Public Offering of Securities Act

Promulgated, State Gazette No. 114/30.12.1999, effective 31.01.2000, amended, SG No. 63/1.08.2000, No. 92/10.11.2000, effective 1.01.2001, SG No. 28/19.03.2002, amended and supplemented, SG No. 61/21.06.2002, amended, SG No. 93/1.10.2002, SG No. 101/29.10.2002, effective 1.01.2003, SG No. 8/28.01.2003, effective 1.03.2003, supplemented, SG No. 31/4.04.2003, effective 4.04.2003, amended, SG No. 67/29.07.2003; supplemented, SG No. 71/12.08.2003; amended, SG No. 37/4.05.2004, effective 4.08.2004, supplemented, SG No. 19/1.03.2005, SG No. 31/8.04.2005, effective 8.10.2005, amended and supplemented, SG No. 39/10.05.2005, amended, SG No. 103/23.12.2005, effective 1.01.2006, SG No. 105/29.12.2005, effective 1.01.2006, SG No. 30/11.04.2006, effective 12.07.2006, SG No. 33/21.04.2006, amended and supplemented, SG No. 34/25.04.2006, effective 1.01.2008 (*)(**), SG No. 59/21.07.2006, effective as from the date of entry into force of the Treaty of Accession of the Republic of Bulgaria to the European Union - 1.01.2007, amended and supplemented, SG No. 63/4.08.2006, effective 4.08.2006, amended, SG No. 84/17.10.2006, effective 1.07.2006, amended and supplemented, SG No. 86/24.10.2006, effective 1.01.2007, SG No. 105/22.12.2006, effective 1.01.2007, SG No. 25/23.03.2007, SG No. 52/29.06.2007, effective 1.11.2007

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

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

Text in Bulgarian: Закон за публичното предлагане на ценни книжа

Title One

GENERAL DISPOSITIONS
Chapter One

SECURITIES
Article 1

(Amended, SG No. 61/2002)

(1) This Act regulates:

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

2. (amended, SG No. 86/2006, SG No. 52/2007) the operation of the Central Depository, the investment and management companies, as well as the terms for conduct of such activities;";

3. the requirements to the public companies and to the other issuers of securities;

4. (supplemented, SG No. 39/2005) the requirements to the persons managing and controlling the persons covered under Items 2 and 3, as well as to the persons holding 10 or more

than 10 per cent of the votes in the General Meeting of the persons covered under Items 2 and 3, and

5. (amended, SG No. 86/2006) the state supervision to ensure compliance with this Act.

(2) The purpose of this Act is:

1. (amended, SG No. 86/2006) to ensure the protection of investors in securities, inter alia by creating conditions to supply them with fuller and more appropriate information regarding the capital market;

2. (amended, SG No. 86/2006) to create conditions for the development of a transparent, open and efficient capital market;

3. (amended, SG No. 86/2006) to maintain the stability and the public confidence in the capital market.

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

Article 2

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

1. shares in companies and other securities equivalent to shares in companies, partnerships and other legal persons, as well as depositary receipts in respect of shares;

2. bonds and other forms of debt securities, including depositary receipts in respect of such securities;

3. any other securities giving the right to acquire or sell any such securities or giving rise to a cash settlement determined by reference to securities, exchange rates, interest rates or yields, commodities or other indices or measures.

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

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

1. any shares in companies;

2. any other securities equivalent to shares in companies;

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

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

Article 3

Public offering of the following shall be prohibited:

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

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

Article 4

(1) (Amended, SG No. 61/2002, SG No. 86/2006) "Public offering of securities" shall be a communication on offer of securities addressed to 100 and more persons or to an unrestricted circle of persons in any form whatsoever and by any means whatsoever, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable investors to decide to subscribe to or purchase the said securities. The placing of securities through a financial intermediary shall likewise be treated as public offering if it fulfils the conditions under sentence one.

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

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

Article 5

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

1. securities for subscribing by the issuer thereof or by an investment intermediary thereby authorized (subscription), or

2. securities for primary distribution by an investment intermediary according to an

underwriting agreement concluded with the issuer of the said securities;

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

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

Article 6

(Amended, SG No. 61/2002, supplemented, SG No. 86/2006,

repealed, SG No. 52/2007)

Article 7

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

Chapter Two

FINANCIAL SUPERVISION COMMISSION

Article 8

(Amended, SG No. 61/2002)

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

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

Article 9

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

Article 10

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

Article 11

(Repealed, SG No. 8/2003)

Article 12

(Repealed, SG No. 8/2003)

Article 13

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

Article 14

(Repealed, SG No. 8/2003)
Article 15

(Amended and supplemented, SG No. 61/2002, repealed, SG No. 8/2003)
Article 16

(Supplemented, SG No. 61/2002, repealed, SG No. 8/2003)
Article 16a

(New, SG No. 61/2002, repealed, SG No. 8/2003)
Article 17

(Supplemented, SG No. 61/2002, repealed, SG No. 8/2003)
Article 18

(Supplemented, SG No. 61/2002, repealed, SG No. 8/2003)
Article 19

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

REGULATED SECURITIES MARKETS
Chapter Three

STOCK EXCHANGE
Section I

Incorporation and Management
Article 20

(Amended and supplemented, SG No. 61/2002, supplemented, No. 71/2003,

amended, No. 39/2005, repealed, No. 52/2007)
Article 21

(Amended, SG No. 86/2006, effective 28.10.2006, repealed, No. 52/2007)
Article 22

(Amended, SG No. 39/2005, repealed, No. 52/2007)
Article 23

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

52/2007)
Article 24

(Repealed, SG No. 52/2007)
Article 25

(Repealed, SG No. 52/2007)
Article 26

(Amended, SG No. 86/2006, repealed, No. 52/2007)
Article 27

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

52/2007)
Section II

Grant and Revocation of Authorization
Article 28

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

No. 52/2007)
Article 29

(Amended, SG No. 39/2005, repealed, No. 52/2007)
Article 30

(Repealed, SG No. 52/2007)
Article 31

(Amended, SG No. 39/2005, No. 34/2006, repealed, No. 52/2007)
Article 32

(Repealed, SG No. 52/2007)
Article 33

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

(Amended and supplemented, SG No. 39/2005, repealed, No. 52/2007)
Article 35

(Amended, SG No. 39/2005, repealed, No. 52/2007)
Article 36

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

No. 52/2007)
Section III

Membership and Exchange Arbitration
Article 37

(Repealed, SG No. 52/2007)
Article 38

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

(Repealed, SG No. 52/2007)
Article 40

(Amended, SG No. 39/2005, repealed, No. 52/2007)
Article 41

(Repealed, SG No. 52/2007)
Article 42

(Repealed, SG No. 52/2007)
Article 43

(Repealed, SG No. 52/2007)
Chapter Four

SECOND-TIER SECURITIES MARKET
Article 44

(Amended, SG No. 39/2005, No. 86/2006, repealed, No. 52/2007)
Article 45

(Repealed, SG No. 52/2007)
Article 46

(Amended, SG No. 39/2005, repealed, No. 52/2007)
Article 47

(Amended, SG No. 39/2005, repealed, No. 52/2007)
Article 48

(Repealed, SG No. 52/2007)
Article 49

(Amended, SG No. 39/2005, No. 34/2006, repealed, No. 52/2007)
Article 50

(Repealed, SG No. 52/2007)

Article 51

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

(Amended, SG No. 39/2005, repealed, No. 52/2007)
Article 53

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

TRANSACTIONS IN SECURITIES
Chapter Five

INVESTMENT INTERMEDIARIES
Section I

General Provisions
Article 54

(Supplemented, SG No. 61/2002, amended, No. 39/2005, effective 1.01.2006, No. 59/2006, supplemented, No. 86/2006, No. 25/2007, repealed, No. 52/2007)
Article 55

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

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

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

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

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

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

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

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

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

(9) (New, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) Paragraph 8 shall not

apply in respect of a subsidiary of an investment intermediary which has obtained authorisation for conduct of activity within the European Union or in respect of a subsidiary of such subsidiary.

Article 56

(Amended and supplemented, SG No. 61/2002, No. 39/2005, effective

1.01.2006, amended, No. 25/2007, repealed, No. 52/2007)

Article 56a

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

Article 57

(Repealed, SG No. 52/2007)

Article 58

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

Article 59

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

Article 60

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

repealed, No. 52/2007)

Article 61

(Repealed, SG No. 52/2007)

Section II

Issuing and Revocation of Licence

Article 62

(Amended and supplemented, SG No. 39/2005, supplemented, No. 86/2006,

amended and supplemented, No. 25/2007, repealed, No. 52/2007)

Article 63

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

repealed, No. 52/2007)

Article 64

(Amended and supplemented, SG No. 39/2005, supplemented, No. 86/2006,

amended and supplemented, No. 25/2007, repealed, No. 52/2007)

Article 65

(Amended, SG No. 39/2005, repealed, No. 52/2007)
Article 66

(Amended and supplemented, SG No. 39/2005, repealed, No. 52/2007)
Article 67

(Amended, SG No. 39/2005, No. 34/2006, repealed, No. 52/2007)
Article 68

(Amended and supplemented, SG No. 39/2005, amended, No. 84/2006,

repealed, No. 52/2007)
Article 68a

(New, SG No. 61/2002, amended, No. 39/2005, repealed, No. 52/2007)
Article 68b

(New, SG No. 61/2002, amended, No. 39/2005, repealed, No. 52/2007)
Article 69

(Amended, SG No. 61/2002, No. 8/2003, No. 39/2005,

repealed, No. 52/2007)
Section IIa

(New, SG No. 39/2005, effective as from the date of entry into force of

the Treaty concerning the Accession of the Republic of Bulgaria to the

European Union)

Conduct of Business by Investment Intermediaries in a Member State

(Title amended, SG No. 86/2006)
Article 69a

(Amended, SG No. 86/2006, repealed, No. 52/2007)
Article 69b

(Repealed, SG No. 52/2007)
Article 69c

(New, SG No. 86/2006, repealed, No. 52/2007)
Article 69d

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

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

(New, SG No. 39/2005, effective as from the date of entry into force of

the Treaty concerning the Accession of the Republic of Bulgaria to the

European Union)

Conduct of Business in the Republic of Bulgaria by Investment

Intermediaries with Registered Office in a Member State

(Title amended, SG No. 86/2006)
Article 69f

(Previous Article 69d, amended and supplemented, SG No. 86/2006,

repealed, No. 52/2007)
Article 69g

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

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

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

(New, SG No. 86/2006, repealed, No. 52/2007)
Article 69k

(New, SG No. 86/2006, repealed, No. 52/2007)
Article 69l

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

Requirements to the Business of Investment Intermediaries
Article 70

(Amended and supplemented, SG, No. 39/2005, repealed, SG No. 52/2007)
Article 71

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

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

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

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

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

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

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

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

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

4. (new, SG No. 19/2005, previous item 2a, No. 63/2006, repealed, No. 52/2007);

5. (amended, SG No. 92/2000, No. 101/2002, No. 33/2006, previous item 3, No. 63/2006, repealed No. 52/2007);

6. (amended, SG No. 63/2000, previous item 4, No. 63/2006, repealed, No. 52/2007);

7. (new, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) the director of the National Police Service - for the purposes of investigation under initiated criminal proceedings;

8. (new, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) the director of the National Security Service - where required for the purposes of national security protection.

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

(8) (New, SG No. 105/2006, repealed, No. 52/2007).

(9) (New, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) On written request from the director of the National Investigation Service, the National Security Service or the National Police Service investment intermediaries shall provide information on available funds and flows on the accounts of companies with over 50 per cent state and/or municipal participation.

(10) (New, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) Upon available data about organized criminal activity or money laundering the chief prosecutor or a deputy authorized by him may require from investment intermediaries to provide the particulars under Paragraph 2.

Article 71a

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

Article 72

(Repealed, SG No. 52/2007)
Article 73

(Repealed, SG No. 52/2007)
Article 74

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

repealed, No. 52/2007)
Article 74a

(New, SG No. 39/2005, amended, No. 34/2006, No. 86/2006,

repealed, No. 52/2007)
Article 74b

(New, SG No. 86/2006)

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

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

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

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

(5) (Amended, SG No. 52/2007, effective from 3.07.2007 to 1.11.2007) Within one month after the notification of Paragraph (4), the Deputy Chairperson may issue a prohibition against effecting the acquisition or transfer referred to in Paragraphs (1) to (3), if the said Deputy Chairperson finds that the requirements of the law have not been fulfilled, that the notifier has submitted untrue particulars or documents making a false statement, that the stable management and security of the investment intermediary are jeopardized, or that the interests of the client of the investment intermediary are not safeguarded in any other way. If the Deputy Chairperson does not issue a prohibition within the time limit referred to in sentence one, the said Deputy Chairperson may set a time limit wherewithin the acquisition or transfer is to be effected.

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

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

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

Article 74c

(New, SG No. 86/2006, amended, No. 25/2007, repealed, No. 52/2007)
Article 74d

(New, SG No. 39/2005, previous Article 74b, No. 86/2006,

repealed, No. 52/2007)
Article 75

(Amended and supplemented, SG No. 61/2002, amended, No. 39/2005,

supplemented, No. 86/2006, repealed, No. 52/2007)
Article 76

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

repealed, No. 52/2007)
Article 76a

(New, SG No. 39/2005, amended, No. 86/2006, repealed, No. 52/2007)
Article 76b

(New, SG No. 39/2005, repealed, No. 52/2007)
Article 77

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

(New, SG No. 39/2005)

Investor Compensation
Article 77a

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

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

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

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

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

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

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

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

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

Article 77b

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

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

2. (amended, SG No. 59/2006, SG No. 52/2007) the licence or authorization, as the case may be, for conduct of business in an investment-intermediary capacity has been revoked by a decision of the competent authority in the cases referred to in Item 3 of Article 20 (2) of the Markets in Financial Instruments Act and, applicable to investment intermediaries which are banks, in the cases covered under Article 36 (2) of the Credit Institutions Act.

(2) The authority referred to in Item 1 or 2 of Paragraph (1) shall be obligated to transmit a transcript of the decision to the Fund not later than before the end of the day next succeeding the rendition of the said decision.

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

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

Article 77c

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

(2) (Amended, SG No. 86/2006, SG No. 52/2007) "Clients' assets," within the meaning given by this Section, shall be the cash resources, financial instruments and other assets belonging to the clients of an investment intermediary which the said intermediary holds, administers or manages for the account of the said clients in connection with the services provided by the said intermediary under Article 5, Paragraphs 2 and 3 of the Markets in Financial Instruments Act including interest, dividends and other such payments. The clients' assets of any investment intermediaries which are banks shall not include the deposits within the meaning given by Item 1 of § 1 of the Supplementary Provision of the Bank Deposits Guarantee Act .

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

Article 77d

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

(2) No compensation shall be paid to:

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

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

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

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

5. the investment intermediaries;

6. (amended, SG No. 86/2006) the credit institutions;

7. the insurers;

8. the pension and social insurance funds;

9. (amended, SG No. 86/2006) the closed-end investment companies, the collective investment schemes and the special purpose investment companies;

10. the State and the institutions of State;

11. the municipalities;

12. (amended, SG No 103/2005) the Compensation Fund for Investors in Securities, the Bank Deposit Insurance Fund-Bulgaria and the Guarantee Fund under Article 287 of the Insurance Code ;

13. (new, SG No. 86/2006) the investors, who have taken advantage of any circumstances relating to the intermediary and which have led to a deterioration of the financial situation thereof, as well as the investors who have contributed to the said situation;

14. (renumbered from Item 13, SG No. 86/2006, amended, SG No. 52/2007) other professional clients within the meaning of § 1, item 9 of the supplementary provisions of the Markets in Financial Instruments Act.

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

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

Article 77e

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

(2) Upon liquidation of the Fund, any remainder of the property thereof after payment of the obligations thereof shall be distributed among the investment intermediaries in proportion to the

contributions paid thereby, with the exception of such investment intermediaries whereof the obligations to clients have been paid by the Fund.

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

(4) The National Audit Office shall exercise control over the operation of the Fund.

Article 77f

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

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

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

1. (amended, SG No. 52/2007) a person nominated by an association or associations representing the persons which have obtained a licence for provision of services and performance of activities covered under Article 5, Paragraphs 2 and 3 of the Markets in Financial Instruments Act, with the exception of banks, and which are obligated to make money contributions to the Fund under the terms and according to the procedure established by this Act;

2. (amended, SG No. 52/2007) a person nominated by an association or associations representing the investment intermediaries which are banks, which have obtained a licence for provision of services and performance of activities covered under Article 5, Paragraphs 2 and 3 of the Markets in Financial Instruments Act and which are obligated to make money contributions to the Fund under the terms and according to the procedure established by this Act;

3. a person nominated jointly by the associations referred to in Items 1 and 2.

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

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

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

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

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

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

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

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

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

(8) The remunerations of the Chairperson, the Deputy Chairperson and the members of the Management Board of the Fund shall be equivalent to not more than 90 per cent of the amount of the remuneration of the Deputy Chairperson of the Commission.

Article 77g

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

(2) Within three months prior to the expiry of the term of office of the members of the Management Board of the Fund, the Deputy Chairperson, the association or associations referred to in Article 77f (3) herein shall submit the nominations thereof for persons to be elected as members of the Management Board of the Fund.

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

1. upon tendering of resignation;

2. if the said member ceases to satisfy the requirements established by Article 77f (6) herein;

3. in the event of actual inability to discharge the duties thereof in the course of a period exceeding six months;

4. upon breach of Article 77f (7) herein;

5. upon non-attendance, without reasonable excuse, of three or more successive meetings of the Management Board.

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

Article 77h

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

1. determine and collect the entrance and annual contributions from the investment intermediaries in conformity with the rules established in this Act and in the instruments for the application thereof;

2. (amended, SG No. 86/2006) identify, after collection of relevant evidence, the branches of non-resident investment intermediaries in Bulgaria in respect of which the prerequisites covered under Article 77a (4) herein are in place;

3. invest the assets of the Fund in compliance with the requirements established by this Act;

4. organize the payment of compensation up to the limits provided for in Article 77d herein under the terms and according to the procedure established by this Act and the instruments for the application thereof;

5. adopt an annual report on the operation of the Fund and an annual financial statement and lay the said report and statement before the Commission and before the National Audit Office on or before the 30th day of May of the next succeeding year;

6. adopt an annual budget of the administrative expenses of the Fund and a report on the implementation of the said budget, and lay the said budget and report before the Commission for approval; the budget and the report on implementation thereof as approved shall be submitted to the National Audit Office;

7. prepare draft ordinances on the application of this Section and lay the said drafts before the Commission for consideration and approval;

8. adopt a staffing schedule of the Fund and fix the amount of remuneration of the employees thereof and lay the said schedule and amount before the Commission for endorsement;

9. consider and address other issues related to the operation of the Fund.

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

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

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

Article 77i

(1) The Management Board of the Fund shall consider and address all matters within the competence thereof at meetings held at least once every three months.

(2) The meetings shall be convened by the Chairperson or on a requisition of three of the members of the Management Board.

(3) For the valid transaction of business at a meeting, more than one-half of the members of the Management Board shall have to be present thereat.

(4) The decisions of the Management Board of the Fund shall be made by a simple majority of the members thereof.

Article 77j

(1) The Chairperson of the Management Board of the Fund shall exercise the following powers:

1. represent the Fund at home and abroad;

2. organize and direct the day-to-day operation of the Fund;

3. convene and preside over the meetings of the Management Board;

4. conclude and terminate the contracts with the members of the administration of the Fund;

5. organize and implement current control over the implementation of the budget as approved by the Commission.

(2) The Chairperson may delegate some of the powers thereof to a member of the Management Board.

Article 77k

(1) The operation of the Fund shall be assisted by an administration whereof the composition, structure, rights and duties shall be determined by the Rules referred to in Article 77e (3) herein.

(2) The legal relationships with the employees of the administration shall be settled in accordance with the Labour Code.

Article 77l

(1) The resources of the Fund shall be raised from the following sources:

1. the entrance contributions referred to in Article 77m (1) herein;

2. the annual contributions referred to in Article 77m (2) herein;

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

4. (amended, SG No. 86/2006, effective 28.10.2006) the amounts from the property of the investment intermediaries received by the Fund in the cases referred to in Article 77t (6) herein;

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

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

Article 77m

(1) (Amended, SG No. 52/2007) The entrance contribution shall be made in a lump sum and shall amount to 1 per cent of the minimum amount of capital required for an investment intermediary depending on the licensed services and activities covered under Article 5, Paragraphs 2 and 3 of the Markets in Financial Instruments Act.

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

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

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

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

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

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

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

(7) The amount of the annual contribution due by an investment intermediary which has received a licence for conduct of business during the relevant year shall be calculated on the total amount of clients' assets at the end of the said year in proportion to the period commencing with the recording of the said investment intermediary or of a change in the objects thereof, as the case may be, in the Commercial Register and ending at the end of the year, with any such year presumed to consist of 360 days. In such cases, the contribution shall be payable on or before the 31st day of January of the year next succeeding the year during which the investment intermediary has received a licence for conduct of business.

(8) In the event of a failure to pay the relevant installment of the annual contribution within

the time limit referred to in Paragraph (4), interest at the rate of the legal interest shall be charged and recoverable on the amount due for the period of delay.

(9) The entrance and annual contributions shall be reported as accounting expense for the current year.

(10) Any contributions made by the investment intermediaries shall be non-refundable, save as where misremitted or over-remitted.

(11) On or before the 10th day of each month, the investment intermediary shall be obligated to submit to the Commission and to the Fund information of the clients' assets on the last day of the preceding month, presented in a standard form approved by the Deputy Chairperson of the Commission.

(12) (New, SG No. 86/2006) The investment intermediaries which are banks shall not make annual contributions under Item 1 of Paragraph (2).

Article 77n

(1) (Amended, SG No. 59/2006, SG No. 86/2006, effective 28.10.2006, amended and supplemented, SG No. 52/2007) Should any investment intermediary fail to pay any exigible amount of the annual contribution, the Fund shall notify the Commission or the Deputy Chairperson, as the case may be, for the purpose of taking the action referred to in Article 118, Paragraph 1 of the Markets in Financial Instruments Act and in the cases where the investment intermediary is a bank, the Bulgarian National Bank or the Deputy Governor heading the Banking Supervision Department for the purpose of taking the action referred to in the Credit Institutions Act. If despite the measures taken under sentence one the investment intermediary fails to meet its obligation for payment, the Commission or the Bulgarian National Bank, as the case may be, shall withdraw the licence of the investment intermediary.

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

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

Article 77o

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

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

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

Article 77p

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

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

1. financial instruments issued or guaranteed by the (Bulgarian) State;

2. short-term deposits with banks;

3. deposits with the Bulgarian National Bank.

Article 77q

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

1. by obligating the investment intermediaries to remit the entire annual contribution in a lump sum;

2. by obligating the investment intermediaries to remit the annual contribution for the next succeeding year in advance, using the total amount of the clients' assets on the last day of the last preceding month as a base for calculation of the said contribution;

3. by increasing the annual contribution;

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

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

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

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

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

Article 77r

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

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

Article 77s

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

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

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

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

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

said act as entitled to receive the compensation on the clients' assets.

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

Article 77t

(1) Within thirty days after the decision referred to in Article 77b (1) herein, the conservator, liquidator or trustee in bankruptcy as appointed shall submit to the Fund information in writing regarding the clients' assets.

(2) (Amended, SG No. 86/2006, effective 28.10.2006, SG No. 52/2007) The Fund can be approached in writing with a request for payment of compensation within one year after publication of the notice referred to in Article 77b (4) herein, unless the deadline was missed due to special unforeseen circumstances. The entitlement to compensation shall be extinguished upon the lapse of the period referred to in sentence one.

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

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

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

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

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

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

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

Article 77u

The Fund shall owe no interest on the amounts guaranteed.

Article 77v

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

Article 77w

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

Chapter Six

PUBLIC OFFER OF SECURITIES AND ADMISSION OF SECURITIES TO TRADING

ON REGULATED MARKET

(Title amended, SG No. 86/2006)

Section I

General Dispositions

Article 77x

(New, SG No. 86/2006)

(1) Within the meaning given by this Chapter:

1. "qualified investors" shall be:

(a) legal persons which hold a licence to operate in the financial markets or are subject to regulation for conduct of such business, including banks, investment intermediaries, other licensed or regulated financial institutions, insurance companies, collective investment schemes and the management companies thereof, pension funds and retirement insurance companies, commodity brokers, as well as legal persons which are not so licensed or regulated and whose corporate objects are solely to invest 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 persons, which are not small and medium-sized enterprises within the meaning given by Item 2;

(d) natural persons who have a permanent address in the Republic of Bulgaria and are registered as qualified investors under terms and according to a procedure established in an ordinance, as well as natural persons who are permanently domiciled in other Member States and

are registered as qualified investors in the said States;

(e) small and medium-sized enterprises which have their registered office in the Republic of Bulgaria and which are registered as qualified investors under terms and according to a procedure established in an ordinance, as well as small and medium-sized enterprises which have their registered office in other Member States and which are registered as qualified investors in the said States;

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

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

(b) total balance-sheet assets not exceeding the lev equivalent of EUR 430,000,000;

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

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

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

5. "confirmation of a prospectus" shall be the positive decision of the Commission or of the relevant competent authority of the home Member State at the outcome of the scrutiny of the completeness of the prospectus, including the consistency and comprehensibility of the information given therein;

6. "home Member State" shall be:

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

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

(c) the Member State where the securities were offered to the public for the first time after the 31st day of December 2003 or where the first application for admission to trading on a

regulated market is made, at the choice of the issuer, the offeror or the person asking for admission: for all issuers of securities having their registered office in third countries, which are not mentioned in Littera (a); the choice referred to in the foregoing sentence may be subject to a subsequent election by issuers having their registered office in third countries if the home Member State was not determined by their choice;

7. "host Member State" shall be the Member State where securities are offered to the public or admission of securities to trading on a regulated market is sought, when the said State is different from the home Member State.

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

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

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

Article 78

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

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

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

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

Article 78a

(New, SG No. 86/2006)

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

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

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

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

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

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

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

(a) are not subordinated, convertible or exchangeable;

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

(c) materialize reception of repayable deposits;

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

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

8. non-equity securities issued in a continuous or repeated manner by banks, where the total consideration of the offer is less than the lev equivalent of EUR 50,000,000, which limit shall be calculated over a period of one year, provided that the said securities:

(a) are not subordinated, convertible or exchangeable;

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

(2) In the cases referred to in Items 2, 4 and 8 of Paragraph (1), the issuer, the offeror or the

person asking for admission to trading on a regulated market may draw up a prospectus in accordance with the requirements of this Act and the instruments for the application thereof, when the securities are offered to the public or admitted to trading.

Article 79

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

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

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

3. an offer of securities addressed to investors who acquire securities for a total consideration of the lev equivalent of at least EUR 50,000 per investor for each separate offer;

4. an offer of securities whose denomination per unit amounts to the lev equivalent of at least EUR 50,000;

5. an offer of securities with a total consideration of the lev equivalent of less than EUR 100,000, which limit shall be calculated over a period of one year.

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

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

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

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

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

4. shares offered, allotted or to be allotted free of charge to existing shareholders, as well as dividends paid out in the form of shares of the same class as the shares in respect of which such dividends are paid, provided that a document is made available to the persons containing information on the reasons for the offer of the shares, on the number and nature of the shares, on

the rights conferred by the shares and the manner of exercise of the said rights, on the terms and procedure for acquisition of the shares, as well as other details of the offer;

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

(4) (New, SG No. 86/2006) 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, over a period of one year, less than 10 per cent of the number of shares of the same class already admitted to trading on the same regulated market;

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

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

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

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

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

7. shares resulting from the conversion or exchange of other securities or from the exercise

of the rights conferred by other securities, provided that the said shares are of the same class as the shares already admitted to trading on the same regulated market;

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

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

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

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

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

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

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

Article 79a

(New, SG No. 61/2002)

(1) (Amended, SG No. 86/2006) Should more than one issue of securities of the same class be issued within the relevant calendar and each of the said issue be offered to fewer than 100 persons but the total number of offerees of the said issues exceeds 100 persons, Article 78 herein shall apply to the issue exceeding this limit.

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

Article 80

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

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

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

Article 80a

(New, SG No. 61/2002)

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

Section II

Prospectus

Article 81

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

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

(3) (Amended, SG No. 61/2002, SG No. 86/2006, SG No. 105/2006) The members of the management body of the issuer and the managerial agent thereof, as well as the offeror, the person asking admission of the securities to trading on a regulated market, and the guarantor of the securities shall incur solidary liability for any detriment as may be inflicted by reason of any untrue, misleading or deficient particulars in the prospectus The persons referred to in Article 34 (2) of the Accountancy Act shall incur solidary liability with the persons referred to in sentence one for any detriment as may be inflicted by any untrue, misleading or deficient particulars in the financial statements of the issuer, and the registered auditors shall incur solidary liability with the said persons for any detriment as may be inflicted by the financial statements thereby audited.

(4) (New, SG No. 86/2006) Liability under Paragraph (3) may not arise solely on the basis of the summary note, including any translation thereof, unless the information contained therein is misleading, untrue or inconsistent when read together with the other parts of the prospectus.

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

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

Article 82

(1) (Amended, SG No. 86/2006) The prospectus shall contain information concerning the issuer and the securities to be offered to the public or to be admitted to trading on a regulated market, and shall also include a summary.

(2) (New, SG No. 86/2006) There shall be no requirement to provide a summary note, where the prospectus relates to the admission to trading on a regulated market of non-equity securities having a denomination per unit of at least the lev equivalent of EUR 50,000, except when the Commission or the competent authority of the relevant State requests the provision of such summary note.

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

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

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

3. a summary note.

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

(5) (New, SG No. 86/2006) The prospectus shall be considered to contain the relevant information covered under Paragraph (1) even when the said information is incorporated in the prospectus by reference to one or more documents which have been confirmed by or submitted to the Commission, provided that the information contained in the said documents is the latest available and a detailed cross-reference list is drawn up in order to enable investors to identify easily specific items of information referred to. Sentence one shall not apply in respect of the summary note.

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

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

Article 82a

(New, SG No. 86/2006)

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

(2) In the cases referred to in Paragraph (1), the securities note shall furthermore provide the latest available information that would normally be provided in the registration document if, since the registration document was last updated or supplemented under Article 85 (2) herein, there has been a material change in the particulars contained in the said document or new circumstances have occurred which could affect investors' assessments.

