents and data, as laid down in an ordinance.

(3) (New – SG, iss. 39 in 2005) The company under Art. 164, para 3 must file an application for the issue of a license to pursue the business of an investment company within a two-month period after the expiry of the six-month period under Art. 164, para 3. Paragraph 1 shall apply accordingly.

(4) (Prev. Art. 2, am. – SG, iss. 39 in 2005; iss. 86 in 2006; iss. 52 in 2007) On the basis of the submitted documents the Commission shall establish to what extent the requirements to the issue of a license, or an authorization, have been complied with. If the presented data and documents are incomplete or irregular or additional information is needed or evidence for the data correctness, the Commission shall send a notification and set a term for the removal of the

established deficiencies and irregularities or for presentation of additional information and documents, which may not be shorter than 1 month and longer than 2 months.

(5) (New – SG, iss. 52 in 2007) If the notification under para 4 is not accepted at the indicated by the applicant address for correspondence, the term for their presentation shall start running from the posting of the notification at a specially designated for the purpose place in the Commission's building. This circumstance shall be verified by a protocol, drawn up by officials, appointed by order of the Commission's Chairman.

(6) (New – SG, iss. 52 in 2007) The Commission shall pronounce on the application within three months of its receiving, and where additional information and documents have been requested – within three months of their receiving, or the expiration of the term under para 4, sentence two. Simultaneously with the issue of a license to an open-end investment company and an authorization to a management company for organization and management of a contractual fund, the Commission shall approve the prospectus of the investment company and the contractual fund.

(7) (New – SG, iss. 52 in 2007) The applicant shall be informed in writing about the taken decision within a 7-day period.

Art. 181. (1) (Am. – SG, iss. 39 in 2005) The Commission shall refuse to issue a license to pursue the business of investment company if:

1. the company's Articles of association and other constitutive instruments are not in conformity with the law;

2. the capital does not satisfy the requirements of Art. 166;

3. the contract with the management company under Art. 168 does not satisfy the requirements of this Law or its implementing instruments;

4. members of the management and supervisory bodies fail to satisfy the requirements of article 167;

5. (Am. – SG, iss. 39 in 2005; iss. 25 in 2007) persons who hold, directly or indirectly, 10 or more than 10 per cent of the voting shares or may otherwise exercise control over the investment company, might prejudice the safety of investments through their activities or influence on decision-making;

6. (Am. – SG, iss. 39 in 2005) persons who hold, directly or indirectly, 10 or more than 10 per cent of the voting shares of the investment company, have made contributions through borrowed funds;

7. (Am. – SG, iss. 39 in 2005) the depository bank, or the contract with it, does not satisfy the requirements of the law or of its implementing instruments;

8. (New – SG, iss. 39 in 2005) the prospectus of the investment company of open-end type does not satisfy the requirements of this Law and its implementing instruments;

9. (Am. – SG, iss. 86 in 2006) according the law or its Articles of association the investment company may not offer its shares on the territory of the Republic of Bulgaria;

10. (Prev. item 8 – SG, iss. 39 in 2005, prev. item 9, iss. 86 in 2006) the interests of investors are not guaranteed to a sufficient extent.

(2) (New – SG, iss. 39 in 2005; am. iss. 86 in 2006) The Commission shall refuse to issue an authorization to organize and manage a contractual fund if:

1. the applicant does not satisfy the requirements of the Law;

2. the contractual fund's rules do not satisfy the requirements of the Law and its implementing documents;

3. the depository bank or the contract with the depository bank does not meet the requirements of the Law and its implementing instruments;

4. the prospectus of the contractual fund does not meet the requirements of this Law and its implementing instruments;

5. (Am. – SG, iss. 86 in 2006) according the Law or its rules, the contractual fund may not offer its units on the territory of the Republic of Bulgaria;

6. (Prev. item 5 – SG, iss. 86 in 2006) investor interests have not been guaranteed to a sufficient extent.

(3) (Prev. para 2, am. – SG, iss. 39 in 2005; iss. 86 in 2006) In the cases under para 1, items 1 - 4, 7 and 8, respectively under para 2, items 2, 3 and 4, the Commission may refuse to issue a license, or an authorization, only if the applicant has failed to remove the inconsistencies or to submit the documents required within the time limit set by the Commission which may not be less than one month.

(4) (Prev. para 3, am. – SG, iss. 39 in 2005, iss. 86 in 2006) The Commission's refusal shall be reasoned in writing.

Art. 182. (Am. – SG, iss. 86 in 2006) In the cases of refusal under Art. 181 the applicant may file a new request for a license, or an authorization, to be issued no sooner than six months after the decision to refuse has come into effect.

Art. 183. (1) (Prev. Art. 183, am. – SG, iss. 39 in 2005; iss. 34 in 2006) The Registry Agency shall enter the investment company in the commercial register after it has been provided with the corresponding license issued by the Commission.

(2) (New – SG, iss. 39 in 2005; am. iss. 34 in 2006) The investment company shall submit to the Commission a certificate of entry within a 7-day period of the entry.

Art. 184 (Am. – SG, iss. 39 in 2005) (1) No one has the right to carry out activity under Art. 164 or 164a without having preliminarily obtained a license, or authorization from the Commission.

(2) A person who does not possess a license, or authorisation to pursue business under Art. 164 and 164a in compliance with the requirements if this Law may not use in its business name, advertising or any other activity the words „investment company", respectively „contractual fund", "investment fund" or other equivalent words in Bulgarian or in a foreign language, meaning the execution of such business.

Art. 185. (1) (Am. – SG, iss. 39 in 2005) The Commission may withdraw the license issued where the investment company:

1. (Am. – SG, iss. 39 in 2005) fails to commence the relevant business within 12 months as from the date on which the license is issued, explicitly renounces the issued license or has not been executing business for more than six months;

2. (Am. – SG, iss. 39 in 2005) has submitted false particulars which have served as a ground to issue the license;

3. (Am. – SG, iss. 39 in 2005) fails to satisfy the conditions under which the license has been issued;

4. fails to satisfy the requirements for a minimum capital and liquidity provided for in this Law and in its implementing instruments;

7. systematically violates the provisions of this Law or its implementing instruments.

(2) (New – SG, iss. 39 in 2005) The Commission shall withdraw the license issued to organize and manage a contractual fund:

1. if in the course of one year after the license obtaining, the balance sheet net asset value of the contractual fund does not reach BGN 500 000;

2. in the cases under para 1, item 1-4;

3. if the management company withholds fees which have not been envisaged or exceed the rate of the fees envisaged in the contractual fund rules;

4. if this is necessary for protection of the investor interests.

(3) (Prev. para 2, am. – SG, iss. 39 in 2005, am. iss. 52 in 2007) In the cases under para 1 and 2, Art. 20 para 3 and 4 and Art. 23 of the Markets in Financial Instruments Act shall apply.

Chapter Fifteen
PUBLIC OFFERING OF SHARES IN INVESTMENT COMPANIES AND UNITS IN CONTRACTUAL FUNDS
(Title, am. – SG, iss. 39 in 2005)

Art. 186. (1) (Am. – SG, iss. 39 in 2005) The public offering of shares in an investment company and units in a contractual fund shall be allowed if a prospectus is published in the way and with the contents laid down in this Law and in its implementing instruments.

(2) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) The prospectus may only be published if the Commission has issued a license to pursue the activity of an open-end investment company, respectively an authorization to organize and manage a contractual fund. The prospectus of an investment company of closed-end type is drawn up and published pursuant to Chapter VI.

Art. 187. (1) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) The prospectus of the open-end investment company shall consist of a full and attached to it simplified prospectus and shall contain the following particulars:

1. about the investment company:

a) place where the company's constitutive documents are accessible for the public;

b) (Am. – SG, iss. 39 in 2005) main objectives of the investment business and the investment policy, as well as the applicable investment restrictions under the law and the investment company's Articles of association;

c) conditions and procedure for the issue and sale of shares;

d) (Am. – SG, iss. 39 in 2005) conditions and procedure for calculation of the issue value of the shares;

e) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) conditions and procedure for calculation of the redemption price of shares;

f)(Am. – SG, iss. 86 in 2006) conditions and procedure for the redemption of shares and conditions under which redemption may be temporarily suspended;

g) dividend distribution policy;

h) (New – SG, iss. 39 in 2005) rules for evaluation of the portfolio and determining the net asset value;

(i) (New – SG, iss. 39 in 2005) the risk profile of the investment company;

2. name, registered office and address of the depository;

3. name, registered office and address of the management company;

4. other particulars laid down in an ordinance.

(2) (Am. – SG, iss. 39 in 2005) The prospectus of the contractual fund shall consist of a full and attached to it simplified prospectus and shall contain the particulars under para 1.

(3) (New – SG, iss. 39 in 2005, am. iss. 52 in 2007) The prospectus of the investment company and of the contractual fund shall be updated upon any change in the substantial particulars included therein and within 14-days period shall be filed with Commission. If any

incompleteness or discrepancies are found out in the updated prospectus, the deputy chairman shall set sufficient term for their removal under Art. 212.

(4) (New – SG, iss. 39 in 2005; am. iss. 86 in 2006) The simplified prospectus shall be provided free of charge by the investment or management company to any person, that subscribes shares or units, before the conclusion of the transaction with shares or units. On request by a person, who subscribes shares and units, a full prospectus shall also be provided free of charge, as well as the last published annual and the last drawn up interim financial statement.

Art. 187a. (New – SG, iss. 61 in 2002; iss. 86 in 2006; iss. 105 in 2006) The members of the investment company's management body, its procurator as well as the investment intermediary that has signed the prospectus, respectively the management company, shall be jointly and severally liable for damages caused by false, misleading or incomplete information in the prospectus. Any person under Art. 34, para 1 or 2 of the Accountancy Act shall be jointly and severally liable with the persons under sentence one for damages caused by false, misleading or incomplete information in the financial statements of the investment company and the contractual fund, while the registered auditor shall be liable for damages caused by the financial statements certified by them.

Art. 188. (Am. – SG, iss. 39 in 2005) The Commission shall examine the prospectus of the investment company of closed-end type and shall confirm it or reject it in accordance with Art. 91 and Art. 92.

Art. 189. (1) (Cancelled – SG, iss. 86 in 2006).

(2) (Am. – SG, iss. 39 in 2005, am. iss. 86 in 2006) All advertising materials relating to the offering of shares of an open end investment company and units in a contractual fund shall contain:

1. information about the place where the prospectus and the constitutive documents are accessible to the public;

2. (Am. – SG, iss. 39 in 2005) information that the value of the shares, respectively the units, and the income from them may be reduced, that no profit is guaranteed and the investors are bearing the risk not to recover the full amount of the funds invested;

3. other information as laid down in an ordinance.

Art. 190. (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) An open-end investment company, or the management company of the contractual fund, shall announce at the Commission the issue value and the redemption price of the shares, or the units upon any determination, and shall publish these prices in the stated in the prospectus daily newspaper at least twice a month.

Art. 191. (Am. – SG, iss. 39 in 2005) (1) (Am. – SG, iss. 52 in 2007) The investment company and the management company of the contractual fund must file with the Commission:

1. annual and interim financial statement;

2. monthly balance sheet;

3. other information, as laid down in an ordinance.

(2) (New – SG, iss. 52 in 2007) The requirements to the content of the information under para 1, the procedure, terms and manner of its providing to the Commission, as well as of its public dissemination shall be laid down in an ordinance.

(3) (New – SG, iss. 52 in 2007) The Commission shall make public the received information under para 1 through the kept by it register under Art. 30 para 1 of the Financial Supervision Commission Act.

(4) (New – SG, iss. 52 in 2007) The persons under para 1 shall publish a notice for the submission of the annual or interim report, as well as for the place, time and the way of getting

familiar with it, in one central daily newspaper within 7 days of their filing with the Commission. The notice shall be first published in the Commission's official bulletin.

(5) (Prev. item 2, am. iss. 52 in effect from 3 July 2007) The annual financial statement of the investment company, or the contractual fund, shall be certified by a registered auditor.

(6) (Prev. item 3, am. iss. 52 in effect from 3 July 2007) The results from the audit of the annual financial statement carried out by the auditor shall be recorded in a separate report in a model form, approved by the deputy chairman, which is to be included in the annual report.

(7) (Prev. item 2, am. iss. 52 in effect from 3 July 2007) The auditor of the investment company and the contractual fund shall immediately inform the Commission of any circumstance that has become known to him in the course of the audit and which relates to the operation of the investment company and the contractual fund and constitutes a substantial breach of this Law or its implementing instruments, or may adversely affect the pursuance of their business, or represents a ground for refusal to express an opinion, a ground to express reserves or a ground to express a negative opinion.

(8) (New – SG, iss. 52 in 2007) The auditor of the investment company and the contractual fund shall also inform the Commission of any circumstance under para 7, which has become known to him when conducting an audit of a person related to the collective investment scheme or to its management company or the depository bank.

(9) (New – SG, iss. 52 in 2007) In the cases under para 7 and 8 any restrictions to disclosure of information, provided for by law, sub-statutory act or contract, shall not apply.

Chapter Sixteen
OPEN-END INVESTMENT COMPANY AND CONTRACTUAL FUND
(Title am. – SG, iss. 39 in 2005)

Art. 192. (1) In addition to the particulars required by the Commercial Law, the articles of association of an open-end investment company must contain:

1. (Am. – SG, iss. 39 in 2005) the main objectives of and restrictions on the investment business, as well as the investment policy of the investment company;

2. the holding of shares of one type or another;

3. the rules to determine the remuneration of members of the company's management and supervisory bodies, and of the management company respectively;

4. the distribution of powers and duties between the company's management body and the management company;

5. the duration of the closed-end period, if such is envisaged;

6. the conditions and procedure to calculate the net asset value, the issue value and the redemption price of the shares and the amount of dividend, if such is to be paid out;

7. (Am. – SG, iss. 39 in 2005) the conditions and procedure for redemption of the shares and the conditions to suspend such redemption and the procedure of distribution of dividend, when such has been envisaged or for its reinvestment;

8. (Am. – SG, iss. 39 in 2005) the conditions for replacement of the depository bank and the rules guaranteeing the interests of shareholders in case of such replacement;

9. the conditions for replacement of the management company and the rules guaranteeing the interests of shareholders in case of such replacement.

(2) (Am. – SG, iss. 39 in 2005) The rules of the contractual fund must contain:

1. the name of the contractual fund;

2. information about the person that organizes and manages the contractual fund;

3. the main aims and restrictions of the investment activity, as well as the investment policy;

4. the conditions and procedure for calculation of the net asset value, the issue value and the redemption price of the units;

5. methods for valuation of the assets and liabilities;

6. the rights attached to the units;

7. the fees which are collected by the management company for management; the expenses that are withheld by the management company for sale and redemption of the units, as well as any other fees, if envisaged;

8. the rules for determining the remuneration of the depository bank;

9. the conditions and procedure for redemption of units and the conditions for termination of the redemption;

10. conditions and procedure for income distribution or for its reinvestment;

11. the conditions for replacement of the depository bank and the rules for guaranteeing the interests of owners of units in case of such replacement;

12. the conditions for replacement of the management company and the rules for guaranteeing the interests of owners of units in case of such replacement;

13. method for calculation of the management company's remuneration.

(3) (New – SG, iss. 39 in 2005; am. iss. 86 in 2006) Any amendment to the articles of association and to the other constitutive documents of the investment company, in the contractual fund's rules, replacement of the depository bank and the management company, change in the rules of risk management, rules of portfolio valuation and determination of the net asset value, and with the contractual funds – change in the contract for depository services shall be allowed after an approval by the deputy chairman.