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

Article 82b

(New, SG No. 86/2006)

(1) Issuers whose securities are admitted to trading on a regulated market in the Republic of Bulgaria shall be obligated, at least annually, to provide a document that contains or refers to all information that they have published or otherwise made available to the public over the preceding twelve months in the Republic of Bulgaria or in another State. Where the document referred to in sentence one refers to a particular item of information, the said document shall state where the said information can be obtained.

(2) The document referred to in Paragraph (1) shall be submitted to the Commission not later than within one month after publication of the annual financial statement of the issuer.

(3) Paragraph (1) shall not apply to issuers of non-equity securities whose denomination per unit amounts to at least the lev equivalent of EUR 50,000.

Article 83

(Amended, SG No. 39/2005)

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

Article 84

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

(2) (Amended, SG No. 39/2005, SG No. 86/2006) The issuer or the offeror shall give immediate notice of the extension of the period referred to in Paragraph (1) to the Commission, in the places of the subscription, as well as to the mass communication media.

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

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

Article 85

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

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

(3) (New, SG No. 86/2006) The Commission shall pronounce on the supplement to the prospectus within seven working days after receipt of the said prospectus, or, where additional particulars and documents have been requested, within seven working days after receipt of the said particulars and documents. Article 91 herein shall apply accordingly.

(4) (New, SG No. 86/2006) The Commission shall refuse to approve the supplement to the prospectus if the requirements of this Act and the instruments for the application thereof are not

complied with. In such case, the Commission may discontinue the public offering or the trading in the securities according to the procedure established by Article 212 herein.

(5) (New, SG No. 86/2006) The issuer, offeror or person asking for admission of the securities to trading on a regulated market must give public notice of any such supplement and make the supplement available to the public according to the procedure established by Article 92a herein within seven days after the decision of the Commission to confirm the supplement to the prospectus.

(6) (Renumbered from Paragraph (3) and amended, SG No. 86/2006) In the cases referred to in Paragraph (2), the person who has already subscribed for or, respectively, purchased securities before the supplement to the prospectus is published shall have the right to withdraw the acceptance thereof of the said securities within two working days or within another longer time limit as provided for in the prospectus after publication of the notice of the supplement without incurring any liability save as where the said person has acted in bad faith. The withdrawal of acceptance referred to in sentence one shall be effected by means of a written declaration at the place where the securities were subscribed for or purchased, as the case may be.

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

Article 86

(Amended, SG No. 86/2006)

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

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

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

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

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

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

(3) In case the base prospectus and the supplements thereto do not include information on the final terms of the offer, the issuer, offeror or person asking for admission of the securities to trading on a regulated market shall provide the said information to the Commission and shall make the said information available to the public according to Article 92a (5) herein when each particular public offer is made as soon as practicable and if possible in advance of the beginning of the offer. Sentence one of Article 87a (1) herein shall apply in the cases referred to in sentence one.

Article 87

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

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

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

2. disclosure of such information would be seriously detrimental to the issuer, provided that the omission would not be likely to mislead investors with regard to facts and circumstances essential for attainment of the objective referred to in Article 81 (1) herein;

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

Article 87a

(New, SG No. 86/2006)

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

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

Article 88

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

Article 89

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

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

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

(4) (Renumbered from Paragraph (3) and amended, SG No. 61/2002, amended, SG No. 86/2006) In the case of Paragraph (3), on the date of the public notice referred to in Article 78 (1) herein the issuer or the offeror shall be obligated to notify the bank of the result of the subscription, as well as to cause insertion in two national daily newspapers of a notice of invitation to the subscribers for the securities and to declare the terms and procedure for refunding of the amounts raised at the places of the subscription.

Section III

Approval, How Granted and Refused

Article 90

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

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

1. the prospectus;

2. the issuer's Articles of Association;

3. the issuer's last annual financial statement, as audited by a registered auditor;

4. any other documents as may be prescribed by ordinance.

Article 91

(1) (Redesignated from Article 91, SG No. 61/2002, amended, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007) The Commission shall establish whether the requirements for issuance of the requested confirmation are met. If the particulars and documents provided are incomplete

or inconsistent or additional information or evidence of the veracity of data are necessary, the Commission shall send a notification of the established incompleteness and inconsistencies and/or of the requested information and documents within 10 working days from receipt of the application.

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

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

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

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

(6) (New, SG No. 86/2006, renumbered from Paragraph (4), amended SG No. 52/2007) Where the Republic of Bulgaria is a home Member State, the Commission may, because of the type of the issuer and the securities offered or the peculiarities of the public offer, subject to the agreement of the relevant competent authority of another Member State, transfer the confirmation of a specific prospectus to the said competent authority. In such case, the Commission shall notify the issuer, the offeror or the person asking for admission of the securities to trading on a regulated market within three working days from the date of the decision taken by the Commission to transfer the confirmation. The time limit for pronouncement by the relevant competent authority referred to in Paragraph (3) or in Paragraph (4), as the case may be, shall apply as from the date of the decision referred to in sentence two.

(7) (New, SG No. 86/2006, renumbered from Paragraph (5), amended SG No. 52/2007) Where the Republic of Bulgaria is not a home Member State, the Commission, acting under the terms established by Paragraph (6), may assume the confirmation of a prospectus from the competent authority of another Member State. Paragraph (6) shall apply, mutatis mutandis.

Article 92

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

1. where the prospectus does not satisfy the statutory requirements;

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

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

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

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

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

Article 92a

(New, SG No. 86/2006)

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

(2) Any notice referred to in Paragraph (1) shall be promulgated in the State Gazette and shall be inserted in one national daily newspaper not less than seven days prior to the earliest date for the subscription or the commencement of the sale.

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

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

(5) The issuer, the offeror or the person asking for admission of the securities to trading on a regulated market shall be obligated to make the prospectus available to the public through insertion in the press, in the form of a brochure, or in another appropriate manner not later than at the beginning of the offer to the public or the admission of the securities to trading on a regulated market.

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

prospectus shall be made available to the public at least six working days before the end of the offer.

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

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

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

Article 92b

(New, SG No. 86/2006)

(1) A prospectus shall be valid for a period of twelve months after the publication thereof according to Article 92a (5) herein, provided that the requirements of Article 85 (2) herein have been complied with.

(2) A registration document, as referred to in Item 1 of Article 82 (3) herein, shall be valid for a period of twelve months, provided that the said document has been updated according to Article 82b herein. In such cases, the registration document, accompanied by the securities note, updated if applicable according to Article 82a herein, and the summary note shall be considered to constitute a valid prospectus.

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

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

Article 92c

(New, SG No. 86/2006)

(1) Where the Republic of Bulgaria is a home Member State, securities may be offered to the public or admission of securities to trading on a regulated market may be sought within the

territory of one or more host Member States on the basis of a prospectus confirmed by the Commission, after the competent authorities of the host Member States are notified in advance according to the procedure established by Paragraph (4).

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

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

(4) Within three working days after the receipt of the notification referred to in Paragraph (2) or, respectively, within one working day after the confirmation of the prospectus, if the prospectus has been submitted for confirmation together with the notification, the Commission shall dispatch to the competent authority of the host Member State a certificate attesting that the prospectus has been drawn up in accordance with the requirements of Directive 2003/71/EC of the European Parliament and of the Council [on the prospectus to be published when securities are offered to the public or admitted to trading] and amending Directive 2001/34/EC, as well as a copy of the prospectus under Paragraph (3). The Commission shall notify forthwith the issuer or, respectively, the person responsible for drawing up the prospectus, of the dispatch of the documents referred to in sentence one.

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

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

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

Article 92d

(New, SG No. 86/2006)

(1) Where the Republic of Bulgaria is a host Member State, securities may be offered to the public or may be admitted to trading on a regulated market within the territory thereof after the Commission receives from the relevant competent authority of the home Member State:

1. a certificate attesting that a confirmed prospectus exists for the securities, which has been drawn up in accordance with the requirements of Directive 2003/71/EC of the European

Parliament and of the Council [on the prospectus to be published when securities are offered to the public or admitted to trading] and amending Directive 2001/34/EC, as well as information whether any particulars have been omitted from or substituted in the prospectus, the particulars which have been omitted or substituted, as well as justification of the omission or substitution of the said particulars;

2. a copy of the confirmed prospectus.

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

(3) The issuer, the offeror or the person asking for admission of the securities to trading on a regulated market shall be obligated to make the prospectus available to the public according to the procedure established by Article 92a herein. Where the prospectus has not been drawn up in the Bulgarian language, the issuer, the offeror or the person asking for admission of the securities to trading on a regulated market shall be obligated to make a translation of the summary into the Bulgarian language available to the public together with the prospectus.

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

(5) Where the Commission learns of any significant new factor, material mistake or inaccuracy in the prospectus, the Commission shall draw the attention of the competent authority of the host Member State to the need of a supplement to the prospectus.

(6) Where the Commission finds that the issuer or the persons commissioned to carry out the offer to the public in the Republic of Bulgaria violate this Act or the instruments for the application thereof, or that the issuer breaches the obligations attaching thereto by reason of the fact that the securities are admitted to trading on a regulated market within the Republic of Bulgaria, the Commission shall notify the competent authority of the home Member State.

(7) If, despite the measures taken by the competent authority of the home Member State or because such measures have proved inadequate, the issuer or the person commissioned to carry out the offer to the public in the Republic of Bulgaria persists in committing violations of this Act or of the instruments for the application thereof, the Commission may, after informing the competent authority of the home Member State, take the appropriate measures in order to protect investors. The Commission shall inform the European Commission of the measures taken within seven days after the application of the said measures.

Article 92e

(New, SG No. 86/2006)

(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 either in a language accepted by the competent authorities of those Member States or in a language customary in the sphere of international finance, at the choice of the issuer, offeror or person asking for admission of the securities to trading on a regulated market. For the purposes of confirmation of the prospectus by the Commission, the prospectus shall be drawn up in the Bulgarian or the English language, at the choice of the issuer, offeror or person asking for admission of the securities to trading on a regulated market.

(3) 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 also be made available to the public either in a language accepted by the competent authorities of each host Member State or in a language customary in the sphere of international finance, at the choice of the issuer, offeror, or person asking for admission of the securities to trading on a regulated market.

(4) Where admission to trading on a regulated market of non-equity securities whose denomination per unit amounts to at least the lev equivalent of EUR 50,000 is sought in one or more Member States, the prospectus shall be drawn up either in a language accepted by the competent authorities of the home and host Member States or in a language customary in the sphere of international finance, at the choice of the issuer, offeror or person asking for admission of the securities to trading on a regulated market.

Article 92f

(New, SG No. 86/2006)

(1) Where the Republic of Bulgaria is the home Member State of an issuer having its registered office in a third country, the Commission may confirm a prospectus for an offer to the public or for admission to trading on a regulated market, drawn up in accordance with the legislation of a third country, provided that:

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

2. the information requirements, including information of a financial nature, are equivalent to the requirements under this Act and the instruments for the application thereof.

(2) In the case of an offer to the public or admission to trading on a regulated market of securities, issued by an issuer having its registered office in a third country, in a Member State other than the Republic of Bulgaria and the home Member State is the Republic of Bulgaria, Articles 92c and 92e herein shall apply, mutatis mutandis.

Article 92g

(New, SG No. 86/2006)

(1) (Amended, SG No. 52/2007) The Commission shall cooperate and exchange information

with the relevant competent authorities of the other Member States when this is necessary for the implementation of the powers of the Commission and shall render assistance to the said authorities with a view to their performing their functions, in particular when an issuer has two or more home Member States and, respectively, competent authority because of the various classes of securities issued thereby, or where the confirmation of the prospectus has been transferred to the competent authority of another Member State according to Article 91 (6) herein. The Commission shall closely cooperate with the authorities referred to in Paragraph (1) when one or several of the said authorities require suspension or discontinuance of trading in particular securities traded in various Member States in order to ensure a level playing field between trading venues and protection of investors.

(2) Where the Republic of Bulgaria is a host Member State, the Commission may request the assistance of the competent authorities of the home Member State from the stage at which a specific case file is scrutinized, in particular in the cases where the case file concerns a new type or rare forms of securities. Where the Republic of Bulgaria is a home Member State, the Commission shall be obligated to render assistance to the competent authorities of the host Member State in the cases referred to in Paragraph (1).

(3) The Commission may ask for information from the competent authority of the host Member State on any items specific to the capital market in that State. When approached by the competent authorities of the home Member State, the Commission shall be obligated to provide information on the Bulgarian market.

(4) The Commission may consult with the regulated markets as necessary and, in particular, when making a decision on suspension or discontinuance of trading in particular securities.

Article 92h

(New, SG No. 86/2006)

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

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

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

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

4. to suspend a public offer or admission to trading for a maximum of ten consecutive working days on any single occasion if it has reasonable grounds for suspecting that the

provisions of this Act or the instruments for the application thereof have been infringed;

5. to prohibit or suspend a specific advertisement for a maximum of ten consecutive working days on any single occasion if it has reasonable grounds for believing that the provisions of this Act or the instruments for the application thereof have been infringed;

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

7. to make public the fact that a specific issuer is failing to comply with its obligations under this Act or the instruments for the application thereof.

(2) The Commission may disclose to the public every measure applied and sanction imposed for infringement of the provisions of this Act or the instruments for the application thereof, unless such disclosure would seriously jeopardize the stability of the financial markets or cause disproportionate damage to the parties involved.

Article 93

(Amended and supplemented, SG No. 61/2002, amended, SG No. 39/2005,

repealed, SG No. 86/2006)

Section IV

Disclosure of Information

Article 93a.

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

effective 3.07.2007).

Article 94.

(Amended and supplemented - SG, No. 61/2002, amended, No. 39/2005,

amended and supplemented, No. 86/2006, amended, No. 105/2006, repealed,

No. 52/2007, effective 3.07.2007).

Article 95.

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

effective 3.07.2007).

Article 95a.

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

Article 96.

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

effective 3.07.2007).

Article 97.

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

Article 98.

(Amended - SG, No. 61/2002, No. 39/2005, No. 84/2006, repealed, No.

52/2007, effective 3.07.2007).

Article 98a.

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

effective 3.07.2007).

Article 99.

(Amended and supplemented - SG, No. 61/2002, amended, No. 39/2005, No.

86/2006, repealed, No. 52/2007, effective 3.07.2007).

Article 100.

(Amended and supplemented - SG, No. 61/2002, amended, No. 8/2003,

amended and supplemented, No. 39/2005, repealed, No. 52/2007, effective

3.07.2007).

Section V

(New, SG No. 61/2002)

Special Requirements upon Primary Public Offering of Bonds

Article 100a

(1) For admission of a primary public offering of secured bonds, the issuerof the said bonds shall be required to have concluded a contract with a bondholders' trustee. Article 208, Article 209 (2) and Articles 210 through 213 incl. of the Commerce Act shall not apply.

(2) The bondholders' trustee shall act on its own behalf in the cases specified in this Act and in the contract referred to in Paragraph (1).

(3) The compensation of the trustee shall be for the account of the bond issuer.

(4) The requirement of Paragraph (1) shall not apply in respect of any bonds issued under the Mortgage Bonds Act.

(5) The requirement of Paragraph (1) shall apply in respect of any unsecured bonds if so provided for in the resolution on the issuing of the bond loan under Article 204 (3) of the Commerce Act.

(6) The holders of bonds of the same issue or class may resolve matters of mutual interest at a general meeting. Any such general meeting shall be convened by the bondholders' trustee according to the procedure established by Article 214 of the Commerce Act.

Article 100b

(1) Every prospectus for a bond issue must state:

1. the terms and conditions whereunder the bond issuer is obligated to repay the bond loan before maturity;

2. an obligation of the bond issuer to observe specific financial performance indicators until redemption of the bond loan, including a maximum value of the ratio of liabilities to assets according to the balance sheet and a minimum value of an interest coverage ratio;

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

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

(3) (Amended, SG No. 39/2005) In the cases where the bond issuer has not concluded a contract with a bondholders' trustee, the said issuer shall be obligated to cause the publication of a semiannual report on compliance with the terms and conditions of the bond loan in the bulletin of the regulated market whereon the bonds are traded and to submit the said report to the Commission within thirty days after the end of each six-month period. Any such report shall contain information regarding:

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

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

3. other circumstances as shall be specified by ordinance.

Article 100c

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

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

(3) The bondholders' trustee shall not be liable to the bondholders for anydetriment sustained thereby where the acts or omissions of the said trusteeare in pursuance of a resolution

of the Bondholders' General Meeting passedby a majority exceeding one half of the votes of the bondholders who subscribed for the loan.

Article 100d

(1) To be eligible for the position of bondholders' trustee, a person must be either a commercial bank with registered office in Bulgaria or a bank which carries on business in Bulgaria through a subsidiary licensed by the Bulgarian National Bank.

(2) The following commercial banks shall be ineligible for the position of bondholders' trustee:

1. any commercial bank which underwrites the bond issue or which is a trustee in respect of bonds of another class issued by the same issuer;

2. any commercial bank which controls the issuer, whether directly or indirectly, or which is controlled by the bond issuer, whether directly or indirectly;

3. in other cases, where a material conflict exists or may arise between the interest of the bank or of a person controlling the said bank, and the interest of the bondholders.

(3) Should any of the circumstances covered under Paragraph (2) occur afterconclusion of the contract referred to in Article 100A herein, the bondholders' trustee shall be obligated to notify forthwith the bond issuer and to eliminate the non conformity with the law within thirty days after occurrence of the said circumstances. Where the non-conformity cannot be eliminated, the bond issuer shall be obligated to terminate the contract with the bondholders' trustee not later than forty five days after occurrence of the non-conformity and to conclude a new contract under Article 100C herein with another person. The trustee shall continue to fulfil the obligations thereof to the bondholders until conclusion of the new contract.

(4) The provision of Paragraph (3) shall furthermore apply accordingly in the cases where the authorization for conduct of business of the bondholders' trustee has been revoked, where a resolution on voluntary liquidation has been passed, or where bankruptcy proceedings have been instituted thereagainst.

Article 100e

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

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

Article 100f

(1) The bond issuer shall be obligated:

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

2. on or before the 10th day of the month next succeeding the last month of each quarter, to submit a report on the fulfilment of the obligations thereof according to the terms and conditions of the bond issue, including the spending of the proceeds from the bond loan, the observance of the specific financial performance indicators, and the state of the collateral;

3. to notify the bondholders' trustee not later than the end of the next succeeding business day of:

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

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

(2) (Amended, SG No. 39/2005) The issuer shall furthermore submit the report referred to in Item 2 of Paragraph (1) to the Commission, as well as to the regulated securities market whereon the bonds are trade.

Article 100g

(1) The bondholders' trustee shall be obligated:

1. to analyze regularly the financial position of the bond issuer in terms of ability to fulfil the obligations thereof to the bondholders;

2. (amended, SG No. 39/2005) within thirty days after the end of each six-month period, to cause the publication of a report on the period lapsed, containing the information covered under Article 100b (3) herein, in the bulletin of the regulated market whereon the bonds are traded and to submit the said report to the Commission, as well as information regarding:

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

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

(c) the acts performed thereby in fulfilment of the obligations thereof;

(d) the existence or non-existence of circumstances covered under Article 100d (2) herein;

3. to verify regularly the availability and state of the collateral;

4. to reply in writing to any questions by the bondholders in connection with the bond issue.

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

1. (amended, SG No. 39/2005) to cause the publication of a notice of the issuer's non-

fulfilment and of the steps covered under Item 2 which the trustee takes, in the bulletin of the regulated market whereon the bonds are traded, and to provide the said notice to the Commission;

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

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

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

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

(d) to bring actions against the bond issuer;

(e) to petition the institution of bankruptcy proceedings against the bond issuer.

(3) The trustee shall have the right to access to the register of bondholders whose interests the said trustee represents.

Article 100h

(1) The claims of the bondholders may be secured by a pledge, a mortgage or in another manner, and the bond issue shall be named secured creditor.

(2) Business enterprises may not be pledged to secure the claims of bondholders.

(3) Solely first-ranking pledges and mortgages may be created in favour of the bondholders.

Article 100i

(1) The creation of security interest shall be a condition precedent for admission of a primary public offering of a bond issue.

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

(3) Upon creation of security interest, as well as at least once a year until redemption of the bond loan, the issuer shall commission appropriately qualified and experienced experts to determine the market value of the property pledged and mortgaged. The bondholders' trustee may furthermore commission a valuation of the property subject to the security interest, for the account of the issuer, where existing circumstances give reason to believe that the value of the said property has decreased materially.

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

Chapter Six "A"

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

DISCLOSURE OF INFORMATION

Section I

General Provisions

Article 100j

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

(1) This Chapter shall establish the requirements for disclosure of information by issuers for which the Republic of Bulgaria is a home country and whose securities are admitted to trading on a regulated market as well as by issuers who have conducted public offering of securities in the Republic of Bulgaria.

(2) Within the meaning of this Chapter:

1. "home country" shall be:

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

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

bb) for an issuer from a third country - the Member State in which the issuer is obligated to provide to the relevant competent authority a document which contains or makes reference to all the information it has published or has made public otherwise over the last 12 months in accordance with the requirements of Article 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) apart from the cases under "a", the Member State where the registered office of the issuer is located or in which its securities are admitted to trading on a regulated market, at the option of the issuer; the issuer may specify only one home country and its choice shall be valid for a period of no less than three years, unless the securities are already traded on a regulated market in the Republic of Bulgaria or in another Member State;

2. "host country" shall be the Member State in which the securities are admitted to trading on a regulated market where this country is different from the home country;

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

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

(3) The issuer who has chosen Republic of Bulgaria as the home country under the terms of Paragraph 2, item 1, "b", shall be obligated to announce publicly its decision on the choice under the terms and procedure of Articles 100r and 100t.

Article 100k

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

The provisions of this Chapter shall not apply to:

1. units of collective investment undertakings other than the closed end type within the meaning of Article 77x, Paragraph 1, items 8 and 9, or for units acquired or transferred within such collective investment undertakings;

2. money market instruments with a maturity of less than 12 months.

Article 100l

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

(1) The reports, notifications and the other information that shall be made public under this Chapter must contain information as investors may need to make a reasoned investment decision. Any such reports, notifications and information may not contain untrue, misleading or deficient particulars.

(2) The management body of the issuer shall be responsible for the preparation and public disclosure of the financial statements.

(3) The members of the management body of the issuer as well as its procurator shall incur solidary liability for any detriment as may be inflicted by reason of any untrue, misleading or deficient particulars in the reports, notifications and any other information disclosed under this Chapter. The persons referred to in Article 34, Paragraph 2 of the Accountancy Act shall incur solidary liability with the persons referred to in sentence one for any detriment as may be inflicted by any untrue, misleading or deficient particulars in the financial statements of the issuer, and the registered auditors shall incur solidary liability with the said persons for any detriment as may be inflicted by the financial statements thereby audited.

Section II

Disclosure of Regular Information

Article 100m

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

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

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

(3) The issuer shall be obligated to ensure that the annual financial statements and the consolidated financial statements remain publicly available for a period of at least 5 years.

(4) The annual financial report shall contain:

1. annual financial statements under the Accountancy Act audited by a registered auditor as well as an audit report;

2. an annual report;

3. a programme for application of the internationally recognized standards of good corporate governance, as prescribed by the Deputy Chairperson;

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

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

b) the activity report shall contain a truthful review of the development and results from the activity of the issuer, as well as the condition of the issuer and the companies included in the consolidation, together with a description of major risks and uncertainties faced thereby;

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

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

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

(7) The annual activity report shall include in addition to the information under the

Accountancy Act information about:

1. implementation of the programme for application of internationally recognized standards of good corporate governance under Paragraph 4, item 3, and where such programme does not exist, the reasons for non-preparation thereof, as well as about compliance of management and supervisory bodies of the issuer with these standards during the year;

2. the reasons for non-compliance of management and supervisory bodies of the issuer with the programme or the standards under item 1, as the case may be, if such non-compliance exists;

3. the measures taken for eliminating the reasons under item 2 and for implementation of the programme for good corporate management;

4. revision of the programme and proposal for changes thereof to ensure better application of the standards of good corporate governance in the company;

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

Article 100n

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

(1) Any issuer shall make public a three-month report on its activity within 30 days after the end of each quarter.

(2) Any issuer who is obligated to prepare annual consolidated financial statements shall make public its consolidated financial statements within 60 days after the end of each quarter.

(3) The issuer shall be obligated to ensure that the quarterly financial report and the quarterly consolidated financial statements remain publicly available for a period of at least 5 years.

(4) The quarterly financial report on the activity shall contain:

1. a set of financial statements;

2. an interim report on the activity containing information about major events in the quarter and cumulatively since the beginning of the financial year until the end of the corresponding quarter, and about their impact on the results in the financial statements, as well as a description of major risks and uncertainties faced by the issuer in the remaining part of the year; for the issuers of shares the report shall contain information about large transactions concluded between close links, whose minimum contents shall be specified by ordinance.

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

a) the financial statements, prepared in accordance with the applicable accounting standards, present truly and fairly the information about the issuer's assets and liabilities, financial standing

and profit or loss and of the companies included in the consolidation;

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

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

(5) Where the issuer is obligated to prepare consolidated financial statements, the quarterly consolidated activity report shall have the contents laid down in Paragraph 4, and the financial statements shall be prepared in accordance with the International Accounting Standards applicable to the preparation of interim statements.

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

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

Article 100o

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

(1) The requirements under Articles 100m and 100n shall not apply to issuers from a third country if the Commission deems that the law of such third country stipulates requirements equivalent to the requirements herein and the statutory instruments for application of this Act. The conditions where the Commission may deem the requirements of the law of the third country as equivalent to the requirements herein or the statutory instruments for application of this Act shall be laid down by ordinance.

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

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

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

Article 100p

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

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

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

2. issuers of shares who issue only debt securities admitted to trading on the regulated market with a nominal value of no less than the lev equivalent of EUR 50,000 or in the cases of debt securities denominated in currency other than euro, with a nominal value at the date of their issue of no less than the lev equivalent of EUR 50,000.

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

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

2. have not published a prospectus.

Article 100q

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

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

(2) The issuer of securities shall disclose publicly without delay the information about issuance of a new issue of debt securities and any related guarantees and collateral. This requirement shall not apply to international institutions or other similar organizations in which at least one Member State is a member thereof.

Article 100r

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

(1) The issuer or the person who has requested, without the consent of the issuer, admission of the securities to trading on a regulated market shall disclose the regulated information to the Commission and to the public at the same time. The issuer who has conducted only public offering of securities shall 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 are admitted to trading on a

regulated market in the Republic of Bulgaria but are not admitted to trading on a regulated market in the home country. In this case the regulated information shall meet the minimum conditions of Directive 2004/109/EC of the European Parliament and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.

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

(4) The issuer or the person who has requested admission of the securities to trading on a regulated market may not collect charges from investors for access to the regulated information.

Article 100s

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

(1) The Commission shall create and keep centralized storage database of the regulated information received from issuers whose securities are admitted to trading on a regulated market and whose home country is the Republic of Bulgaria.

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

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

Article 100t

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

(1) Where the securities are admitted to trading only on a regulated market in the Republic of Bulgaria and the Republic of Bulgaria is the home country, the regulated information shall be disclosed in Bulgarian. Where the securities are publicly offered on the territory of the Republic of Bulgaria the regulated information shall be disclosed in Bulgarian.

(2) Where the securities are admitted to trading on a regulated market in one or more Member States simultaneously, including the Republic of Bulgaria, and the Republic of Bulgaria is the home country, the regulated information shall be disclosed in Bulgarian and in a language adopted by the competent authority of such Member States, or in the customary language in the sphere of international finance, at the option of the issuer.

(3) Where the securities are admitted to trading on a regulated market in one or more Member States simultaneously, excluding the Republic of Bulgaria, and the Republic of Bulgaria is the home country, the regulated information shall be disclosed in a language adopted by the

competent authority of such Member States, or in the customary language in the sphere of international finance, at the option of the issuer. For the purposes of the Commission's supervisory functions the information shall also be disclosed either in Bulgarian or in English, at the option of the issuer.

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

(5) Outside the cases referred to in Paragraphs 1 - 4, where the securities with a single nominal value of at least the lev equivalent of EUR 50,000 or debt securities with a nominal value in a currency other than euro of at least the lev equivalent of EUR 50,000 at the date of their issue are admitted to trading on a regulated market in one or more Member States, the regulated information shall be disclosed in a language adopted by the home and the host Member States or in a customary language in the sphere of international finance, at the option of the issuer or of the person who has requested the securities to be admitted to trading on a regulated market.

Section III

Requirements to issuers of bonds for provision of information to

the holders of bonds and other debt securities.

Article 100y

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

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

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

(3) The person under Paragraph 1 shall:

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

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

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

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

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

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

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

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

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

Article 100v

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

(1) The issuer of bonds shall send to the Commission the invitation under Article 214, Paragraph 1 of the Commerce Act at least 15 days before the general meeting. In addition to the information under Article 223, Paragraph 4 of the Commerce Act the invitation for the general meeting shall include information about the right of the bondholders to participate in it.

(2) The issuer of the bonds shall notify the Commission of:

1. the payment of interest;

2. the decisions on conversion, exchange, subscription or cancellation of rights on the bonds and payments thereon.

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

(4) Where the invitation for the general meeting refers only to holders of bonds with single nominal value of at least the lev equivalent of EUR 50,000 or the equivalent amount of another currency in which the bonds are denominated at the date of their issue, the issuer of the bonds for whom the Republic of Bulgaria is a home country may take a decision for the general meeting to be held in any Member State, provided that all the necessary conditions and information are ensured in such Member State so as the bondholders be able to exercise their rights. In this case the issuer shall notify the Commission of its choice.

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

(6) Paragraphs 1 - 5 shall apply mutatis mutandis to issuers of other debt securities.

Article 100w

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

(1) The requirements under this Section shall not apply to issuers from a third country if the Commission deems that the law of the third country in question lays down equivalent requirements to those stipulated herein and in the statutory instruments for application of this Act. The conditions under which the Commission may deem that the requirements of the law of the third country are equivalent to the requirements herein and the statutory instruments for application of this Act shall be set out by ordinance.

(2) The information that the persons under Paragraph 1 shall disclose according to national law shall be disclosed under the terms of Articles 100r and 100t.

(3) The persons under Paragraph 1 shall disclose under the terms of Articles 100r and 100t the information which they disclose under their national law and which may be of importance for the public in the Community, even if such information is not regulated information.

(4) The Commission shall publish on its website a list of the countries whose laws provide for requirements equivalent to the requirements herein and the statutory instruments for application of this Act.