(4) (Prev. Art. 3, am. – SG, iss. 39 in 2005) The deputy chairman shall approve or reject the changes under para 3 within 14 days as from receipt of the application and the enclosures thereto, and where additional information has been requested - as from its receipt. In those cases articles 180, 181, and 183 shall apply accordingly.

(5) (Prev. Art. 4, am. – SG, iss. 39 in 2005; iss. 34 in 2006) The Registry Agency shall enter the amendment to the investment company's articles of association in the commercial register only after it has been provided with the approval of the deputy chairman.

Art. 193. (1) An open-end investment company must permanently offer its shares to the investors at their issue price based on the net asset value and, upon request of its shareholders, redeem those shares at the price based on the net asset value, under the conditions and procedure laid down in this Law, its implementing instruments and the company's articles of association, with the exception of the case under para 8. The issue price and the redemption price shall be calculated at least twice a week in equal intervals of time.

(2) If so provided for in the articles of association, the issue price per share may be higher than the net asset value per share with the amount to cover the cost of the issuance.

(3) If so provided for in the articles of association, the net redemption price may be lower than the net asset value per share with the amount to cover the cost of redemption.

(4) (Cancelled – SG, iss. 86 in 2006).

(5) The obligation for redemption shall be performed within 10 days after filing the request in writing and at a price equal to the redemption price for the nearest day following the date on which the request is made.

(6) All orders to buy shares in an open-end investment company and all orders for redemption of its shares received between two issue price and redemption price quotations shall be executed at the same price.

(7) An open-end investment company may provide in its articles of association for a closed-end period which may not be longer than two years after its formation. The investment company shall not be obliged to redeem its shares during the closed-end period.

(8) An open-end investment company may temporarily suspend the redemption of its shares under the conditions and procedure provided for in its articles of association, but only in exceptional cases where the circumstances make this necessary and such suspension is justified in view of the shareholders' interests, including the following cases:

1. (Am. – SG, iss. 52 in 2007) where entering into transactions on a regulated securities market on which a substantial portion of the investment company's assets are quoted or dealt in, is suspended, discontinued or subjected to restrictions;

2. where the company's assets or liabilities cannot be valued accurately or the company may not dispose of them without prejudice to the interests of the shareholders;

3. when a decision is taken to wind-up or transform the investment company by means of a merger, acquisition, splitting or spin-off.

(9) (Am. – SG, iss. 39 in 2005, iss. 86 in 2006) In the cases under para 8 the investment company shall notify the Commission and the relevant competent authorities of all Member States, in which it offers its shares, of its decision by the end of the working day, respectively shall notify the Commission of the resumption of the redemption by the end of the working day preceding such resumption.

(10) In taking a decision under para 8, the investment company must discontinue the issuing of shares forthwith and for the period of temporary suspension of the redemption.

Art. 194. (1) The capital of an open-end investment company increases or decreases depending on the change in the net asset value, including as a result of the shares sold or redeemed. The provisions of Art. 192 to 203 and Art. 246 of the Commercial Law shall not apply.

(2) An open-end investment company shall only issue dematerialized ordinary shares giving the right to one vote. Except in the case of forming the company, its shares shall be acquired at an issue price determined on the basis of the net asset value. The provisions of Art. 176, para 2 and 3 and Art. 188 to 191 of Commercial Law shall not apply.

(3) The company may not issue bonds and other debt instruments.

(4) The issue price and the redemption price shall be calculated by the depository bank or by the management company, under the supervision of the depository bank.

(5) An open-end company shall issue, sell and redeem its shares through the management company, while applying accordingly the requirements for investment intermediaries.

Art. 195. (Am. – SG, iss. 61 in 2002, am. iss. 39 in 2005; iss. 86 in 2006) (1) The open-end investment company and the contractual fund may invest only in:

1. (Am. – SG, iss. 52 in 2007) securities and money market instruments, admitted to or traded on a regulated market under Art. 73 of the Markets in Financial Instruments Act.

2. (Am. – SG, iss. 52 in 2007) securities and money market instruments, dealt in on a regulated market, other than that under Art. 73 of the Markets in Financial Instruments Act, in the Republic of Bulgaria or another Member State, which operates regularly and is recognized and open to the public, as well as in securities and money market instruments, issued by the Republic of Bulgaria or another Member State;

3. securities and money market instruments, admitted to be dealt in on an official market of a stock exchange or dealt in on another regulated market in a third country, which operates regularly and is recognized and open to the public, included in a list approved by the deputy chairman or that has been envisaged in the contractual fund's rules or the investment company's articles of association;

4. recently issued securities, the conditions of whose issue include undertaking an obligation to seek admission and to be admitted within a period not loner than one year from their issue, to be dealt in on an official market of a stock exchange or another regulated market, which operates regularly and is recognized and open to the public, included in a list approved by the deputy chairman or that has been envisaged in the contractual fund's rules or the investment company's articles of association;

5. units of collective investment undertakings, authorized to pursue business according Council Directive 85/611/EEC and/or of other collective investment undertakings within the meaning of § 1, item 26 of the Additional Provisions, regardless whether they are with a registered office in a Member State or not, provided that:

a) the other collective investment schemes meet the following conditions:

aa) they are authorized to pursue business under a law, which provides that they are subject to supervision, which the deputy chairman considers equivalent to that laid down in Community law, and that cooperation between the supervisory authorities is to an adequate extent ensured;

bb) the level of protection for holders of units and the rules on assets allocation, for borrowing, lending, and uncovered sales of securities and money market instruments are equivalent to the rules and level of protection of the holders of units of collective investment undertakings, authorized to pursue activity in accordance with Directive 85/611/EEC;

cc) they disclose regularly information, drawing up and publishing annual and half-yearly reports reflecting the assets, liabilities, income and operations carried out over the reporting period.

b) no more than 10% of the assets of the collective investment undertakings, authorized to pursue business according Council Directive 85/611/EEC or the other collective investment undertakings, which are envisaged to be acquired, can according the instruments of incorporation or the rules of such collective investment undertakings, be invested in aggregate in units of other collective investment undertakings authorized to pursue business pursuant to Council Directive 85/611/EEC or other collective investment undertakings;

6. Deposits in banks, which are repayable on demand, or entitling to be withdrawn at any time and maturing in no more than 12 months, provided that the bank is with a seat in the Republic of Bulgaria, or other Member State, or if with a seat in a third country, provided that it is a subject of prudential supervision, which the deputy chairman considers equivalent to the supervision according the Community law;

7. derivative financial instruments, including equivalent cash-settled instruments, dealt in on regulated markets referred to in item 1-3 and/or derivative financial instruments dealt in outside of the regulated markets under item 1-3, provided that:

a) their underlying assets are securities, financial indexes, interest rates, foreign exchange rates or currencies, in which the open-end investment company, the contractual fund respectively, may invest according to its investment policy as stated in its rules or instruments of incorporation;

b) derivative financial instruments dealt in outside of regulated markets that satisfy the following conditions:

aa) the counterparty to transactions with these derivative financial instruments is subject to prudential supervision and meets the requirements laid down by the deputy chairman;

bb) may be subject to valuation on a daily basis by generally accepted, verifiable methods and at any time can be sold, liquidated or closed by an offsetting transaction at their fair value at the initiative of the open-end investment company or contractual fund.

8. money market instruments other than those dealt in on a regulated market, if the issue or issuer of such instruments is itself supervised for the purpose of protecting investors and savings, and provided that they are:

a) issued or guaranteed by the Republic of Bulgaria or other Member State, by their regional or local authorities, by the Bulgarian National Bank, by the central bank of another Member State, by the European Central Bank, European Union or the European Investment Bank, by a third country, and in the cases of a federal state – by one of the members of the federal state, by a public international body in which at least one Member State is a member;

b) issued by an issuer, whose securities issue is dealt in on a regulated market pursuant to item 1-3;

c) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with rules approved by the relevant competent authority, guaranteeing that the establishment meets requirements as stringent as the those laid down by Community law;

d) issued by bodies other than those under letter "a", "b" or "c", satisfying criteria, determined by the deputy chairman, guaranteeing that:

aa) investments in such instruments are subject to protection equivalent to the protection to which the investments under letter "a", "b" and "c" are subject;

bb) (Am. – SG, iss. 25 in 2007) the issuer is a company whose capital and reserves are amounting to at least the BGN equivalence of 10 000 000 euro, and which presents and publishes annual audited accounts; a company which finances a group of companies in which it participates and which includes one or several listed companies or a company which finances securitisation vehicles of receivables of financial institutions meeting the requirements under letter "c".

(2) An open-end investment company and the contractual fund may invest not more than 10% of its assets in securities and money market instruments other than those referred to in paragraph 1.

(3) An open-end investment company may acquire movable properties and real estate, only to the extent that is of material importance for the direct performance of its business.

(4) An open-end investment company and a contractual fund may not acquire precious (white) metals and certificates on them.

Art. 196. (Am. – SG, iss. 61 in 2002; iss. 39 in 2005; iss. 86 in 2006) (1) An investment company may invest no more than 5% of its assets in securities or money market instruments issued by the same issuer.

(2) An investment company may not invest more than 20 % of its assets in deposits made with the same bank.

(3) The risk exposure of the investment company to the counterparty in the transaction with derivative financial instruments dealt in outside of regulated markets may not exceed 10% of its assets when the counterpart is a bank referred to in Art. 195 para 1 item 6, and in the other cases - 5% of the assets.

(4) An investment company may invest up to 10% of its assets in securities or in money market instruments issued by a single issuer, provided that the total amount of these investments does not exceed 40% of the investment company's assets. In the calculation of the total amount

of the assets under sentence one, the securities and the money market instruments under para 6 are not taken into account.

(5) The total amount of the investments under para 1-3 in securities or money market instruments issued by a single body, deposits made with that body, as well as the exposition to the same body, arising from transactions in derivative financial instruments dealt in outside of the regulated markets should not exceed 20% of its assets.

(6) An investment company may invest up to 35% of its assets in securities and money market instruments, issued by a single issuer, if the securities and the money market instruments are issued or guaranteed by the Republic of Bulgaria, another Member State, by their local authorities, by a third country or by a public international organization to which at least one of the Member States belongs.

(7) The total value of the investments under para 1-6 in securities or money market instruments issued by a single body, deposits made with that body, as well as the exposition to the same body, arising from transactions in derivative financial instruments, may not exceed 35% of the investment company's assets.

(8) Entities which are included in the same group for the purposes of drawing up consolidated accounts, in accordance with the recognized accounting standards, are regarded as a single body for the purposes of applying the limits under para 1-7.

(9) The cumulative investment in securities or money market instruments, issued by a single group may not exceed 20% of the investment company's assets value.

(10) An investment company may not acquire more than:

1. ten per cent (10%) from the shares without voting right, issued by a single person;

2. ten percent (10%) from the bonds or other debt securities, issued by a single person;

3. twenty five per cent (25%) from the units of a collective investment undertaking, authorized to pursue business pursuant to Council Directive 85/611/EEC and/or of other collective investment undertaking within the meaning of § 1, item 26 of the Additional Provisions, irrespective of whether with a registered office in a Member State or not;

4. ten per cent (10%) from the money market instruments of a single person.

(11) An investment company may invest not more than 10% of its assets in the units of one collective investment undertaking, that has obtained an authorization to pursue business according Council Directive 85/611/EEC or another collective investment scheme within the meaning of § 1, item 26 of the Additional Provisions, irrespective of whether with a registered office in a Member State or not;

(12) The total amount of investments in units in collective investment undertakings within the meaning of § 1, item 26 of the Additional Provisions, irrespective of whether with a registered office in a Member State or not, other than a collective investment undertaking authorised to pursue business pursuant to Council Directive 85/611/EEC may not exceed 30 % from the investment company's assets.

(13) The limit under para 1, 4, 6, 7 and 10 item 1 shall not apply where the investment company exercises rights of subscription, arising from securities and money market instruments, which are part of its assets.

(14) In case of violation of the investment limits due to reasons beyond the investment company's control, as well as in the cases under para 13, it must within a 7-day period of establishing the violation notify the Commission, proposing a program with measures for bringing the assets in consistence with the requirements of the Law within 6 months of the occurrence of the violation.

(15) (Am. – SG, iss. 52 in 2007) The program under para 14 shall be approved by the deputy chairman. Article 177, para 3 and 6 shall apply accordingly.

Art. 197. (1) An investment company may not use loans except for cases under para 2.

(2) (Am. – SG, iss. 39 in 2005; iss. 52 in 2997) The deputy chairman may authorise an investment company to use a loan not exceeding 10 per cent of its assets where the term of the loan is not longer than three months and such loan is necessary to cover the liabilities relating to the redemption of the company's shares. Art. 177, para 3 and 6 shall apply accordingly.

(3) (New – SG, iss. 86 in 2006) When an open-end investment company invests in units of collective investment schemes, that have obtained an authorization to pursue business according Council Directive 85/611/EEC and/or other collective investment schemes within the meaning of § 1, item 26 of the Additional Provisions, managed directly or by delegation by the same management company or by another company with which the management company is related with common management or control, or by a direct or indirect participation, the management company or the other company shall not be entitled to collect fees for sale and redemption on account of the investment company's assets.

Art. 197a. (New – SG, iss. 39 in 2005; iss. 86 in 2006). In relation to the contractual fund Art. 193, Art. 194, para 4 and 5, Art.196 and197 shall apply accordingly.

Art. 197b. (New – SG, iss. 86 in 2006) (1) The investment company, respectively the management company when managing a contractual fund, shall adopt risk management rules with the purpose of continuous monitoring and measuring at any time the risk of each position and its contribution to the risk profile of the whole portfolio.

(2) Where the investment company, or the contractual fund, invests in derivative financial instruments, the rules of risk management shall also indicate the types of derivative financial instruments, the underlying risks, the quantitative limits and the methods which are chosen to estimate the risk associated with such investments.

(3) The investment company, respectively the management company may not have an exposition, related to derivative financial instruments, exceeding its net asset value.

(4) The exposition shall be calculated taking into account the current value of the underlying asset, the risk of the counterparty to the transaction in the derivative financial instrument, future market fluctuations, as well as the required time to liquidate the position.

(5) The investment company, or the contractual fund may invest in derivative financial instruments, when complying with the limits laid down in Art. 196, para 7-9 and provided that the exposure of the underlying assets does not exceed in aggregate the limits laid down in Art. 196 para 1-9.

(6) Additional requirements to the contents of the risk management rules shall be laid down in an ordinance.

Chapter Seventeen
CLOSED-END INVESTMENT COMPANY

Art. 198. (1) (Am. – SG, iss. 39 in 2005) In addition to the particulars required in conformity with the Commercial Law, the articles of association of a closed-end investment company must contain the particulars under Art. 192, para 1, items 1 to 4, 9 and 10, as well as:

1. Am. – SG, iss. 39 in 2005) a prohibition to distribute dividends in advance before the adoption of the year-end financial statement;

2. the procedure and way of dividend distribution.

(2) A closed-end investment company may only issue dematerialised shares giving the right to one vote. The company may not issue bonds and other debt instruments.

(3) Am. – SG, iss. 39 in 2005) Any amendment to the articles of association and to the other constitutive documents, change of the depository bank and the management company, as well as replacement of an investment adviser with a management company and vice versa shall be allowed after approval by the deputy chairman. In such case Art. 192, para 4 and 5 shall apply.