Section IV

Supervision requirements

Article 100x

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

(1) The issuer shall notify the Commission of:

1. any changes in its articles of association;

2. any changes in its management and supervisory bodies;

3. the decision on transformation of the company;

4. other circumstances specified by ordinance.

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

(3) The Commission shall make public the information received under Paragraph 1 through

the register of public companies and other issuers of securities kept by it.

Article 100y

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

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

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

(3) The obligations of the issuer under this Chapter shall be terminated by the decision of the Deputy Chairperson on deleting the issuer from the register under Article 30, Paragraph 1, item 3 of the Financial Supervision Commission Act.

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

Section V

Supervision and cooperation

Article 100z

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

(1) To ensure compliance with the provisions of this Chapter, besides the powers provided for in the other titles herein and of the statutory instruments for application of this Act, the Deputy Chairperson may:

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

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

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

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

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

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

7. obligate the issuer to take specific measures for timely disclosure of information to ensure public access to it simultaneously in all Member States in which the issuer's securities are admitted to trading;

8. inform the public that a particular issuer does not meet its obligations herein or the instruments of its application;

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

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

(3) The Commission may disclose any measure taken or penalty imposed for infringement of the provisions of this Chapter and the instruments for its application, save where such disclosure would seriously jeopardise the stability of financial markets or cause disproportionate damage to the parties involved.

Article 100aa

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

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

(2) Where the Republic of Bulgaria is a host country and the Commission establishes that an issuer violates the Act and the statutory instruments for its application it shall notify the competent authority in the home country thereof.

(3) If, despite the measures taken by the competent authority in the home country or where such measures prove inadequate, the issuer persists in infringing this Act or the statutory instruments for its application, the Commission may, after informing the competent authority of the home country, take all the appropriate measures in order to protect investors. The Commission shall notify the European Commission of the measures taken within 7 days after their implementation.

(4) Where the Commission is notified by the relevant competent authority of the host country of an issuer for whom the Republic of Bulgaria is a home country and who infringes the

law of the Member State on whose territory its securities are admitted to trading, the Commission, the Deputy Chairperson respectively, shall apply relevant enforcement administrative measures."

Chapter Seven

TRADING IN SECURITIES

Section I

General Dispositions

(Repealed, SG No. 52/2007)

Article 101

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

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

Section II

Trading on Official Securities Market

(Repealed, SG No. 52/2007)

Article 102

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

Article 103

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

Article 104

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

repealed, No. 52/2007)

Article 105

(Repealed, SG, No. 52/2007)

Article 106

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

Article 107

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

Article 108

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

Section III

Trading on Second-Tier Securities Market

(Repealed, SG No. 52/2007)

Article 109

(Repealed, SG, No. 52/2007)

Section IV

Securities Settlement System

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

Article 109a

(1) Systems with at least three participants, hereinafter referred to as "systems, " may be established for settlement of transactions in securities according to a procedure established by statute.

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

(3) The rules and operating procedures of the system shall define the moment of settlement finality as a moment after which a book entry transfer order, entered into the system, may not be withdrawn by a system participant or by a third party, nor can the execution of any such order be otherwise frustrated.

Article 109b

(1) The institution of bankruptcy proceedings against a settlement participant shall not affect:

1. the right to use securities on the accounts of the system participant kept at the Central Depository, for fulfilment of obligations of the system participant arising from the participation thereof in that system;

2. the obligations of the Central Depository to process and execute clearing of the orders of a system participant, as well as the validity and enforceability of the said orders against third parties;

3. the right to collateral security which has been provided by a system participant in connection with the participation thereof in the said system; the enforceability of realization of such collateral security as provided for satisfaction of the said rights shall not be affected, either, if the conditions agreed for enforced realization and satisfaction are fulfilled.

(2) (Effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union) Institution of bankruptcy proceedings against a system participant shall not affect the rights to collateral security which has been provided to secure the rights of the European Central Bank and the rights of the central banks of the Member

States of the European Union, or the rights of a central bank of another State of the European Economic Area. The rights to enforced realization and satisfaction from such collateral security shall likewise remain unaffected at any time in the course of the bankruptcy procedure, if the conditions agreed for enforced realization and satisfaction are fulfilled.

Article 109c

(1) After the moment of entry of the book entry transfer order, a system participant or a third party may not withdraw or revoke the order entered into the system, nor can the execution of any such order be otherwise frustrated.

(2) The institution of bankruptcy proceedings against a system participant shall not affect the right to use funds on the participant's account kept in such a system for fulfilment of obligations of the said participant arising from the participation thereof in the said system on the date of institution of the bankruptcy proceedings.

(3) The institution of bankruptcy proceedings against a system participant shall not affect the obligation of the system to process and settle the book entry transfer orders entered by the said participants, nor the validity and enforceability of such orders against third parties, if the said orders have been entered into the system in accordance with the rules thereof:

1. before the moment of institution of bankruptcy proceedings;

2. at the moment of institution of bankruptcy proceedings and after that moment, if the book entry transfer orders have been carried out on the date of institution of bankruptcy proceedings, provided that the Central Depository was not aware of the institution of bankruptcy proceedings and the system participants whereof the orders are affected can prove that they were not aware of the institution of bankruptcy proceedings from notices referred to in Paragraphs (7) and (8) or otherwise

(4) It shall be prohibited to recalculate reciprocal claims and obligations of system participants.

(5) Institution of bankruptcy proceedings against a system participant shall not affect the rights to collateral security provided by the said participant in favour of another system participant or of another person in connection with the participation thereof in that system. The rights to enforced realization and satisfaction from the collateral security provided shall likewise remain unaffected.

(6) The collateral security provided by a system participant in favour of another system participant or of another person in connection with the participation thereof in that system, may not be subject to confiscation and enforced execution.

(7) If the court sends the Central Depository a notice of institution of bankruptcy proceedings against a participant in a system operated according to the procedure established by this Act, the Central Depository shall be obligated to communicate this circumstance promptly to all other system participants.

(8) (Effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union) If a notice of institution of bankruptcy proceedings against a participant in a system operated according to the legislation of another Member State of the European Union has been submitted to the Central Depository and the said participant has its registered office, branch or permanent establishment in the Republic of Bulgaria, the Central Depository shall be obligated to communicate this circumstance to the competent authorities of the separate Member States of the European Union whereto the legislation of the relevant States has assigned such function.

Chapter Eight

PUBLIC COMPANY

Section I

General Dispositions

Article 110

(1) To be public, a joint-stock company must:

1. have issued shares under the terms of a primary public offering, or

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

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

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

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

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

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

(6) (New, SG No. 61/2002) Any company covered under Paragraph (1) shall be recorded as public in the Commercial Register. Any such company shall be obligated to declare this circumstance for recording in the Commercial Register.

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

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

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

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

2. (amended, SG No. 8/2003, supplemented, SG No. 39/2005, amended, SG No. 86/2006) to apply for admission of each succeeding share issue to trading on a regulated market within seven days after recording in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act.

Article 110a

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

Article 110b

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

Any public company shall ensure equal treatment of the shareholders enjoying equal status.

Article 110c

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

Any public company shall ensure all the necessary conditions and information so as to enable the shareholders to exercise their rights, as well as to guarantee the integrity of this information.

Article 111

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

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

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

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

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

(6) (New, SG No. 61/2002, amended, SG No. 52/2007, effective 3.07.2007) A public company shall be obligated to notify the Commission of the number of own shares which the said company will repurchase within the restriction referred to in Paragraph 5 and regarding the investment intermediary wherewith an order of the repurchase has been placed. Notification shall be made no later than the close of the working day preceding the date of the repurchase. The Commission shall make public the information received through the register of public companies and other issuers of securities kept by it.

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

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

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

Article 111a

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

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

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

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

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

Article 112

(Amended, SG No. 61/2002)

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

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

(3) The capital of a public company may not be increased by increase of thenominal value of previously issued shares, nor by conversion into shares ofbonds which have not been issued as convertible.

(4) Upon increase of the capital of a public company, the issue price of the new shares must be fully paid up, except upon increase of capital according to Article 197 of the Commerce Act, as well as through conversion of bonds into shares. Sentence two of Article 188 (1) of the Commerce Act shall not apply.

Article 112a

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

Article 112b

(New, SG No. 61/2002)

(1) (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007) The resolution or decision on increase of capital of a public company shall name the investment intermediary owning capital to an amount not less than the amount provided for in Article 8, Paragraph 1 of the Markets in Financial Instruments Act, which shall handle the increase of capital, and shall state other essential particulars regarding the issues of rights and shares. The company shall be obligated to transmit to the Commission, to the regulated market and to the Central Depository the minutes recording the resolution or decision on increase of capital before the end of the working day next succeeding the day of holding of the General Meeting or the day of holding of the meeting of the management body.

(2) (Amended, SG No. 39/2005, SG No. 86/2006) The right to participate in the increase of capital shall be limited to the persons who or which have acquired shares not later than fourteen days after the date of the resolution of the General Meeting on increase of capital or, where the

decision on increase of capital has been made by the management body, the persons who or which have acquired shares not later than seven days after the date of promulgation of the public notice referred to in Article 92a (1) herein. On the next succeeding working day, the Central Depository shall open rights accounts of the persons referred to in sentence one proceeding from the particulars in the register of shareholders.

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

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

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

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

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

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

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

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

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

convertible bonds.

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

Article 112c

(New, SG No. 61/2002, amended, SG No. 34/2006, SG No. 86/2006,

SG No. 52/2007, effective 3.07.2007)

Recording in the Commercial Register of the increase of capital of a public company shall be admissible solely subject to the condition of compliance with the provisions of this chapter. The company shall be obligated to present proofs that the requirements of Article 112 (4), Article 112b (2), (8) and sentence one of Article 112b (12) herein have been complied with or, where the decision on increase of capital of the company has been made by the General Meeting, also the requirements of Article 115 (3) herein.

Article 112d

(New, SG No. 61/2002; amended, SG No. 67/2003,

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

The Commission shall adopt an ordinance on the application of Article 112b herein.

Article 112e

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

Any public company shall disclose under the conditions of Articles 100r and 100t information about the total number of voting shares and the size of the capital at the end of the month in which an increase or reduction occurred. The information shall be disclosed for every class of shares.

Article 113

(Effective 30.12.1999)

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

(2) Paragraph (1) shall not apply:

1. to any bank, investment intermediary, insurance company or other company, where the increase of capital shall be necessary for implementation of a rehabilitation programme to bring the capital adequacy thereof in conformity with the requirements of the law or where subject to a

coercive measure requiring increase of the capital thereof according to the procedure established by Article 195 of the Commerce Act;

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

Article 114

(1) (Amended, SG No. 61/2002) Without being expressly empowered by the General Meeting, the persons managing and representing any public company may not effect transactions as a result of which:

1. the company acquires, transfers, receives or surrenders for use or furnishes as security in any form whatsoever any fixed assets to a value exceeding:

(a) one third of the lower of the value of the assets according to the balance sheet of the said company as last audited or as last prepared;

(b) 2 per cent of the lower of the value of the assets according to the balance sheet of the said company as last audited or as last prepared, where interested parties participate in the transactions;

2. the company incurs obligations to a single person or to connected persons to an aggregate value exceeding the value referred to in Littera (a) of Item 1 or, where the said obligations are incurred to interested parties or in favour of interested parties, to an aggregate value exceeding the value referred to in Littera (b) of Item 1;

3. the receivables of the company from a single person or from connected persons exceed the value referred to in Littera (a) of Item 1 or, where interested parties are debtors of the company, the value referred to in Littera (b) of Item 1.

(2) (Amended, SG No. 61/2002) Any transactions of a public company wherein interested parties participate, other than such covered under Paragraph (1), shall be subject to advance endorsement by the management body.

(3) (New, SG No. 61/2002) The value of the property acquired and received for use under Item 1 of Paragraph (1) shall be the agreed price, and the value of the property transferred, surrendered for use or furnished as security shall be the value of the said property according to the financial statement of the company as last audited. The value of the obligations and receivables referred to in Items 2 and 3 of Paragraph (1) shall include interest as agreed. Where any transactions covered under Paragraph (1) have securities as a subject, the said securities shall be appraised at current market value.

(4) (New, SG No. 61/2002) Any transactions, which separately fall below thethresholds set under Paragraph (1) but in aggregate lead to a change of property exceeding the said thresholds, shall be treated as a single whole if effected within a period of three calendar years and in favour of a single person or of connected persons, or if a single person or connected persons are parties

to the transactions, as the case may be. In such cases, the act or the transaction whereby the thresholds under Paragraph (1) are exceeded shall be subject to endorsement by the Shareholders' General Meeting.

(5) (New, SG No. 61/2002) "Interested parties" shall be the members of the management bodies and supervisory bodies of the public company, the managerial agent thereof, as well as any persons holding, directly or indirectly, at least 25 per cent of the votes in the General Meetings of the company or controlling the said company, where the said persons or any persons connected therewith:

1. are a party, a representative of a party or an intermediary to the transaction, or the transactions or acts are effected in favour of the said persons; or

2. hold, directly or indirectly, at least 25 per cent of the votes in the General Meeting of, or control, any legal person which is a party, a representative of a party or an intermediary to the transaction, or the transactions or acts are effected in favour of any such legal person;

3. are members of management body or supervisory bodies or managerial agents of any legal person referred to in Item 2.

(6) The receipt or surrender for use in any form whatsoever of fixed assetson the part of a public company must be effected under the terms and according to the procedure established by a contract of joint venture under Section III if the property:

1. is surrendered to a company holding, directly or indirectly, at least 25per cent of the votes in the General Meeting of the public company, or controlling the public company, or is a person connected therewith; and

2. serves to carry on the core business of the public company within the meaning of Article 126B (2) herein or of a substantial part of the said core business.

(7) (New, SG No. 61/2002, amended, SG No. 39/2005) Should the conditions referred to in Items 1 and 2 of Paragraph (6) occur after surrender of the property for use, the public company and the counterparty shall be obligated to take steps forthwith for conclusion of a contract of joint venture, including submission of an application to the Deputy Chairperson under Article 126c herein within one month.

(8) The provision of Paragraph (1) shall not apply in the cases:

1. of transactions effected in the course of ordinary business activities of the company, inter alia upon conclusion of contracts of bank credit and furnishing of security, except where interested parties participate in the said transactions;

2. (supplemented, SG No. 86/2006) of extension of credit by a holding company and provision of deposits by a subsidiary on terms less favourable than the local market terms;

3. where there is a contract of joint venture under Section III.

(9) "Ordinary business activities", as referred to in Item 1 of Paragraph (8), shall be the totality of acts and transactions effected by the company within the objects thereof and in conformity with the customary commercial practice, excluding any transactions and acts arising from contingency circumstances.

(10) (New, SG No. 39/2005) Any transactions effected in violation of Paragraphs (1) through (9) incl. shall be void.

(11) (New, SG No. 86/2006) Where deposits are provided under Item 2 of Paragraph (8), the holding company shall be obligated to notify the Commission within seven days.

Article 114a

(New, SG No. 61/2002)

(1) The management body shall present to the General Meeting a reasoned report on the expediency and terms and conditions of the transactions covered under Article 114 (1) herein. The said report shall be part of the materials provided to shareholders upon convocation of the General Meeting. The circumstances disclosable by the management body to the General Meeting shall be prescribed by ordinance.

(2) In the cases of acquisition or disposition of fixed assets referred to in Article 114 (1) herein, the General Meeting of the company shall pass a resolution by a majority of three quarters in value of the capital stock represented and, in the rest of the cases, by a simple majority.

(3) Upon passage of a resolution under Article 114 (1) herein, the interested parties shall not exercise the voting power thereof. The members of the management body who or which are interested parties shall not take part in the making of decisions under Article 114 (2) herein.

(4) The transactions referred to in Item 1 of Article 114 (1) and in Article 114 (2) herein, wherein interested parties participate, may be effected solely at market value. Valuation shall be prepared by the management body or, in the cases of Littera (b) of Item 1 of Article 114 (1), by appropriately qualified and experienced independent experts designated by the said management body.

(5) The resolution or decision referred to in Paragraph (3) shall specify the material terms and conditions of the transaction, including parties, subject and value, as well as in whose favour the transaction is effected.

Article 114b

(New, SG No. 61/2002)

(1) (Amended, SG No. 39/2005, SG No. 86/2006) The members of the management bodies and supervisory bodies of a public company, the managerial agent of any such company, and the persons holding, directly or indirectly, at least 25 per cent of the votes in the General Meeting of the company or controlling the company, shall be obligated to disclose to the management body of the public company, as well as to the Commission and the regulated market whereon the

shares in the company have been admitted to trading, information:

1. regarding the legal persons wherein the said persons hold, directly or indirectly, at least 25 per cent of the votes in the General Meeting or which the said persons control;

2. regarding the legal persons whereof the said persons are members of the management bodies or supervisory bodies or managerial agents;

3. regarding any current and future transactions of which they are aware and in which, in their opinion, the said persons may be treated as interested parties.

(2) The members of the management bodies and supervisory bodies of the public company and the managerial agent thereof shall be obligated to disclose the circumstances covered under Paragraph (1) within seven days after election, and the persons holding, directly or indirectly, at least 25 per cent of the votes in the General Meeting of the company or controlling the company shall be obligated to disclose the said circumstances within seven days after acquisition of the votes or of control, as the case may be. The persons referred to in sentence one shall be obligated to update the disclosure thereof within seven days after occurrence of the relevant circumstances.

Article 115

(1) The General Meeting of any public company shall be held at the registered office thereof. The ordinary general meeting shall be held prior to the end of the first half-year after preparation of annual accounts for the next preceding the accounting year.

(2) (New, SG No. 52/2007, effective 3.07.2007) In addition to the information under Article 223, Paragraph 4 of the Commerce Act the invitation for the general meeting shall include information about the total number of shares and the voting rights in the general meeting, as well as the right of the shareholders to participate in the general meeting.

(3) (Amended, SG No. 61/2002, No. 34/2006, renumbered from Paragraph (2), SG No. 52/2007, effective 3.07.2007) The company shall be obligated to disclose the notice referred to in Article 223 (4) of the Commerce Act in the Commercial Register and to publish it in a central daily at least 30 days prior to its opening

(4) (Supplemented, SG No. 61/2002, amended, SG No. 39/2005, SG No. 86/2006, renumbered from Paragraph (3), SG No. 52/2007, effective 3.07.2007) Any notice referred to in Paragraph (2), together with the materials for the General Meeting under Article 224 of the Commerce Act, shall be transmitted to the Commission, to the Central Depository and to the regulated market whereon the shares in the company concerned are admitted to trading not later than forty-five years prior to the conduct of the meeting. The said Commission and the regulated market shall make public the materials received.

(5) (New, SG No. 39/2005, supplemented, SG No. 86/2006, renumbered from Paragraph (4), SG No. 52/2007, effective 3.07.2007) In the cases referred to in Article 223a of the Commerce Act , the shareholders shall submit the materials referred to Article 223a (4) of the Commerce Act to the Commission and to the regulated market not later than on the business day next succeeding the ruling of the court on the inclusion of other business on the agenda of the General Meeting.

(6) (Amended, SG No. 61/2002, renumbered from Paragraph (4), SG No. 39/2005, renumbered from Paragraph (5), SG No. 52/2007, effective 3.07.2007) The members of the management bodies and supervisory bodies and the managerial agent of the company shall be obligated to give true, exhaustive and to-the-point answers to questions posed by the shareholders at the General Meeting regarding the state of economic affairs, the financial position and the business activities of the company, except regarding any circumstances constituting inside information. The shareholders may pose such questions regardless of whether the said questions are relevant to the agenda.

(7) (Repealed, SG No. 61/2002).

(8) (Repealed, SG No. 61/2002).

(9) (Repealed, SG No. 61/2002).

(10) (Repealed, SG No. 61/2002).

(11) (Repealed, SG No. 61/2002).

(12) (Repealed, SG No. 61/2002).

(13) (Repealed, SG No. 61/2002).

(14) (Repealed, SG No. 61/2002).

Article 115a

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

Any public company may use electronic means to provide information to the shareholders where the general meeting has taken such a decision and all of the following conditions obtain:

1. the use of electronic means is not contingent on the registered office or address of the shareholders or of the persons under Article 146, Paragraph 1, items 1 - 8;

2. measures for identification are taken so as to ensure effective provision of the information to the shareholders or the persons who are entitled to exercise the voting right or determine its exercise;

3. the shareholders or the persons under Article 146, Paragraph 1, items 1 - 5 who have the right to acquire, transfer or exercise the voting right have expressly stated their written consent for the provision of the information via electronic means or within 14 days from receipt of a request of such consent from the public company have not expressly objected thereof; on request from the persons under sentence one the public company shall also provide them at all times with the information on paper;

4. determination of the costs relating to the provision of information via electronic means

does not prejudice the principle under Article 110b on ensuring equal treatment.

Article 115b

(New, SG No. 61/2002, renumbered from Article 115a,

SG No. 52/2007, effective 3.07.2007)

(1) Voting power shall be exercised by the persons who or which had been recorded in the registers of the Central Depository as shareholders fourteen days prior to the date of the General Meeting.

(2) The Central Depository shall be obligated to provide to the company lists of the shareholders referred to in Paragraph (1) upon request by the person empowered to manage and represent the company.

(3) (Amended, SG No. 52/2007, effective 3.07.2007) Upon receipt of any notice referred to in Article 115 (4) herein, the regulated market whereon the shares are traded shall forthwith announce thelatest date for conclusion of transactions in such shares as a result of which the transferee of any such shares shall be able to exercise voting power.

Article 115c

(New, SG No. 61/2002, renumbered from Article 115b,

SG No. 52/2007, effective 3.07.2007)

(1) (Amended, SG No. 52/2007, effective 3.07.2007) The right to dividend shall vest in the persons who or which have been recorded in the registers of the Central Depository as shareholders on the 14th day after the day of the General Meeting whereat the annual financial statement was adopted and a resolution on distribution of profit was passed. Article 115b (2) shall apply accordingly.

(2) (Amended, SG No. 39/2005, supplemented, SG No. 52/2007, effective 3.07.2007) The company shall be obligated to notify forthwith the Commission, the Central Depository and the regulated market of the resolution of the General Meeting regarding the type and amount of dividend, as well as regarding the terms and the procedure for payment thereof, including to specify at least one financial institution through which payments will be made. The types of financial institutions through which payments may be made shall be set out by ordinance.

(3) Upon receipt of any notice referred to in Paragraph (2), the regulatedmarket whereon the shares are traded shall forthwith announce the latest date for conclusion of transactions in such shares as a result of which thetransferee of any such shares shall have the right to claim the dividend carried by the said shares as voted by the General Meeting.

(4) Until the lapse of the business days next succeeding the day of notification under Paragraph (2) and the latest day for conclusion of transactions under Paragraph (3), special rules may be applied on the regulated securities market regarding price restrictions on the orders or quotations as placed and the transactions as concluded.

(5) The company shall be obligated to ensure payment of the dividend as voted at the General Meeting to the shareholders within three months after holding the said meeting. The costs of payment of the dividend shall be for the account of the company.

(6) Paying of the dividend shall be effected with the cooperation of the Central Depository. The procedure for payment of dividend shall be established by ordinance.

Article 116

(1) Any written proxy to represent a shareholder at the Shareholders' General Meeting of any public company must be granted for a specific General Meeting, must be expressly formulated, notarized, and have the minimum contents as prescribed by ordinance.

(2) (Repealed, SG No. 61/2002).

(3) (New, SG No. 52/2007, effective 3.07.2007) Any public company shall submit a copy of the written power of attorney on paper or electronically, where applicable, together with the materials for the general meeting or at request after its calling.

(4) (Amended, SG No. 61/2002, renumbered from Paragraph (3) - SG No. 52/2007, effective 3.07.2007) Any sub-delegation of the rights referred to in Paragraph (1), as well as any proxy granted in breach of the rules established by Paragraphs (1) and (2), shall be void.

(5) (Renumbered from Paragraph (4) - SG No. 52/2007, effective 3.07.2007) Any solicitation of proxy from a shareholder or shareholders holding more than 5 per cent of the votes in the Shareholders' General Meeting of any public company must be inserted in a national daily newspaper or dispatched to each shareholder concerned. Any such solicitation shall contain at a minimum the following particulars:

1. the agenda of the matters proposed for consideration at the General Meeting, and the motions for resolutions thereon;

2. an invitation to the shareholders to provide instructions as to the manner of voting on the matters on the agenda;

3. a statement of the manner in which the solicitor will vote on each of the matters on the agenda, should the shareholder who or which accepts the solicitation fail to provide instructions as to the voting.

(6) (Renumbered from Paragraph (5) - amended, SG No. 52/2007, effective 3.07.2007) The solicitor shall be obligated to vote at the General Meeting of the company in conformity with the instructions of the shareholders as stated in the proxy or, should no such instructions have been provided, in conformity with the statement referred to in Item 3 of Paragraph (5). The solicitor may depart from the instructions of the shareholders or from the statement of the solicitor as to the manner of voting, as the case may be, if:

(a) any circumstances have occurred which were not known at the time of making of the

solicitation or of signing of the proxy by the shareholders;

(b) the solicitor has been unable to request in advance new instructions and/or to make a new statement, or has not received promptly new instructions from the shareholders;

(c) the departure is necessary for safeguarding the interests of the shareholders.

(7) (Amended, SG No. 61/2002, renumbered from Paragraph (6) - SG No. 52/2007, effective 3.07.2007) The company may not require presentation of the proxies referred to in Paragraph (1) earlier than two business days before the day of the General Meeting. The company shall inform those present at the Shareholders' General Meeting of the proxies as received upon the opening of the General Meeting.

(8) (Amended, SG No. 61/2002, renumbered from Paragraph (7) - SG No. 52/2007, effective 3.07.2007) Should more than one proxy referred to in Paragraph (1) be presented as granted by one and the same shareholder, the proxy which has been granted later shall prevail.

(9) (Renumbered from Paragraph (8) - SG No. 52/2007, effective 3.07.2007) Unless the company receives written notice from a shareholder of withdrawal of any proxy prior to the opening of the General Meeting, any such proxy shall be deemed to be valid.

(10) (Renumbered from Paragraph (9) - SG No. 52/2007, effective 3.07.2007) If the shareholder attends the General Meeting in person, any proxy granted thereby and applicable to the said General Meeting shall be valid unless the said shareholder states otherwise. In respect of the matters on the agenda whereon the shareholder votes in person, the respective right of the proxy shall lapse.

(11) (Amended, SG No. 39/2005, renumbered from Paragraph (10) - SG No. 52/2007, effective 3.07.2007) The company shall be obligated to give the Commission notice of the exercise of voting power by proxy within seven days after the General Meeting.

(12) (New, SG No. 61/2002, renumbered from Paragraph (11) - SG No. 52/2007, effective 3.07.2007) The terms and procedure for authorization on theinitiative of the proxy holder to vote in the General Meeting by proxy, as well as the terms whereunder a spouse, a lineal relative or an investment intermediary may be authorized to this end without notarization, shall be established by ordinance.

Article 116a

(New, SG No. 61/2002)

(1) Any person, who at the time of election is under an effective sentence for offences against property, economic offences or offences against the financial system, the tax system or the social insurance system, committed in the Republic of Bulgaria or abroad, shall be ineligible to the management bodies and supervisory bodies of any public company unless rehabilitated.

(2) At least one third of the members of the Board of Directors or of the Supervisory Board of any public company must be independent persons. To qualify as independent, a member of the

board may not be:

1. a person serving the public company;

2. a shareholder holding, whether directly or through connected persons, atleast 25 per cent of the votes in the General Meeting, or a person connected with the company;

3. a person who is in a sustained business relationship with the public company;

4. a member of a management body or supervisory body, a managerial agent ora person serving any commercial corporation or any other legal person referred to in Items 2 and 3;

5. a person connected with another member of a management body or supervisory body of the public company.

(3) Any persons, who have been elected to management bodies and supervisorybodies, shall be obligated to notify immediately the management body of thepublic company in the event of occurrence of any circumstances covered under Paragraph (1) or (2) after the date of election thereof. In such a case, the said persons shall cease to perform the functions thereof and shall not receive compensation.

(4) The candidate for elective office shall prove the non-existence of the circumstances covered under Paragraph (1) by means of a conviction status certificate, and the non-existence of the circumstances covered under Paragraph (2) by a declaration.

Article 116b

(New, SG No. 61/2002)

(1) The members of the management bodies and supervisory bodies of any public company shall be obligated:

1. to perform the duties thereof exercising the care of responsible merchantship, in a manner which they reasonably believe is in the interest of all shareholders of the company, and by using solely information which they reasonably believe is true and comprehensive;

2. to show loyalty to the company by:

(a) placing the interest of the company before their own interest;

(b) avoiding direct or indirect conflicts between their own interest and the interest of the company or, should any such conflicts arise, disclosing the said conflicts promptly and fully in writing to the competent body and not participating nor exerting influence on the rest of the members of the board in decision-making in such cases;

(c) not disclosing nonpublic information of the company even after they cease to be members of the relevant bodies until public disclosure of the relevant circumstances by the company.

(2) The provision of Paragraph (1) shall furthermore apply to any natural persons representing legal persons which are members of the management bodies and supervisory bodies of the company, as well as to any managerial agents of a public company.

Article 116c

(New, SG No. 61/2002)

(1) The compensations and tantiemes of the members of the management bodiesand supervisory bodies of any public company, as well as the period wherefor they are payable, shall mandatorily be fixed by the General Meeting.

(2) The persons referred to in Paragraph (1) shall be obligated to furnish a managerial bond within seven days after the election thereof.

(3) The bond shall be furnished in Bulgarian leva. The amount of the bond shall be fixed by the Shareholders' General Meeting and may not be less than the three-month gross compensation of the persons referred to in Paragraph (1).

(4) The bond shall be blocked in favour of the company with a bank within the territory of Bulgaria. Interest accruing on the bonds blocked with a bank shall not be blocked and shall be withdrawable on demand by the bond furnisher.

(5) In the event of failure to furnish the bond within the prescribed time limit, the person affected shall not receive compensation as member of the relevant body until the full amount of the bond is furnished.

(6) The bond shall be released:

1. in favour of the bond furnisher referred to in Paragraph (1): after thedate of General Meeting resolution relieving the said furnisher from liability and after the said furnisher vacates office;

2. in favour of the company: in case the General Meeting has passed a resolution to this effect upon detection of detriment inflicted on the company.

(7) (Amended, SG No. 39/2005) The General Meeting may relieve from liability a member of a management bodies and supervisory body at an ordinary Annual General Meeting provided there is an annual financial statement and an interim financial statement for the period commencing at the beginning of the current year and ending on the last day of the month wherein the notice of convocation of the General Meeting was promulgated, certified by a registered auditor.