Art. 199. A closed-end investment company may not redeem its shares, except in accordance with the procedure in the Commercial Law.

Art. 200. (1) (Am. iss. 52 in 2007) A closed-end investment company must file an application for the admission of its shares to a regulated market within six months after an entry is made in the commercial register in accordance with Art. 183.

(2) (Am. – SG, iss. 86 in 2006. am. iss. 52 in 2007) Where the shares in a closed-end investment company are not admitted to trading on a regulated market within one year from the entry in the commercial register under Art. 183, the company shall be liquidated.

(3) Am. – SG, iss. 39 in 2005; iss. 52 in 2007) The conditions and the procedure for liquidation of a closed-end investment company shall be determined in the ordinance under Art. 177, para 7.

Art. 201. (1) (Am. – SG, iss. 61 in 2002; iss. 86 in 2006) Article 195 shall apply to the assets of a closed-end investment company.

(2) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) An investment company may invest up to 25 per cent of its assets in securities and money market instruments issued by a single issuer, applying accordingly Art. 196, para 2-13.

(3) (New – SG, iss. 39 in 2005; am. issue 86 in 2006) In case of violations of the company's investment restrictions, Art. 196, para 14 and 15 shall apply.

(4) (Prev. para 3 – SG, iss. 39 in 2005, iss. 86 in 2006) In regard to the investment company shall apply Art. 197b accordingly.

(5) (Prev. para 4, am. – SG, iss. 39 in 2005; iss. 52 in 2007) The investment company may not use loans. The deputy chairman may authorise an investment company to use a loan amounting up to 15 per cent of its assets where the term of the loan is not longer than six months and such loan is necessary for acquisition of assets. Art. 177, para 3 and 6 shall apply accordingly.

Chapter Eighteen
MANAGEMENT COMPANIES
Division I
General Provisions

Art. 202. (1) (Am. – SG, iss. 39 in 2005) Management company is a joint stock company which has obtained license under the conditions and procedure of this law and whose business

consists in management of the activity of collective investment schemes and of investment companies of closed-end type, including:

1. investments management;

2. administration of the units or shares, including also legal services and accounting services in relation to assets management, requests for information of the investors, assets valuation and calculation of the units or shares price, control for compliance with the legal requirements, maintenance of the book of the unitholders or shareholders, distribution of dividends and other payments, issue, sale and redemption of units or shares, execution of contracts, keeping records;

3. marketing services.

(2) (New – SG, iss. 39 in 2005) The management company may also provide the following additional services:

1. (Am. – SG, iss. 52 in 2007, in effect from 3 July, 2007) management, in consistence with a contract concluded with the client of an individual portfolio, including such of an institutional investor, including financial instruments at its own discretion without any special instructions by the client;

2. (Am. – SG, iss. 52 in 2007, in effect from 3 July, 2007) providing investment advice about financial instruments.

(3) (New – SG, iss. 39 in 2005, am. iss. 52 in 2007) In respect to a management company, which provides services under para 2, Art. 4 para 2, Art. 24 para 1-3, 7 and 8, Art. 27 para 4 -7, Art. 28, 29, Art. 32 para 6, Art. 33 and 34 of the Markets in Financial Instruments Act shall apply.

(4) (New – SG, iss. 39 in 2005) The license under para 1 may include the right to pursue the services under para 2. The license may not be issued only for providing the services under para 2, as well as for the providing of the services under para 2, item 2 without the providing of services under para 2 item 1 to have been approved.

(5) (Prev. para 2, am. – SG, iss. 39 in 2005; iss. 86 in 2006) The activity under para 1 item 1 is performed by means of investment decisions and orders which shall be executed by investment intermediaries authorised by the investment company's management body, respectively indicated in the contractual fund's prospectuses, while observing the requirements of the law, except for the cases of initial public offering or transactions in securities and money market instruments under Art. 195 para 1 item 8 letter "a" and para 2, where the subscription of the securities, respectively the transactions in securities and money market instruments may be executed by the management company.

(6) (Prev. para 3, am. – SG, iss. 39 in 2005) In performing the activity under Art. 164 and 164a, related to the public offering of the shares, or the units, as well as their redemption, the management company acts on behalf of and for the account of the open-end investment company, or on its own behalf, indicating that it acts for the account of the contractual fund.

(7) (Prev. para 4, am. – SG, iss. 39 in 2005) A management company may not carry out any other commercial transactions unless this is necessary in order to pursue the business under para 1 and 2.

(8) (Prev. para 5, am. – SG, iss. 39 in 2005, am. iss. 52 in 2005) A management company may not carry out the transactions under Art. 5 para 2 item 2 of the Markets in Financial Instruments Act, except in the cases of para 5 and 6.

(9) (New – SG, iss. 39 in 2005) In the fulfilment of its obligations under the contracts for management of the activity under Art. 164 and 164a, the management company shall be guided

only by the interests of the shareholders of the investment company or the owners of units in the contractual fund.

(10) (New – SG, iss. 86 in 2006, am. iss. 52 in 2007) In cases where the license under para 1 covers the right to perform the services under para 2 item 1, and the management company holds cash and/or financial instruments of those clients, and for that reason liabilities for it may arise to them, it shall make cash contributions to the Fund for Compensation of Investors in Securities under Art. 77m, para 2. The provisions of Chapter Five, Division IV shall apply accordingly.

(11) (New – SG, iss. 61 in 2002, prev. para 6, am. iss. 39 in 2005, prev. para 10, am. iss. 86 in 2006, am. iss. 52 in 2007) The Commission may issue a license to pursue the business of a management company on the territory of the Republic of Bulgaria through a branch to a legal entity from a third country provided that the person is entitled under its national legislation to carry our such activity and the authority, supervising the capital market in the state where the entity is registered, exercises supervision over it on a consolidated basis. Where so envisaged in an international treaty to which the Republic of Bulgaria is a party, the Commission may recognize the license for performance of activities and services under para 1 and 2, issued to a legal entity from a third country. The entity from a third county shall have the rights and obligations of a local management company, unless otherwise provided for by law.

Art. 203. (1) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) The capital of a management company at any time may not be less than the BGN equivalence of 125 000 euro, whose structure and ratio to the balance sheet assets and liabilities of the company are determined by an ordinance.

(2) (New – SG, iss. 86 in 2006) If the management company manages the operation of collective investment undertakings, whose assets individually or in aggregate exceed the BGN equivalence of 250 000 000 euro, it must increase the amount of capital under para 1 with not less than 0,02 per cent of the sum, being the difference between their book asset value and the BGN equivalence of 250 000 000 euro. Sentence one shall not apply when the capital of the management company reaches the BGN equivalence of 10 000 000 euro.

(3) (Am. – SG, iss. 39 in 2005, prev. para 2 iss. 86 in 2006) At least 25% of the capital under Art. 1 should be paid in upon filing the application for granting license to pursue the business of a management company, and the rest should be paid within 14-day period of receiving a written notification by the Commission that it will issue the license after the full amount of the capital is paid in.

(4) (New – SG, iss. 39 in 2005, prev. para 3 iss. 86 in 2006) The management company must remove the indicated by the deputy chairman inconsistencies and any other discrepancies with the requirements of the law, including with the International Financial Reporting Standards, admitted in the reports on capital adequacy and liquidity, as well as in the financial statements, registers and other accounting documents within set by the deputy chairman sufficient term.

(5) (New – SG, iss. 39 in 2005, prev. para 4, am. iss. 86 in 2006) The deputy chairman takes a decision under para 4 according the procedure of Art. 212.

(6) 9Prev. para 3 – SG, iss. 39 in 2005, prev. para 5, iss. 86 in 2006) A management company must maintain minimum liquid funds as determined in an ordinance.

(7) (Prev. para 4, am. – SG, iss. 39 in 2005, prev. para 6 iss. 86 in 2006) Management companies shall issue only dematerialized shares giving the right to one vote.

(8) (Prev. para 5, am. – SG, iss. 39 in 2005, prev. para 7, iss. 86 in 2006, am. iss. 52 in 2007) To the members of the management and supervisory bodies of the management company shall apply Art. 167 accordingly. The management company shall be managed jointly by at least

two persons, satisfying the requirements of Art. 167 para 1. The persons under sentence one may authorize third persons to perform separate actions

Division II
Issuance and Withdrawal of a License

Art. 204. (1) (Am. – SG, iss. 39 in 2005) In order to pursue the business of a management company, a written license from the Commission shall be required.

(2) (Am. – SG, iss. 39 in 2005) For the purposes of obtaining a license under para 1, an application according a model form shall be filed and the following documents should be attached:

1. the articles of association and other constitutive documents;

2. particulars about the subscribed and paid-in capital;

3. (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) particulars and other information about the persons under Art. 203 para 8, respectively about the individuals representing legal entities, members of the management or supervisory bodies of the applicant or other persons authorised to manage and represent him, as well as particulars about their professional qualification and experience;

4. (Am. – SG, iss. 86 in 2006) the general conditions applicable to management contracts with the investment companies and the other investors;

5. (New – SG, iss. 39 in 2005, am iss. 52 in 2007) the rules of the personal transactions in financial instruments of the members of the governing and supervisory bodies of the management company, of the investment adviser, working under a contract for the management company, the management company's employees and related persons;

6. (Prev. item 5, am. – SG, iss. 39 in 2005; iss. 25 in 2007) information about the persons who hold, directly or indirectly, 10 or more than 10 per cent of the votes in the general meeting of the applicant company or who may control it otherwise, as well as about the number of the owned by them votes. The persons shall submit written declarations in a model form set by the deputy chairman concerning the origin of the funds from which the contributions have been made for the shares subscribed, including whether these are loan funds, and about the taxes paid by those persons over the preceding 5 years;

7. (New – SG, iss. 86 in 2006) data on the persons, with whom the management company is a related person;

8. (Prev. item 6 – SG, iss. 39 in 2005, prev. item 7, iss. 86 in 2006) other documents and information, as specified in an ordinance.

(3) (Cancelled – SG, iss. 39 in 2005, new iss. 86 in 2006) The Commission shall pronounce on the application after consultations with the competent authorities of the relevant Member States, if the applicant:

1. is a subsidiary of another management company, investment intermediary, credit institution or insurer, that have obtained authorization to pursue business by the competent authorities of another Member State;

2. is a subsidiary of the parent undertaking of another management company, investment intermediary, credit institution or insurer, that have obtained authorization to pursue business by the competent authorities of another Member State;

3. is controlled by natural or legal entities, that control another management company, investment intermediary, credit institution or insurer, which have obtained authorization to pursue business from the competent authorities of another Member State.

(4) (Am. – SG, iss. 39 in 2005, am iss. 52 in 2007) The Commission shall pronounce a decision in accordance with Art. 180 para 4 -7

Art. 205. (1) (Am. – SG, iss. 39 in 2005) The Commission shall refuse to issue a license where:

1. the capital of the applicant does not satisfy the requirements under Art. 203, para 1;

2. (Am. – SG, iss. 39 in 2005, iss. 25 in 2007; iss. 52 in 2007) any of the persons under Art. 204 para 8 may not occupy the position because of statutory prohibition or for not satisfying the requirements of this Law.

3. (Am. – SG, iss. 39 in 2005; iss. 25 in 2007) a person who holds, directly or indirectly, 10 or more than 10 per cent of the votes in the general meeting or may otherwise control the applicant through its activities or its influence on decision-making, might prejudice the safety of the company or its operations;

4. (Am. – SG, iss. 86 in 2006) the general conditions under Art. 204, para 2, item 4 do not guarantee to a sufficient extent the interests of the investment company and of the other investors;

5. the applicant has submitted false particulars or documents with false content;

6. (Am. – SG, iss. 39 in 2005; iss. 25 in 2007) the persons who hold, directly or indirectly, 10 or more than 10 per cent of the votes in the general meeting of the applicant company, have made contributions through loan funds;

7. (New – SG, iss. 86 in 2006) the applicant us a related person with one or more natural or legal persons and this relatedness creates obstacles for the efficient exercising of the supervisory functions of the Commission or of the deputy chairman;

8. (New – SG, iss. 86 in 2006) obstacles exist for the efficient exercising of the supervisory functions of the Commission or the deputy chairman, arising from or in relation to the application of a statutory or administrative act of a third country, regulating the activities of one or more persons, with whom the applicant is a related person;

9. (Prev. item 7 – SG, iss. 86 in 2006) the applicant fails to satisfy the other requirements laid down in the law and in its implementing instruments.

(2) (Am. – SG, iss. 39 in 2005; iss. 86 in 2006) In the cases under para 1, items 1, 2, 4, 6 and 9 the Commission may definitively refuse to issue a license only if the applicant has failed to remove the inconsistencies and to submit the documents required within the time limit set by the Commission, which may not be shorter than one month.

(3) (New – SG, iss. 39 in 2005, am. iss. 86 in 2006) Except in the cases under para 1, the Commission may refuse to issue a license to pursue the business of a management company on the territory of the Republic of Bulgaria through a branch to a legal entity from a third country, if it decides that the supervision exercised over the management company on consolidated basis by the relevant competent authority in the country where its registered office is located, does not satisfy the requirements laid down in this Law.

(4) (Prev. para 3, am. – SG, iss. 39 in 2005) The Commission's refusal to issue a license shall be reasoned in writing.

(5) (New – SG, iss. 39 in 2005) In case of refusal, the applicant may file a new application for the issue of a license not earlier than six months after the coming into effect of the decision for refusal.

Art. 206. (1) (New – SG, iss. 39 in 2005) No one shall have the right to pursue the business of a management company without having preliminarily obtained a license from the Commission.

(2) (Prev. Art. 206, am. – SG, iss. 39 in 2005; iss. 86 in 2006) A person who does not possess a license to pursue the business of a management company in accordance with the requirements of this law, may not use in its business name, advertising or other activities, words in Bulgarian or in a foreign language denoting the carrying out of acts relating to the management of an investment company or a contractual fund.

Art. 207. (Am. – SG, iss. 39 in 2005, iss. 34 in 2006) The Registry Agency shall enter in the commercial register the company, respectively the right to pursue the business under Art. 202, in its scope of business, after it has been provided with the license issued by the Commission.

Art. 208. (1) (Am. – SG, iss. 39 in 2005, am. iss. 52 in 2007) The Commission shall withdraw the issued license if:

1. the management company fails to commence carrying on business under Art. 202 para 1 and 2 within 12 months as from the issuing of the license, it has explicitly renounced the license issued, or has suspended the carrying out of its business under Art. 202 para 1 and 2 for more than 6 months;

2. the management company has submitted false particulars which served as a ground to issue the license;

3. the management company ceases to satisfy the conditions under which the license has been issued;

4. the management company ceases to satisfy the requirements for capital adequacy and liquidity laid down in an ordinance and fails to submit within 5 days after the occurrence of the irregularity a restructuring program for compliance with these requirements, or the restructuring program is not approved by the Commission within fourteen days from its submission, or the company does not implement the restructuring program approved by the Commission;

5. the management company is in a lasting worsened financial situation and it may not execute its obligations;

6. the management company and/or the persons under Art. 203 para 8 committed and/or allowed the commitment of violation under Art. 214 para 2 of this Law, Art. 35 para 1 of the Markets in Financial Instruments Act and under Art. 11 of the Law on Measures against Market Abuse With Financial Instruments or some other gross offence or systematic offences of the provisions of this Law, of the Markets in Financial Instruments Act, the Law on Measures against Market Abuse With Financial Instruments or their implementing instruments.

(2) (Am. – SG, iss. 39 in 2005) The Commission shall notify the company of the withdrawal of the license in writing, within 7 days as from the date on which the decision is made.

(3) (Am. – SG, iss. 39 in 2005) After the decision to withdraw the license has come into effect, the Commission shall forthwith make a request to the competent district court in order for liquidation proceedings to be instituted against the company and shall take the necessary measures to inform the public.

Art. 209. (Am. – SG, iss. 39 in 2005, am. iss. 52 in 2007) Art. 23 of the Markets in Financial Instruments Act shall be applied for the management company accordingly. The decision of the Commission is published in two major daily newspapers.

Division III
Requirements Towards the Activities of Management Companies

Art. 210. (1) (Am. – SG, iss. 39 in 2005) A management company must have an appropriate managerial and accounting organisation and technical equipment satisfying the requirements of this law and its implementing instruments and making it possible to ensure the separate management of the portfolios of the persons under Art. 164 and Art. 164a, which the management company intends to manage.

(2) (Am. – SG, iss. 39 in 2005, cancelled – iss. 86 in 2006).

(3) (New – SG, iss. 39 in 2005) The management company is obliged to fulfil the investment policy with a view to achieving the investment objectives of the managed investment company and/or contractual fund, as well as to comply with the investment restrictions, provided for under this law, its implementing instruments, the investment company's articles of association, the contractual fund's rules, respectively.

(4) (New – SG, iss. 39 in 2005) The management company must comply with the rules for portfolio valuation and determination of the net asset value of the investment company and the contractual fund, where the execution of these activities have been entrusted to it by the management contract, or where the contractual fund's rules envisage that they shall be executed by the management company.

(5) (Prev. Para 3, am. – SG, iss. 39 in 2005; iss. 86 in 2006; iss. 52 in 2007; iss. 24 in 2009, in effect from 31 March, 2009) Art. 9, 11a, 25, 26-26e, Art. 27 para 2, Art. 35, 39, 40, 42 and Art. 111 para 4 and 7 of the Markets in Financial Instruments Act shall apply for the management company accordingly.

Art. 211. (Am. – SG, iss. 39 in 2005) Other requirements towards the management companies activities, including the general conditions under Art. 204, para 2, item 4, to the rules under Art. 204, para 2, item 5, to the natural persons working under a contract for the management company, shall be laid down in an ordinance.

Chapter Eighteen „a"
(New – SG, iss. 39 in 2005 in effect as of 1 January, 2007)

PURSUING OF BUSINESS BY MANAGEMENT COMPANIES IN A MEMBER STATE. PURSUING OF BUSINESS IN THE REPUBLIC OF BULGARIA BY MANAGEMENT COMPANIES WITH A REGISTERED OFFICE IN A MEMBER STATE. PUBLIC OFFERING OF UNITS OF COLLECTIVE INVESTMENT UNDERTAKINGS IN THE REPUBLIC OF BULGARIA.

(Title am. – SG, issue 86 in 2006)

Division I
Pursuing Business by Management Companies in a Member State

Art. 211a. (1) (Am. – SG, iss. 86 in 2006) A management company which intends to establish a branch in a Member State (hereinafter referred to as the „host Member State") must preliminarily notify the Commission of it. All branches, established by the management company in one host Member State shall be considered to be one branch.

(2) The notification under para 1 shall contain:

1. indication of the host Member State, in which the management company intends to establish a branch, as well as its address;

2. program of operations, including information about the type and volume of the activities and services, which the management company shall carry out in the host Member State, as well as the organizational structure of the branch;

3. the name of the branch manager.

(3) The Commission shall provide to the relevant competent authority of the host Member State the information under para 2 within one month of its receiving, and where some additional information and documents have been requested – within one month of their receiving, as well as information about the acting in the country investor compensation scheme, in which the management company participates. The Commission shall immediately inform the management company of the submission of information under sentence one.

(4) (Am. – SG, iss. 86 in 2006; iss. 52 in 2007) The Commission may refuse within the term under para 3 to provide the information under para 2 to the relevant competent authority of the host Member State by a reasoned decision, if the administrative structure or the financial situation of the management company do not guarantee the investor interests. Art. 177, para 6 shall apply accordingly. The Commission shall inform the European Commission about the number and nature of the cases, in which it pronounced with a denial under sentence one.

(5) The management company may establish a branch and start to pursue business on the host Member State's territory after receiving a notification by the relevant competent authority of the host Member State, or after the expiry of two months of the notification to the relevant competent authority of the host Member State according the procedure under Art. 3, if within that period it has not received any notification. If within the period under sentence one, the relevant competent authority of the host Member State has not established by a reasoned decision, that the measures taken by the management company in relation to the offering of shares and units of the managed by it collective investment schemes in the host Member State, do not satisfy the requirements of its legislature or do not ensure the required conditions for effecting payments in favour of the shareholders and owners of units, for redemption of their shares, or units and for providing at the investors' disposal the information disclosed by the collective investment schemes on regular and ongoing basis, the management company may start to offer in the host Member State the shares and units of the collective investment schemes it manages.

(6) A management company which has set up a branch on the territory of the host Member State, shall notify in writing the Commission, as well as the relevant competent authority of the host Member State, about any change in particulars and documents under para 2, at least one month before the change is made. Para 4 and 5 shall apply accordingly.

Art. 211b. (1) A management company which intends to pursue business in a host Member State under the freedom to provide services, without opening a branch on its territory, must preliminarily notify so the Commission.

(2) The notification under Art. 1 shall contain:

1. indication of the host Member State in which the management company intends to pursue business;

2. program of operations, including information about the type and volume of activities and services, which the management company shall carry out in the host Member State;

(3) The Commission shall provide the information under para 2 to the relevant competent authority of the host Member State within one-month of its receiving, as well as information about the acting in the country investor compensation scheme, in which the management company participates. The Commission shall forthwith notify the management company of the providing of the information under sentence one.

(4) The management company may start to pursue business on the territory of the host Member State after it is notified of the submission of the information under para 3 by the Commission.

(5) The management company shall notify in writing the Commission, as well as the relevant competent authority of the host Member State about any change in the program under para 2 item 2, at least one month prior to making the change.

(6) In case that the management company entrusts the sale and redemption of shares and units of the managed by it collective investment schemes to a third person on the host Member State territory, it shall inform so the Commission beforehand.

211c. (Am. – SG, iss. 86 in 2006) (1) Where the relevant competent authority in the host Member State notifies the Commission of offences perpetrated by the management company, it shall undertake the necessary measures for discontinuance of the offence and shall inform about them the relevant competent authority in the host Member State.

(2) The Commission, or the deputy chairman, in exercising its supervisory powers may conduct an on-site inspection in the branch of the management company, after notifying of it in advance the relevant competent authority in the host Member State, or may request the carrying out of such inspection by the competent authority in the host Member State.

(3) The Commission shall forthwith inform the relevant competent authority in the host Member State of the withdrawal of the issued to the management company or to the managed by it open-end investment company license to pursue business, of the withdrawal of the authorization of the management company to manage a contractual fund, of imposition of a coercive administrative measure on the manager of the branch under Art. 212 para 1 item 6 as well as of the imposition of the respective measures under Art. 212 para 1 item 7 – 9.

Division II
Pursuing of Business in the Republic of Bulgaria by Management Companies with a Registered Office in a Member State.
(Title am. – SG, iss. 86 in 2006)

Art. 211d. (Am. – SG, iss. 86 in 2006; iss. 52 in 2007) A management company whose registered office is in a Member State and which has obtained a license to pursue the business of a management company in accordance with Council Directive 85/611/EEC from the relevant competent authority of this state, hereinafter referred to as "a management company from a Member State" may carry out the activity, for which a license has been issued to it, on the territory of the Republic of Bulgaria through a branch or under the freedom to provide services. All branches, established by the management company in the Republic of Bulgaria shall be considered to be one branch.

211e. (1) Within a two-month period of receiving information from the relevant competent authority in relation to a management company from a Member State, which intends to establish a branch on the territory of the Republic of Bulgaria, the Commission shall notify the management company of the information receipt, and if needed, shall indicate the rules which must be observed in pursuing activity in the country.

(2) (Am. – SG, iss. 86 in 2006) The management company from a Member State may establish a branch and commence to pursue business on the territory of the Republic of Bulgaria after receiving a notification by the Commission under para 1 or after expiry of the period under para 1, if it has not received a notification within that period. In such case Art. 202, para 11 shall

not apply. If within the period under sentence one, the Commission has not established by a reasoned decision, that the measures taken by the management company from a Member State in relation to the offering of units of the managed by it collective investment schemes in the Republic of Bulgaria, do not satisfy the requirements of this law and its implementing instruments or do not ensure the required conditions for effecting payments in favour of the shareholders and owners of units, for redemption of their units and for providing at the investors' disposal the information disclosed by the collective investment schemes on regular and ongoing basis, the management company may start to offer in the country the units of the collective investment schemes it manages.

(3) The management company from a Member State, which has established a branch and pursues business according to para 2, shall inform the Commission about any change in the particulars and documents under Art. 211a, para 2 at least one month before the change is made. Para 2 shall apply accordingly.

(4) (Am. – SG, iss. 86 in 2006) The management company from a Member State must comply with the requirements of this Law and its implementing instruments in regard to the regular and ongoing disclosure of information, which are applicable to its operation, as well as to execute sale and redemption of units of the collective investment schemes in consistence with the provisions, applicable to the activity of the local management companies and collective investment schemes, including also the provisions concerning the advertisement.

(5) (New – SG, iss. 86 in 2006) The competent authority in the home Member State of the management company, which pursues business on the territory of the Republic of Bulgaria through a branch, may, after informing the Commission, conduct on its own or through authorized for the purpose persons, on-site inspections in the management company's branch.

(6) (New – SG, iss. 86 in 2006) The competent authority under para 5 may request the carrying out of an on-site inspection by the Commission in the management company's branch. The Commission, respectively the deputy chairman, within its powers may conduct the inspection on its own, by admitting the competent body that made the request, or auditors or experts.

211f. (1) A management company from a Member State which intends to pursue business in the Republic of Bulgaria under the freedom to provide services, without opening a branch on the country's territory, may start to carry out activity after the Commission receives information from the relevant competent authority concerning the management company's program of operations in the country. The Commission shall immediately inform the management company about the receiving of the information under sentence one, and if needed, shall state the rules that must be abided by in pursuing business in the country.

(2) A management company from a Member State, which pursues business in the Republic of Bulgaria according para 1 must:

1. submit at the Commission and publish in Bulgarian language in the Republic of Bulgaria all documents and information with the same frequency with which it publishes them in its home Member State;

2. publish the information outside of that under item 1, which is required by this Law and its implementing instruments;

3. (Am. – SG, iss. 86 in 2006) comply with the provisions, including those under Art. 194, para 5, relating to the sale (issue) and redemption of units of the managed by it collective investment schemes and relations with clients;

4. inform in advance the Commission about all changes in the program of its operation, which it intends to undertake.

(3) (Am. – SG, iss. 52 in 2007) The management company from a Member State shall notify the Commission about any circumstances of importance for its activity. Art. 39 para 1 and 2 of the Markets in Financial Instruments Act shall apply accordingly.

Art. 211g (Am. – SG, iss. 86 in 2006) (1) Where the deputy chairman establishes that the management company from a Member State violates the provisions of this Law and its implementing instruments, he/she shall order in writing the admitted violations and the harmful consequences thereof to be discontinued and eliminated within a set term.

(2) Where the violations are not eliminated within the set period, the deputy chairman shall inform of it and of the need to undertake respective actions, the competent authority in the management company's home Member State.

(3) If, in spite of the applied by the competent authority in the management company's home Member State measures, or if they have proved to be inadequate or inappropriate, the management company continues to perpetrate breaches of this Law and its implementing instruments, the deputy chairman may, after informing the competent authority in the management company's home Member State, take the necessary actions for termination of the breaches or may impose sanctions, and if necessary, also ban the management company from pursuing activity on the territory of the Republic of Bulgaria. The Commission shall advise the European Commission of the number and nature of the cases, in which actions were taken under sentence one.

(4) In exceptional cases under para 1, with the purpose of investor interests protection, the deputy chairman may take coercive measures, without following the procedures under para 1 – 3, immediately informing of it the competent body in the management company's home Member State and the European Commission. On request of the European Commission, the deputy chairman shall repeal or change the measures taken under sentence one.

(5) Where the Commission is informed by the relevant competent authority in the management company's home Member State about the withdrawal of the authorization to pursue business issued to the management company, the Commission shall take the appropriate actions to prevent the carrying out of activity by the management company on the territory of the Republic of Bulgaria.

Division III
Public Offering of Units of Collective Investment Schemes from a Member State in the Republic of Bulgaria
(Title am. – SG, iss. 86 in 2006)

Art. 211h. (1) (Am. – SG, iss. 86 in 2006, am. iss. 52 in 2007) A collective investment scheme, with a registered office or whose management company is with a registered office in a Member State (hereinafter referred to as "home Member State" and authorized to pursue business according Council Directive 85/611/EEC, hereinafter referred to as "collective investment scheme from a Member State", which intends to make a public offering of its units in the Republic of Bulgaria, must inform so the Commission and submit to it:

1. (Am. – SG, iss. 86 in 2006) a certified copy of the license to pursue the business of an investment company, issued by the relevant competent authority of the home Member State or a document, certifying that the collective investment scheme and its management company meet the requirements of *acquis communautaire* and of the law concerning the collective investment schemes, applicable in the home Member State;

2. a certified copy of the articles of association, or the Rules of the collective investment scheme;

3. the full and simplified prospectus of the collective investment scheme;

4. the last certified by a registered auditor annual financial statement, as well as the last interim financial statement, if such has been prepared;

5. (Am. – SG, iss. 86 in 2006) information about the conditions and procedure for sale (issue) and redemption of the units of the collective investment scheme in the Republic of Bulgaria;

6. a certified copy of a contract with a bank having its headquarters in the Republic of Bulgaria or a bank with headquarters abroad, that has obtained an authorization by the Bulgarian National Bank to carry out activities in the Republic of Bulgaria through a branch, concluded in consistence with para 2;

7. other documents and information according an ordinance.

(2) A collective investment scheme from a Member State, or its management company, shall conclude a contract with a person under para 1, item 6. The contract shall contain at least:

1. the conditions and the procedure for payment of the incomes from the securities, issued by the collective investment scheme;

2. the conditions and procedure for sale (issue) and redemption of the securities of the collective investment scheme, including the procedure and time-limits for payment of cash amounts in favour of the shareholders, or the owners of units, in the securities redemption;

3. the conditions and procedure for payment of the liquidation share to the shareholders, or to owners of units in winding up of the collective investment scheme;

4. an obligation of the person under para 1, item 6 to file in the Commission and publish all documents and information which the collective investment scheme publishes in the country in which it is registered, if such an obligation has been explicitly entrusted to the person under para 1, item 6 by the collective investment scheme or by its management company.

(3) The collective investment scheme from a Member State shall inform forthwith the Commission of any change in the contract under para 2, as well as of replacement of the person under para 1, item 6 with another one.