(8) Paragraphs (1) to (7) shall furthermore apply to managerial agents, with the powers of the General Meeting being executed by the Supervisory Board or by the Board of Directors, as the case may be. These bodies shall account to the General Meeting for the amount of compensations received, the bonds as fixed, and the extent of performance of the duties entrusted

to the relevant person.

Article 116d

(New, SG No. 61/2002)

(1) The management body of each public company shall be obligated to appoint an investor relations director to serve under a contract of employment.

(2) The investor relations director must be appropriately qualified and experienced to perform the duties thereof and may not be a member of a management body or supervisory body or a managerial agent of the public company.

(3) The investor relations director shall perform the following functions:

1. implement effective liaison between the management body of the company and the shareholders thereof and the persons who have expressed interest in investing in securities of the company, supplying them with information regarding the current financial position and state of economic affairs of the company, as well as with any other information whereto they are entitled by law in the capacity thereof as shareholders or investors;

2. be in charge of of the dispatch, within the statutory time limit, of the materials on each General Meeting as convened to all shareholders who have requested to familiarize themselves with the said materials;

3. take and keep in custody accurate and full minutes of the meetings of the management body and supervisory body of the company;

4. (amended, SG No. 39/2005) be in charge of of the prompt dispatch of all required reports and notices of the company to the Commission, the regulated market whereon the securities of the company are traded, and the Central Depository;

5. keep a register of the materials dispatched under Items 2 and 4, as well as for the requests received and the information supplied under Item 1, describing the reasons in case any requested information has not been supplied.

(4) The investor relations director shall account for the performance thereof to the shareholders at the Annual General Meeting.

(5) The persons who manage the company shall be obligated to cooperate withthe investor relations director, as well as to control the performance of functions covered under Paragraph (3).

(6) Article 116a (1) and Article 116b herein shall apply to the investor relations director.

Article 117

(1) (Redesignated from Article 117 and amended, SG No. 61/2002, amended, SG No. 39/2005, SG No. 86/2006) The company must transmit the minutes of the session of the General Meeting to the Commission and to the regulated market whereon the shares in the company have

been admitted to trading within three business days after holding the said meeting.

(2) (New, SG No. 61/2002, amended, SG No. 39/2005) The Commission and the regulated market shall make public the resolutions passed at the General Meeting according to the minutes referred to in Paragraph (1).

Article 118

(1) Any persons holding, whether jointly or separately, at least 5 per cent of the capital of any public company may bring before the court the actions of the company against third parties upon an omission of the management bodies of the said company to do so should any such omission jeopardize the interests of the company. The company may be called as party to the case.

(2) (Amended, SG No. 61/2002) The persons referred to in Paragraph (1) may:

1. bring an action before the district court exercising jurisdiction over the company's registered office for indemnification of any detriment inflicted on the company wilfully or by gross negligence through acts or omissions by any members of the management bodies and supervisory bodies or by any managerial agent of the company;

2. requisition the General Meeting or the district court to appoint examiners to examine the entire accounting documentation of the company and to report the findings thereof;

3. requisition the district court to convene a General Meeting or to empower a representative thereof to convene a General Meeting with an agenda set thereby.

(3) (New, SG No. 61/2002) The court shall pronounce forthwith on any requisitions referred to in Items 2 and 3 of Paragraph (2).

Article 118a

(New, SG No. 61/2002)

Any person, who or which controls a public company, as well as any other person, who or which, by means of the influence thereof on a public company has procured any member of the management bodies or supervisory bodies of the said company or a managerial agent of the said company to act or to refrain from acting against the interest of the company, shall incur solidary liability for the detriment inflicted on the company. Item 1 of Article 118 (2) herein shall apply accordingly.

Article 119

(1) Any company referred to in Article 110 (1) herein shall cease to be public as from the decision to expunge the said company in the register of the Deputy Chairperson in charge of the Investment Activity Supervision Department, if:

1. (amended, SG No. 61/2002) the General Meeting of the said company has passed a resolution on the expungement thereof by a majority of two-thirds in value of the capital stock represented and provided that:

(a) the number of shareholders was fewer than 50 persons fourteen days before the General Meeting, as well as on the last day of the two last succeeding calendar years, or

(b) the value of the assets of the company was less than BGN 200,000 according to the latest monthly balance sheet, as well as according to the two latest audited annual balance sheets;

2. (repealed, SG No. 61/2002);

3. (amended, SG No. 61/2002) a tender offering has been made under Article 149a herein and:

(a) the shareholders owning at least one-half of the total number of shares subject to the tender offer have accepted the tender offer, or

(b) (amended, SG No. 52/2007, effective 3.07.2007) the General Meeting of the company has passed a resolution on the expungement thereof by a majority of one-half in value of the capital stock represented; the capital stock represented shall exclude the shares which the tender offeror has acquired prior to registration in the Commission of the tender offer referred to in Article 149a (1) herein; the voting power of the tender offeror shall be limited to the shares acquired thereby as a result of the said tender offer and thereafter.

4. (new, SG No. 52/2007, effective 3.07.2007) repurchase of all voting shares in the general meeting of the public company as per Article 157a is in place.

(2) (Amended, SG No. 61/2002) Any notice of convocation of a General Meeting referred to in Item 1 of Paragraph (1) must specify the reasoning of the draft resolution on expungement of the company.

(3) (New, SG No. 61/2002) In the application on expungement in the register of the Deputy Chairperson in charge of the Investment Activity Supervision Department, the company shall cite the transactions and acts which have materially contributed to a fall of the number of shareholders and of the value of the assets of the company below the respective thresholds referred to in Item 1 of Paragraph (1). Article 91 herein shall apply accordingly.

(4) (New, SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007) The Deputy Chairperson shall refuse to expunge in the register any public company which does not fulfil the conditions referred to in Item 1, 3 or 4 of Paragraph (1), inter alia where fulfilment of the said conditions has violated the law.

(5) (New, SG No. 61/2002, amended, SG No. 39/2005) Upon the entry into force of the decision of the Deputy Chairperson on expungement of any public company in the register, the indication that the said company is public shall be dropped from the Articles of Association thereof. Any such company shall be obligated to declare the said alteration for recording in the Commercial Register, as well as to present updated Articles of Association according to the procedure established by Article 174 (4) of the Commerce Act.

(6) (Renumbered from Paragraph (3), SG No. 61/2002, amended, SG No. 39/2005) After a decision by the Deputy Chairperson on expungement in the register, the shares in the company may not be traded on a regulated securities market.

(7) (Renumbered from Paragraph (4), SG No. 61/2002, amended, SG No. 39/2005) Any public company may be transformed into a limited liability company solely after a decision by the Deputy Chairperson on expungement in the register.

(8) (Repealed, SG No. 61/2002).

(9) (Repealed, SG No. 61/2002).

Article 120

(Supplemented, SG No. 61/2002, SG No. 39/2005,

amended, SG No. 52/2007, effective 3.07.2007)

Chapter Six "A", Section IV herein shall apply to any public company, including the form, manner and procedure for disclosure of information under Article 115 (4) and (5) and Article 117 herein, as well as the public dissemination of any such information.

Article 120a

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

(1) Articles 110b, 110c, 111, Paragraphs 8 and 9, Articles 111a, 112e, 115, Paragraph 2, Articles 115a, 115c, Paragraph 2 on specification of a financial institutions and Article 116, Paragraph 3 shall also apply to issuers of shares from a third country for whom the Republic of Bulgaria is a home country under Article 100j, Paragraph 2, item 1.

(2) The requirements under Paragraph 1 shall not apply to issuers from a third country for whom the Republic of Bulgaria is a home country if the Commission deems that the law of that country lays down requirements equivalent to the requirements herein and the statutory instruments for the application of this Act. The conditions under which the Commission may deem that the requirements of the law of that country are equivalent to the requirements herein and the statutory instruments for the application of this Act shall be set out by ordinance.

(3) The information that the persons under Paragraph 1 shall disclose according to national law shall be disclosed under the terms of Articles 100r and 100t.

(4) The Commission shall publish on its website a list of the countries whose laws provide for requirements equivalent to the requirements herein and the statutory instruments for application of this Act.

Article 121

The provisions of the Commerce Act shall apply to any cases unregulated hereby.

Section II

Transformation

Article 122

(1) (Amended, SG No. 39/2005) In the cases of transformation under Chapter Sixteen of the Commerce Act , wherein at least one public company is involved, the new company and the acquiring company or companies shall likewise be public companies.

(2)) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 34/2006) Recording in the Commercial Register of any company transformed under Paragraph (1) shall be admitted solely after presentation of the decision of the Deputy Chairperson referred to in Article 124a herein.

(3) (Amended, SG No. 39/2005) Within seven days after recording in the Commercial Register of the transformation, the management bodies of the any new company or the acquiring company shall be obligated:

1. to submit to the Commission documents for recording in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act;

2. to submit to the Central Depository documents for registration of the share issues thereof and the distribution of the said shares to accounts or the transfer of the shares.

(4) (Repealed, SG No. 39/2005) .

(5) (Amended and supplemented, SG No. 61/2002, repealed, SG No. 39/2005) .

(6) (Repealed, SG No. 39/2005) .

(7) (Repealed, SG No. 39/2005) .

(8) (Repealed, SG No. 39/2005) .

(9) (New, SG No. 61/2002, repealed, SG No. 39/2005) .

Article 123

(Amended, SG No. 39/2005)

(1) In addition to the particulars covered under Article 262g of the Commerce Act, the transformation agreement or plan referred to in Article 262g of the Commerce Act must furthermore state:

1. the fair price of the shares in each of the transforming companies or company, as the case may be, as well as the ratio of exchange of shares in the transforming companies or company, as the case may be, for shares in the new companies or company, as the case may be, or in the acquiring company, fixed at a date which may not precede the date of the transformation agreement or plan by more than one month;

2. justification of the price referred to in Item 1 on the basis of generally accepted valuation

methods;

3. other measures offered to the holders of shares whereto special rights are attached and to the holders of securities other than shares, notwithstanding the rights referred to in Item 8 of Article 262g (2) of the Commerce Act , should any such be envisaged.

(2) The requirements for the contents of the justification referred to in Item 2 of Paragraph (2), including the requirements for the application of the valuation methods, shall be established by ordinance.

(3) The transformation agreement or plan referred to in Paragraph (1) shall be examined by an independent auditor under Article 262k of the Commerce Act , who is included in a list endorsed by the Deputy Chairperson.

Article 124

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

(1) The transformation agreement or plan, as well as the reports of the management body under Article 262i of the Commerce Act and of the auditor under Article 262l of the Commerce Act of each of the companies involved in the transformation, shall be approved by the Deputy Chairperson.

(2) The transforming companies or company, as the case may be, shall submit an application for the grant of approval, enclosing therewith:

1. the transformation agreement or plan, satisfying the requirements established by Articles 262f and 262g of the Commerce Act;

2. a report by the management body of each of the transforming and acquiring companies under Article 262i of the Commerce Act , stating inter alia the reasons compelling the transformation;

3. a report by the auditor under Article 262l of the Commerce Act and, respectively, under Article 262t of the Commerce Act , as well as a declaration by the auditor to the effect that the said auditor is not a person connected to any of the companies involved in the transformation and has no other relationships therewith as may give rise to reasonable doubts about the impartiality thereof;

4. the annual financial statements referred to in Article 26 (1) of the Accountancy Act and the reports on the operation of all transforming and acquiring companies for the three last preceding financial years, if such statements and reports exist and have not been submitted to the Commission;

5. a balance sheet drawn up as at the last day of the month preceding the date of the transformation agreement or plan;

6. the draft of new Articles of Association of each of the new companies or of clauses

amending and supplementing the Articles of Association of each of the transforming and acquiring companies, as the case may be;

7. a copy of the application to the Central Depository referred to in Article 262w of the Commerce Act;

8. any other documents as may be prescribed by ordinance.

(3) The balance sheet referred to in Item 5 of Paragraph (1) must be prepared applying the same accounting policies and using the same layout as the last annual financial statement.

Article 124a

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

Article 125

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

The Deputy Chairperson shall refuse to grant approval if the written materials covered under Article 124 (2) herein do not satisfy the requirements of the law, if the information contained therein is not presented in a way comprehensible to shareholders or does not disclose truthfully and fully the material circumstances of relevance to the making by shareholders of a reasoned decision on the proposed transformation, or if the interests of the shareholders are prejudiced in any other manner. Article 91 and Article 92 (2) and (3) herein shall apply accordingly.

Article 126

(Amended, SG No. 39/2005)

(1) Each shareholder, who or which has withdrawn from the company according to the procedure established by Article 263q of the Commerce Act , shall be entitled to receive the equivalent of the shares held thereby prior to the transformation at the price specified in the transformation plan or agreement. In such case, Article 111 (5) herein shall not apply.

(2) Within thirty days after the date of notice of termination of participation under Article 263q of the Commerce Act , the new company and/or the acquiring company shall be obligated to buy out the shares held by the shareholders referred to in Paragraph (1).

Article 126a

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

Section III

(New, SG No. 61/2002)

Contract of Joint Venture

Article 126b

(1) By a contract of joint venture, a public company undertakes to carry on the core business thereof or part of the said core business in common interest with another company which holds,

directly or indirectly, at least 25 per cent of the votes in the General Meeting of the public company, which controls the said public company or is connected therewith.

(2) "Core business", within the meaning given by Paragraph (1), shall be the totality of legal and factual acts and transactions by the company which generate not less than 25 per cent of the income accruing thereto from the sale of goods and provision of services in conformity with the latest audited annual financial statement.

(3) Any joint venture shall be managed jointly by the management bodies of the companies parties to the contract or independently by the management body of one of the said companies or by persons designated by the management bodies, as the case may be.

(4) (Amended, SG No. 52/2007, effective 3.07.2007) The persons referred to in Paragraph 3 shall submit to the Commission annual and quarterly financial reports on their activity under Chapter Six "A", Section II, as well as any other information specified by ordinance. The procedure, terms and the manner of submitting the information under sentence one to the Commission and the procedure, terms and manner of its dissemination shall be set out by ordinance.

(5) (New, SG No. 52/2007, effective 3.07.2007) The Commission shall make public the information received under Paragraph 1 through the register kept by it under Article 30, Paragraph 1 of the Financial Supervision Commission Act.

(6) (Renumbered from Paragraph (5) - SG No. 52/2007, effective 3.07.2007) The distribution of the operating profit and loss of the joint venture shall conform to the proportion between the assets and the other forms of contribution whereby each of the companies participates in the joint venture.

(7) (Renumbered from Paragraph (6) - SG No. 52/2007, effective 3.07.2007) The contract must regulate the form and manner of participation of each of the companies in the joint venture, the objects, the manner of management, the methods of distribution of the profit and loss of the joint venture, as well as the terms and procedure for termination of the contract.

Article 126c

(1) The management body of each public company party to the contract of joint venture shall prepare a written report containing the legal and economic reasoning of the contract, an appraisal of the assets and the other forms of contribution whereby each one of the companies participates in the joint venture, as well as a justification of the fair price of the shares in the relevant public company proceeding from generally accepted valuation methods. The requirements to the contents of the justification of the fair price, including the application of valuation methods, shall be established by ordinance.

(2) (Amended, SG No. 39/2005) The report referred to in Paragraph (1) must be examined by not more than three independent appropriately qualified and experienced experts, approved by the Deputy Chairperson on a motion by the companies parties to the contract. The costs of the expert examination shall be for the account of the companies.

(3) (Amended, SG No. 39/2005) The experts shall prepare a written report to the shareholders, which must specify the methods of valuation of the forms of contribution of the contracting parties and the methods of determination of the fair price of the shares in the public company, how far application of these methods is appropriate, as well as the valuation difficulties, should any such have arisen. The said report shall furthermore indicate any other material circumstances of relevance to the making by shareholders of a reasoned decision on the draft contract.

(4) (New, SG No. 39/2005) Each expert shall have the right to access to any information and written materials concerning each of the companies participating in the joint venture as are relevant to the assignment thereof, as well as to conduct all requisite examinations.

Article 126d

(1) (Amended, SG No. 39/2005) The draft contract of joint venture and the reports covered under Article 126c herein must be approved by the Deputy Chairperson.

(2) (Amended, SG No. 39/2005, SG No. 52/2007) Each public company party to the contract of joint venture shall submit an application for endorsement to the Commission, enclosing therewith other documents as shall be prescribed by ordinance. The Deputy Chairperson shall pronounce on any such application within thirty days after the date of receipt thereof or, where rectification of deficiencies and non-conformities or submission of additional information has been requested, within fourteen days after the additionally submitted documents.

(3) (New, SG No. 52/2007) Based on the documents submitted the Deputy Chairperson shall determine the extent whereto the requirements for issuing of the approval have been satisfied. Should the particulars and documents as submitted be found deficient or invalid, or should any additional information or evidence authenticating the particulars be required, the Commission shall transmit a communication and shall set a time limit for removal of the deficiencies or non-conformities found and/or for submission of the additional information and documents required.

(4) (New, SG No. 52/2007) If the notification under Paragraph 3 is not accepted at the correspondence address specified by the applicant, the time limit for their submission shall be effective from posting thereof on a notice board expressly provided therefor on the premises of the Commission. Any such posting shall be attested by a memorandum drawn up by officers designated by an order of the Chairperson of the Commission.

(5) (New, SG No. 52/2007) The applicant shall be notified in writing of the decision taken within 7 days.

(6) (Amended, SG No. 39/2005, renumbered from Paragraph (3) - SG No. 52/2007) The Deputy Chairperson shall issue a reasoned refusal of endorsement solely if the documents referred to in Paragraph (1) do not satisfy the requirements of the law, if the information contained therein is not presented in a way comprehensible to shareholders or does not disclose fairly and fully material circumstances of relevance to the making by shareholders of a reasoned decision on the draft contract, or if the interests of the shareholders in a public company party to the contract of joint venture are prejudiced in any other manner.

Article 126e

(1) The contract of joint venture shall enter into force after endorsement by the general meeting of each one of the companies parties to the contract. Any such General Meeting resolution shall be passed by a majority of three-quarters in value of the capital stock represented.

(2) (Amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005) The companies shall submit the contract of joint venture, the decision of the Deputy Chairperson on the approval of the said contract and the resolutions of the general meetings thereof to the Commercial Register within seven days after the entry of the said contract into force. Within the same time limit, the public company party to the contract shall furthermore declare the said contract for recording in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act.

(3) The termination and rescission of a contract of joint venture shall have a proactive effect. In such cases, Paragraph (1) shall apply accordingly.

(4) Any supervening amendments to the contract of joint venture shall follow, mutatis mutandis, the provisions of this Chapter.

Article 126f

(1) (Amended, SG No. 39/2005) Each shareholder in a public company party to a contract of joint venture shall be entitled to request that the company buy out all or part of the shares owned by the said shareholder at the price named in the report of the management body of the said company as approved by the Deputy Chairperson, if the said shareholder has voted against the General Meeting resolution on approval of the contract or of a supervening amendment thereto. In such a case, Article 111 (5) herein shall not apply.

(2) The contract may provide for an entitlement of the persons referred to in Paragraph (1) to request, in lieu of buy-out by the public company, exchange for shares in the company counterparty to the contract. In such a case, the report of the management body referred to in Article 126C herein must contain data on the rights attaching to the shares in the controlling company and a justification, proceeding from generally accepted valuation methods, of the fair price of the shares in the controlling company and of the ratio of exchange for shares in the public company.

(3) The persons referred to in Paragraph (1) must submit a request for buy-out or exchange of shares to the relevant public company within thirty days after the date of the General Meeting.

(4) Within thirty days after the expiration of the time limit referred to in Paragraph (3), but not prior to the entry into force of the contract of joint venture, the public company shall be obligated to buy out the shares held by the shareholders who or which have so requested.

Article 126g

(1) The persons who manage the joint venture shall be obligated to act in the interest of the parties to the contract and the shareholders thereof. Article 116B herein shall apply accordingly.

(2) The persons referred to in Paragraph (1) shall incur solidary liability for any detriment as

may be inflicted on each of the companies parties to the contract of joint venture by reason of dereliction of the duties of the said persons in the course of management of the joint venture.

(3) Any person, who or which, by means of the influence thereof on another person managing the joint venture, has procured the latter person to act or to refrain from acting against the interest of the parties to the contract, shall incur solidary liability for the detriment inflicted.

(4) Any persons holding, whether jointly or separately, at least 5 per cent of the capital of any public company party to a contract of joint venture may bring before the district court exercising competence over the registered office of the public company action for indemnification of any detriment inflicted on the said public company through acts or omissions by the persons referred to in Paragraph (2).

Article 126h

(1) The contracts of joint venture with an international element shall be governed by the provisions of this Section and the mandatory provisions of Bulgarian law.

(2) Any parties to the contract, who or which are non-resident persons, as well as any non-resident persons who or which manage the joint venture, shall be obligated to name a representative and an address in Bulgaria.

Chapter Nine

CENTRAL DEPOSITORY

Article 127

(1) The issuing and disposition of dematerialized securities shall take effect as from the registration thereof at the Central Depository.

(2) The Central Depository shall be a joint-stock company with a one-tier management system and the following objects:

1. opening and maintenance of securities accounts for securities referred to in Paragraph (1);

2. registration of transactions in securities referred to in Paragraph (1);

3. maintenance of cash accounts and effecting of payments in connection with transactions in securities referred to in Paragraph (1);

4. administration of securities, including maintenance of share registers for dematerialized shares and bonds;

5. immobilizing securities in the cases covered under Article 141 (2) herein;

6. any other activities as may be specified in the ordinance provided for in Article 140 herein.

(3) (Amended, SG No. 52/2007) The Central Depository may not effect commercial

transactions, save as where necessary for the performance of the activities covered under Paragraph (2).

(4) (New, SG No. 52/2007) The Central Depository may not:

1. grant loans or secure receivables of third parties;

2. issue bonds;

3. receive loans under conditions less favourable than the market conditions for the country.

(5) (Renumbered from Paragraph (4) - SG No. 52/2007) The Central Depository shall form no profit and shall distribute no dividend. Any excess of income over expenses of the Central Depository shall be ascertained after the end of each accounting year, and one-half of any such excess shall be transferred to the Reserve Fund and the balance shall be disposed of in conformity with Article 132 (2) herein.

(6) (Renumbered from Paragraph (5) - SG No. 52/2007) The financial resources in the Reserve Fund of the Central Depository, apart from the purposes covered under Article 246 (3) of the Commerce Act, shall furthermore be used to cover the operating expenses of the said Depository.

(7) (Renumbered from Paragraph (6) - SG No. 52/2007) The Central Depository must have skilled personnel, logistics, technical equipment and software as shall be necessary for the effective and secure performance of the activities covered under Paragraph (2).

(8) (Renumbered from Paragraph (7) - SG No. 52/2007) An Arbitration Tribunal shall be established with the Central Depository. The General Meeting of the Central Depository shall adopt Rules of Arbitration and shall elect a President and a Vice President of the Arbitration Tribunal.

(9) (Renumbered from Paragraph (8) - SG No. 52/2007) The Central Depository may not be dissolved by resolution of the General Meeting. No bankruptcy proceedings shall be instituted against the Central Depository.

Article 128

(1) The Central Depository shall issue solely registered shares entitling the holder to a single vote. The Central Depository may not issue preference shares.

(2) (Amended, SG No. 39/2005, SG No. 86/2006) Not less than three- fourths of the capital of the Central Depository shall be held by the Ministry of Finance, the Bulgarian National Bank, banks and investment intermediaries. The participating interest of the Ministry of Finance and the Bulgarian National Bank may not be less than 34 per cent.

(3) (Amended, SG No. 39/2005, supplemented, SG No. 86/2006) No single shareholder of the Central Depository may own more than 5 per cent of the shares therein, whether directly or through related persons. This restriction shall not apply in respect of the participating interest of

the Ministry of Finance, the Bulgarian National Bank and the persons referred to in Items 4 and 5 of Article 131 (1) herein.

Article 129

(1) (New, SG No. 86/2006, effective 28.10.2006) 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) (Renumbered from Paragraph (2) and supplemented, SG No. 39/2005, renumbered from Paragraph (1), SG No. 86/2006, effective 28.10.2006) The Board of Directors of the Central Depository shall exercise the following powers:

1. adopt Rules of Organization and Operation of the Central Depository;

2. admit and expel members of the Central Depository;

3. organize and control payments on concluded transactions;

4. impose penalties on the members under terms and according to a procedure established by the ordinance provided for in Article 140 herein;

5. exercise any other rights as may be vested therein according to the law, the ordinance provided for in Article 140 herein, the Articles of Association and the Rules;

6. adopt decisions and issue orders in connection with the exercise of the rights thereof.

(3) (Renumbered from Paragraph (1) and amended, SG No. 39/2005, renumbered from Paragraph (2), SG No. 86/2006, effective 28.10.2006) Representatives of the Commission may likewise be present at the meetings of the Board of Directors.

Article 130

The Rules of the Central Depository shall establish:

1. the terms and a procedure for the admission of members and for the suspension or expulsion thereof;

2. the terms and a procedure for the performance of the activities and provision of the services covered under Article 127 (2) herein;

3. the organization of internal controls;

4. the terms and a procedure for the imposition of penalties on the members of the Central Depository;

5. the terms and a procedure for disclosure of information on the services provided, the requirements for maintenance of the registers of the Central Depository, as well as verification of compliance therewith;

6. the terms and a procedure for management of the guarantee fund provided for in Article 132 herein and for payment of damages from the said fund.

Article 131

(1) Membership of the Central Depository shall be limited to:

1. banks;

2. investment intermediaries;

3. management companies;

4. (amended, SG No. 52/2007) regulated markets or market operators where they are persons other than regulated markets.

5. foreign depositary and clearing institutions.

(2) No member of the Central Depository may enjoy any privileges over any other member thereof.

Article 132

(1) A guarantee fund shall function with the Central Depository for indemnification of any detriment as may be incurred upon performance of the operation of the Central Depository.

(2) Each member of the Central Depository shall be obligated to pay an entrance and an annual contribution to an amount determined in the Rules referred to in Article 130 herein. Resources in the said fund shall furthermore be raised from half of any excess of the income over the expenses of the Central Depository, loans, donations, international aid etc.

(3) (Amended, SG No. 39/2005) The management of risks at the settlement of securities shall be regulated by the ordinance provided for in Article 140 herein.

Article 133

(1) (Amended, SG No. 39/2005) Each investor shall have the right to access to the registers of the Central Depository through a member of the said Depository solely in respect of the information concerning the securities held by the said investor and transactions in securities whereto the said investor is a party. The Central Depository or any member thereof may not refuse to provide the services referred to in sentence one.

(2) No member of the Board of Directors of the Central Depository, no employee thereof, nor any other person working for the said Depository, may disclose, unless authorized therefor, or use to their own benefit or to the benefit of any other persons any facts and circumstances regarding the assets and operations on the securities accounts maintained by the Central Depository as may have come to the knowledge thereof in the discharge of the official and professional duties thereof.

(3) Upon assumption of position or commencement of activity at the Central Depository, any person covered under Paragraph (2) shall sign a declaration, pledging to safeguard any secrets covered under Paragraph (2).

(4) The provision of Paragraph (2) shall furthermore apply to the cases where the said persons are off duty or have been suspended.

(5) (Amended, SG No. 39/2005) Except to the Commission or to the Deputy Chairperson, as the case may be, for the purposes of the control activities thereof, the Central Depository may disclose any information covered under Paragraph (2) solely:

1. with the consent of the members of the Central Depository or of the clients thereof, or

2. (amended, SG No. 52/2007) in pursuance of a judgment of the [competent] court of law rendered under the terms and according to the procedure established by Article 35, Paragraphs 6 and 7 of the Markets in Financial Instruments Act.

3. (new, SG No. 52/2007, effective 3.07.2007) on a written request from the director of the National Investigation Service, the National Security Service or the National Police Service regarding companies with over 50 per cent state and/or municipal participation;

4. (new, SG No. 52/2007, effective 3.07.2007) on a request from the chief prosecutor or his/her authorized deputy upon available data about organized criminal activity or money laundering.

Article 134

(1) The Central Depository shall maintain an archive of all records, including erroneous and corrected entries, for an indeterminate duration.

(2) The Central Depository shall maintain at the Bulgarian National Bank a duplicate of the data base storing all records referred to in Paragraph (1).

(3) The ordinance provided for in Article 140 herein shall specify measuresfor prevention of loss of information from the registers of the Central Depository and suspension of the operation thereof in the event of an accident, natural disaster or other such emergency.

Article 135

(1) (Amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005) Any company issuing dematerialized securities shall be obligated to register any such securities at the Central Depository according to a procedure established by the ordinance provided for in Article 140 herein. A registration of an issue of securities at the Central Depository may be closed upon presentation of a decision by the Deputy Chairperson on expungement in the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act.

(2) The Central Depository may refuse to effect registration if:

1. all requisite particulars or documents are not available or have not been submitted

according to the established procedure;

2. certain essential elements are missing, or the particulars referred to in Paragraph (1) are inaccurate and inconsistent;

3. the assets on the accounts of the transferor or transferee are insufficient for performance of the transaction operation within the settlement period as established by the Rules of the Central Depository;

4. the particulars presented by the transferor and the transferee disagree upon comparison;

5. there are statutorily established prohibitions or restrictions;

6. in any other cases as may be prescribed in the ordinance provided for inArticle 140 herein.

(3) In the cases covered under Items 1, 2 and 4 of Paragraph (2), the Central Depository shall require rectification of the defects within an established time limit and shall transmit directions therefor. In the cases referred to in Item 3 of Paragraph (2), the transactions shall be arranged under terms and according to a procedure established by the Rules of the Central Depository.

Article 136

(1) (Amended, SG No. 39/2005, SG No. 86/2006, SG No. 52/2007) In the register of the Central Depository there shall be recorded the names of the holders of dematerialized securities, as well the names of the non-resident persons referred to in Article 41, Paragraph 1 of the Markets in Financial Instruments Act who or which have acquired securities acting in their own name but for the account of other non-resident persons.

(2) The Central Depository shall maintain the registers of shareholders of companies issuing dematerialized shares, as well as the registers of holders of other dematerialized securities, according to a procedure established in the ordinance provided for in Article 140 herein.

(3) (Amended, SG No. 39/2005, SG No. 52/2007) As to the creditors of the Central Depository, the investment intermediaries referred to in Article 5, Paragraph 3, item 1 of the Markets in Financial Instruments Act and any other third parties, any securities recorded in the Central Depository shall be deemed to be securities owned by the holders thereof.