Art.211i. (1) (Am. – SG, iss. 86 in 2006) A collective investment scheme from a Member State, or its management company, may start to offer publicly its units in the Republic of Bulgaria after the expiry of a two-month period from filing in the Commission of the documents and information under Art.211h, para 1, unless within this period the Commission has established by a reasoned decision, that the actions taken in connection with the offering of units of the collective investment scheme in the Republic of Bulgaria, do not satisfy the requirements of this law and its implementing instruments or do not ensure the required conditions for effecting payments in favour of the shareholders or owners of units, for redemption of their units and for providing at the investors' disposal the information disclosed by the collective investment schemes on regular and ongoing basis, including also if the contract under Art. 211h, para 2 does not meet the requirements of the law.

(2) (Am. – SG, iss. 86 in 2006) A collective investment undertaking from a Member State, in the public offering of its units in the Republic of Bulgaria may use the business name under which it pursues business in its home Member State, or its management company's home Member State. If the use of that business name in the Republic of Bulgaria creates confusion, the Commission may obligate the collective investment undertaking to add on supplementary components or explanations to the name.

(3) (Prev. para 2, am. – SG, iss. 86 in 2006) The collective investment undertaking from a Member State must comply with the requirements of this law and its implementing instruments, applicable to its activity related to the public offering of its units.

Art.211j. (1) (Am. – SG, iss. 86 in 2006; iss. 52 in 2007) A collective investment scheme from a Member State, which makes a public offering of its units in the Republic of Bulgaria, or its management company, shall publish in the Bulgarian language:

1. the full and simplified prospectus of the collective investment scheme;
2. the annual financial statement and the interim financial statements of the collective investment scheme;
3. the article of associations, or the rules of the collective investment scheme;
4. any information which the collective investment scheme publishes in the country in which it is registered;
5. other information, as provided in an ordinance.

(2) The collective investment scheme from a Member State, or its management company, shall submit information on its operation in the Republic of Bulgaria to the Commission within one-month period after the end of each quarter and shall publish this information in one daily newspaper. The content of the information shall be determined by an ordinance.

Division IV
Public Offering of Units of Collective Investment Undertakings from Third Countries in the Republic of Bulgaria
(Title, am. – SG issue 86 in 2006)

Art. 211k. (1) (Am. – SG, iss. 86 in 2006) A collective investment scheme, with a registered office, or whose management company is with a registered office in a third country may publicly offer its units in the Republic of Bulgaria while complying with the provisions of Art. 141, 143 and 144.

(2) (Am. – SG, iss. 86 in 2006) The collective investment scheme under para 1 must sell (issue) and redeem its securities by a management company or a legal person from a third country that has obtained a license to pursue the business of a management company through a branch on the territory of the Republic of Bulgaria under the procedure of Art. 202 para 11.

(3) (Am. – SG, iss. 86 in 2006) A collective investment scheme under para 1, its management company respectively, shall conclude a contract with a person under Art. 211h, para 1, item 6. In respect to the contract under the previous sentence, Art. 211h, para 2, second sentence shall apply accordingly.

(4) Am. – SG, iss. 86 in 2006) The management company or a legal person from a third country that has obtained a license to pursue the business of a management company through a branch on the territory of the Republic of Bulgaria may not be one and same person or related person with the person under Art. 211h, para 1, item 6. In such case Article 173 shall apply.

Title Five
COERCIVE ADMINISTRATIVE MEASURES AND ADMINISTRATIVE LIABILITY
Chapter Nineteen
COERCIVE ADMINISTRATIVE MEASURES

Art. 212. (1) (Am. – SG, iss. 39 in 2005, am. iss. 52 in 2007) When it is established that supervised persons, their employees, persons performing managerial functions under a contract or entering into transactions for the account of supervised persons, as well as persons holding 10 or more than 10 per cent of the votes in the general assembly of the supervised persons, have carried out or carry out activities in contravention of this Law, its implementing instruments, decisions of the Commission or the deputy chairman, as well as where the exercising of control activity by the Commission or the deputy chairman is prevented or the interests of investors are jeopardized, the Commission, respectively the deputy chairman may:

1. oblige them to take specific measures needed to prevent and remove the offences, their prejudicial effects or the threat to the interests of investors, within a time limit set by the Commission;

2. convene, with an agenda determined by the Commission, a general assembly and/or schedule a meeting of the governing or supervisory bodies of the persons supervised by the Commission in view of passing resolutions on the measures to be taken;

3. (Am. – SG, iss. 61 in 2002) inform the public of any activities that jeopardize investors' interests;

4. (Am. – SG, iss. 86 in 2006) suspend, for a period of 10 consecutive working days or definitively, the sale or the carrying out of transactions in certain securities;

5. refuse to give a confirmation for the prospectus of a new issue of securities;

6. (Am. – SG, iss. 39 in 2005) order in writing a supervised person to remove one or more persons authorised to manage and represent the corresponding person and divest such person of his managerial and representation rights until his removal;

7. appoint quaestors in the cases provided for in this Law;

8. (Am. – SG, iss. 39 in 2005) appoint a registered auditor who should conduct a financial or other audit of a supervised person, in accordance with requirements set by the deputy chairman. The expenses shall be covered by the audited person;

9. (New – SG, iss. 39 in 2005) take a decision for temporary suspension of the redemption of shares of an open-end investment company, or units of contractual funds.

(2) (New – SG, iss. 61 in 2002, am. iss. 39 in 2005) A coercive administrative measure shall also be the revocation of licenses to carry out activities, provided for in this Law, except in the cases where a person has explicitly renounced the license issued.

(3) (Prev. para 2 – SG, iss. 61 in 2002) The measures under para 1, item 6 shall not apply to public companies and to the issuers of securities.

(4) (Prev. para 3 – SG, iss. 61 in 2002, am. iss. 39 in 2005; iss. 52 in 2007) Where it establishes that a bank carries out its activities in contravention of this Law or of its implementing instruments, the deputy chairman may apply the measures under para 1 item 1, may propose to the Commission the applying of the measures under para 1 item 5, as well as to propose to the Bulgarian National Bank to apply the measures under Art. 103 para 2 of the Law on Credit Institutions. The Bulgarian National Bank must communicate its decision to the deputy chairman within one month as from receipt of the proposal of the deputy chairman.

(5) (Prev. para 4 – SG, iss. 61 in 2002, am. iss. 39 in 2005; iss. 52 in 2007) The deputy chairman may propose to the Bulgarian National Bank to withdraw a bank's license only if the corresponding entity systematically violates the provisions of this Law or of its implementing instruments.

(6) (Prev. para 5 – SG, iss. 61 in 2002; am. iss. 39 in 2005; cancelled – SG, iss. 52 in 2007)

(7) Prev. para 6 – SG, iss. 61 in 2002, am. iss. 39 in 2005; iss. 34 in 2006) Upon request from the Commission, respectively the deputy chairman, the Registry Agency shall enter in the commercial register the circumstances, respectively shall announce the acts under para 1.

Art. 213. (1) (Am. – SG, iss. 39 in 2005) The proceedings for imposing the coercive administrative measures shall be started on the initiative of the deputy chairman, and in the cases under Art. 212, para 1, item 5, 6 and 7 - on the initiative of the Commission.

(2) The notifications and announcements in the proceedings under para 1 may be made via registered mail with delivery receipt, via telegram, over the phone, telex or fax. Notifications and announcements with registered mail with delivery receipt or telegram are verified by a message upon their delivery, those made over the phone - in writing by the person who delivered, and those by telex or fax - by written confirmation for the sent notification.

(3) (Am. - SG, iss. 8 in 2003, am. iss. 39 in 2005) When the notifications and announcements about proceedings under para 1 are not received on the address, telephone, telex or fax specified by the persons or entered in the respective register under Art. 30, para 1 of the Financial Supervision Commission Act, the notifications and announcements are considered sent with their posting on a special place in the building of the Commission, for this purpose. The later is ascertained by a protocol prepared by officers appointed by an order of the deputy chairman.

(4) (Am. – SG, iss. 39 in 2005) The coercive administrative measures under Art. 212, para 1, item 1 - 4, 8 and 9 shall be applied by a written reasoned decision of the deputy chairman, and the coercive administrative measures under Art. 212, para 1 item 5, 6 and 7 by a written reasoned decision of the Commission, which shall be communicated to the person concerned within 7 days as of its pronouncement.

Art. 214. (1) (Cancelled – SG, iss. 39 in 2005).

(2) (Am. – SG, iss. 61 in 2002, am. iss. 39 in 2005) The decision to apply a coercive administrative measure shall be subject to immediate enforcement, regardless of whether it has been appealed against.

Art. 215. (Am. – SG, iss. 86 in 2006) Unless special rules are provided for in the present chapter, the relevant provisions of the Law on Administrative Procedure Code shall apply.

Chapter Twenty
QUAESTOR

Art. 216. (1) (Am. – SG, iss. 39 in 2005) The Commission may appoint one or several quaestors:
1. (Cancelled – SG, iss. 52 in 2007);
2. (Am. – SG, iss. 39 in 2005; iss. 52 in 2007) of an investment company and management company:
a) by adopting a resolution to impose a sanction under Art. 212 para 1 items 1 or 6 for a period of up to three months; or
b) in case of withdrawal of the license to pursue business – until the court appoints a liquidator or trustee, respectively.

(2) (Am. – SG, iss. 39 in 2005) Where upon the expiration of the three-month time limit under para 1, item 2, letter “a” the company’s license to pursue business is not withdrawn, the powers of the quaestor shall be discontinued and the rights of the company’s bodies shall be restored.

(3) (Am. – SG, iss. 39 in 2005) The Commission may at any time terminate the powers of a quaestor and appoint another one in his place. The act shall not be subject to appeal.

Art. 217. (1) The quaestor must be a natural person.

(2) (Am. iss. 52 in 2007) The quaestor must satisfy the conditions under Art. 167 para 1 item 1, 2, 3 and 6, and:

1. not be a sole trader or member of an executive or supervisory body, or general partner in a company or co-operative, if insolvency proceedings have been instituted or if that company or co-operative has been terminated and there are unsatisfied creditors;

2. not be an insolvent debtor whose rights are not restored;

3. not be the spouse, a relative in the direct or collateral line up to the sixth degree or by affinity up to the third degree to a member of a governing body of the person under Art. 216, para 1 whose powers are terminated with the act of appointment of the quaestor;

4. not have with the person under Art. 216, para 1 or with his debtor relations which give good reasons to doubt the quaestor's impartiality.

(3) (Am. – SG, iss. 39 in 2005) The quaestor shall declare in writing before the Commission the circumstances under para 2. He must forthwith notify the Commission of any change in those circumstances.

Art. 218. (1) (Am. – SG, iss. 39 in 2005) After issuing the act of appointment of a quaestor the Commission shall forthwith serve it on the person under Art. 216, para 1 and shall publish a notice in at least one central daily newspaper.

(2) With the appointment of a quaestor all powers of the supervisory and the managing board or the board of directors, respectively, of the person under Art. 216, para 1, shall be terminated and shall be exercised by the quaestor, unless the act of appointment provides for some restrictions. The quaestor shall take all necessary measures to protect the interests of investors.

(3) During the management of the quaestor the general meeting of shareholders may only be convened by the quaestor and shall pass resolutions in accordance with the agenda announced by the quaestor.

(4) Acts and transactions carried out in the name of and for the account of the person under Art. 216, para 1 without preliminary authorization from the quaestor shall be void.

(5) (Am. – SG, iss. 39 in 2005) Where two or more quaestors are appointed, they shall make decisions unanimously and shall exercise their powers jointly, unless otherwise decided by the Commission.

(6) (Am. – SG, iss. 39 in 2005) The Commission may issue binding instructions to the quaestors in relation to their activities.

(7) (Am. – SG, iss. 39 in 2005) The quaestor shall report on his activities only to the Commission and, upon the latter's request, shall forthwith submit a report on his activities.

Art. 219. (1) The quaestor shall have unrestricted access to and control over the offices of the person under Art. 216, para 1, the accounting and other documents and its property.

(2) Upon request from the quaestor the Public Prosecution and the authorities of the Ministry of the Interior shall render assistance for the exercise of his powers under para 1.

Art. 220. (1) The quaestor shall exercise his powers with due diligence. He shall only be liable for damages, which he has caused intentionally or with gross negligence.

(2) All employees of the person under Art. 216, para 1 must assist the quaestor in exercise of his powers.

(3) (Am. – SG, iss. 39 in 2005) The quaestor shall receive for his work remuneration for the account of the person under Art. 216, para 1, which shall be determined by the Commission.

Chapter Twenty-One
ADMINISTRATIVE LIABILITY AND PENALTY PAYMENTS

Art. 221. (1) (Am. – SG, iss. 61 in 2002, iss. 8 in 2003, iss. 39 in 2005) Any person who commits or admits the committing of an offence under:

1. (Am. iss. 52 in effect from 3 July 2007) Art. 100y para 1 and 2, Art. 114b para 2, Art. 191 para 4, 7 and 8, Art. 211j of this law and the implementing ordinances shall be liable to a fine from BGN 200 to BGN 1 000;

2. (Am. – SG, iss. 84, 86 in 2006; am. iss. 25, 52 in 2007; iss. 23 in 2009) art. 81 , para 1, art. 82б, para 1 and 2, art. 84, para 2, 3 and 4, art. 85, para 5, art. 86, para 2 and 3, art. 89, para 3 , art. 92a, para 2, 5, 6 and 7, sentence one, art. 92d, para 1, 3 and 4, art. 100j para 3, art. 100m, 100n art. 100o para 2 and 3, art. 100r, 100s, art. 100v para 3 and 5, art. 100w, art. 1, 2, 3, 5 and 6, art. 100x, art. 2 and 3, art. 110, para 6, sentence two, and para 9, art. 110c, art. 111, para 6, sentences one and two, art. 111a, para 1 - 3, art. 112б, para 12, art. 115, para 1, sentence one, and para 2, 4, 5, 6, 7 and 9, art. 115б, para 2 and 5, art. 115c, para 2 and 3, art. 115d para 3, 5 and 7, art. 116, para 3, 5 - 7 and 11, art. 117, art. 120a, para 1 - 3, art. 122, para 3, art. 142, art. 151, para 3 - 6, art. 151a, para 4, art. 154, para 1 and 3, art. 155, para 5, art. 157, art. 157a, para 7 and 8, art. 173, para 12, art. 174, art. 180, para 3, art. 183, para 2, art. 184, para 2, art. 187, para 4, art. 189, art. 192, para 3, art. 196, para 14 and art. 206, para 2 , shall be liable to a fine from BGN 500 to BGN 2 000;

3. (Am. - SG, iss. 86 in 2006, iss. 52 in 2007) art. 77a, para 3 and 4, art. 77n, para 1, 2, 4 and 11, art. 77x, art. 80, para 1 and 3, art. 85, para 1 and 2, art. 89, para 1, sentence two, and para 2 and 4, art. 92a, para 7, sentence two, para 8, art. 92c, para 2 and 5, art. 100g, para 1 and 2, art. 111, para 2 and 8, art. 112b, para 3, sentences one, and para 8, art. 112e, art. 115c, para 5, art. 116b, art. 116d, para 1, 3 and 5, art. 119, para 6, sentence two, and para 7, art. 126, para 2, art. 126f, para 4, art. 126g, para 1, art. 127, para 3 and 4, art. 133, para 1, sentence two, and para 3, art. 135, para 1, art. 141, para 1 and 2, art. 145, para 1 and 3, art. 146, para 1, art. 148, para 1 - 4 and 6, art. 148a, para 1, art. 148b, art. 148c, para 1, art. 164, para 2, art. 168, para 3, art. 170, para 1, art. 173, para 1, sentence one, and para 5, art. 177a, para 6 and 8, art. 187, para 3, sentence one, art. 190, art. 191, para 1 and para 4, sentence one, art. 193, para 9, art. 197, para 3, art. 200, para 1, art. 202, para 9 and 10, art. 210, art. 211a, para 1, 5 and 6, art. 211b, para 1, 4, 5 and 6, art. 211e, para 2, 3 and 4, art. 211f, para 1, 2 and 3, art. 211h, para 1 and 3, art. 211i, para 1 - 3, art. 211l, para 1, 2 and 4 and § 5, § 7, para 2 and § 10, para 5 of the Transitional and Final Provisions shall be liable to a fine from BGN 2 000 to BGN 5 000;

4. (Am. and suppl. - SG, iss. 86 in 2006, am., iss. 52 in 2007; iss. 23 in 2009) art. 78, para 1, 2 and 3, art. 79, para 2, art. 100l, para 1 and 2, art. 100d, para 2, 3 and 4, art. 114, para 2, art. 114a, para 1, art. 114b, para 1, art. 115, para 11, art. 116a, para 3, art. 126b, para 4, art. 128, para 3, art. 134, para 1 and 2, art. 139, para 2 and 4, art. 149, para 1, 2, 6 and 8, art. 149a, para 2, 3 and 5, art. 149b, para 2, art. 150, para 9, art. 157b, para 2, art. 169, art. 170, para 2 , art. 172, art. 173, para 6, art. 175, art. 176, art. 186, art. 193, para 1, 5, 6 and 10, art. 194, para 3 and 5, art. 195 , art. 196, para 1 - 7, 9 - 12, art. 197, para 1, art. 197b, para 3 and 5, art. 199, art. 201, para 2 and 5, art. 202, para 7 and 8, art. 203, para 6 and § 8 of the Transitional and Final Provisions shall be liable to a fine from BGN 5 000 to BGN 10 000.