(4) The guarantee funds and any performance bonds given by the members of the Central Depository shall not be deemed to be rights of the Central Depository and of the members thereof as to the creditors thereof.

(5) (Amended, SG No. 39/2005, SG No. 52/2007) The distribution of interest, dividend, notifications and performance of other acts comprehended in the administration of securities, as well as the relevant liabilities incurred by the public companies and the other issuers, by the Central Depository and the investment intermediaries referred to in Article 5, Paragraph 3, item 1 of the Markets in Financial Instruments Act, shall be regulated by the ordinance provided for in

Article 140 herein.

Article 137

(1) The issuing and disposition of dematerialized securities shall be certified by a registration certificate. The terms and procedure for the issuing of a registration certificate for securities or a registration certificate for a non-resident person referred to in Article 136 (1) herein as recorded in the register of the Central Depository shall be established in the ordinance provided for in Article 140 herein.

(2) A statement of registration of securities shall be issued to members ofthe Central Depository wherefor or wherethrough the recording referred to in Article 127 (1) herein has been effected. At the request of any holder of dematerialized securities, the Central Depository shall issue thereto a certificate of ownership of securities through a member of the Central Depository. The members of the Central Depository may not refuse to provide the service referred to in sentence two to the clients thereof.

(3) Any non-resident person referred to in Paragraph (2) may issue depository receipts to the non-resident clients thereof for any securities acquired for the account of the said clients after the Central Depository has restricted the disposition of the said securities within Bulgaria.

Article 138

(1) The acquisition of securities on a regulated securities market by a bona fide party shall be valid regardless of whether the transferor owns the said securities.

(2) Any transactions in securities concluded and accepted for execution by the Central Depository shall be finalized according to the Rules of the Central Depository, irrespective of any contestations and presented claims. Exceptions shall be admissible in the cases specified in the ordinance provided for in Article 140 herein. Damages for detriments shall be regulated according to commercial and civil legislation.

(3) The procedure for correction of erroneous entries effected by the Central Depository shall be regulated by the ordinance provided for in Article 140 herein.

Article 139

(1) (Amended, SG No. 39/2005) The Commission and the Deputy Chairperson shall exercise control over the operation of the Central Depository.

(2) (Amended, SG No. 39/2005) The Central Depository shall be obligated to submit to the Commission an annual report on or before the 31st day of March in the next succeeding year, as well as a six-month report on or before the 31st day of August in any current year.

(3) (Amended, SG No. 39/2005) The reports referred to in Paragraph (1) shall state particulars of the operation of the Central Depository, of the composition of the shareholders and the members of the Central Depository, as well as an annual financial statement according to Article 26 (1) of the Accountancy Act as audited by a registered auditor. Any such reports shall be drawn up in a standard form as endorsed by the Deputy Chairperson.

(4) (Amended, SG No. 39/2005) The Central Depository shall be obligated, upon request, to submit to the Commission and to the Deputy Chairperson any other particulars and documents pertaining to the operation thereof.

(5) (Amended, SG No. 39/2005) The Deputy Chairperson shall conduct on-site inspections.

Article 140

(Amended, SG No. 61/2002, SG No. 67/2003, SG No. 39/2005)

The Commission shall issue an ordinance on the application of this Chapter.

Chapter Ten

PUBLIC OFFERING IN THE REPUBLIC OF BULGARIA OF SECURITIES ISSUED

BY NON-RESIDENT PERSONS. PUBLIC OFFERING ABROAD OF SECURITIES

ISSUED BY RESIDENT PERSONS

Article 141

(1) (Amended, SG No. 37/2004, SG No. 86/2006) The requirements of Chapters Six and Seven herein shall apply accordingly to the public offering of securities which are issued by persons having their registered office in third countries and which have not been offered to the public and have not been admitted to trading on a regulated market in another Member State, as well as subject to fulfilment of the following conditions:

1. that the securities satisfy the requirements of this Act;

2. that the issuer has presented evidence of conformity with the law of theplace of registration thereof;

3. that realization of the rights of the resident investors be guaranteed.

(2) Should any securities referred to in Paragraph (1) be physical, the said securities may be offered to the public after being immobilized at the Central Depository.

(3) (Amended, SG No. 39/2005) Where so provided by an international contract whereto the Republic of Bulgaria is a party, the Commission may recognize the prospectus for securities published according to the law of the place of confirmation thereof if the purposes of Article 81 herein are attained. In such a case, the said Commission may require from the issuer any additional information and documents as may be necessary for performance of the functions thereof.

Article 142

(1) (Amended, SG No. 39/2005, SG No. 86/2006) The Commission shall be notified of any public offering in third countries of securities issued by resident persons.

(2) (Amended, SG No. 39/2005, SG No. 86/2006) Upon submission of documents for public

offering in a third country to the competent authorities of the third country, the issuer or the offeror shall submit to the Commission:

1. the draft prospectus and any other documents as may be required according to the foreign law;

2. (amended, SG No. 39/2005, SG No. 86/2006) a declaration pledging to submit to the Commission copies of all documents as may be published or presented in a third country according to the foreign law;

3. any other documents as may be prescribed by ordinance.

Article 143

(Amended, SG No. 37/2004) The conclusion and/or execution of transactions resulting from a public offering according to the procedure established by Article 141 or Article 142 herein shall furthermore comply with the requirements of the Foreign Exchange Act.

Article 144

(Amended, SG No. 52/2007)

Chapters Six herein shall apply, mutatis mutandis, to any unregulated cases.

Chapter Eleven

DISCLOSURE OF PARTICIPATING INTEREST AND TENDER

OFFERING FOR SECURITIES

Section I

Disclosure of Participating Interest

Article 145

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

and supplemented, No. 39/2005, amended, No. 86/2006, No. 52/2007,

effective 3.07.2007)

(1) Any shareholder who acquires or transfers directly and/or under Article 146 a voting right in the general meeting of the public company shall notify the Commission and the public company where:

1. following the acquisition or transfer his voting right reaches, exceeds or falls below 5 per cent or a multiple of 5 per cent of the number of voting rights in the general meeting of the company;

2. his voting right reaches, exceeds or falls below the thresholds under item 1 as a result of events leading to a change of the total number of voting rights based on the information disclosed

under Article 112e.

(2) The voting rights shall be calculated on the basis of the total amount of voting shares regardless of whether a restriction is imposed on the right to exercise it. Calculation shall be made for every class of shares.

(3) Where the thresholds under Paragraph 1 are reached or exceeded as a result of direct acquisition or transfer of voting shares, the obligation under Paragraph 1 shall also arise for the Central Depository. The format, content and the procedure for notification shall be set out by ordinance.

(4) Paragraph 1 shall not apply to voting rights attaching to:

1. shares acquired only for the purpose of making clearing or settlement within the normal settlement cycle, which may not be longer than three working days from the conclusion of the transaction;

2. shares held by custodians in said capacity and provided that they may exercise voting rights attaching to the shares only on the order of a client given in writing or electronically.

(5) No notification is required from a market maker acting in said capacity, where his voting right reaches, exceeds or falls below 5 per cent of the votes in the general meeting, provided that the market maker:

1. has been granted authorization for conducting activity as investment intermediary under Article 3 of Council Directive 93/22/EC on the investment services in the securities field;

2. does not participate in the management of the company and does not exert influence on the company for the purchase of the shares or maintenance of their prices.

Article 146

(Amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007)

(1) The obligation under Article 145, Paragraph 1 shall furthermore apply to a person who has the right to acquire, transfer or exercise the voting rights in the general meeting of a public company in one or more of the following cases:

1. voting rights held by a third party with whom the person has entered into agreement on pursuit of a long-term common policy on the management of the company through joint exercise of the voting rights held by them;

2. voting rights held by a third party with whom the person has entered into agreement on a temporary transfer of the voting rights;

3. voting rights attaching to shares provided as security to the person, provided that the latter may control the voting rights and has expressly stated its intention to exercise them;

4. voting rights attaching to shares provided for use by the person;

5. voting rights held or which may be exercised under items 1 - 4 by a company controlled by the person;

6. voting rights attaching to shares deposited with the person, which rights the person may exercise at its discretion without special instructions by the shareholders;

7. voting rights held by third parties on their behalf but on the account of the person;

8. voting rights that the person may exercise in its capacity as proxy where the person may exercise them at his discretion, without special instructions by the shareholders.

(2)The voting rights of the parent undertaking of a management company shall not be added to the voting rights of the management company, attaching to shares included in an individual portfolio managed by it under Article 202, Paragraph 2, item 1, provided that the management company exercises the voting rights independently from the parent undertaking.

(3) The voting rights of the parent undertaking of an investment intermediary who has been granted authorization for carrying on activity under Article 3 of Council Directive 93/22/EEC on the investment services in the securities field shall not be added to the voting rights of the investment intermediary, attaching to shares included in an individual portfolio managed by it under § 1, item 7 of the supplementary provisions of the Markets in Financial Instruments Act, provided that:

1. the investment intermediary is authorized to manage an individual portfolio under Article 5, Paragraph 2, item 4 of the Markets in Financial Instruments Act;

2. the investment intermediary may exercise the voting rights attaching to the shares only on instruction given in writing or electronically, or shall guarantee that the individual portfolio is managed separately from the other services and under conditions equivalent to the conditions under Council Directive 85/611/EEC by applying appropriate measures;

3. the investment intermediary exercises its voting rights independently from the parent undertaking.

(4) Paragraphs 2 and 3 shall not apply in cases where the parent undertaking or another company controlled by the parent undertaking has invested in voting shares included in an individual portfolio managed by the management company or the investment intermediary and the management company, as the case may be, and the investment intermediary has not the right to exercise the voting rights at its own discretion but only in accordance with direct or indirect instructions given to it by the parent undertaking or another company controlled by the parent undertaking.

(5) Paragraphs 2 - 4 shall also apply to companies whose registered office is in a third country for which an authorization would be required under Article 5 of Council Directive 85/611/EEC or for management of individual portfolio under item 3 of Section "A" of the annex

to Council Directive 93/22/EEC on investment services in the securities field if they had a registered office in a Member State, or in the cases of investment intermediary, if its head office was located in a Member State provided that equivalent requirements are complied with for independent exercise of the voting rights or in portfolio management as management company or investment intermediary, as the case may be. The conditions where the requirements are considered equivalent shall be set out in ordinance.

Article 147

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

The requirements under Articles 145 and 146, Paragraph 1, item 3 shall not apply to shares provided to or by the European Central Bank, the Bulgarian National Bank or the central banks of the other Member States in the performance of their monetary policy functions, including shares provided to or by them as security, in repo agreements or similar agreements on liquidity provision for the purposes of the monetary policy or within one payment system, if the transactions are concluded for a short period of time and the voting rights attaching to the shares are not exercised.

Article 148

(Amended and supplemented, SG No. 86/2006, amended, No. 52/2007,

effective 3.07.2007)

(1) The notification under Article 145, Paragraph 1 and Article 146, Paragraph 1 shall contain at a minimum:

1. the number of the votes resulting from the change;

2. the controlled persons through which the person exercises the voting rights, where applicable;

3. the date on which the voting rights of the person reach, exceed or fall below the thresholds under Article 145, Paragraph 1;

4. data about the shareholder, regardless of whether he may exercise the voting rights under Article 146, Paragraph 1, and about the persons who have the right to exercise the voting right on account of the shareholder.

(2) The notification shall be prepared either in Bulgarian or in a language normally used in the field of international finance. The public company is not obligated to provide translation of the notification into the language adopted by the Commission or the other competent authorities.

(3) The obligation for notification under Article 145, Paragraph 1 and Article 146, Paragraph 1 shall be fulfilled without delay but no later than 4 working days after the day following the day on which the shareholder or the person under Article 146, Paragraph 1:

1. becomes aware of the acquisition, transfer or the option to exercise his voting rights under

Article 146 or on which, depending on the specific circumstances, he should have become aware of, regardless of the date on which the acquisition or transfer was carried out or the option for exercise of the voting rights arose;

2. has been notified of the occurrence of the events under Article 145, Paragraph 1, item2.

(4) The obligation for notification under Article 145, Paragraph 3 shall be fulfilled no later than the day following the acquisition or the transfer of the shares.

(5) The requirement under Paragraph 1 shall not apply to the person whose obligation for notification has been fulfilled by its parent undertaking, and where the parent undertaking is a controlled company, by its parent undertaking.

(6) Attached to the notification shall be a declaration of existence of the circumstances under Article 145 and/or Article 146.

(7) The form and procedure for giving notification as well as additional requirements to its content, the cases where it is deemed that the person must have become aware of the acquisition and transfer, the conditions where it is deemed that the exercise of the votes or the management of a portfolio by the management company and the investment intermediary are independent, as well as the measures for exercising control on compliance with the conditions for exemption from the obligations for notification under this Section shall be set out by ordinance.

Article 148a

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

(1) The obligation for notification under Article 145 shall furthermore refer to the persons who hold directly or indirectly financial instruments entitling them to acquire at their own initiative and based on a written contract voting shares in the general meeting of a public company.

(2) The types of financial instruments under Paragraph 1, the procedure for giving the notification, the nature of the contract, the content, term and form of the notification as well as any other requirements relating to the notification shall be set out by ordinance.

Article 148b

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

Any public company shall disclose publicly under the terms of Article 100r the information provided with the notifications by the persons under Article 145 and Article 146 within three working days from notification thereof.

Article 148c

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

(1) To ensure compliance with the provisions of this Section, in addition to the powers provided for in the other parts of the Act and the statutory instruments for its application, the

Deputy Chairperson may:

1. require from the public company, the Central Depository, the shareholders, the persons holding other financial instruments, and the persons under Articles 146 and 148a to provide particular information and documents;

2. require from the public company to disclose publicly the information under item 1 in a manner and within the term set by him;

3. publish the information under item 1 at its own initiative in the cases where the public company has not fulfilled its obligation under item 2 and after submission of explanation from the company;

4. require from the Central Depository, the shareholders and the persons holding other financial instruments as well as from the persons under Articles 146 and 148a to provide the information under this Section, and where necessary, additional information and documents;

5. inform the public that a particular public company, a shareholder or a person holding other financial instruments or the person under Articles 146 and 148a does not fulfill his obligations under this Section or the instruments for its application.

(2) The Commission may disclose any measure taken or penalty imposed for infringement of the provisions of this Section and the instruments for its application, save where such disclosure would seriously jeopardise the stability of financial markets or cause disproportionate damage to the parties involved.

Article 148d

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

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

(2) Where the Republic of Bulgaria is a host country and the Commission establishes that an issuer, shareholder or holder of other financial instruments or the person under Article 146 infringes this Act and the statutory instruments for its application it shall notify the competent authority in the home country thereof.

(3) If, despite the measures taken by the competent authority in the home country or where such measures prove inadequate, the issuer, the shareholder or the holder of other financial instruments or the person under Article 146 persists in infringing this Act or the statutory instruments for its application, the Commission may, after informing the competent authority of the home country, take all the appropriate measures in order to protect investors. The Commission shall notify the European Commission of the measures taken within 7 days after their implementation.

(4) Where the Commission is notified by the relevant competent authority of the host

country within the meaning of Article 100j, Paragraph 2, item 2 that a public company, shareholder or holder of other financial instruments or the person under Article 146 infringes the law of the relevant Member State, the Commission, the Deputy Chairperson respectively, shall apply relevant enforcement administrative measures.

Article 148e

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

(1) This Section shall furthermore apply to issuers from a third country, whose shares are admitted to trading on a regulated market and for whom the Republic of Bulgaria is a home country within the meaning of Article 100j, Paragraph 2, item 1.

(2) In the cases of Article 145, Paragraph 1, item 2 where the issuer is from a third country notification shall be made upon occurrence of equivalent events which lead to changes in the total number of voting rights.

(3) The requirements of Article 148b for the term for disclosure shall not apply to the persons under Paragraph 1 if the Commission considers that the law of that country lays down equivalent requirements. The conditions under which the Commission may consider that the requirements of the law of the third country are equivalent to the requirements of Article 148b shall be set out by ordinance.

(4) The Commission shall publish on its website a list of the countries whose laws set out requirements equivalent to the requirements under Article 148b.

Article 148f

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

The provisions of this Section shall not apply to:

1. the units of collective investment undertakings other than the closed end type within the meaning of Article 77x, Paragraph 1, items 8 and 9, or to units acquired or transferred within such collective investment undertaking;

2. money market instruments with a maturity of less than 12 months.

Section II

Tender Offering for Purchase or Exchange of Shares

Article 148g

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

Within the meaning of this Section "related parties" shall be the persons who on the basis of an agreement, either express or tacit, either oral or written, aim either at acquiring control of the offeree company or at frustrating the successful outcome of a tender offering. The persons controlled by another person within the meaning of § 1, item 44 of the supplementary provisions shall be considered related parties with such person or among themselves, as well as with the

persons under § 1, item 12, "c" and "d" of the supplementary provisions.

Article 148h

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

This Section shall not apply to tender offerings regarding:

1. securities issued by companies whose purpose is collective investment of funds raised through public offering of units, operating on the principle of risk-spreading and on request from holders of such units buy back directly or indirectly their units at a price based on their net asset value;

2. shares issued by the central banks of the Member States.

Article 149

(1) (Amended, SG No. 61/2002) Any person, who or which acquires, whether directly or through connected persons, more than 50 per cent of the votes in the General Meeting of any public company, shall be obligated to do the following within fourteen days after the acquisition:

1. (amended, SG No. 39/2005) acting according to Article 151 herein, to register with the Commission a tender offer to the rest of the voting shareholders for purchase of the shares thereof and/or for exchange of the said shares for shares which will be issued by the offeror for this purpose; or

2. transfer the requisite number of shares so as to hold, whether directly or through connected persons, less than 50 per cent of the votes in the General Meeting.

(2) The provisions of Paragraph (1) shall furthermore apply:

1. in respect of persons who or which hold jointly more than 50 per cent ofthe voting shares and who or which have concluded an agreement in writing on implementation of a common policy for management of the company concerned through joint exercise of the voting power thereby held;

2. where other persons hold, for the account of any person referred to in Paragraph (1), voting shares and the aggregate voting power carried by thesaid shares exceeds 50 per cent of all votes in the General Meeting.

(3) (Amended, SG No. 52/2007, effective 3.07.2007) Upon acquisition through connected persons, as well as in the cases referred to in Item 1 of Paragraph (2), the tender offeror shall be the person holding the largest number of the aggregate number of votes held, and in the cases referred to in Item 2 of Paragraph (2), the offeror shall be the person for the account whereof the shares are held.

(4) (Amended, SG No. 39/2005) In the cases covered under Paragraph (2), the offeror shall be obligated to register a tender offer with the Commission within fourteen days after conclusion of the agreement or after acquisition of the shares for the account of the person referred to in

Paragraph (1), as the case may be.

(5) Until publication of the tender offer according to the procedure established by Article 154 herein or until transfer of the shares, as the case may be, no person covered under Paragraphs (1) and (2) shall have the right to exercise the voting power thereof in the General Meeting.

(6) (Amended, SG No. 61/2002) The obligation referred to in Item 1 of Paragraph (1) shall furthermore attach to any person who or which acquires, whether directly, through connected persons or indirectly under Paragraph (2), more than two-thirds of the votes in the General Meeting of any public company, save as where the said person transfers the requisite number of shares within fourteen days after acquisition so as to hold, whether directly, through connected persons or indirectly under Paragraph (2), less than two-thirds of the votes. Paragraphs (3), (4) and (5) shall apply accordingly.

(7) (Amended, SG No. 61/2002) If the person referred to in Paragraph (1) acquires more than two-thirds of the votes within fourteen days, the said person shall register a single tender offer.

(8) (Amended, SG No. 61/2002) Any person holding, whether directly, throughconnected persons, and/or indirectly under Paragraph (2), more than one-half of the votes in the General Meeting, shall have no right to acquire, even through connected persons or indirectly under Paragraph (2), any voting shares within one year of a quantity exceeding 3 per cent of the total number of shares in the company without making a tender offer under Article 149b herein. Paragraph (5) shall apply accordingly.

(9) (Amended, SG No. 61/2002, SG No. 52/2007) The persons referred to in Paragraphs (1), (2), (6) and (8) shall be obligated to effect the tender offering through an investment intermediary thereby authorized, using the opportunities for remote acceptance of the tender offer through the Central Depository. The investment intermediary must possess capital to an amount not less than the amount provided for in Article 8, Paragraph 1 of the Markets in Financial Instruments Act.

Article 149a

(New, SG No. 61/2002)

(1) (Amended, SG No. 52/2007, effective 3.07.2007) Any person, who or which acquires, whether directly, through connected persons or indirectly in the cases covered under Article 149 (2) herein, more than 90 per cent of the votes in the General Meeting of any public company, shall have the right to register a tender offer for purchase of the shares held by the rest of the shareholders. Article 149 (3), (4) and (9) herein shall apply accordingly.

(2) (Amended, SG No. 39/2005) If any person referred to in Paragraph (1) fails to register a tender offer within fourteen days after the acquisition of the number of shares referred to in Paragraph (1), the said person shall be obligated to notify the shareholders, the regulated market and the Commission of the intentions thereof to register a tender offer at least three months in advance. The said person shall be obligated to notify forthwith the shareholders, the regulated market and the Commission in case the intentions regarding a tender offer are abandoned, citing the reasons for such abandonment.

(3) (New, SG No. 52/2007, effective 3.07.2007) If the person under Article 149, Paragraphs 1 and 6 acquires within the 14-day period, directly, through related parties or indirectly under Article 149, Paragraph 2, more than 90 per cent of the votes in the general meeting of the public company it shall meet its obligation under Article 149, Paragraphs 1 and 6 and may exercise its right under Paragraph 1 by registering one tender offer.

(4) (Amended, SG No. 39/2005, renumbered from Paragraph (3) - SG No. 52/2007, effective 3.07.2007) The Commission may refuse publication of a tender offer referred to in Paragraph (1) if the offeror has breached the requirement established by Article 149 (8) herein within the last twenty-four months.

(5) (Renumbered from Paragraph (4) - SG No. 52/2007, effective 3.07.2007) Until publication of the tender offer, as well as within fourteen days after expiration of the time limit for acceptance of the said offer, the person referred to in Paragraph (1) shall be obligated to purchase, upon request, the shares held by each shareholder. In such a case, Article 150 (6) herein shall apply accordingly.

Article 149b

(New, SG No. 61/2002)

(1) (Amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007) Any person holding at least 5 per cent of the votes in the General Meeting of any public company and seeking to acquire, whether directly, through connected persons or indirectly in the cases covered under Article 149 (2) herein, more than one-third of the votes in the General Meeting of the said company, may publish a tender offer for purchase or for exchange of shares to all voting shareholders after advance confirmation of a draft tender offer by the Commission. Article 149 (3), (4) and (9) herein shall apply accordingly.

(2) The offeror referred to in Paragraph (1) shall be obligated to purchase or to exchange, as the case may be, all voting shares held by any shareholder who or which has accepted the offer. Should the number of voting shares deposited on the part of all shareholders who or which have accepted the offer exceed the total quantity of shares under the tender offer, the offeror shall purchase or exchange shares from each of the accepting shareholders in proportion to the shares deposited thereby.

(3) The person referred to in Paragraph (1) may set a minimum number of shares to be offered thereto for acquisition as precondition for validity of the specific offer.

(4) (Amended, SG No. 39/2005) The Commission may suspend trading in shares in the company whereof the shares are subject to the tender offer if this is necessary with a view to the principles covered under Article 150 (1) herein.

Article 150

(1) Tender offering shall be effected in accordance with the following principles:

1. (supplemented, SG No. 52/2007, effective 3.07.2007) ensuring equal treatment of the

shareholders enjoying equal status in the company subject to tender offer and protection of the other shareholders upon acquiring control of the company;

2. (supplemented, SG No. 52/2007, effective 3.07.2007) allowing sufficient time and providing sufficient information to the shareholders of the company as may be needed for an informed assessment of the offer and for making a reasoned decision regarding acceptance of the said offer. In the giving of an opinion on the tender offer the management body of the offeree company shall give its opinion on the consequences from accepting the tender offer on the employees, the conditions of the contracts of employment and the place of carrying on activity;

3. (amended, SG No. 52/2007, effective 3.07.2007) the management bodies acting in the best interest of the company as a whole, without preventing the shareholders from the possibility to take decision on the substance of the tender offer;

4. not admitting market manipulation in the securities of the company subject to tender offer, as well as in other companies affected by the tender offering.

5. (new, SG No. 52/2007, effective 3.07.2007) making a tender offer only after providing opportunity for full payment or exchange, as the case may be, of the shares to the shareholders who have accepted the offer;

6. (new, SG No. 52/2007, effective 3.07.2007) the company that is the subject of tender offer shall not be placed in a situation which inhibits its activity for an unjustifiably long period of time.

(2) (Supplemented, SG No. 61/2002) Any offer referred to in Article 149 (1), (6) and (8), Article 149A and Article 149B herein must contain the following information:

1. (amended, SG No. 52/2007, effective 3.07.2007) the name or business name, registered office and address of the tender offeror and of the investment intermediary thereby authorized;

2. (new, SG No. 52/2007, effective 3.07.2007) the shares or the class of shares, as the case may be, for which the tender offer refers;

3. (supplemented, SG No. 61/2002, renumbered from Item 2 - SG No. 52/2007, effective 3.07.2007) the number of voting shares which the offeror does not hold and is obligated to seek or seeks to acquire;

4. (amended, SG No. 39/2005, renumbered from Item 3 - SG No. 52/2007, effective 3.07.2007) the proposed price per share issued by the company subject to tender offer and/or the ratio of exchange of such shares for shares referred to in Item 1 of Article 149 (1) herein, the issue price, and particulars of the rights attaching to the said shares;

5. (new, SG No. 52/2007, effective 3.07.2007) the compensation for the rights of the shareholders which may be restricted under the terms of Article 151a, Paragraph 4, including the procedure and manner of its payment and the methods of its setting;

6. (renumbered from Item 4 - SG No. 52/2007, effective 3.07.2007) information concerning the types and number of shares which the offeror holds, whether directly or through connected persons, as well as under the terms referred to in Article 149 (2) herein, in the company subject to tender offer;

7. (renumbered from Item 5 - SG No. 52/2007, effective 3.07.2007) the time limit for acceptance of the offer;

8. (supplemented, SG No. 61/2002, renumbered from Item 6 - SG No. 52/2007, effective 3.07.2007) the terms and conditions whereunder the offeror shall finance the acquisition of the shares and proof of availability of the resources necessary for the purchase or of the securities necessary for exchange;

9. (renumbered from Item 7, amended, SG No. 52/2007, effective 3.07.2007) the intentions of the offeror regarding the future operation of the company subject to tender offer and of the offeror - legal person to the extent the latter is affected by the tender offer, regarding retention of the members of the management bodies and the staff of the said companies, including material changes in the terms and conditions of the contracts of employment and in particular the strategic plans of the offeror for the two companies and for the likely repercussions of the offer on the employees and the locations of the companies's places of business;

10. (renumbered from Item 8 - SG No. 52/2007, effective 3.07.2007) the time limit for fulfilment of obligations upon acceptance of the tender offer;

11. (renumbered from Item 9 - SG No. 52/2007, effective 3.07.2007) the particulars covered under Article 82 (1) herein, where an exchange of shares is furthermore offered;

12. (new, SG No. 52/2007, effective 3.07.2007) applicable law to the contracts between the offeror and the shareholders upon acceptance of the tender offer and the competent court;

13. (amended, SG No. 39/2005, renumbered from Item 10 - SG No. 52/2007, effective 3.07.2007) any other particulars and documents as may be prescribed by ordinance or as may be requested by the Commission according to the procedure established by Article 152 (1) herein.

(3) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007) Any tender offer referred to in Article 149a herein must indicate that upon expiry of the time limit for acceptance of the said offer the company may cease to be public even if the condition referred to in Item 1 of Article 119 (1) herein is not fulfilled, as well as whether the offeror intends to apply for expungement of the company in the register of the Commission. Items 3 and 11 of Paragraph (2) shall not apply to any such tender offer.

(4) (Amended, SG No. 61/2002) Any tender offer shall be signed by the offeror and by the investment intermediary referred to in Article 149 (9) herein, who shall declare that the said offer conforms to the requirements of the law.

(5) The offeror and the signing investment intermediary shall incur solidary liability for any detriment as may be inflicted by reason of any untrue, misleading or deficient particulars in the

tender offer.

(6) (Amended, SG No. 61/2002, SG No. 52/2007, effective 3.07.2007) Any tender offer referred to in Article 149 (1) and (6) herein and in Article 149a herein shall include a justificationof the proposed price or of the proposed rate of exchange referred to in Item 4 of Article 150 (2) herein, as the case may be. The said justification shall name the fair price per share in the company, calculated proceeding from generally accepted valuation methods. The requirements to the contents of the justification, including the application of valuation methods, shall be established by ordinance.

(7) (Amended, SG No. 61/2002) The price or the rate of exchange referred toin Item 3 of Article 150 (2) herein, as the case may be, may not be lower than the highest value between:

1. (amended, SG No. 52/2007, effective 3.07.2007) the fair price of the share as named in the justification referred to in Paragraph (6);

2. (amended, SG No. 52/2007, effective 3.07.2007) the average weighted market price of the shares during the three last preceding months;

3. (new, SG No. 52/2007, effective 3.07.2007) the highest price per share paid by the offeror, the persons related to him or the persons under Article 149, Paragraph 2 during the last 6 months before the registration of the offer; in the cases where the price of the shares cannot be determined in accordance with the preceding sentence, it shall be determined as the last issue value or the last price paid by the tender offeror, whichever is higher.

(8) (New, SG No. 61/2002, supplemented, SG No. 52/2007, effective 3.07.2007) The price of any tender offers referred to in Article 149 (8) herein, as well as in Article 149b herein, may not be lower than the average weighted market price of the shares during the three last preceding months or, where no such market price exists, the highest price per share paid by the offeror, by the persons related to him or by the persons under Article 149, Paragraph 2 during the six months last preceding the registration of the offer. The tender offeror may justify the price proposed thereby according to Paragraph (6).

(9) (New, SG No. 52/2007, effective 3.07.2007) if until expiry of the term of the tender offer the tender offeror acquires directly, through related parties or indirectly under Article 149, Paragraph 2 voting shares in the general meting of the offeree company at a price higher than that offered in the tender offer the tender offeror shall increase the offered price to such higher price. In this case the purchase of the shares shall be effected at the higher price in respect of all shareholders who have accepted the offer before or after the increase.