(2) (New – SG, iss. 61 in 2002) In case of a repeated offence under para 1, the guilty person shall be liable to a fine as follows:

1. for offences under para 1, item 1 - from BGN 500 to BGN 2 000;

2. for offences under para 1, item 2 - from BGN 2 000 to BGN 5 000;

3. for offences under para 1, item 3 - from BGN 5 000 to BGN 10 000;

4. for offences under para 1, item 4 - from BGN 10 000 to BGN 20 000.

(3) (Prev. para 2, am. – SG, iss. 61 in 2002, am. iss. 39 in 2005) Any person who carries out or allows the carrying out of transactions in and activities with securities by way of occupation without having obtained license, respectively authorization under the conditions and the procedure of this law shall be liable to a fine of 5 000 to 50 000 Leva, if the act does not constitute a crime.

(4) (Prev. para 3, am. – SG, iss. 61 in 2002) Any person who attracts or allows the attraction of moneys and/or other property rights, unless under conditions and procedure laid down in another law, through invitations (statements) addressed to more than fifty persons or to an indefinite number of persons, including through the mass media, without having complied with the requirements of this law and of the instruments issued for its implementation, shall be liable to a fine from 5 000 to 50 000 Leva if the act does not constitute a crime.

(5) (Cancelled, prev. para 4, am. – SG, iss. 61 in 2002, iss. 8 in 2003, iss. 39 in 2005; iss. 84 in 2006; iss. 52 in 2007) Any person who commits or allows an offence to be committed under Art. 77o para 2 and 3, Art. 114 para 1, 6 and 7, Art. 114a para 3 and 4, Art. 126c, Art. 133 para 2 and 4, Art. 184 para 1, Art. 206 para 1 shall be liable to a fine from BGN 20 000 to BGN 50 000 if the act does not constitute a crime.

(6) (New – SG, iss. 61 in 2002) In case of non-compliance with a coercive measure of the Commission under Art. 212, para 1, items 1, 2, 4, 6 and 8, those who have committed the act and those who have allowed it shall be liable to a fine from BGN 5 000 to BGN 20 000.

(7) (New – SG, iss. 61 in 2002) In the cases under para 3, 4 and 5, those who aid, abet and conceal a crime shall also be penalized, taking into account the nature and extent of their involvement.

(8) (New – SG, iss. 61 in 2002) For offences under para 1 – 6 a property sanction shall be imposed on legal entities and sole traders as follows:

1. for offences under para 1, item 1 - from BGN 500 to BGN 2 000 and in case of a repeated offence - from BGN 1 000 to BGN 5 000;

2. for offences under para 1, item 2 - from BGN 2 000 to BGN 5 000 and in case of a repeated offence - from BGN 5 000 to BGN 10 000;

3. for offences under para 1, item 3 - from BGN 5 000 to BGN 10 000 and in case of a repeated offence - from BGN10 000 to BGN 20 000;

4. for offences under para 1, item 4 - from BGN 10 000 to BGN 20 000 and in case of a repeated offence - from BGN 20 000 to BGN 50 000;

5. for offences under para 3, para 4 and para 5 - from BGN 50 000 to BGN 100 000 and in case of a repeated offence - from BGN 100 000 to BGN 200 000;

6. for offences under para 6 - from BGN 10 000 to BGN 50 000.

(9) (New – SG, iss. 61 in 2002) The provisions of the previous paragraphs shall also apply to transactions and activities under § 1a carried out in violation of Chapters Three, Five and Nine of the law.

(10) (Prev. para 6, am. – SG, iss. 61 in 2002) Incomes acquired from activities unlawfully carried out shall be confiscated in favour of the State to the extent to which the affected persons cannot be compensated.

Art. 222. (1) (Am. – SG, iss. 39 in 2005) The protocols for established offences under Art. 221 shall be drawn up by authorised by the deputy chairman officials, and the penalty warrants shall be issued by the deputy chairman.

(2) The establishment of offences, the issuing of, appeal against and enforcement of penalty warrants shall be carried out in accordance with the Law on Administrative Offences and Penalties.

ADDITIONAL PROVISIONS
(Title am. – SG, iss. 61 in 2002)

§ 1. For the purposes of this law:

1. "Investor" means:

a) a person who, for his own account exposes to risk money or other property rights by means of acquiring, holding and transferring securities without possessing the qualification and experience needed for that purpose (retail investor);

b) (Cancelled – SG – iss. 52 in 2007);

c) (Am. – SG, iss. 39 in 2005) a bank that does not operate as an investment intermediary, an investment company, contractual fund, insurance company, pension fund or any other company the objects of which require that securities be acquired, held and transferred (institutional investor).

2. (Am. – SG, iss. 61 in 2002; iss. 86 in 2006, iss. 52 in 2007) Financial instruments" shall be the financial instruments within the meaning of Art. 3 of the Markets in Financial Instruments Act;

3. "Rights" means securities giving the right to subscribe for a given number of shares in relation to a resolution passed for increase in the capital of a public company.

4. "Warrant" means a security which expresses the right to subscribe for a given number of securities at a price fixed in advance before the expiration of a fixed time limit.

5. (New – SG, iss. 86 in 2006, cancelled, iss. 52 in 2007)

6. (New – SG, iss. 86 in 2006 cancelled, iss. 52 in 2007)

7. (New – SG, iss. 86 in 2006 cancelled, iss. 52 in 2007)

8. (New – SG, iss. 61 in 2002) "Bulgarian depository receipts" means securities issued in the country that give rights derivative of the rights under other (basic) securities, where the rights under the basic securities are exercised to the benefit of the derivatives holders.

9. (Prev. it. 8 – SG, iss. 61 in 2002, am. iss. 52 in 2007) "Issuer" means an entity, obligated on the securities:

a) which it issues or has issued through initial public offering of securities, including upon the company's incorporation;

b) which are admitted to trading on a regulated securities market.

In the cases of depository receipts for securities, the issuer shall be the person, which issued the underlying securities.

10. (Prev. it. 9 – SG, iss. 61 in 2002) "Subscribing" means an unconditional and irrevocable statement of intention of the investor to acquire securities in the process of issuance and for payment of their issuance value.

11 (Prev. it. 10 – SG, iss. 61 in 2002) "Underwriting" exists where an investment intermediary by virtue of a contract with the issuer subscribes or is obliged to subscribe for his own account the whole issue of securities or part of it and offers the issue for initial sale.

12. (Prev. item 11 – SG, iss. 61 in 2002) "Related persons" means:

a) (Am. – SG, iss. 39 in 2005) persons one of which controls the other person or its subsidiary;

b) persons the activities of which are controlled by a third party;

c) persons who jointly control a third party;

d) (Am. – SG, iss. 39 in 2005) spouses, relatives in the direct line without limitation and in the collateral line up to fourth degree inclusive, and relatives by affinity up to the fourth degree inclusive.

13. (Am. – SG, iss. 61 in 2002) "Control" exists where one person:

a) holds including through a daughter company or under an agreement with another person more than 50 percent of the votes at the general meeting of a company or another legal entity; or

b) (Am. – SG, iss. 39 in 2005) may appoint, directly or indirectly, more than half of the members of the governing or the control body of a legal entity; or

c) may otherwise exercise a decisive influence on the decision-making in relation to the business of a legal entity.

14. (Prev. item 13 – SG, iss. 61 in 2002) "Clearing" means the mutual off-set of counter claims of the parties to a transaction in securities.

15. (Prev. item 14 – SG, iss. 61 in 2002) "Settlement" means the performance of the obligations under a transaction in securities for their registration on the securities account of the acquiring party at the Central Depository, and payment therefore.

16. (Prev. item 15 – SG, iss. 61 in 2002, cancelled, iss. 52 in effect from 3 July 2007)

17. (Prev. item 16 – SG, iss. 61 in 2002) "Systematic offence" exists when three or more administrative offences under this law and/or its rules for implementation have been committed within one year.

18. (Prev. item 17 – SG, iss. 61 in 2002, cancelled, iss. 52 in effect from 3 July 2007)

19. (Prev. item 18 – SG, iss. 61 in 2002, cancelled, iss. 52 in effect from 3 July 2007)

20. (Prev. item 19 – SG, iss. 61 in 2002) "Balance-sheet value of one share" means the quotient arrived at by dividing the value of the own capital according to the balance-sheet by the number of shares issued;

21. (Prev. item 20 – SG, iss. 61 in 2002) "Administration of securities" means carrying out, by virtue of a contract with a public company or issuer of debt securities, and for their account, acts relating to the exercise of rights attaching to securities, such as distribution of dividends, interest, principal, rights, securities free of charge, effecting and controlling of payments relating to securities, dissemination of reports and information about general meetings and other acts relating to those listed above.

22. (Prev. item 21 – SG, iss. 61 in 2002, iss. 39 in 2005) "Net asset value" is the sum of the market value or, where there is no market value, the balance-sheet value of the securities in the portfolio of an investment company, or the value calculated by principles and methods approved by the deputy chairman, the balance-sheet value of the claims for interest and dividends on those securities, the funds on bank accounts and in cash and other assets, reduced by the value calculated by principles and methods approved by the deputy chairman or by the balance-sheet value of the liabilities for management, for loans received, etc.

23. (New – SG, iss. 61 in 2002) „A national daily" shall be a newspaper published every working day and distributed throughout the whole country.

24. (New – SG, iss. 61 in 2002) A „repeated" offence shall be an offence committed within a year of the effective date of the penal warrant penalizing the offender for an offence of the same kind.

25. (New – SG, iss. 61 in 2002) "Market price" shall be the cash for which an asset may be sold as of the moment of valuation in a direct transaction between a buyer and a seller who are informed, independent and willing to conclude the transaction.

26. (Am. – SG, iss. 39 in 2005, am. iss. 86 in 2006) “Collective investment scheme” shall be an undertaking organized as an investment company, fund of contractual type or unit trust, which invests cash, raised through offering of units, in securities and money market instruments in the sense of Art. 164b, as well as in other liquid financial assets under Art. 195 and which acts on the principle of risk diversification and on request of the shareholders, respectively the owners of units, redeems its units at price based on its net asset value.

27. (New – SG, iss. 86 in 2006) “Money market instruments” are instruments, which are usually dealt in on the money market, such as short-term government securities (treasury bills), certificates of deposit and commercial papers with the exception of payment instruments;

28. (New – SG, iss. 86 in 2006) “Certificate of deposit” is a commercial paper, issued by a bank against fixed money deposit;

29. (New – SG, iss. 86 in 2006) “Depository receipts” are securities, which are issued based on securities of an issuer registered in another state and giving the right to their holders to exercise the rights, attached to the underlying securities.

30. (New – SG, iss. 86 in 2006) “Depository receipts for shares” are securities expressing the right of their owner to receive an income from the issuer in amount, depending on the amount of the earnings of the issuer from the shares of another issuer and the right to exchange the receipts for shares.

31. (New – SG, iss. 86 in 2006) “Units of collective investment undertakings” are financial instruments issued by a collective investment undertaking, which express the rights of their owners over the assets of the collective investment undertaking;

32. (New – SG, iss. 86 in 2006) “Offeror” is a person, which offers publicly securities, of which he is not an issuer.

33. (New – SG, iss. 86 in 2006) “Person asking for admission of securities to trading on a regulated market” is a person which for his own account files and application for admission of securities to trading on a regulated market.

34. (New – SG, iss. 86 in 2006) “Offset transaction” means a transaction, with which reversing of already existing transaction is executed with the purpose for its closing.

35. (New – SG, iss. 86 in 2006) “Member State” means a state, which is a member of the European Union or another state, which belongs to the European Economic Area;

36. (New – SG, iss. 86 in 2006) “Third country” is a country, which is not a Member State within the meaning of item 35.

37. (New – SG, iss. 86 in 2006) “Branch of a management company” is a place of business activity, which is no personified part of the management company and offers services for which the management company has obtained license;

38. (New – SG, iss. 86 in 2006; am. iss. 25 in 2007) “Related persons” within the meaning of Title III, Chapter Five and Title IV are two or more natural or legal persons, related:

a) by participation which represents holding directly or though control of 20 or more than 20 per cent of the votes in the general meeting or of the capital of a single company;

b) by relation of control between the parent undertaking and the subsidiary, as well as by similar relations between every natural or legal person and a undertaking, and any subsidiary of a subsidiary shall also be considered as subsidiary of the parent undertaking, which is at the head of those undertakings;

c) by relations of control lastingly with one and the same person.

39. (New – SG, iss. 86 in 2006; am. iss. 25 in 2007) “Control” in the sense of item 38 exists where one entity (the parent undertaking):

a) holds more than a half of the votes at the general meeting of another legal entity (subsidiary); or

b) may appoint more than a half of the members of the governing or the control body of another legal entity (subsidiary) and is at the same time a shareholder or a partner in such entity; or

c) is entitled to exercise a decisive influence on a legal entity (subsidiary) by virtue of a concluded with such entity contract or of its basic instrument or articles of association, if this is admissible according the legislation, applicable to the subsidiary, or;

d) is a shareholder or a partner in a company, and:

aa) more than a half of the members of the management or control body of such legal entity (subsidiary), which performed the relevant functions in the preceding and current fiscal year and until the time of preparation of the consolidated financial statements, have been appointed only as a result of the exercising of his/her voting right; or

bb) who controls independently or by virtue of a contract with other shareholders or partners in such legal entity (subsidiary) more than half of the votes in the general meeting of this legal entity; or

e) may otherwise exercise a decisive influence over the decision-taking in relation to the operation of another legal entity (subsidiary).