(10) (Renumbered from Paragraph (8), SG No. 61/2002, renumbered from Paragraph (9), SG No. 52/2007, effective 3.07.2007) Any offer for exchangeof shares must mandatorily state an alternative option for purchase of the voting shares held by the rest of the shareholders.

(11) (Renumbered from Paragraph (9), SG No. 61/2002, renumbered from Paragraph (10), amended and supplemented, SG No. 52/2007, effective 3.07.2007) The time limit referred to in Item 7 of Paragraph (2) may not be shorter than twenty-eight days and longer than seventy days

after the publication date of the tender offer save in the cases of competitive tender offer made where the term of the tender offer shall be extended until expiry of the term for acceptance of the competitive tender offer.

Article 151

(1) (Amended, SG No. 61/ 2002, SG No. 39/2005) Any tender offer referred to in Article 149 (1), (2), (6) and (8) and Article 149a herein shall be registered with the Commission and may be published unless the Commission issues a temporary prohibition (against such publication) within fourteen business days or, in respect of an offer referred to in Article 149b herein, a final prohibition. Any failure of the Commission to pronounce within the time limits referred to in sentence one shall be presumed as tacit confirmation of the tender offer.

(2) (New, SG No. 52/2007, effective 3.07.2007) Paragraph 1 shall not apply to tender offer for acquisition and/or exchange of voting shares of the company which has its registered office in a Member State and whose shares are admitted to trading on a regulated market in the Republic of Bulgaria, which was subject to approval and has been approved by the competent authority of that Member State. In this case the Commission may require from the tender offeror to make a translation of the tender offer as well as include in it additional information which is specific for the market in the Republic of Bulgaria, relating to the conditions of acceptance of the tender offer, receipt of the price of the shares or their stock exchange value, as well as any fees due thereon.

(3) (Amended, SG No. 39/2005, SG No. 86/2006, renumbered from Paragraph (2), amended and supplemented, SG No. 52/2007, effective 3.07.2007) On the day of registration under Paragraph (1), the tender offeror shall be obligated to present the offer to the management body of the company subject to tender offer of the representatives of its employees or, where there are no such representatives, to the employees themselves, as well as on the regulated market whereon the shares in the said company have been admitted to trading. Any such notices shall expressly state that the Commission has not yet pronounced on the tender offer.

(4) (New, SG No. 52/2007, effective 3.07.2007) The management body of the offeree company shall submit the tender offer to the representatives of its employees or, where there are no such representatives, to the employees themselves.

(5) (Amended, SG No. 61/ 2002, SG No. 39/2005, renumbered from Paragraph (3), SG No. 52/2007, effective 3.07.2007) Within 7 days after receipt of any tender offer, the management body of the company affected shall present a reasoned opinion on the transaction proposed to the Commission, to the offeror, and to the representatives of the employees or, where there are no such representatives, to the employees themselves, inter alia as to the repercussion from accepting the tender offer on the company and the employees and the strategic plans of the offeror for the offeree company and their likely repercussion on the employees and the place of business as per Article 150, Paragraph 2, item 9. The opinion must furthermore contain information concerning the existence of possible agreements stipulating the exercise of the voting power carried by the shares in the offeree company, in so far as any such information is known to the management body, as well as information concerning the number of shares in the company held by the members of the management body thereof and whether the said members intend to accept the offer. When the management body of the offeree company receives within the time

limit under sentence one an opinion from the representatives of the employees on the repercussion of the tender offer on the employees, this opinion shall be attached to the opinion of the management board.

(6) (Renumbered from Paragraph (4), amended, SG No. 52/2007, effective 3.07.2007) Upon receipt of the offer referred to in Paragraph 3 and until publication of the results of the tender offering or until closing of the said offering, as the case may be, the management body of the offeree company may not perform any other acts except for seeking a competitive tender offer, whereof the principal aim is frustration of the acceptance of the tender offer or infliction of material difficulties or material additional expenses on the offeror such as issue of shares or conclusion of transactions which would result in a significant change in the property of the company, unless said acts are performed with the prior approval of the general meeting of the offeree company.

(7) (New, SG No. 52/2007, effective 3.07.2007) The general meeting shall approve any decision of the management body on taking measures under Paragraph 6, taken before receipt of the tender offer, which is not effected in full or in part and which is not part of the ordinary business of the company and which may frustrate acceptance of the tender offer.

Article 151a

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

(1) All restrictions on the transfer of voting shares provided for in the articles of association of the offeree company, in agreements between the offeree company and the shareholders or in agreements among the shareholders shall not apply to the tender offer within the term for acceptance of the tender offer.

(2) Any restrictions on the voting right provided for in the articles of association of the offeree company, in agreements between the offeree company and the shareholders or in agreements among the shareholders shall not apply in taking decisions by the general meeting concerning the taking of measures under Article 151, Paragraphs 6 and 7.

(3) Where as a result of a tender offer the offeror acquires more than 75 per cent of the votes in the general meeting of a public company, the restrictions under Paragraphs 1 and 2 shall not apply as well as the exclusive rights of the shareholders related to election or dismissal of the members of the management bodies set out in the articles of association of the offeree company.

(4) The offeror shall pay compensation to the shareholders for restricting their rights under Paragraphs 1 - 3. The conditions and procedure for the payment of the compensation shall be determined by the offeror and shall be specified in the tender offer. Any disputes regarding the amount of the compensation set shall be settled under the general procedure.

(5) Paragraphs 2 and 3 shall not apply to shares where the restrictions on the voting right are compensated for by additional dividend or other pecuniary payments.

(6) Paragraphs 1 - 4 shall not apply to the special rights of the State relating to its participation in the offeree company.

Article 152

(1) (Amended, SG No. 61/2002, SG No. 39/2005, supplemented, SG No. 52/2007, effective 3.07.2007) Should the documents submitted be found invalid or should any additional information or evidence authenticating the particulars be required, within fourteen business days after registration of the offer the Commission shall issue a temporary prohibition against publication of the said offer and shall transmit a communication specifying the deficiencies and non-conformities found or the additional information and evidence required. In respect of any tender offer referred to in Article 149b herein, the time limit referred to in sentence one shall be seven business days. The Commission may require any information about the tender offer as may be necessary to it for the performance of its functions, and from the members of the management body of the offeror - legal person, the offeree company, the shareholders and the members of the management body of the offeree company, as well as from related parties thereof.

(2) (New, SG No. 61/2002) Any notifications and the communications in the proceedings under Paragraph (1) may furthermore be effected by means of registered mail with advice of delivery, by means teleprinter or facsimile machine, by means of telegraph or via electronic mail. Where effected by means of registered mail with advice of delivery or by telegraph, notification or communication shall be certified by an advice of delivery, where effected by means of facsimile machine, notification or communication shall be certified in writing by the sending office holder, as well as by the confirmation of receipt, where effected by means of teleprinter, notification or communication shall be certified by confirmation in writing of a message sent, and where effected via electronic mail, notification or communication shall be certified by a copy of the electronic record of the message sent.

(3) (New, SG No. 61/2002, amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005) Should any notification or communication in the proceedings referred to in Paragraph (1) be not received at the address, telex or facsimile number as named by the persons or as recorded in the register referred to in Article 30 (1) of the Financial Supervision Commission Act , the said notification or communication shall be presumed effected by the posting thereof on a notice board expressly provided therefor on the premises of the Commission. Any such posting shall be attested by a memorandum drawn up by officers designated by an order of the Chairperson of the Commission.

(4) (Renumbered from Paragraph (2) and amended, SG No. 61/2002) The person shall rectify the deficiencies or non-conformities as indicated or shall submit the additional information and documents as required within fourteen business days after receipt of a communication to this effect and, in the case of a tender offer referred to in Article 149b herein, within three business days.

Article 153

(1) (Amended, SG No. 61/2002, SG No. 39/2005) In any case other than tender offering referred to in Article 149b herein, should the Commission fail to issue a final prohibition against publication of an offer within seven business days after receipt of the documents required, the offeror may publish the said offer.

(2) (Supplemented, SG No. 61/2002, amended, SG No. 39/2005) The Commission may

issue a reasoned prohibition referred to in Paragraph (1) solely if the offer and the enclosures thereto do not satisfy the requirements of this Act and of the instruments for the application thereof, or the interests of investors are otherwise impaired. Article 152 (2) and (3) herein shall apply accordingly.

(3) (New, SG No. 61/2002, amended, SG No. 39/2005) The Commission may issue a final prohibition in respect of a tender offer referred to in Article 149b herein solely if the circumstances covered under Article 150 (2) herein are materially deficient. Article 152 (2) and (3) herein shall apply accordingly.

(4) (Renumbered from Paragraph (3), SG No. 61/2002, amended, SG No. 39/2005) The Commission shall not be held responsible for the accuracy of any particulars contained in a tender offer.

(5) (Renumbered from Paragraph (4), SG No. 61/2002, amended, SG No. 39/2005) The Commission may, by reasoned decision, terminate a tender offering prior to the expiry of the time limit for acceptance of the offer should the requirements of this Act and of the instruments for the application thereof be breached upon or after the publication of the said offer. Acceptance of the offer by the shareholders prior to termination of the tender offer shall be inoperative.

(6) (Renumbered from Paragraph (4) and amended, SG No. 61/2002, amended, SG No. 39/2005) Where the Commission has issued a final prohibition under Paragraph (1) or has terminated the tender offering under Paragraph (5), the effect of the prohibition referred to in Article 149 (5) herein shall be revived until publication of a successive tender offer.

Article 154

(1) (Amended and supplemented, SG No. 52/2007, effective 3.07.2007) Within three days after expiration of the time limit referred to in Article 151 (1) herein or in Article 153 (1) herein, as the case may be, the offeror shall cause insertion in two national daily newspapers of the tender offer and of the opinion of the management body of the company regarding the acquisition, if any such opinion has been given. Within the time limit under sentence one the offeror shall make the tender offer to representatives of its employees and to the representatives of the employees of the offeree company or, where there are no such representatives, to the employees themselves. An ordinance may prescribe additional requirements to communication of the information under sentence one.

(2) Any advertisement and insert in connection with a tender offering must indicate the issue number and the publication date of the national daily newspapers referred to in Paragraph (1).

(3) (New, SG No. 52/2007, effective 3.07.2007) Where the shares of the offeree company are admitted to trading on a regulated market in another Member State the offeror shall, within the time limit under Paragraph 1, make available the tender offer to the shareholders in the countries where its shares are admitted to trading. At request from the competent authority of the Member State the tender offeror shall make a translation of the tender offer in the language adopted by the relevant competent authority as well as include additional information which is specific for the relevant market and refers to the conditions of acceptance of the tender offer, receipt of the price of the shares or the stock exchange value or the fees due thereon.

Article 155

(1) (Supplemented, SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007) In any case other than tender offering referred to in Article 149b herein, a tender offer may not be withdrawn on the part of the offeror after the publication of any such offer. Exceptions shall be admissible solely where the offer may not be effected through circumstances beyond the control of the offeror, the time limit for acceptance of the said offer has not expired, and the Commission has granted approval to the withdrawal. Article 151 (1) and (3), Articles 152 and 153 herein shall apply accordingly. Within seven days after being notified of an approval granted, the offeror shall cause insertion of a notice of withdrawal of the offer in two national daily newspapers.

(2) Upon withdrawal of any tender offer according to Paragraph (1), the effect of the prohibition referred to in Article 149 (5) herein shall be revived until publication of a successive tender offer.

(3) (Amended, SG No. 39/2005) The Commission shall forthwith notify the regulated market, as well as the investment intermediary or the Central Depository wherewith the documents certifying the shares have been deposited, of the withdrawal of the offer. Within three days after receipt of any such notice, the investment intermediary or the Central Depository shall ensure conditions for restoration of the certifying documents to the shareholders who or which have accepted the offer.

(4) (Amended, SG No. 61/2002, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007) The offeror may extend the time limit for acceptance of the offer within the maximum admissible period referred to in Article 150 (11) herein, as well as increase the proposed price per share. In such a case, the purchase of shares shall be effected at the higher price in respect of all shareholders who or which have accepted the offer, whether before or after the increase. The offeror may introduce other alterations in the offer as well, subject to approval by the Commission.

(5) (Amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007) Any alterations referred to in Paragraph (4) shall be registered with the Commission and shall be published forthwith by insertion in two national daily newspapers, unless the Commission issues a prohibition within three business days. Article 151 (3), Articles 152 and 153 herein shall apply accordingly.

Article 156

(1) (Amended, SG No. 61/2002, SG No. 52/2007, effective 3.07.2007) A tender offer shall be accepted by means of express declaration of will and deposit of the documents certifying the shares with an investment intermediary or with the Central Depository, as well as by performance of other acts as may be necessary in connection with the transfer. Acceptance of the offer may be withdrawn prior to the expiration of the time limit referred to in Item 7 of Article 150 (2) herein or of the extended time limit referred to in Article 155 (4) herein, as the case may be.

(2) (Amended, SG No. 52/2007, effective 3.07.2007) The transaction shall be deemed concluded as at the time of expiration of the time limit referred to in Item 7 of Article 150 (2)

herein or of theextended time limit referred to in Article 155 (4) herein, as the case may be.

(3) Payment of the price or exchange of the securities, as the case may be,shall be effected within seven business days after finalization of the transaction in conformity with Paragraph (1).

(4) The rights attaching to the shares subject to a tender offer shall passto the offeror by the registration of the transfer of shares at the CentralDepository.

Article 157

(Amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007)

Upon expiration of the time limit for acceptance of the offer, the offeror shall forthwith cause publication of the result of the tender offering according to the procedure established by Article 154 herein and shall notify the Commission and the regulated market.

Article 157a

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

(1) A person who as a result of a tender offering made to all voting shareholders acquires directly, through related parties or indirectly in the cases under Article 149, Paragraph 2 at least 95 per cent of the votes in the general meeting of a public company shall have the right, within three months of the term of the tender offer, to repurchase the voting shares out of the remaining shareholders. Article 149, Paragraphs 3, 4 and 9 herein shall apply mutatis mutandis.

(2) The proposed repurchase shall be approved by the Commission.

(3) The price under Paragraph 1 shall be at least equal to the price:

1. proposed in the tender offer whereby the threshold under Paragraph 1 is reached and upon mandatory making of the offer;

2. proposed in the tender offer whereby the threshold under Paragraph 1 is reached and where making of the offer was optional and provided that the person under Paragraph 1 has acquired no less than 90 per cent of the voting shares proposed in the said tender offer;

3. determined in accordance with Article 150, Paragraphs 6 and 7 - in the other cases.

(4) For issuance of approval the person under Paragraph 1 shall submit to the Commission a proposal for repurchase, which shall contain the data under Article 150, Paragraph 2, items 1 - 4, 6, 8, 10, 12 and 13. Article 150, Paragraphs 4 and 5 herein shall apply mutatis mutandis.

(5) The Commission shall pronounce on the application for issuance of approval within 14 days after the date of receipt thereof. Articles 152 and 153 herein shall apply mutatis mutandis.

(6) Within three days from issuance of the approval the person under Paragraph 1 shall submit the proposal to the company and the regulated market whereon the shares of the company are admitted to trading and shall publish it under Article 154.

(7) The shareholders shall sell their shares to the person under Paragraph 1 within one month from publication of the proposal and their consent shall not be required thereof. The shares not sold within the said time limit shall be considered ownership of the person under Paragraph 1 upon expiry of the time limit. Article 156 herein shall apply mutatis mutandis."

Article 157b

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

(1) Any shareholder may require from the person who has acquired directly, through related parties or indirectly in the cases of Article 149, Paragraph 2 at least 95 per cent of the votes in the general meeting of a public company as a result of tender offer, to repurchase its voting shares within three months from the deadline of the tender offer. The request shall be in writing and shall contain data about the shareholder and the shares held thereby. In this case Article 157a, Paragraph 3 herein shall apply accordingly.

(2) The person under Paragraph 1 shall repurchase its shares within 30 days from receipt of the application.

Article 157c

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

(1) The Commission shall supervise tender offers where the offeree company has its registered office in the Republic of Bulgaria and the shares issued thereby are admitted to trading on a regulated market in the Republic of Bulgaria or in a third country.

(2) The Commission shall furthermore supervise the tender offer where the shares of the offeree company are admitted to trading on a regulated market in the Republic of Bulgaria but are not admitted to trading on a regulated market in the Member State at its registered office.

(3) Where the shares of the offeree company under Paragraph 2 are admitted to trading on a regulated market in the Republic of Bulgaria and in another Member State the supervision of the tender offering shall be exercised by the Commission if the shares of the company are admitted to trading on a regulated market in the Republic of Bulgaria for the first time.

(4) Where the shares of the offeree company under Paragraph 2 are admitted to trading on a regulated market in the Republic of Bulgaria and in another Member State the supervision of the tender offering shall be exercised by the Commission if the company has determined it as the competent authority to exercise supervision of tender offering. The company shall communicate its decision to the Commission and the competent authorities of the other Member States in which the shares of the company are admitted to trading on a regulated market as well as the respective regulated markets on the first day of trading.

(5) The Commission shall disclose publicly the decision under Paragraph 4, designating it as the body responsible for the exercise of supervision of the tender offering.

(6) This Act or the statutory instruments for its application shall apply to the cases under

Paragraph 2 - 4 on the issues regarding the price and/or the stock exchange value of the tender offer, the decision of the offeror on making a tender offer, the contents of the tender offer and its publication, and to issues regarding the information to be provided to the employees of the offeree company and company law, including the cases wherein an obligation arises for making a tender offer and wherein this obligation is not applied, as well as the circumstances wherein the offeree company may take actions that could frustrate the tender offering the law of the Member State where the registered office of the offeree company is located shall apply.

Article 157d

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

(1) The Commission shall cooperate and exchange information with the competent authorities of the other Member States, particularly in the cases under Article 157c, Paragraphs 2 - 4.

(2) The competent authorities of the other Member States shall be the authorities exercising supervision of tender offerings, securities markets and other financial instruments and trade on these markets.

(3) The Commission may require from the competent authorities of the other Member States cooperation for serving particular documents in order to bring into effect acts issued by it in relation to tender offering as well as other actions with a view to ascertaining committed or alleged violations under this Act or the statutory instruments for its application.

(4) At request from a competent authority of a Member State the Commission shall serve particular documents with a view to bringing into effect acts issued by it in relation to tender offering, as well as other actions with a view to ascertaining committed or alleged violations of the law of the respective Member State in relation to the tender offerings.

Article 157e

(New, SG No. 61/2002, previous Article 157a - SG No. 52/2007,

effective 3.07.2007)

(1) (Amended, SG No. 67/2003, SG No. 39/2005) The Commission shall adopt an ordinance on the application of this Section.

(2) (Supplemented, SG No. 52/2007, effective 3.07.2007) In conformity with the purposes of this Act, the ordinance referred to in Paragraph (1) may prescribe any securities other than shares which are subject of tender offering, exemptions from the requirement to register and/or publish a tender offer, terms and a procedure for making a competitive tender offer, for withdrawal of a tender offer, as well as additional terms and a procedure for conduct of tender offerings and repurchase of voting shares under Articles 157a and 157b.

Chapter Twelve

UNFAIR TRADING

(Title amended, SG No. 84/2006)
Article 158

(Amended and supplemented, SG No. 61/2002, repealed, SG No. 84/2006)
Article 159

(Supplemented, SG No. 39/2005, repealed, SG No. 84/2006)
Article 160

(Repealed, SG No. 84/2006)
Article 161

(Amended, SG No. 61/2002, repealed, SG No. 84/2006)
Article 161a

(New, SG No. 61/2002, amended, SG No. 84/2006, repealed, SG No. 52/2007)
Article 162

(Amended, SG No. 61/2002, SG No. 84/2006, repealed, SG No. 52/2007)
Article 163

(Amended, SG No. 67/2003, SG No. 39/2005, repealed, SG No. 84/2006)

Title Four

INVESTMENT COMPANIES AND COMMON FUNDS

(Heading supplemented, SG No. 39/2005)

Chapter Thirteen

GENERAL DISPOSITIONS

Article 164

(1) (Supplemented, SG No. 86/2006) "Investment company" means a joint- stock company whereof the objects are investment in securities and other liquid financial assets under Article 195 herein of cash resources raised through public offering of shares and which operates on the principle of risk-spreading.

(2) (New, SG No. 39/2005) An investment company shall have no right to carry on any other commercial business, except where this is necessary for implementation of the activity referred to in Paragraph (1).

(3) (New, SG No. 39/2005, amended, SG No. 86/2006) "Investment company" shall furthermore mean any joint-stock company which raises cash resources through public offering of shares and whose investments in securities exceed 50 per cent of the assets as shown on the balance sheet thereof in the course of six months. This provision shall not apply to any companies whereof the activity is regulated by statute, nor to any holding companies whose resources are

exclusively invested in assets other than securities under Article 164b (2) herein.

(4) (Renumbered from Paragraph (2) and amended, SG No. 39/2005) Any investment company shall be incorporated solely at a statutory meeting.

Article 164a

(New, SG No. 39/2005)

(1) (Supplemented, SG No. 86/2006) "Common fund" means property set aside whereof the object is collective investment in securities and other liquid financial assets under Article 195 herein of cash resources raised through public offering of units and which is operated by a management company on the principle of risk-spreading. Section XV Civil Law Company of the Obligations and Contracts Act shall apply to a common fund with the exception of Article 359 (2) and (3), Articles 360, 362, Litterae (c) and (d) of Article 363 and Article 364 therein, save insofar as otherwise provided for in this Act or in the common fund rules.

(2) The management company may commence the conduct of the business thereof under Paragraph (1) after obtaining authorization to organize and manage a common fund and after recording of the said fund in the register referred to in Item 5 of Article 30 (1) of the Financial Supervision Commission Act. The common fund shall be considered incorporated upon the recording thereof in the register referred to in sentence one.

Article 164b

(New, SG No. 86/2006)

(1) The money market instruments, in which an investment company and a common fund shall invest, must be liquid and have a value which can be accurately determined at any time.

(2) The securities in which an investment company and a common fund may invest shall be:

1. shares in companies and other securities equivalent to shares in companies;

2. bonds and other debt securities;

3. other negotiable securities which carry the right to acquire such securities by subscription or exchange.

(3) (New, SG No. 52/2007) Additional requirements to the conditions which money market instruments under Paragraph 1 and the securities under Paragraph 2 shall meet as well as determination of the assets under Article 195 which are considered liquid financial assets shall be set out by ordinance.

Article 165

(1) (Redesignated from Article 165, SG No. 39/2005) An investment company may be of the open-end or of the closed-end type.

(2) (New, SG No. 39/2005) A common fund shall be solely of the open-end type.

Article 166

(1) (Amended, SG No. 86/2006) The capital of any investment company of the open-ended type shall always be equal to the net asset value thereof. The amount of any such capital may not be less than BGN 500,000. The capital wherewith the company has been incorporated shall be recorded in the Commercial Register.

(2) (Amended, SG No. 39/2005) Any investment company of the closed-end type must at any time own capital to the minimum amount of BGN 500,000 whereof the structure and ratio to the balance-sheet assets and liabilities of the company shall be prescribed by ordinance.

(3) (New, SG No. 39/2005) The net asset value of a common fund may not be less than BGN 500,000. This minimum amount must be reached within one year after obtaining authorization to organize and manage a common fund. Re-purchase of the units of a common fund shall be inadmissible until the minimum amount of the net asset value referred to in sentence one is reached.

(4) (Renumbered from Paragraph (3), SG No. 39/2005) Solely cash payments may be made towards an allotment of shares in the capital.

(5) (Renumbered from Paragraph (4) and amended, SG No. 39/2005) Not less than 25 per cent of the amount of capital referred to in Paragraph (1) or Paragraph (2), respectively, must be paid up upon submission of an application for the issuing of a licence for conduct of business in an investment-company capacity, and the balance must be paid up within fourteen days after receipt of a written notification from the Commission that it will issue the licence after payment of the full amount of capital.

Article 167

(Amended, SG No. 52/2007)

(1) A person elected as member of the management body of an investment company shall:

1. have the professional qualification and experience required for management of the investment company;

2. have no conviction for a premeditated offence at public law;

3. hold no previous membership of a management body or a supervisory body of, and no previous status as general partner in, any company undergoing banktruptcy proceedings or dissolved by bankruptcy and leaving any creditor unsatisfied;

4. have not been declared in bankruptcy or not be in bankruptcy proceedings;

5. be no spouse of any other member of a management body or a supervisory body of the company, and is no lineal or collateral relative to any such person up to the third degree of consanguinity and do not actually live with such a member;

6. is under no effective disqualification from occupying a position of property accountability.

(2) A person elected as member of a supervisory body of an investment firm shall meet the requirements of Paragraph 1, items 2 - 6.

(3) The requirements under Paragraphs 1 and 2 shall furthermore apply to natural persons who represent legal persons - members of management and supervisory bodies of the investment company.

(4) The provisions of Paragraph 1 shall furthermore apply to other persons who may conclude independently or jointly with another person transactions on the account of the investment company.

(5) The circumstances under Paragraph 1, items 3 - 6 shall be ascertained by declaration.

Article 168

(1) (Effective 1.08.2000) The business of any investment company of the open-ended type, as referred to in Article 164 (1) herein, shall be managedsolely by a management company according to a concluded contract, and the business of any investment company of the closed-ended type shall be managed solely by a management company or by the management body of the said investment company.

(2) The contract with the management company may be terminated by the investment company by three months' notice.

(3) Upon rescission by the investment company of any contract referred to in Paragraph (1) by reason of non-performance of the obligations on the part of the management company, the said management company shall forthwith discontinue the management of the business referred to in Article 164 (1) herein. Until conclusion of a contract with another management company, the management body of the investment company of the open-ended type shall perform, by way of exception, managerial acts under Article 164 (1) herein for a period not exceeding one month.

(4) Any term and condition of the contract referred to in Paragraph (1), which restricts the right of the investment company referred to in Paragraph (2) or Paragraph (3), shall be void.

(5) (Amended, SG No. 52/2007) If the business of any investment company of the closed-ended type is managed by the management body thereof, the said company shall conclude a contract with a person referred to in Article 12 of the Markets in Financial Instruments Act which is licensed to provide investment advice.

Article 169

(1) No investment company may exercise control over the management company thereof.

(2) No management company may exercise control over the investment company (managed thereby).

Article 170

(1) (Amended, SG No. 39/2005) No person referred to in Article 167 herein, the management company, nor any member of a management body or a supervisory body of the management company, nor any decision-maker on the management of the investment business of the company may be identical with the investment intermediary wherethrough the investment transactions are concluded and executed.

(2) The management company may not use and pledge the property of the investment company to cover any of its own obligations which are unrelated to the management of the operation of the said investment company.

Article 171

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

Article 172

(1) (Amended, SG No. 52/2007, effective 3.07.2007) The members of a management body or of a supervisory body of the management company, or the members of the management body, or any other persons who perform managerial or supervisory functions in the investment company, as the case may be, may not invest the resources of the investment company in financial instruments issued by the said persons or by persons connected therewith.

(2) (Supplemented, SG No. 39/2005) The members of a management body or of a supervisory body of the investment company and any persons therewith connected may not be party to transactions with the investment company, save in the capacity as shareholders thereof in compliance with limitations established by ordinance. Sentence one shall furthermore apply to any other persons working for the management company under contract.

Article 173

(1) (Amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007) Any dematerialized financial instruments owned by any investment company shall be recorded in the depository institution on a sub-account of the depositary bank, and the rest of the assets of the said company shall be held at the depositary bank. The depositary bank shall effect all payments for the account of the investment company.

(2) (Amended, SG No. 39/2005) To be a depositary bank, a bank must satisfy the following requirements:

1. (amended, SG No. 86/2006) it must be a domestic bank or a bank of a Member State which carries on banking business within the territory of the Republic of Bulgaria through a branch, as well as a bank of a third country which has obtained a licence from the Bulgarian National Bank for conduct of banking business within the territory of Bulgaria through a branch;

2. (amended, SG No. 59/2006, SG No. 52/2007, effective 3.07.2007) it must have obtained authorization to effect transactions in financial instruments;

3. it must be included in the list of primary dealers of government securities;

4. its licence, business, transactions or operations must not be restricted to an extent as would impede or make impossible the fulfilment of the obligations provided for in this Act or in the contract for depositary services;

5. (supplemented, SG No. 59/2006) has not been subject to imposition of measures referred to in Items 11 and 14 of Article 52 (2) of the Banking Act during the last preceding twelve months, or under Article 103 (2) subparagraphs 14, 19 or 20 of the Credit Institutions Act ;

6. possesses capital, personnel and information of a level adequate for the effective performance of the depositary functions thereof and for fulfilment of the depositary obligations thereof according to the requirements established by this Act and the instruments on the application thereof.

(3) (Amended, SG No. 86/2006) The depositary bank may not be identical or having close links with the management company, with any of the persons referred to in Article 167 herein, or with any other person which performs managerial or supervisory functions in the investment company, or with any persons which control the investment company.

(4) The depositary bank may not be a creditor or a guarantor of the investment company save in respect of the receivables thereof arising from the contract for custodian services.

(5) The depositary bank shall account separately for the funds and for other assets owned by the investment company and shall separate the non-cash assets owned by the investment company from its own assets. The funds owed by the custodian to the investment company shall be excluded from the liability of the said custodian to the creditors thereof.

(6) Any depositary bank shall be obligated:

1. to ensure that the shares in the investment company are issued, sold, re-purchased and cancelled in accordance with the law and with the Articles of Association of the said company;

2. (amended, SG No. 39/2005) to ensure that any payments arising from transactions in the assets of the investment company be remitted within the statutory time limits, save as where the counterparty is defaulting or there are reasonable grounds to believe that it is defaulting;

3. (amended, SG No. 39/2005) to ensure the collection and utilization of the income of the investment company in accordance with the law and with the Articles of Association of the said company;

4. (amended, SG No. 39/2005) to dispose of the assets owned by the investment company, which have been entrusted thereto, solely on instructions from the authorized persons, unless the said instructions conflict with the law, the Articles of Association of the company, or the contract for custodian services;

5. to account on a regular basis to the investment company for the assets entrusted and the operations carried out.

(7) (Amended, SG No. 52/2007, effective 3.07.2007) The depositary bank shall assist the investment company to obtain information and attend general meetings of the issuers of the financial instruments whereof the said company has invested, as well as to assume any other obligations arising from the assets entrusted, according to the contract as concluded. The fee due to the depositary bank may not exceed the customary amount for the services provided.