In the cases under Items (a) (b) and (d) to the votes of the controlling person shall be added the votes of its subsidiaries over which it exercises control, as well as the votes of persons acting on their own behalf but for its account or for the account of its subsidiary company.

In the cases under Items (a), (b) and (d) the votes of the controlling person shall be reduced by votes on shares held at the expense of a person being nor a controlling person neither its subsidiary, as well as by votes on shares which are subject to pledge in case the rights on them are exercised on the order or to the benefit of the pledgor.

In the cases under Items (a) and (d) the votes of the controlling person shall be reduced by votes on shares held by the subsidiary itself through a person controlled by it or through a person acting on its behalf but on the account of the controlling person and of the subsidiary company.

40. (New – SG, iss. 25 in 2007) "Insurers and reinsurers" within the meaning of Art. 54 para 11 item 1 are the persons under Art. 1 of Council Directive 73/239/EEC on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life insurance, the persons under Art. 1 of Directive 2002/83/EC of the European Parliament and the Council concerning life assurance, respectively the persons carrying out activity of reinsurance and retrocession under Council Directive 64/225/EEC on the abolition of restrictions on freedom of establishment and freedom to provide services in respect of reinsurance and retrocession.

41. (New – SG, iss. 52 in 2007) "Regulated information" shall be the information which is required to be disclosed by the issuer or the person that has requested without the issuer's consent admission of the securities to trading on a regulated market, according Chapter Six "a", Division II, Chapter Eleven, Division I and under Art. 12 of the Law on Measures against Market Abuse With Financial Instruments and its implementing instruments.

42. (New – SG, iss. 52 in 2007) "Electronic means" means devices for electronic processing, including for digital compressing, storage and transfer of data via cable, radio waves and optical or other electromagnetic means.

43. (New – SG, iss. 52 in 2007) "Shareholder" within the meaning of Chapter Eight and Chapter Eleven, Division I shall be a person, who directly or indirectly owns:

a) issuer's shares on his behalf and for his account;

b) issuer's shares on his behalf but for the account of another person;

c) depository receipts, in which case the owners of the depository receipts are considered shareholders of the underlying shares, for which the depository receipts were issued.

44. (New – SG, iss. 52 in 2007) "Controlled company" within the meaning of Chapter Six "a" and Chapter Eleven, Division I means a company in which one entity:

a) holds, including through a subsidiary, more than a half of the votes at the general meeting;

b) is entitled to appoint more than a half of the members of the governing or the control body and is at the same time a shareholder or a partner in such entity; in the case under sentence one, to the votes of the controlled entity shall be also added the votes of the companies over which it exercises control, as well as the votes of the persons who act on their behalf but for its account or for the account of controlled by it entity;

c) is a shareholder or a partner, and controls independently by virtue of agreement with other shareholders or partners in such legal entity, more than a half of the votes in the general meeting;

d) is entitled to exercise or actually exercises a decisive influence over the company.

45. (New – SG, iss. 52 in 2007) "Market maker" means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against his proprietary capital at prices defined by him;

46. (New – SG, iss. 52 in 2007) "Tender offer" means a public offering, made by the tender offeror at his discretion, or by virtue of the law, for the purchase and/or exchange of all or a part of the voting shares in the general meeting of a public company, the result of which or the objective of which is acquisition of voting shares at the general meeting of the company – subject of a tender offer, over the envisaged in the law thresholds for making a tender offer.

47. (New – SG, iss. 52 in 2007) "Company – subject of a tender offer" means a company whose shares are subject of a tender offer.

48. (New – SG, iss. 52 in 2007) "Tender offeror" means a natural person or a legal entity, making a tender offer.

§ 1a. (New – SG, iss. 61 in 2002) To transactions and activities with compensation notes and housing compensation notes under the Law on Compensation of Owners of Nationalized Property as well as to registered compensation vouchers under the Law on Ownership and Use of Farm Land and the Law on Restoration of Ownership over Forests and Land in the Forestry Reserve, Chapters Three, Five and Nine shall apply accordingly.

§ 1b. (New – SG, iss. 86 in 2006, am. iss. 52 in 2007) The provisions of Title Three, Chapter Nine shall apply accordingly also to financial instruments.

§ 1c. (New – SG, iss. 86 in 2006) This Law implements the provisions of:

1. Council Directive 85/611/EEC on the coordination of the laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS);

2. (Cancelled – SG, iss. 52 in 2007);

3. Directive 97/9/EC of the European Parliament and of the Council on investor-compensation schemes;

4. Directive 2003/71/EC of the European Parliament and of the Council on the prospectuses to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC..

5. (Cancelled – SG, iss. 52 in 2007);

6. (New – SG, iss. 52 in effect from 3 July 2007) Directive 2004/109/EC of the European Parliament and of the Council on harmonization of transparency requirements in relation to information about the issuers, whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC;

7. (New – SG, iss. 52 in effect from 3 July 2007) Directive 2004/25/EC of the European Parliament and of the Council on takeover bids.

8. (New – SG, iss. 23 in 2009, in effect from 27 March, 2009) Directive 2007/36/EC of the European Parliament and of the Council of 11 July, 2007 on the exercise of certain rights of shareholders in listed companies (OJ, L 184/17 from 14 July, 2007).

TRANSITIONAL AND FINAL PROVISIONS

§ 2. This Law repeals the Law on Securities, Stock Exchanges and Investment Companies (published, State Gazette, issue 63 of 1995, am. iss.68 and 85 of 1996; iss. 52 and 94 of 1997; iss. 42 and 52 and 127 of 1998; issue 29 of 1999).

§ 3. (1) The ordinances adopted by the Council of Ministers for implementation of the repealed Law on Securities, Stock Exchanges and Investment Companies shall preserve their effect , unless the former ordinances contradict this law.

(2) (Am. – SG, iss. 61 in 2002; cancelled iss. 59 in 2006).

§ 4. Upon entry into force of the law the "The Securities and Stock Exchanges Commission" under the repealed Law on Securities, Stock Exchanges and Investment Companies is renamed "Bulgarian National Securities Commission". The Chairman, the Vice-chairman and the members of the Securities and Stock Exchanges Commission preserve their rights until expiration of their term in office.

§ 5. (1) The licenses, confirmations and approvals issued in accordance with the repealed Law on Securities, Stock Exchanges and Investment Companies remain valid and the persons who have obtained the above and the banks which have obtained license to carry out transactions under Art. 1, para 2, item 4 of the Law on Banks, must bring their organisation and activities in conformity with the requirements of this law within three months as from its entry into force.

(2) The persons authorized to perform activities under Art. 129, para 1, item 2 of the repealed Law on Securities, Stock Exchanges and Investment Companies and under Art. 1, para 2, item 7 of the Law on Banks, shall terminate the performance of these activities upon the enactment of the regulation of Art. 168, para 1 of this Law.

(3) The investment companies into which privatisation funds have re-organized their business must bring their assets in conformity with the requirements of Arts 195 and 196, and of Art. 201, respectively, within one year as from the entry into force of this Law.

(4) Existing investment companies must bring their capital in conformity with the minimum amount under Art. 166, para 1 or 2 within one year as from the entry into force of this law.

(5) (In effect from 30.12.1999) The companies whose securities were traded in accordance with § 2a of the repealed Law on Securities, Stock Exchanges and Investment Companies without a prospectus on the official market of a stock exchange can be traded without a prospectus in accordance with Art. 102, para 3 up to six months after entry into force of this law.

§ 6. The active proceedings on issuance of licenses, confirmations and approvals in accordance with the repealed Law on Securities, Stock Exchanges and Investment Companies shall continue under this law. Where necessary the deputy chairman in charge of Investment Activity Supervision Division shall specify a deadline for the affected persons to bring their organisation and activities in compliance with the regulations of this law.

§ 7. (1) The companies under Art. 83a, para 1 of the repealed Law on Securities, Stock Exchanges and Investment Companies are public companies until they are deleted from the register of the deputy chairman in charge of Investment Activity Supervision Division under the procedure of Art. 119 of this Law.

(2) The companies under Art. 83a, para 1, item 2 of the repealed Law on Securities, Stock Exchanges and Investment Companies which, at the moment of entry into force of this law, are not registered with the deputy chairman in charge of the Investment Activity Supervision Division, shall file, within 14 days as from the entry into force of this law, documents for registration as determined by the deputy chairman in charge of Investment Activity Supervision Division. The registration is conducted according to the conditions and procedure set by this Law.

§ 8. Until the deputy chairman in charge of Investment Activity Supervision Division gives an approval under Art. 46, trading in securities not accepted on the official market of a stock exchange shall only take place on a stock exchange under the conditions and procedure laid down in the stock exchange rules. Art. 44, para 4 does not apply in this case.

§ 9. Existing non-public companies which have issued dematerialised securities must, within three months as from the entry into force of this law, register them at the Central Depository or pass a resolution on their conversion into materialised securities.

§ 10. (1) The provisions of this law concerning public offering and trading in securities shall not apply to:

1. (Am. – SG, iss. 61 in 2002) sale of shares in the cases of privatization, except where the sale is effected over a stock exchange or under the conditions of tender offering;

2. sale of shares indirectly owned by the state through the Bank Consolidation Company or through a holding which is controlled by the state, except if the sales is done on a regulated securities market

(2) (Am. – SG, 28 in 2002, iss. 61 in 2002) Buyers of shares in privatization transactions and transactions with Bank Consolidation Company – AD Sofia shall not have an obligation under Art. 149, para 1 if they are over the threshold of 50 percent of the votes at the general meeting of a public company through such transaction, just as no obligation under Art. 149, para 6 arises if they exceed the threshold of 2/3 of the votes through such transaction. The exception under the previous sentence shall not apply if a transaction was concluded on a stock exchange.

(3) Article 113 shall not apply in the cases where as at the time of entry into force of this law, an existing privatization agreement explicitly provides for the capital of the company to be increased as stipulated in Art. 195 of the Commercial Law in favour of the buyer's side in the agreement. In such cases the company shall notify, within 14 days as from the entry into force of this law, the deputy chairman in charge of Investment Activity Supervision Division and the regulated securities market, if shares issued by the company have been accepted for trading, about the existence of such an agreement.

(4) (Cancelled SG, issue 28 in 2002)

(5) (Am. – SG, iss. 28 in 2002, iss. 61 in 2002) The issues of shares for which it has been decided to be sold partially or in total as stipulated in Art. 32, para 1, item 4 of the Privatization and Post-privatization Control Law, are dematerialized and Art. 185, para 2, second sentence of the Commercial Law does not apply to those shares, and it is not necessary for the changes to be embedded in the articles of association of the companies. The general meeting of a company that is no longer public may decide to convert its shares into materialized shares and to include terms for their conversion in the charter.

(6) (New – SG, iss. 61 in 2002) The restrictions under Art. 111, para 4 about the issue of preferred shares by a public company shall not apply in cases of privatization of companies of national importance when the preferred shares are held by the state.

§10a. (New – SG, iss. 31 in 2003) (1) In the cases of privatization according Art. 32, para 1, item 1 of the Privatization and Post-privatization Control Law of a state-owned holding less than 50 percent of the capital, a tender offer under Art. 149a may be announced also in case that the offeror owns below 90 per cent, but not less than 2/3 of the votes in the general meeting of the company, the required majority under Art. 119, para 1, Item 3 in this case being three fourths.

(2) The tender offer under para 1 can be made not earlier than the expiry of 12 months after the sale's conclusion.

§10b. (New – SG, iss. 52 in 2007 in effect from 3 July, 2007) (1) Where on the day of coming into effect of Art. 157c, the voting shares of the company – subject of a tender offer according Art. 157c para 1 item 2 have been admitted to trading simultaneously on a regulated market in the Republic of Bulgaria and in another Member State, the Commission and the competent authorities of such Member States shall determine jointly which of them shall exercise the supervision over the tender offer, within 4 weeks of its coming into effect. If the competent authorities of the Member States fail to determine which of them shall exercise supervision on the tender offer, the company – subject of a tender offer shall assign that authority in the first day of trading, following the expiration of the term under sentence one.

(2) The Commission shall make public the decision under para 1 whereby it has been assigned to exercise supervision over the tender offer.

§ 11. (Am. – SG, iss. 8 in 2003) Existing persons under Art. 133, para (2) shall sign the corresponding declarations within 14 days as from the entry into force of this law.

§ 12. The Law on Banks (published, State Gazette, issue 52 of 1997; supplemented, issue 15, 21, 52, 70 and 89 of 1998; issue 54 and 103 of 1999) is amended and supplemented as follows:

1. In Art. 1, para (2):

a) item 4 is modified as follows: "4. transactions under Art. 54, para 1 of the Law on Public Offering of Securities;"

b) item 7 is repealed.

2. In Art. 1, para 5, item 6 is modified as follows:

"6. transactions under Art. 54, para 1 of the Law on Public Offering of Securities;"

3. In Art. 16, the following amendments are made:

a) In para 3 the words "and 7" are deleted and the words "The Law on Securities, Stock Exchanges and Investment Companies" are replaced with the words "The Law on Public Offering of Securities";

b) para 4 is added: "(4) Before passing a decision on the application for transactions under Art. 1, para 2, item 4, the Central Bank takes into consideration the written opinion of the Bulgarian National Securities Commission, if it is filed within a month from filing a written inquiry by the Central Bank in the Commission."

§ 13. The Commercial Law (published, State Gazette, issue 48 of 1991; amended and supplemented issue 25 of 1992; issues 61 and 103 of 1993; issue 63 of 1994; issue 63 of 1995; issues 42, 59, 83, 86 and 104 of 1996; issues 58, 100 and 124 of 1997; issues 52 and 70 of 1998; issues 33, 42, 64, 81, 90 and 103 of 1999) is amended and supplemented as follows:

1. In Art. 119, a new para 3 is created:

"(3) In order to enter in the commercial register the conduct of business operations of an investment intermediary, as well as other activities for which a separate law provides to be carried on with a license from a state authority, the corresponding license must be submitted."

2. In Art. 174, a new para (3) is inserted:

"(3) In order to enter in the commercial register the conduct of banking and insurance business operations, business operations of a stock exchange, investment intermediary, investment company, management company, as well as other activities for which a separate law provides to be carried on with a license from a state authority, the corresponding license must be submitted."

3. Para (3) of Art. 187a is deleted.

4. Art. 187b is amended as follows: "Dematerialised shares"

Art. 187b. A joint stock company may also issue dematerialised shares. The issuing and managing of dematerialised shares shall be governed by procedure laid down by law.

5. In Art. 192, a new para 7 is inserted:

"(7) In order for an increase in capital through subscription to be entered it shall be necessary to submit a confirmation for the prospectus, except in the cases where such prospectus is not required by the law."

6. Art. 204, para 1 and 2 are amended as follows:

"(1) A joint stock company may issue bonds at least 2 years after it is entered in the commercial register and if there are two annual financial reports approved by the general meeting.

(2) The requirement under para 1 does not relate to bonds issued or guaranteed by banks and by the state"

§ 14. In Art. 32, para 2 of the Administrative Violations and Penalties Act (Published, State Gazette, issue 92 of 1969; amended and supplemented issue 54 of 1978; issue 28 of 1982; issues 28 and 101 of 1983; issue 89 of 1986; issue 24 of 1987; issue 94 of 1990; issue 105 of 1991; issue 59 of 1992; issue 102 of 1995; issue 12 and 110 of 1996; issues 11, 15, 59, 85 and 89 of 1998; issue 51 and 67 of 1999) the words "or by the application of the Law on Public Offering of Securities" are added after the word "legislation".

§ 15. The Privatisation Funds Act (Published, State Gazette, issue 1 of 1996; amended and supplemented, issues 68 and 85 of 1996; issues 39 and 52 of 1998) is amended and supplemented as follows:

1. In Art. 2, para 1, the words "The Securities and Stock Exchanges Commission" are replaced with "Bulgarian National Securities Commission".

2. Wherever mentioned in this Law, the words "Law on Securities, Stock Exchanges and Investment Companies" are replaced with "Law on Public Offering of Securities".

§ 16. (1) (Am. – SG, iss. 67 in 2003) The Financial Supervision Commission adopts regulations on the implementation of this law.

(2) (Am. – SG, iss. 67 in 2003) The Financial Supervision Commission adopts regulations on:

1. the conditions and procedures for sale of securities not owned by the transferor;

2. the requirements to securities acquired by investors for the first time and not under the conditions of initial public offering, as well as requirements to transactions with the said securities;

3. preferential investment requirements, including investment in real estate, compared to the requirements set in Art. 175, Art. 195, Art. 196 and Art. 201 with an effective period of up to five years as from the entry into force of this law.

4. (Am. – SG, iss. 61 in 2002) the conditions and procedures for restitution to the injured persons of income unlawfully acquired pursuant to Art. 221, para 10.

5. (New – SG, iss. 61 in 2002) the conditions and procedures for issuing, transfer and annulment of Bulgarian depository receipts under §1, item 8 and the requirements to the issuers thereof.

(3) (Cancelled – SG, iss. 93 in 2002)

§ 17. (Am. – SG, iss. 8 in 2003) (1) This Law shall enter into force one month after its publication in the "State Gazette" except for the provision of Art. 168, para (1) which shall come into effect within six months as from the entry into force of this law. The provisions of Art. 68, para 1 item 1, have retrospective effect as of 1 January 1999. The provisions of Art. 113, § 5, para 5 come into force as of the date of publishing this Law in the State Gazette.

(2) The regulated securities markets licensed by the Bulgarian National Securities Commission (stock exchange and remote market) shall submit to the deputy chairman in charge of Investment Activity Supervision Division for approval their internal regulations, compliant to the law within 3 months of the date of publication of this Law.

TRANSITIONAL AND FINAL PROVISIONS of the Law on Amendment and Supplement to the Law on Public Offering of Securities (SG, iss. 61 in 2002)

§ 91. (1) The provisions of the law for an increase in the capital of a public company shall not apply if the decision of the general meeting to increase the capital is made before the effective date of the law but not more than one year before this date and the subscription for shares begins not later than 6 months of the effective date of the law.

(2) The provisions of the law for deletion of public companies under Art. 119 of the Law on the Public Offering of Securities shall not apply if the application for deletion with the attached necessary documents is filed with the Commission before the effective date of the Law.

(3) The obligation to make a tender offering for persons who have acquired more than 2/3 of the votes at the general meeting shall not arise for the persons who have acquired the votes before the effective date of the Law.

(4) In cases of pre-existing proceedings regarding tender offers, the Commission, if necessary, shall determine a term within which the persons must make them compliant with the provisions of this Law.

§ 92. Public companies shall be obligated to amend their charters and their Boards of Directors, respectively their supervisory boards, in compliance with the Law at the first general meeting held after effective date of the Law.

§ 93. (1) The terms, content and form of declaring the circumstances under Art. 145, para 1 and 2 shall be set out in a decision of the Commission until the respective ordinance is adopted under Art. 145, para 5.

(2) The Commission shall make the decision under para 1 within 14 days of the effective date of this law and shall make it public through a news agency and its web page.

(3) The persons who, as of the effective date of this law, can under the terms of Art. 148 exercise 5 percent and more of the votes at the general meeting of a company whose shares are listed on a regulated market, shall be obligated, within 3 months of the expiration of the term under para 2, to make a notification under Art. 145, para 1 and 2 and declare the respective

circumstances to the Commission. For failure to fulfil this obligation, the persons shall be liable under Art. 221, para 5 of the Law.

§ 94. The requirements for the application of valuation methods under Art. 122, para 9, Art. 126c and Art. 150, para 6 shall be laid down in a decision of the Commission until the respective ordinance is adopted.

§ 95. Throughout the law:

1. The words "accounting reports" and "the accounting reports" shall be replaced respectively with "financial statements" and "the financial statements".

2. the words "certified by a certified public accountant or a specialized audit firm" and "certified by a certified public accountant or by a specialized audit firm" shall be replaced with "audited by a registered auditor".

3. The words "certified by a certified public accountant" shall be replaced with "audited by a registered auditor".

4. The phrase "Art. 40, para 1 of the Accountancy Act" shall be replaced with "Art. 26, para 1 of the Accountancy Act"

TRANSITIONAL AND FINAL PROVISIONS of the Financial Supervision Commission Act (SG, issue 8 in 2003, effective as of 1 March, 2003)

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§ 5. The secondary regulations adopted with regard to implementation of the Public Offering of Securities Act, the Insurance Act, the Mandatory Social Insurance Code, the Health Insurance Act, the Supplementary Voluntary Pension Insurance Act, the Act on Protection against Unemployment and Promotion of Employment shall keep their validity to the extent the same are not in conflict with this Act.

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§ 8. The following amendments are made to the Public Offering of Securities Act (published in the State Gazette, Issue 114 of 1999; as amended in Issues 63 and 92 of 2000, issues 28, 61, 93 and 101 of 2002):

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2. Articles 9, 10, 11, 12, 13, 14, 15, 16, 16(a), 17, 18 and 19 and references to them in the Act are repealed.

3. Everywhere in the Act the word „commission" shall be replaced by „the Vice Chairman in charge of the Investment Activity Supervision Department „, with the exception of Chapter Two, Chapter Three, Sections II and IV, Chapter Five, Section II, Chapter Six, Section III, Chapter Seven, Section I, Chapter Eleven, Section II, Chapter Fourteen, Chapter Fifteen and Chapter Eighteen, Section II, where the word „commission" shall be replaced by „the Financial Supervision Commission".

ADDITIONAL PROVISIONS of the Law on Amendment and Supplement to the Law on Public Offering of Securities (SG, issue 39 in 2005)

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§ 134. In Art. 29, Art. 36, Art. 40 para (3), Art.90, Art. 92, Art. 93 para (1), (6) and (7), Art. 112d, Art. 140, Art. 149 para (1) Item 1 and para (4), Art. 149a para (2) and (3), Art. 149b, para (1) and (4), Art. 151, para (1), (2) and (3), Art. 157, Art. 157a, para (1), Art. 163 and Art. 209 the words "the Financial Supervision Commission" are replaced with the "the Commission".

§ 135. In Art. 51 para (1) and (2), Art. 83, Art. 100 para (3), Art. 107 para (3), Art. 108 para (1), Art. 112a para (3) sentence 2, Art. 119, para (4), (5), (6) and (7), Art. 126f para (1), Art. 135 para (1), Art. 197 para (2), Art. 222 para (1) and § 1, item 22 of the Additional Provisions the words "deputy chairman, in charge of the Investment Activity Supervision Division" and "the deputy chairman, in charge of the Investment Activity Supervision Division" are replaced with the "deputy chairman" and "the deputy chairman" respectively.

§ 136. In Art. 44 para (2), Art. 47, Art. 51 para (3), Art. 52, Art. 76, Art. 78 para (2), Art. 79a para (2), Art. 84 para (1), (2) and (3), Art. 85 para (1) and (2), Art. 87, Art. 88, Art. 95 para (1), Art. 96, Art. 100 para (1), Art. 100b para (3), Art. 100f para (2), Art. 100g para (1) item 2 and para (2) item 1, Art. 107 para (2), Art. 112a para (3) sentence 1, Art. 114b para (1), Art. 115b para (2), Art. 116 para (10), Art. 116d para (3) item 4, Art. 141 para (3), Art. 142 everywhere, Art. 145 para (1), (4) and (6), Art. 193 para (9) everywhere, Art. 217 para 3 everywhere, Art. 218 para (1), (5), (6) and (7) and Art. 220 para (3) the words "deputy chairman in charge of the Investment Activity Supervision Division" are replace with the "Commission" and "the deputy chairman in charge of the Investment Activity Supervision Division" are replaced with the "Commission".

§ 137. Everywhere in Chapter Three, Divisions I and II, Chapter Four, Chapter Five, Divisions I and II, Chapter Fourteen, Chapter Eighteen, Divisions I and II the words "authorization" and 'he authorization" are replaced with "license" and "the license" respectively.

TRANSITIONAL AND FINAL PROVISIONS

§ 138. By 31 January, 2006 the investment intermediaries must file an application for the issue of a new license to pursue the business of investment intermediary in compliance with the services and activities under Art. 54, para (2) and (3), which they intend to carry out.

§ 139. The existing investment intermediaries, management companies and banks shall within 6 months after the coming into effect of this Law, register the issued by them registered shares or temporary certificates as dematerialized at the Central Depository.

§ 140. (1) The existing management companies shall bring their capital in compliance with the minimum amount under Art. 203, para (1) by 1 January, 2006.

(2) By 31 January, 2006 the management companies must file an application for the issue of a new license to pursue the business of management company in compliance with the services under Art. 202, para (1) and (2), which they intend to carry out.

§ 141 (1) Public are also these companies, which at the last day of the preceding two calendar years before the coming into effect of the Law had over 10 000 shareholders.

(2) The companies under para (1) shall bring their activity in compliance with the requirements of the Law within a 6-month period of the coming into effect of this Law.

(3) Within the term under para (2) the company must declare for entry in the Commission's register the shares or temporary certificates issued by it and within a 7-day period of the entry in the register, to ask for their admittance for trading on a regulated market.

§ 142 (1) The members of the Management Board of the Fund for Compensation of Investors in Securities shall be appointed within a three-month period of the Law's coming into effect, their term of office starting to run as from the Law's coming into effect.

(2) The members of the first membership of the Management Board of the Fund for Compensation of Investors in Securities, formed according this Law, shall be appointed with the following mandate:

1. the Chairperson – for 5 years;
2. the Deputy Chairperson – for 4 years;
3. the other members – for 3 years.

§ 143. The amount of the compensations under Art. 77d, para 1 is determined as follows:

1. By 31 Dec., 2006 – BGN 12 000;
2. From 1 Jan., 2007 to 31 Dec., 2007 – BGN 24 000;
3. From 1 Jan, 2008 to 31 Dec, 2009 – BGN 30 000;
4. Since 1 January, 2010 – BGN 40 000.

§ 144 (1) The investment intermediaries, which at the time of the Law's coming into effect have a license (authorization) granted to them for pursuing business, must make an entry contribution to the Fund for Compensation of Investors in Securities within one month from the appointment of the members of the first membership of the Fund's Management Board.

(2) The persons under para 1 are obliged to make an annual premium contribution in the Fund for Compensation of Investors in Securities for year 2005 by 31 January, 2006. The annual premium contribution for year 2005 shall be at the rate of 0,5 percent of the total cash amount and 0,1 per cent of the total amount of the other client's assets for the last quarter of year 2005, determined on an average monthly basis.

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§ 153. The sub-statutory acts, envisaged in this Law shall be issued within 6-month period of its coming into effect.

§ 154. The provisions of § 17, 18 and 19, as well as any references to the amended by them provisions shall become effective as of 1st January, 2006, except for the requirement to pay up the whole capital within a 14-day period of receiving the notification under Art. 63, para (2).

§ 155. The provision of § 52 in relation to the requirements for the public companies under Art. 94, para (1) and (2), Art. 95 and Art. 98a shall come in force as of 1st January, 2006.

§ 156 (1) The provisions of § 34 and § 126 shall become effective as of the date of coming into force of the Treaty of the Republic of Bulgaria's accession to the European Union.

(2) Until the coming into effect of the provisions under para 1, a foreign collective investment scheme, with a registered office in or whose management company is with a registered office in a Member State of the European Union or in some other state belonging to the European Economic Area, may offer publicly its securities in the Republic of Bulgaria while complying with the provisions of Art. 211k, para (1) and (3).

(3) The foreign collective investment schemes which at the time of the coming into force of this Law offer publicly their securities in the Republic of Bulgaria are mandated to bring their activity in compliance with Art. 211k, para (1) and (3), within 9 months after the coming into effect of the Law.

LAW on Amendments to the Commercial Register Act

(SG, iss. 80 in 2006, in effect from 3 Oct., 2006)

§1. In §56 of the Transitional and Final Provisions the words "1 October, 2006" shall be replaced with "1 July, 2007".

TRANSITIONAL AND FINAL PROVISIONS

to the Law on Amendment and Supplement of the Law on Public Offering of Securities

(SG, iss. 86, in effect from 1 January, 2007)

§ 147. The existing procedures for the issue of approval of prospectus shall continue under the provisions of this Law. The Commission shall set a time-limit for the interested persons to comply with the provisions of the Law.

§ 148. For year 2006 the investment intermediaries – banks shall pay the contribution under Art. 77m para 2 in the Fund for Compensation of Investors in Securities within the term and under the procedure of Art. 77m para 4.

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§ 150. This Law comes into effect from 1 January, 2007, except for § 8, § 9, § 38, § 40 – 42, § 74, § 84 and § 104, item 3, which come into force three days after the promulgation of the Law in State Gazette.

TRANSITIONAL AND FINAL PROVISIONS to the Law on Markets in Financial Instruments

(SG, iss. 52 in 2007, in effect from 1.11.2007)

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§ 7. In the Law on Public Offering of Securities (New –SG, iss. 114 from1999; am., iss. 63 and 92 from 2000, iss. 28, 61, 93 and 101 from 2002, iss. 8, 31, 67 and 71 from 2003, iss. 37 from 2004, iss. 19, 31, 39, 103 and 105 from 2005, iss. 30, 33, 34, 59, 63, 84, 86 and 105 from 2006, iss. 25 from 2007) the following amendments are made.

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17. Everywhere in Chapter Five, Section IV the words "securities", "in securities" and "the securities" shall be replaced with "financial instruments", "in financial instruments" and "the financial instruments".

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§ 26. The sub-statutory acts for the application of the Law on Public Offering of Securities, adopted until entry into force of this Law, shall apply to the extent they do not contradict it.

§ 27. (1) This Law comes into effect from 1 November 2007, except for § 7 , items 6, 7, 8, 18, 19, 22 - 24, 26 - 28, 30 - 40, item 44, letter "б", item 47, 48, item 49, letter "a", items 50 - 62, 67, 68, 70, 71, 72, 75, 76, 77, item 83, "a" and "d", item 85, letter "a", items 91, 93, 94, item 98, letter "a", sub-letter "aa", sentence two, sub-letter "bb", sentence two regarding the exchange, sub-letter "cc", sentence two regarding the exchange, and sub-letter "dd", sentence two regarding the exchange, item 99, letter "d" и "e", item 101, letter "b" and item 102, § 8 , § 9 , item 4, letter "a", item 5 and 7, § 14, item 1 and § 19 , which come into force three days after the promulgation of the Law in State Gazette.

(2) Paragraph 7 , items 6, 7 and 8 shall apply until 1st November 2007.

(*) Law on Amendment and Supplement to the Law on Commercial Register

(SG, iss. 53 from 2007, in effect from 30.06.2007)

§ 1. In § 56 of the transitional and final provisions the words "1 July 2007" are replaced with "1 January 2008".