(8) (New, SG No. 39/2005) The Bulgarian National Bank shall notify the Commission promptly of each measure or sanction imposed which restricts the licence, the transactions or the operations of the depositary bank to an extent as would impede or make impossible the fulfilment of the obligations provided for in this Act or in the contract for depositary services.

(9) (New, SG No. 39/2005) The Deputy Chairperson and the Bulgarian National Bank shall approve a list of the banks which are eligible to be depositary banks.

(10) (Renumbered from Paragraph (8) and supplemented, SG No. 39/2005) In fulfilment of the obligations thereof, the depositary bank shall be guided solely by the interests of the investment company shareholders.

(11) (New, SG No. 39/2005) The depositary bank shall be liable to the investment company and to the shareholders thereof, as well as to the management company and the unit-holders in the common fund, for any detriment sustained thereby as a result of the unjustifiable failure of the said depositary bank to fulfil the obligations thereof, including incomplete, inaccurate and untimely fulfilment.

(12) (New, SG No. 39/2005) The depositary bank shall be obligated to see to the observance of the law and the common fund rules upon the sale and re-purchase of interests in the management company, as well as upon calculation of the value of interests.

Article 174

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

Any person, who or which acquires a possibility to exercise control over any investment company, must notify the Commission and the regulated market whereon the shares in the said company are admitted to trading within three days according to a procedure established by ordinance.

Article 175

(Amended, SG No. 39/2005)

(1) (Amended, SG No. 86/2006) No investment company may acquire a participating interest in the voting shares of any one issuer enabling the said investment company, the members of the management bodies or supervisory bodies thereof, the management company or the members of the management bodies or supervisory bodies thereof, to exercise significant influence over the issuer whether jointly or separately.

(2) Paragraph (1) shall furthermore apply accordingly to the management company in connection with all common funds managed thereby.

Article 176

(1) (Supplemented, SG No. 39/2005) No investment company, nor any management company or depositary bank where acting for the account of the common fund, may grant loans or act as a guarantor on behalf of third parties.

(2) (Supplemented, SG No. 39/2005) No investment company, nor any management company or depositary bank where acting for the account of the common fund, may:

1. (repealed, SG No. 86/2006) ;

2. (amended, SG No. 39/2005, supplemented, SG No. 86/2006) sell any securities, money market instruments and other financial instruments referred to in Items 5, 7 and 8 of Article 195 (1) herein which the investment company or the common fund, as the case may be, does not own;

3. invest in any securities issued by:

(a) (amended, SG No. 39/2005) the promoters or any persons therewith connected, for a period of two years after incorporation of the investment company;

(b) any persons which control the investment company or any persons therewith connected.

Article 177

(1) (Amended, SG No. 39/2005, amended and supplemented, SG No. 86/2006) No investment company may transform itself into another type of commercial corporation or into a common fund, nor alter the objects thereof. Transformation of an investment company of the closed-end type into an open- end type shall be admissible solely by authorization of the Commission. A common fund may be transformed solely through merger by the formation of a new company, merger by acquisition, division through the formation of new companies, or division by acquisition, with the transformation involving only common funds, without changing the objects thereof.

(2) (Amended, SG No. 39/2005, SG No. 52/2007) Any transformation through merger by the formation of a new company, merger by acquisition, division by the formation of new companies or division by acquisition, as well as any dissolution of an investment company and of a common fund, shall require authorization from the Commission. The persons designated as liquidators or trustees in bankruptcy of the investment company or as liquidators of the common fund, as the case may be, shall be approved by the Commission. Article 23 of the Markets in Financial Instruments Act shall apply accordingly.

(3) (Amended, SG No. 39/2005, SG No. 52/2007) To obtain permission under Paragraphs (1) and (2), an application shall be submitted in a standard form. The Commision shall pronounce on any such application within fourteen days after the date of receipt thereof or, where additional particulars and documents have been requested, within seven days after the date of receipt of the said particulars and documents.

(4) (New, SG No. 52/2007) Based on the documents submitted the Commission shall

determine the extent whereto the requirements for issuing of the permission as requested have been satisfied. Should the particulars and documents as submitted be found deficient or invalid, or should any additional information or evidence authenticating the particulars be required, the Commission shall transmit a communication specifying the deficiencies or non-conformities found or the additional information and documents required.

(5) (New, SG No. 52/2007) If the communication under Paragraph 4 is not accepted at the correspondence address specified by the applicant, the time limit for their submission shall be effective from posting thereof on a notice board expressly provided therefor on the premises of the Commission. Any such posting shall be attested by a memorandum drawn up by officers designated by an order of the Chairperson of the Commission.

(6) (Amended, SG No. 39/2005, renumbered from Paragraph (4), SG No. 52/2007) The Commission may refuse to grant permission under Paragraph (2) on the grounds of non-compliance with the requirements of the law or of the instruments for the application thereof or non-safeguarding of the interests of investors. The applicant shall be notified in writing of the decision made within three days.

(7) (New, SG No. 39/2005, renumbered from Paragraph (5), SG No. 52/2007) The terms and procedure for transformation under Paragraphs (1) and (2), as well as for dissolution, shall be established by ordinance.

Article 177a

(New, SG No. 39/2005)

(1) A common fund shall be organized and managed by a management company. Upon performance of any actions for management of the common fund, the management company shall act in its own name, indicating that it acts for the account of the common fund.

(2) A common fund shall be considered issuer of the units into which it is divided. The said units shall confer a right to an appurtenant portion of the property of the fund, inter alia upon liquidation of the fund, a right to re-purchase, as well as other rights provided for in this Act and in the common fund rules.

(3) On the basis of the net asset value thereof, common funds may furthermore issue fractional units against a money contribution made to a specific amount if a whole number of units cannot be issued for the amount paid.

(4) Common funds may distribute income in proportion to the units held under terms and according to a procedure established in the common fund rules.

(5) The conditions for participation in a common fund, the organization, management and dissolution thereof shall be determined in the common fund rules.

(6) The management company, which manages a common fund, shall separate the property thereof from the property of the common fund and shall prepare a separate balance sheet thereon.

(7) (Amended, SG No. 52/2007, effective 3.07.2007) Any dematerialized financial instruments, which a common fund invests, shall be recorded in the depository institution on a sub-account of the depositary bank. The rest of the assets of the common fund shall be kept in the name thereof with the depositary bank.

(8) The management company, which manages a common fund, the members of the management bodies and supervisory bodies thereof, and the depositary bank shall act in the interest of all unit-holders in the common fund.

(9) The assets of a common fund shall be excluded from the liability of the management company which manages the fund and of the depositary bank to the creditors of the said company and bank. The creditors of any person referred to in sentence one, as well as the creditors of any participant in the common fund, may be satisfied from the units held by such persons in the common fund. The creditors of a participant in the common fund cannot make claims against the assets of the fund.

(10) (Amended and supplemented, SG No. 86/2006) Upon withdrawal of the licence to carry on business, upon withdrawal of an authorization to manage a common fund under Items 3 and 4 of Article 185 (2) herein, upon dissolution or adjudication in bankruptcy of the management company, the depositary bank of the common fund shall, by exception, perform actions for management under sentence one of Article 164a (1) herein for a period that may not exceed one month until selection of another management company, selected under terms and according to a procedure established by ordinance.

(11) The management company shall be liable to the unit-holders in the common fund for any detriment sustained thereby as a result of the unjustifiable failure of the said management company to fulfil the obligations thereof, including incomplete, inaccurate and untimely fulfilment.

(12) Article 166 (4) and Articles 170 through 133 incl. herein shall apply, mutatis mutandis, to common funds.

Article 178

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

Any other requirements to the operation, structure of assets and liabilities, and liquidity of investment companies, intended to protect the interests of investors, involving inter alia maintenance and storage of accounts by the investment companies and the common funds, preparation of annual and interim accounts and circulation thereof, the manner and procedure for valuation of the assets and liabilities of investment companies and common funds, for determination of the net asset value, calculation of the issue price and of the re-purchase price, disclosure of information, the contents of advertisements and inserts in connection with shares in investment companies and units of common funds, operations involving sales of shares or units, as the case may be, the contents of the contracts of the investment company with the management company and the depositary bank, the contents of the contracts of the management company with the depositary bank in connection with the safekeeping of the assets of the common funds, shall be established by ordinance.

Article 179

(Amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007)

The provisions of Chapter Eight herein shall apply, mutatis mutandis, to any matters which are unregulated herein, and the provisions of Chapter Eleven herein shall furthermore apply to any matters regarding closed-ended investment companies which are unregulated herein.

Chapter Fourteen

ISSUING AND REVOCATION OF INVESTMENT COMPANY LICENCE AND OF

AUTHORIZATION TO ORGANIZE AND MANAGE A COMMON FUND

(Heading amended, SG No. 39/2005, SG No. 52/2007, effective 3.07.2007)

Article 180

(1) (Amended and supplemented, SG No. 39/2005) To obtain a licence for conduct of business in an investment-company capacity, an application shall be submitted to the Commission in a standard form as determined by the Deputy Chairperson, enclosing therewith:

1. the Articles of Association and the other basic instruments;

2. particulars of the subscribed capital and of the paid-up capital;

3. particulars and other relevant information regarding the members of the management bodies and supervisory bodies of the investment company or, as the case may be, of the natural persons who represent legal persons which are members of the boards thereof or of any other persons empowered to manage and represent the said company, as well as information regarding the occupational skills and experience thereof;

4. the contract with the management company according to Article 168 hereinand the contract for custodian services;

5. (amended and supplemented, SG No. 39/2005, amended, SG No. 25/2007) the names or business names and particulars of any persons who or which hold, whether directly or indirectly, 10 or more than 10 per cent of the voting shares in the applicant or who or which may control the said applicant, as well as of the number of votes held thereby; any such persons shall submit declarations in writing, completed in a standard form as prescribed by the Deputy Chairperson, regarding the origin of the resources wherefrom payments have been effected for subscribed shares, specifying inter alia whether the said resources are borrowed, and the taxes paid thereby during the five last preceding years;

6. (new, SG No. 39/2005) the methods of valuation of the portfolio and calculation of the net asset value;

7. (new, SG No. 39/2005) the prospectus of the investment company of an open-end type;

8. (new, SG No. 86/2006) the risk management rules;

9. (renumbered from Item 6 and supplemented, SG No. 39/2005, renumbered from Item 8, SG No. 86/2006) any other documents and particulars as may be prescribed by ordinance.

(2) (New, SG No. 39/2005, amended, SG No. 86/2006) To obtain an authorization to organize and manage a common fund, the management company shall submit an application in a standard form, enclosing therewith:

1. the common fund rules;

2. a decision by the competent body of the management company on organization of a common fund;

3. the methods of valuation of the portfolio and calculation of the net asset value;

4. the contract for depositary services;

5. the prospectus of the common fund;

6. (new, SG No. 86/2006) the risk management rules;

7. (renumbered from Item 6, SG No. 86/2006) any other documents and particulars as may be prescribed by ordinance.

(3) (New, SG No. 39/2005) The company referred to in Article 164 (3) herein shall be obligated to submit an application for the issuing of a licence for conduct of business in an investment-company capacity within two months after the lapse of the six-month period referred to in Article 164 (3) herein. Paragraph (1) shall apply accordingly.

(4) (Renumbered from Paragraph (2) and amended, SG No. 39/2005, supplemented, SG No. 86/2006, effective 28.10.2006, amended, SG No. 52/2007) Based on the documents submitted the Commission shall determine the extent whereto the requirements for issuing of a license or permission, as the case may be, have been satisfied. Should the particulars and documents as submitted be found deficient or invalid, or should any additional information or evidence authenticating the particulars be required, the Commission shall transmit a communication and shall set a time limit for removal of the deficiencies or non-conformities found or for submission of the additional information and documents required, which shall not be less than one month and longer than two months.

(5) (New, SG No. 52/2007) If the communication under Paragraph 4 is not accepted at the correspondence address specified by the applicant, the time limit for their submission shall be effective from posting thereof on a notice board expressly provided therefor on the premises of the Commission. Any such posting shall be attested by a memorandum drawn up by officers designated by an order of the Chairperson of the Commission.

(6) (New, SG No. 52/2007) The Commission shall pronounce on the application within three

months after receipt thereof and where additional particulars and documents have been required, within three months after receipt thereof or expiry of the time limit under Paragraph 4, sentence two, as the case may be. Simultaneously with the issuing of a licence to an investment company of an open-end type and an authorization to a management company to organize and manage a common fund, the Commission shall confirm the prospectus of the investment company and the common fund.

(7) (New, SG No. 52/2007) The applicant shall be notified in writing of the decision taken within 7 days.

Article 181

(1) (Amended, SG No. 39/2005) The Commission shall refuse to issue a licence for conduct of business in an investment-company capacity if:

1. the Articles of Association and the other instruments of incorporation do not conform with the law;

2. the capital does not satisfy the requirements established by Article 166 herein;

3. the contract with the management company under Article 168 herein does not conform to the requirements of this Act and of the instruments for the application thereof;

4. the members of the management body and the supervisory body do not satisfy the requirements established by Article 167 herein;

5. (amended, SG No. 39/2005, SG No. 25/2007) the persons, who or which hold, whether directly or indirectly, 10 or more than 10 per cent of the voting shares (in or) may exercise control over the investment company, could by their practices or influence on decision-making impair the security of investments.

6. (amended, SG No. 39/2005, SG No. 25/2007) the persons, who or which hold, whether directly or indirectly, 10 or more than 10 per cent of the voting shares, have effected payments from borrowed resources towards an allotment of shares;

7. (amended, SG No. 39/2005) the depositary bank or the contract with the depositary bank does not satisfy the requirements of the law or of the instruments for the application thereof;

8. (new, SG No. 39/2005) the prospectus of the investment company of an open-end type does not satisfy the requirements of this Act and of the instruments for the application thereof;

9. (new, SG No. 86/2006) according to the law or to the Articles of Association thereof, the investment company may not offer the shares thereof within the territory of the Republic of Bulgaria;

10. (renumbered from Item 8, SG No. 39/2005, renumbered from Item 9, SG No. 86/2006) the interests of investors are not safeguarded to a sufficient extent.

(2) (New, SG No. 39/2005, amended, SG No. 86/2006) The Commission shall refuse to grant authorization to organize and manage a common fund if:

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

2. the common fund rules do not satisfy the requirements of the law and of the instruments for the application thereof;

3. the depositary bank or the contract with the depositary bank does not satisfy the requirements of the law or of the instruments for the application thereof;

4. the prospectus of the common fund does not satisfy the requirements of this Act and of the instruments for the application thereof;

5. (new, SG No. 86/2006) according to the law or to the common fund rules, the common fund may not offer the units thereof within the territory of the Republic of Bulgaria;

6. (renumbered from Item 5, SG No. 86/2006) the interests of investors are not safeguarded to a sufficient extent.

(3) (Renumbered from Paragraph (2) and amended, SG No. 39/2005, supplemented, SG No. 86/2006) In the cases covered under Items 1 through 4 incl., 7 and 8 of Paragraph (1) or, respectively, under Items 2, 3 and 4 of Paragraph (2), the Commission may refuse to issue a licence or to grant authorization, as the case may be, solely if the applicant has failed to cure the non-conformities or to submit the documents as required within the time limit set by the said Commission, which may not be shorter than one month.

(4) (Renumbered from Paragraph (3) and amended, SG No. 39/2005, amended, SG No. 86/2006) Any refusal by the Commission shall be reasoned in writing.

Article 182

(Supplemented, SG No. 86/2006)

Should any application be refused under Article 181 herein, the applicant may not submit a new application for the issuing of a licence or for the grant of authorization, as the case may be, earlier than six months after the entry into force of the determination to refuse the previous application.

Article 183

(1) (Redesignated from Article 183 and amended, SG No. 39/2005, amended, SG No. 34/2006) The Registry Agency shall enter the investment company into the Commercial Register after it is presented with the respective licence issued by the commission.

(2) (New, SG No. 39/2005, amended, SG No. 34/2006) The investment company shall present to the Commission a certificate of entry within seven days after the recording.

Article 184

(Amended, SG No. 39/2005)

(1) No entity shall have the right to carry on business under Article 164 or 164a herein without having obtained in advance a licence or authorization, as the case may be, from the Commission.

(2) No person which does not hold a licence or authorization, as the case may be, for conduct of business under Article 164 or 164a herein according to the requirements of this Act, may include in the business name thereof or use in advertising or for any other purpose the words "инвестиционно дружество" (investment company) or "договорен фонд" (common fund) or "инвестиционен фонд" (investment fund), as the case may be, or any other synonymous words in the Bulgarian or any foreign language denoting the conduct of such business.

Article 185

(1) (Amended, SG No. 39/2005) The Commission shall revoke any licence as issued should the investment company:

1. (amended, SG No. 39/2005) fail to commence the conduct of the relevant business within twelve months after the issuing of the licence, expressly relinquishes the licence as issued, or has not carried out business for a period exceeding six months;

2. (amended, SG No. 39/2005) have submitted untrue information on the grounds whereof the licence has been issued;

3. (amended, SG No. 39/2005) cease to fulfil the conditions whereupon the licence has been issued;

4. do not satisfy the requirements to minimum capital and liquidity as provided for by this Act and by the instruments for the application thereof;

5. systematically violate the provisions of this Act or the instruments for the application thereof.

(2) (New, SG No. 39/2005) The Commission shall revoke any authorization to organize and manage a common fund as granted:

1. if the net asset value as shown on the balance sheet of the common fund fails to reach BGN 500,000 in the course of one year after obtaining of the authorization;

2. in the cases referred to in Items 1 through 4 incl. of Paragraph (1);

3. if the management company collects any fees which are not provided for or exceed the amount of the fees provided for in the common fund rules;

4. if this is necessary for safeguarding the interests of investors.

(3) (Renumbered from Paragraph (2) and supplemented, SG No. 39/2005, amended, SG No.

52/2007) Article 20, Paragraphs 3 and 4 and Article 23 of the Markets in Financial Instruments Act shall apply, mutatis mutandis, in the cases covered under Paragraphs (1) and (2).

Chapter Fifteen

PUBLIC OFFERING OF SHARES IN INVESTMENT COMPANY AND UNITS OF COMMON FUND

(Heading supplemented, SG No. 39/2005)

Article 186

(1) (Supplemented, SG No. 39/2005) For admission of a public offering of shares in any investment company and of units of any common fund, a prospectus must be published in the manner and with the contents as prescribed by this Act and by the instruments for the application thereof.

(2) (Amended, SG No. 39/2005, SG No. 86/2006) No prospectus may be published unless the Commission has issued a licence to carry on business in an investment-company-of-the-open-end-type capacity or, respectively, has granted authorization to organize and manage a common fund. No prospectus of an investment company of the closed-end type shall be drawn up and published according to the procedure established by Chapter Six herein.

Article 187

(1) (Supplemented, SG No. 39/2005, SG No. 86/2006) The prospectus of each investment company of the open-end type shall consist of a full prospectus and of a simplified prospectus attached thereto and shall state the following particulars:

1. in respect of the investment company:

(a) the place where members of the public will be able to obtain the instruments of incorporation of the company;

(b) (supplemented, SG No. 39/2005) the main objects of the investment business and investment policy, as well as the limitations on the said investment policy applicable according to the law and the Articles of Association of the investment company;

(c) the terms and procedure for the issuing and sale of shares;

(d) (amended, SG No. 39/2005) the terms and procedure for calculation of the issue price of the shares;

(e) (amended, SG No. 39/2005, SG No. 86/2006) the terms and procedure for calculation of the re-purchase price of the shares;

(f) (amended, SG No. 86/2006) the terms and procedure for re-purchase of the shares and the terms for suspension of the said re-purchase;

(g) the dividend distribution policy;

(h) (new, SG No. 39/2005) the methods of valuation of the portfolio and calculation of the net asset value;

(i) (new, SG No. 39/2005) the risk portfolio of the investment company;

2. business name, registered office and address of the depositary;

3. business name, registered office and address of the management company;

4. any other particulars as may be prescribed by ordinance.

(2) (Amended, SG No. 39/2005) The prospectus of each common fund shall consist of a full prospectus and of a simplified prospectus attached thereto and shall contain, respectively, the particulars covered under Paragraph (1).

(3) (New, SG No. 39/2005, amended, SG No. 52/2007, effective 3.07.2007) The prospectus of any investment company and of any common fund shall be updated upon any change in the material particulars contained therein and shall be laid before the Commission within fourteen days. the Deputy Chairperson shall determine a sufficient time limit for their removal under the terms of Article 212 upon ascertainment of any deficiencies and non-conformities in the updated prospectus as submitted.

(4) (New, SG No. 39/2005, amended, SG No. 86/2006) The simplified prospectus shall be supplied by the investment company or by the management company free of charge to each subscriber for shares or units prior to conclusion of the transaction in shares or units. Upon request by a subscriber for shares or units, a full prospectus shall likewise be supplied free of charge, as well as the latest published annual and the latest prepared interim financial statement.

Article 187a

(New, SG No. 61/2002, amended, SG No. 86/2006, SG No. 105/2006)

The members of the management body of the investment company, the managerial agent thereof, as well as the investment intermediary which has signed the prospectus or the management company, as the case may be, shall incur solidary liability for any detriment as may be inflicted by reason of any untrue, misleading or deficient particulars in the prospectus. The persons referred to in Article 34 (2) of the Accountancy Act shall incur solidary liability with the persons referred to in sentence one for any detriment as may be inflicted by any untrue, misleading or deficient particulars in the financial statements of the investment company and the common fund, and the registered auditors shall incur solidary liability with the said persons for any detriment as may be inflicted by the financial statements thereby audited.

Article 188

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

The Commission shall consider the prospectus of an investment company of the closed-end type and shall grant confirmation or shall refuse to grant confirmation, applying accordingly

Articles 91 and 92 herein.

Article 189

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

(2) (Supplemented, SG No. 39/2005, amended, SG No. 86/2006) All advertising material in connection with the offering of shares in any investment company of the open-end type or of units of any common fund must contain:

1. information about the place where members of the public will be able to obtain the prospectus and the basic instruments;

2. (supplemented, SG No. 39/2005) a statement that the value of the shares or of the units, as the case may be, and the income arising therefrom may fall, that no profits are guaranteed, and that the investors risk non-recovery of the full amount of the resources invested;

3. any other information as may be prescribed by ordinance.

Article 190

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

Any investment company of the open-end type or any management company of a common fund, as the case may be, shall declare to the Commission the issue price and the re-purchase price of the shares or the units, as the case may be, upon each determination of the said prices, and shall cause insertion of the said prices in the national daily newspaper as indicated in the prospectus at least twice a month.

Article 191

(Amended, SG No. 39/2005)

(1) (Amended, SG No. 52/2007, effective 3.07.2007) The investment company and the management company of the common fund shall submit to the Commission:

1. annual and interim financial reports;

2. monthly balance sheet;

3. other information established by ordinance.

(2) (New, SG No. 52/2007, effective 3.07.2007) The requirements as to the content of the information under Paragraph 1, the procedure, time limits and the manner of submission thereof to the Commission, as well as the requirements regarding the public dissemination of information shall be established by ordinance.

(3) (New, SG No. 52/2007, effective 3.07.2007) The Commission shall make public the information received under Paragraph 1 through the register kept by it under Article 30, Paragraph 1 of the Financial Supervision Commission Act.

(4) (New, SG No. 52/2007, effective 3.07.2007) The persons under Paragraph 1 shall cause publication of a notice of the submission of the annual and interim reports, the time limit and the manner of familiarizing with them in one national daily newspaper within 7 days after their submission to the Commission. The notice shall be published first in the official bulletin of the Commission.

(5) (Renumbered from Paragraph (2), SG No. 52/2007, effective 3.07.2007) The annual financial statement of each investment company or of each common fund, as the case may be, shall be certified by a registered auditor.

(6) (Renumbered from Paragraph (3), SG No. 52/2007, effective 3.07.2007) The results of the examination of the annual financial statement as conducted by the auditor shall be recorded in a separate report in a standard form endorsed by the Deputy Chairperson, which shall be included in the annual report.

(7) (Renumbered from Paragraph (4), amended, SG No. 52/2007, effective 3.07.2007) The auditor of the investment company and the common fund shall notify the Commission without delay of any circumstance that has come to its knowledge in the course of conducting the audit and which refers to the activity of the investment company and the common fund and constitutes a material breach of this Act and the statutory instruments for its application or could affect adversely the conduct of their activity, or constitutes a ground for refusal to give opinion, a ground for a qualified opinion or a ground for a negative opinion.

(8) (New, SG No. 52/2007, effective 3.07.2007) The auditor of the investment company and of the common fund shall furthermore notify the Commission of any circumstance under Paragraph 7 that has come to its knowledge in the course of conducting an audit of a related party of the collective investment scheme or its management company or the depositary bank.

(9) (New, SG No. 52/2007, effective 3.07.2007) In the cases of Paragraphs 7 and 8 the restrictions on disclosure of information set out by law, by-law or contract shall not apply.

Chapter Sixteen

INVESTMENT COMPANY OF THE OPEN-ENDED TYPE AND COMMON FUND

(Heading supplemented, SG No. 39/2005)

Article 192

(1) In addition to the particulars as required according to the Commerce Act, the Articles of Association of any investment company of the open-ended type must state:

1. (supplemented, SG No. 39/2005) the principal objects and limitations on the investment business, as well as the investment policy of the investment company;

2. the participating interest held in securities of one type or another;

3. the rules for fixing the compensations due to the members of the management body and

the supervisory body or to the management company, as the case may be;

4. the distribution of rights and duties between the management body of the(investment) company and the management company;

5. the duration of the closed period, should any such be provided for;

6. the terms and a procedure for calculation of the net asset value, the issue price and the repurchase or redemption price of the shares, and of the dividend, should any such be provided for;

7. (supplemented, SG No. 39/2005) the terms and a procedure for re-purchase of the shares and the terms for suspension of the said re-purchase and for distribution of dividend, should any such be provided for, or for the reinvestment thereof;

8. (amended, SG No. 39/2005) the terms for replacement of the depositary bank and the rules for safeguarding the interests of shareholders in the event of such a replacement;

9. the terms for replacement of the management company and the rules for safeguarding the interests of shareholders in the event of such a replacement.

(2) (Amended, SG No. 39/2005) The common fund rules must state:

1. the business name of the common fund;

2. particulars of the person which organizes or manages the common fund;

3. the principal objectives of and limitations on the investment business, as well as on the investment policy;

4. the terms and procedure for calculation of the net asset value, the issue price and the re-purchase price of the units;

5. methods of valuation of the assets and liabilities;

6. the rights conferred by the units;

7. the fees as are charged by the management company for management, the expenditures as are withheld by the management company for sale and re-purchase of units, as well as other fees should such be provided for;

8. the method of calculation of the remuneration of the depositary bank;

9. the terms and procedure for re-purchase of units and the terms for suspension of the said re-purchase;

10. the terms and procedure for distribution or for re-investment of the income;

11. the conditions for replacement of the depositary bank and the rules to ensure the interests of unit-holders in the event of such replacement;

12. the conditions for replacement of the management company and the rules to ensure the interests of unit-holders in the event of such replacement;

13. the method of calculation of the remuneration of the management company.

(3) (New, SG No. 39/2005, amended, SG No. 86/2006) Any alteration in the Articles of Association and in the other instruments of incorporation of the investment company, in the common fund rules, any replacement of the depositary bank and of the management company, any change in the risk management rules, the methods of valuation of the portfolio and of calculation of the net asset value and, applicable to common funds, any alteration in the contract for depositary services, shall require advance approval by the Deputy Chairperson.

(4) (Renumbered from Paragraph (3) and amended, SG No. 39/2005) The Deputy Chairperson shall grant or shall refuse to grant an approval under Paragraph (3) within fourteen days after the date of receipt of an application with the enclosures therewith or, where additional particulars have been requested, within fourteen days after the date of receipt of the said particulars. In such cases, Articles 180, 181 and 183 herein shall apply accordingly.

(5) (Renumbered from Paragraph (4), amended and supplemented, SG No. 39/2005, amended, SG No. 34/2006) The Registry Agency shall record any alteration in the Articles of Association of an investment company in the Commercial Register upon presentation of the approval as granted by the Deputy Chairperson.

Article 193

(1) Any investment company of the open-ended type shall be obligated to offer the shares thereof at any time to investors at the issue price based on the net asset value and to repurchase or redeem the shares thereof upon demand by the holders thereof at a price based on the net asset value, under terms and according to a procedure as established in this Act, in the instruments for the application thereof and in the Articles of Association of the company, except in the case of Paragraph (8). The issue price and the repurchase or redemption price shall be established at least twice a week at equal intervals.

(2) If so provided for in the Articles of Association, the issue price per share may exceed the net asset value per share by the amount of the costs associated with the issuing.

(3) If so provided for in the Articles of Association, the repurchase or redemption price may be lower than the net asset value per share up to the amount of the costs associated with the repurchase or redemption.

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

(5) The obligation to repurchase or redeem shall be fulfilled within ten days after submission of a repurchase or redemption claim in writing and at a price based on the repurchase or

redemption price as applicable on the nearest day succeeding the day of submission of the said claim.

(6) All orders for the purchase of shares in any investment company of the open-ended type and all orders for repurchase or redemption of any such shares, which have been received in the period intervening two calculations of an issue price and a redemption price, shall be executed at an identical price.

(7) Any investment company of the open-ended type may provide in the Articles of Association thereof for a closed period which may not last longer than three years after the commencement of the legal existence thereof. During the said closed period, the investment company concerned shall not be obligated to repurchase or redeem the shares therein.

(8) Any investment company of the open-ended type may temporarily suspend the repurchase or redemption of the shares therein under terms and according to a procedure established in the Articles of Association thereof, but only in exceptional cases, where circumstances so require and where suspension is justified having regard to the interests of the shareholders, inter alia in any of the following cases:

1. (amended, SG No. 52/2007, effective 3.07.2007) where conclusion of transactions has been discontinued, suspended or restricted on a regulated market whereon a substantial portion of the assets of the investment company are quoted or traded;

2. where the assets or liabilities of the investment company cannot be evaluated correctly and the said company cannot dispose of the said assets or liabilities without prejudice to the interests of the shareholders;

3. where a resolution is made on dissolution or on transformation of the investment company through merger by the formation of a new company, merger by acquisition, division by the formation of new companies or division by acquisition.

(9) (Amended, SG No. 39/2005, supplemented, SG No. 86/2006) In the cases covered under Paragraph (8) the investment company shall notify the Commission and the relevant competent authorities of all Member States where it offers the shares thereof of the resolution thereof before the end of the working day or, as the case may be, shall notify the said Commission of a resumption of re-purchase before the end of the working day next preceding the said resumption.

(10) Upon passing any resolution under Paragraph (8), the investment company shall furthermore be obligated to discontinue forthwith the issuing of shares for the duration of the temporary suspension of repurchase or redemption.

Article 194

(1) The capital of any investment company of the open-ended type shall be increased or reduced in conformity with the change in the net asset value, resulting inter alia from sold or repurchased or redeemed shares. The provisions of Articles 192 through 203 incl. and Article 246 of the Commerce Act shall not apply.

(2) Any investment company of the open-ended type shall issue solely dematerialized non-preference shares entitling the holder to a single vote. Save upon incorporation of any such company, the shares therein shall be acquired at an issue price established on the basis of the net asset value. The provisions of Article 176 (2) and (3) and Articles 188 through 191 incl. of the Commerce Act shall not apply.

(3) No (investment) company (of the open-ended type) may issue bonds and any other debt securities.

(4) The issue price and the repurchase or redemption price shall be calculated by the custodian bank or by the management company under the control of the custodian bank.

(5) Any company of the open-ended type shall issue, sell and repurchase or redeem the shares therein through the management company upon subsidiary application of the requirements to investment intermediaries.

Article 195

(Amended, SG No. 61/2002, amended and supplemented,

SG No. 39/2005, amended, SG No. 86/2006)

(1) An investment company of the open-end type or a common fund may invest solely in:

1. (amended, SG No. 52/2007) securities and money market instruments admitted to or traded on a regulated market under Article 73 of the Markets in Financial Instruments Act;

2. (amended, SG No. 52/2007) securities and money market instruments traded on a regulated market other than a regulated market referred to in Article 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 trading on an official market of a stock exchange or traded on another regulated market in a third country, which operates regularly and is recognized and open to the public, which is included in a list approved by the Deputy Chairperson or is provided for in the common fund rules or the Articles of Association of the investment company;

4. recently issued securities, whereof the terms of issue include assumption of an undertaking to apply for admission and to secure such admission within a year of the issue thereof to trading on an official market of a stock exchange or another regulated market which operates regularly and is recognized and open to the public, which is included in a list approved by the Deputy Chairperson or is provided for in the common fund rules or the Articles of Association of the investment company;

5. units of collective investment schemes, authorized to carry on business according to Council Directive 85/611/EEC and/or other collective investment schemes within the meaning

given by Item 26 of § 1 of the Supplementary Provisions herein, regardless of whether the said investment schemes have their registered office in a Member State or not, provided that:.

(a) such other collective investment schemes fulfil the following conditions:

(aa) they are authorized to carry on business by a law which provides that they are subject to supervision which the Deputy Chairperson considers to be equivalent to that laid down in Community law, and that cooperation between the supervisory authorities is sufficiently ensured;

(bb) the level of protection for unit-holders and the rules on assets segregation, borrowing, lending, and uncovered sales of securities and money market instruments are equivalent to the rules and level of protection for unit-holders in collective investment schemes authorized to carry on business according to Council Directive 85/611/EEC;

(cc) they disclose information periodically by preparing and publishing annual and half-yearly reports showing the assets and liabilities, profit and operations over the reporting period, and

(b) no more than 10 per cent of the assets of the collective investment schemes authorized to carry on business according to Council Directive 85/611/EEC or the other collective schemes, whose acquisition is contemplated, can, according to the Articles of Association or the rules of the said collective investment schemes, be invested in aggregate in units of other collective investment schemes authorized to carry on business according to Council Directive 85/611/EEC or other collective investment schemes;

6. deposits with banks which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, provided that the bank has its registered office in the Republic of Bulgaria or in another Member State or, if the registered office of the bank is situated in a third country, provided that it is subject to prudential rules considered by the Deputy Chairperson as equivalent to those laid down in Community law;. (s

7. financial derivative instruments, including equivalent cash-settled instruments, traded on a regulated market referred to in Items 1 to 3 and/or financial derivative instruments traded over-the-counter, provided that:

(a) the underlying of the said derivatives consists of securities, financial indices, interest rates, currencies or foreign exchange rates, in which the investment company of the open-end type or the common fund, as the case may be, may invest according to its investment policy as stated in the Articles of Association or the rules thereof, as the case may be;

(b) the financial derivative instruments traded over-the-counter fulfil the following conditions:

(aa) the counterparty to the transaction in such financial derivative instruments is subject to prudential supervision and responsive to requirements established by the Deputy Chairperson;

(bb) such derivatives are subject to generally accepted and verifiable valuation on a daily

basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value on the initiative of the investment company of the open-end type or the common fund;

8. money market instruments other than those traded on a regulated market, if the issue or issuer of such instruments is supervised for the purpose of protecting investors or deposits, as well as provided that the said instruments fulfil the following conditions:

(a) they are issued or guaranteed by the Republic of Bulgaria or by another Member State, by their regional or local authorities, by the Bulgarian National Bank, by a central bank of another Member State, by the European Central Bank, by the European Union or the European Investment Bank, by a third country or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong;

(b) they are issued by an issuer whose issue of securities is traded on a regulated market referred to in Items 1 to 3;

(c) they are issued or guaranteed by a person subject to prudential supervision according to criteria defined by Community law, or by a person which complies with rules approved by the relevant competent authority and guaranteeing that the person is responsive to requirements as stringent as the requirements laid down by Community law;

(d) they are issued by issuers other than the issuers referred to in Litterae (a), (b) and (c), which meet criteria established by the Deputy Chairperson, guaranteeing that:

(aa) investments in such instruments are subject to [investor] protection equivalent to that to which the investments referred to in Litterae (a), (b) and (c) are subject;

(bb) (amended, SG No. 25/2007) the issuer is a company whose capital and reserves amount to the lev equivalent of at least EUR 10,000,000, and which presents and publishes audited annual accounts; a company which finances a group of companies to which it belongs, and one or several of the said companies are admitted to trading, or a company which finances companies for securitization vehicles which benefit from a banking liquidity line provided by a financial institution meeting the requirements covered under Littera (c).

(2) An investment company of the open-end type and a common fund may invest no more than 10 per cent of the assets thereof in securities and money market instruments other than those referred to in Paragraph (1).

(3) An investment company of the open-end type may acquire movable and immovable property only to the extent to which this is essential for the direct pursuit of the business thereof.

(4) An investment company of the open-end type and a common fund may not acquire either precious metals or certificates representing such metals.

Article 196

(Supplemented, SG No. 61/2002, amended and supplemented,

SG No. 39/2005, amended, SG No. 86/2006)

(1) An investment company may invest no more than 5 per cent of the assets thereof in securities or in money market instruments of any single issuing body.

(2) An investment company may not invest more than 20 per cent of the assets thereof in deposits with any single bank.

(3) The risk exposure of an investment company to a counterparty in a transaction in financial derivative instruments traded over-the-counter may not exceed 10 per cent of the assets of the said investment company, when the counterpart is a bank referred to in Item 6 of Article 195 (1) herein, and in the rest of the cases, 5 per cent of the said assets.

(4) An investment company may invest up to 10 per cent of the assets thereof in securities or in money market instruments of any single issuing body provided that the total value of these investments does not exceed 40 per cent of the assets of the investment company. Upon calculation of the total value of the assets referred to in sentence one, the securities and money market instruments referred to in Paragraph (6) shall be ignored.

(5) The total value of the investments referred to in Paragraphs (1) to (3) in securities or money market instruments of any single issuing body, the deposits with any single body, as well as the exposure to the same body arising from transactions in financial derivative instruments traded over- the-counter, must not exceed 20 per cent of the assets of an investment company.

(6) An investment company may invest up to 35 per cent of the assets thereof in securities and money market instruments of any single issuing body if the securities and 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 body to which one or more Member States belong.

(7) The total value of the investments referred to in Paragraphs (1) to (6) in securities or money market instruments of any single issuing body, the deposits with any such body, as well as the exposure to the same body arising from transactions in financial derivative instruments traded over-the- counter, must not exceed 35 per cent of the assets of an investment company.

(8) The persons which are included in the same group for the purposes of preparation of consolidated accounts in accordance with recognized accounting standards shall be regarded as a single body upon application of the limits referred to in Paragraphs (1) to (7).

(9) The total value of investments in securities or money market instruments of any single issuing group may not exceed 20 per cent of the assets of an investment company.

(10) An investment company may acquire no more than:

1) 10 per cent of the non-voting shares of any single issuing body;

2) 10 per cent of the bonds or other debt securities of any single issuing body;

3) 25 per cent of the units of any single collective investment scheme authorized to carry on business according to Council Directive 85/611/EEC and/or another collective investment scheme within the meaning given by Item 26 of § 1 of the Supplementary Provisions herein, regardless of whether the said investment scheme has its registered office in a Member State or not;

4) 10 per cent of the money market instruments of any single issuing body.

(11) An investment company may invest no more than 10 per cent of the assets thereof in units of any single collective investment scheme authorized to carry on business according to Council Directive 85/611/EEC and/or another collective investment scheme within the meaning given by Item 26 of § 1 of the Supplementary Provisions herein, regardless of whether the said investment scheme has its registered office in a Member State or not.

(12) The investments made in units of collective investment schemes within the meaning given by Item 26 of § 1 of the Supplementary Provisions herein, regardless of whether the said investment schemes have their registered office in a Member State or not, other than a collective investment scheme authorized to carry on business according to Council Directive 85/611/EEC, may not exceed, in aggregate, 30 per cent of the assets of an investment company.

(13) The limits referred to in Paragraphs (1), (4), (6), (7) and Item 1 of Paragraph (10) shall not apply when the investment company exercises subscription rights attaching to securities and money market instruments which form part of the assets of the said company.

(14) If the investment limits are breached for reasons beyond the control of the investment company, as well as in the cases referred to in Paragraph (13), the said company shall be obligated to notify the Commission within seven days after ascertaining the breach, proposing a programme of measures to bring the assets into conformity with the requirements of this Act within six months after occurrence of the breach.

(15) (Amended, SG No. 52/2007) The programme referred to in Paragraph (14) shall be approved by the Deputy Chairperson. Article 117 (3) - (6) herein shall apply accordingly.

Article 197

(1) No investment company (of the open-ended type) may borrow save in the cases under Paragraph (2).

(2) (Amended, SG No. 39/2005, SG No. 52/2007) The Deputy Chairperson may authorize any (such) investment company to borrow up to 10 per cent of the assets thereof, provided that the said borrowing is for a period not exceeding three months and is necessary for covering any obligations attaching from the re-purchase of the shares in the said company. Article 177 (3) - (6) herein shall apply accordingly.

(3) (New, SG No. 86/2006) When an investment company of the open-end type invests in units of collective investment schemes authorized to carry on business according to Council

Directive 85/611/EEC and/or another collective investment scheme within the meaning given by Item 26 of § 1 of the Supplementary Provisions herein that is managed, directly or by delegation, by the same management company or by any other company wherewith the management company is linked by common management or control, or by a direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the assets of the investment company.

Article 197a

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

Article 193, Article 194 (4) and (5) and Articles 196 and 197 incl. herein shall apply to a common fund mutatis mutandis.

Article 197b

(New, SG No. 86/2006)

(1) An investment company or, respectively, a management company when managing a common fund, shall adopt risk management rules for the purpose of monitoring and measuring at any time the risk of each position and the contribution of the said position to the overall risk profile of the portfolio.

(2) Where an investment company or, respectively, a common fund invests in financial derivative instruments, the risk management rules shall furthermore define the types of financial derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with such investments.

(3) The exposure of an investment company or, respectively, of a common fund, relating to financial derivative instruments may not exceed the net asset value of the said company or fund.

(4) The exposure shall be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements, as well as the time available to liquidate the position.

(5) An investment company or, respectively, a common fund may invest in financial derivative instruments within the limits referred to in Article 196 (7) to (9) herein and provided that the exposure to the underlying assets does not exceed in aggregate the limits referred to in Article 196 (1) to (9) herein.

(6) The additional requirements to the contents of the risk management rules shall be established by an ordinance.

Chapter Seventeen

INVESTMENT COMPANY OF THE CLOSED-ENDED TYPE

Article 198

(1) (Amended, SG No. 39/2005) In addition to the particulars as required according to the Commerce Act, the Articles of Association of any investment company of the closed-ended type must state the particulars covered under Items 1 through 4 incl., 9 and 10 of Article 192 (1)

herein, as well as:

1. (amended, SG No. 39/2005) a prohibition to distribute dividend in anticipation of the adoption of the annual financial statement;

2. the procedure and manner for distribution of dividend.

(2) Any investment company of the closed-ended type shall issue solely dematerialized shares entitling the holder to a single vote. No such company may issue bonds and any other debt securities.

(3) (Amended, SG No. 39/2005) Any alteration in the Articles of Association and in the other instruments of incorporation, any replacement of the depository bank and of the management company, as well as any replacement of an investment adviser by a management company and vice versa shall require advance approval by the Deputy Chairperson. In such case, Article 192 (4) and (5) herein shall apply accordingly.

Article 199

No investment company of the closed-ended type may repurchase or redeem theshares therein, save under the terms and according to the procedure established by the Commerce Act.

Article 200

(1) (Amended, SG No. 52/2007) Any investment company of the closed-ended type must submit an application for admission of the shares therein to trading on a regulated market within six months after recording in the Commercial Register according to Article 183 herein.

(2) (Amended, SG No. 86/2006, SG No. 52/2007) Should the shares in any investment company of the closed-end type be denied admission to trading on a regulated market within one year after recording in the Commercial Register according to Article 183 herein, the said company shall be liquidated.

(3) (Amended, SG No. 39/2005, SG No. 52/2007) The terms and procedure for liquidation of an investment company of the closed-end type shall be established by the ordinance provided for in Article 177 (7) herein.

Article 201

(1) (Amended, SG No. 61/2002, SG No. 86/2006) Article 195 herein shall apply to the assets of any investment company of the closed-end type.

(2) (Amended and supplemented, SG No. 39/2005, amended, SG No. 86/2006) Any investment company [of the closed-end type] may invest up to 25 per cent of the assets thereof in securities and money market instruments of any single issuing body, and Article 196 (2) to (13) herein shall apply accordingly thereupon.

(3) (New, SG No. 39/2005, amended, SG No. 86/2006) Upon breach of the limitations on investments by the company, Article 196 (14) and (15) herein shall apply.

(4) (Renumbered from Paragraph (3), SG No. 39/2005, amended, SG No. 86/2006) Article 197b herein shall apply accordingly to an investment company [of the closed-end type].

(5) (Renumbered from Paragraph (4) and amended, SG No. 39/2005, SG No. 52/2007) No investment company (of the closed-end type) may borrow. The Deputy Chairperson may authorize any (such) investment company to borrow up to 15 per cent of the assets thereof, provided that the borrowing is for a period not exceeding six months and is necessary for acquisition of assets. Article 177 (3) - (6) herein shall apply accordingly.

Chapter Eighteen

MANAGEMENT COMPANIES

Section I

General Dispositions

Article 202

(1) (Amended, SG No. 39/2005) "Management company" means a joint-stock company licensed under the terms and according to the procedure established by this Act, whereof the objects are management of the activity of collective investment schemes and of investment companies of the closed-end type, including:

1. investment management;

2. administration of the units or shares, including legal services and accounting services in connection with asset management, investor inquiries, valuation of assets and pricing of units or shares, monitoring of compliance with regulatory requirements, maintenance of the unit-holder register or the register of shareholders, distribution of dividends and other payments, issuing, sale and re-purchase of units or shares, contract settlements, record keeping;

3. marketing services.

(2) (New, SG No. 39/2005) A management company may furthermore provide the following ancillary services:

1. (amended, SG No. 52/2007, effective 3.07.2007) management of an individual portfolios, including such owned by institutional investors, in accordance with a contract concluded with a client on a discretionary, client-by-client basis where such portfolios include financial instruments;

2. (amended, SG No. 52/2007, effective 3.07.2007) provision of investment advise concerning financial instruments.

(3) (New, SG No. 39/2005, amended, SG No. 52/2007) Article 4, Paragraph 2, Article 24, Paragraphs 1 - 3, 7 and 8, Article 27, Paragraphs 4 - 7, Articles 28, 29, 32, Paragraph 6, Articles 33 and 34 of the Markets in Financial Instruments Act shall apply, mutatis mutandis, to any management company which provides services covered under Paragraph (2).

(4) (New, SG No. 39/2005) The licence referred to in Paragraph (1) may include a right to provide the services covered under Paragraph (2). No such licence may be issued solely for provision of the services covered under Paragraph (2), nor for provision of the services referred to in Item 2 of Paragraph (2) without licensed provision of the services referred to in Item 1 of Paragraph (2).

(5) (Renumbered from Paragraph (2) and amended, SG No. 39/2005, SG No. 86/2006) The activity referred to in Item 1 of Paragraph (1) shall be performed by means of investment decisions and orders which are executed by investment intermediaries authorized by the management body of the investment company or specified in the prospectus of the common fund, as the case may be, in compliance with the requirements of the law, with the exception of the cases of initial public offering or transactions in securities and money market instruments referred to in Item 8 (a) of Article 195 (1) and Article 195 (2) herein, where the management company may subscribe for the securities or, respectively, transact in the securities or and money market instruments.

(6) (Renumbered from Paragraph (3) and amended, SG No. 39/2005) Upon conduct of business under Articles 164 and 164a herein in connection with the public offering of the shares or the units, as the case may be, as well as with the re-purchase thereof, the management company shall act in the name and for the account of the investment company of the open-end type or, respectively, in its own name, indicating that it actions for the account of the common fund.

(7) (Renumbered from Paragraph (4) and supplemented, SG No. 39/2005) No investment company may effect any other commercial transactions, save as where necessary for performance of the activity referred to in Paragraphs (1) and (2).

(8) (Renumbered from Paragraph (5) and amended, SG No. 39/2005, SG No. 52/2007) Save in the cases under Paragraphs (5) and (6), no management company may effect the transactions referred to in Article 5, Paragraph 2, item 2 of the Markets in Financial Instruments Act.

(9) (New, SG No. 39/2005) In the performance of the obligations thereof under the contracts for management of the activity covered under Articles 164 and 164a herein, the management company shall be guided solely by the interests of the shareholders in the investment company of the unit-holders in the common fund.

(10) (New, SG No. 86/2006, amended, SG No. 52/2007, effective 3.07.2007) In the cases where the licence referred to in Paragraph (1) includes a right to perform the services referred to in Item 2 of Paragraph (2) and the management company owes money and/or financial instruments to those clients and, for this reason, obligations may arise for the said company to the said clients, the management company shall be obligated to make money contributions to the Compensation Fund for Investors under Article 77m (2) herein. The provisions of Section IV of Chapter Five herein shall apply, mutatis mutandis.

(11) (New, SG No. 61/2002, renumbered from Paragraph (6) and amended, SG No. 39/2005, renumbered from Paragraph (10) and amended, SG No. 86/2006, SG No. 52/2007) The Commission may issue licence for carrying on activity as management company on the territory

of the Republic of Bulgaria through a branch of a legal person from a third country provided that the person has the right under its national law to carry on such activity and the body controlling the capital market in the country where the person is registered shall exercise control over it on a consolidated basis. Where an international treaty whereto the Republic of Bulgaria is a party the Commission may recognize the licence for carrying on activities and services under Paragraphs 1 and 2, issued to a legal person from a third country. The person from a third country has the rights and obligations of a local management company unless the law provides for otherwise.

Article 203

(1) (Amended, SG No. 39/2005, SG No. 86/2006) Any management company must at any time possess own funds to the minimum amount of the lev equivalent of EUR 125,000whereof the structure and ratio to the balance-sheet assets and liabilities of the company shall be prescribed by ordinance.

(2) (New, SG No. 86/2006) If the management company manages the activity of collective investment schemes whereof the assets exceed the lev equivalent of EUR 250,000, whether separately or in aggregate, the management company must increase the amount of own funds referred to in Paragraph (1) by not less than 0.02 per cent of the amount by which the value of the balance-sheet assets of the said schemes exceeds the lev equivalent of EUR 250,000,000. Sentence one shall not apply when the capital of the management company reaches the lev equivalent of EUR 10,000,000.

(3) (Amended, SG No. 39/2005, renumbered from Paragraph (2), SG No. 86/2006) Not less than 25 per cent of the amount of capital referred to in Paragraph (1) must be paid up upon submission of an application for the issuing of a licence to carry on business in a management-company capacity, and the balance must be paid up within fourteen days after receipt of a written notification from the Commission that it will issue a licence after payment of the full amount of capital.

(4) (New, SG No. 39/2005, renumbered from Paragraph (3), SG No. 86/2006) The management company shall be obligated to cure the deficiencies and any other non-conformities with the requirements of the law, inter alia with the International Financial Reporting Standards, as may have been committed in the reports of capital adequacy and liquidity, as well as in the financial statements, ledgers and other accounting records, as indicated by the Deputy Chairperson, within a reasonable time limit as shall be set by the said Deputy Chairperson.

(5) (New, SG No. 39/2005, renumbered from Paragraph (4) and amended, SG No. 86/2006) The Deputy Chairperson shall make a decision under Paragraph (4) according to the procedure established by Article 212 herein.

(6) (Renumbered from Paragraph (3), SG No. 39/2005, renumbered from Paragraph (5), SG No. 86/2006) Any management company shall be obligated to maintain a minimum amount of liquid assets as prescribed by ordinance.

(7) (Renumbered from Paragraph (4) and amended, SG No. 39/2005, renumbered from Paragraph (6), SG No. 86/2006) Any management company shall issue solely dematerialized shares entitling the holder to a single vote.

(8) (Renumbered from Paragraph (5), SG No. 39/2005, renumbered from Paragraph (7), SG No. 86/2006, amended, SG No. 52/2007) Article 167 shall apply accordingly to the members of the management and supervisory bodies of the management companies. The management company shall be managed jointly by at least two persons meeting the requirements of Article 167, Paragraph 1. The persons under sentence one may authorize third parties for performing particular actions.

Section II

Issuing and Revocation of Licence

Article 204

(1) (Amended, SG No. 39/2005) A licence issued by the Commission shall be required for conduct of business in a management-company capacity.

(2) (Amended, SG No. 39/2005) To obtain a licence under Paragraph (1), an application shall be submitted in a standard form, enclosing therewith:

1. the Articles of Association and the other basic instruments;

2. particulars of the subscribed capital and of the paid-up capital;

3. (amended, SG No. 39/2005, No. 86/2006) particulars and other information regarding the persons covered under Article 203 (8) herein or, as the case may be, regarding the natural persons who represent legal persons which are members of the management bodies or the supervisory bodies of the applicant, or regarding any other persons empowered to manage and represent the said applicant, as well as information regarding the occupational skills and experience of the said persons;

4. (amended, SG No. 86/2006) the general terms and conditions applicable to the management contracts with the investment companies and the other investors;

5. (new, SG No. 39/2005, amended, SG No. 52/2007, effective 3.07.2007) the rules for personal transactions in financial instruments by the members of the management bodies and supervisory bodies of the management company, of the investment adviser working for the management company under contract, of the employees of the management company and of thepersons therewith connected;

6. (renumbered from Item 5 and amended, SG No. 39/2005, amended, SG No. 25/2007) particulars of any persons who or which hold, directly or indirectly, 10 or more than 10 per cent of the votes in the General Meeting of the applicant company, or who or which can control the said company, as well as of the number of votes held thereby; any such persons shall submit declarations in writing, completed in a standard form as prescribed by the Deputy Chairperson, regarding the origin of the resources wherefrom payments have been effected for subscribed shares, specifying inter alia whether the said resources are borrowed, and the taxes paid thereby during the five last preceding years;

7. (new, SG No. 86/2006) particulars of the persons wherewith the management company has close links;

8. (renumbered from Item 6, SG No. 39/2005, renumbered from Item 7, SG No. 86/2006) any other documents and information as may be prescribed by ordinance.

(3) (Repealed, SG No. 39/2005, new, SG No. 86/2006) 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, authorized to carry on business by the competent authorities of another Member State;

2. is a subsidiary of the parent company of another management company, investment intermediary, credit institution or insurer, authorized to carry on business by the competent authorities of another Member State;

3. is controlled by natural or legal persons who or which control another management company, investment intermediary, credit institution or insurer authorized to carry on business by the competent authorities of another Member State.

(4) (Amended, SG No. 39/2005, SG No. 52/2007) The Commission shall pronounce on any application according to the procedure established by Article 180, Paragraphs 4 - 7 herein.

Article 205

(1) (Amended, SG No. 39/2005) The Commission may refuse to issue a licence if:

1. where the capital of the applicant does not satisfy the requirements established by Article 203 (1) herein;

2. (amended and supplemented, SG No. 39/2005, amended, SG No. 25/2007, SG No. 52/2007) a person under Article 203, Paragraph 8 is ineligible for such an office owing to statutory disqualification or does not satisfy the requirements established by this Act.

3. (supplemented, SG No. 39/2005, amended, SG No. 25/2007) any person, who or which holds, whether directly or indirectly, 10 or more than 10 per cent of the votes in the General Meeting or may control the applicant, could by the practices thereof or influence thereof on decision-making impair the security of the company or of the operations thereof;

4. (amended, SG No. 86/2006) where the general terms and conditions referred to Item 4 of Article 204 (2) herein do not safeguard the interests of the investment company and the other investors to a sufficient extent;

5. where the applicant has submitted untrue particulars or documents makinga false statement;

6. (supplemented, SG No. 39/2005, amended, SG No. 25/2007) any person who or which holds, whether directly or indirectly, 10 or more than 10 per cent of the votes in the General Meeting of the applicant company, has effected payments from borrowed resources towards an allotment of shares;

7. (new, SG No. 86/2006) the applicant has close links with one or more natural or legal persons, and these close links prevent the effective exercise of the supervisory functions of the Commission or of the Deputy Chairperson;

8. (new, SG No. 86/2006) the effective exercise of the supervisory functions of the Commission or of the Deputy Chairman is prevented as a result of or in connection with the application of a statutory instrument or administrative act of a third country governing the activity of one or more persons wherewith the applicant has close links;

9. (renumbered from Item 7, SG No. 86/2006) where the applicant does not satisfy any other requirements as may have been established by the law and by the instruments for the application thereof.

(2) (Amended, SG No. 39/2005, SG No. 86/2006) In the cases covered under Items 1, 2, 4, 6 and 9 of Paragraph (1), the Commission may definitively refuse to issue a licence solely if the applicant has failed to cure the non- conformities and to submit the documents as required within the time limit set by the Commission, which may not be shorter than one month.

(3) (New, SG No. 39/2005, amended, SG No. 86/2006) Notwithstanding the cases covered under Paragraph (1), the Commission may refuse to issue a licence to carry on business in a management-company capacity within the territory of the Republic of Bulgaria through a branch of a third-country legal person should the Commission determine that the supervision exercised over the management company on a consolidated basis by the relevant competent authority in the State where the said company has its registered office does not conform to the requirements established in this Act.

(4) (Renumbered from Paragraph (3) and amended, SG No. 39/2005) Any refusal by the Commission to issue a licence shall be reasoned in writing.

(5) (New, SG No. 39/2005) In the cases of refusal, the applicant may not submit a new request for the issuing of a licence earlier than six months after the entry into effect of the decision on refusal.

Article 206

(1) (New, SG No. 39/2005) No entity shall have the right to carry on business in a management-company capacity without having obtained in advance a licence from the Commission.

(2) (Redesignated from Article 206 and amended, SG No. 39/2005, supplemented, SG No. 86/2006) No person which does not hold a licence to carry on business in a management-company capacity according to the requirements established by this Act may include in the business name thereof or use in advertising or for any other purpose any words in the Bulgarian

or any foreign language, denoting the performance of acts for the management of an investment company or a common fund.

Article 207

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

The Registry Agency shall enter in the Commercial Register the company, respectively the right to engage in activities pursuant to Article 202 in its object of activity, after it is presented with the licence issued by the commission.

Article 208

(1) (Amended, SG No. 39/2005, SG No. 52/2007) The Commission may revoke any licence as issued if:

1. the management company does not commence performing the activity under Article 202, Paragraphs 1 and 2 within 12 months from issuing of the licence, expressly renounces the licence issued or has not performed the activity under Article 202, Paragraphs 1 and 2 for the preceding six months;

2. the management company has submitted false data which have served as a ground for issuing the licence;

3. the management company no longer meets the conditions under which the licence was issued;

4. the management company no longer meets the capital adequacy and liquidity requirements established by ordinance and within 5 days from occurrence of the inconsistency has failed to submit a rehabilitation programme for bringing it in line with such requirements or the Commission does not approve the programme within 14 days from its submission or the management company no longer implements the rehabilitation programme approved by the Commission;

5. the financial position of the management company has deteriorated for a long time and it is unable to meet its obligations;

6. the management company and/or the persons under Article 203, Paragraph 8 have infringed or have allowed infringement under Article 214, Paragraph 2 hereof, Article 35, Paragraph 1 of the Markets in Financial Instruments Act and Article 11 of the Measures against Market Abuse with Financial Instruments Act or another gross violation, or systematic violations hereof, the Markets in Financial instruments Act, the Measures against Market Abuse with Financial Instruments Act and the statutory instruments for their application.

(2) (Amended, SG No. 39/2005) The Commission shall notify the company concerned in writing within seven days after making a decision to revoke the licence.

(3) (Amended, SG No. 39/2005) Upon entry into force of any decision to revoke a licence, the Commission shall forthwith petition the competent district court for institution of liquidation

proceedings in respect of the company and shall take any action as may be necessary to inform the public.

Article 209

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

Article 23 Article 23 of the Markets in Financial Instruments Act shall apply, mutatis mutandis, to any management company. The Commission shall cause a notice of the decision thereof to be given by insertion in two national daily newspapers.

Section III

Requirements to the Business of Management Companies

Article 210

(1) (Supplemented, SG No. 39/2005) Any management company must have appropriately organized management and accounting and technical equipment satisfying the requirements established by this Act and by the instruments for the application thereof and allowing the said company to ensure autonomous management of the portfolios of the persons referred to in Articles 164 and 164a herein which the said company intends to manage.

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

(3) (New, SG No. 39/2005) The management company shall be obligated to implement the investment policy with a view to attaining the investment objectives of the investment company and/or common fund managed, as well as to comply with the limitations on investments as provided for in this Act, in the instruments on the application thereof, in the Articles of Association of the investment company or, respectively, in the common fund rules.

(4) (New, SG No. 39/2005) The management company shall be obligated to observe the methods of valuation of the portfolio and calculation of the net asset value of the investment company and of the common fund, where performance of these actions has been entrusted to the said management company by the contract for management or, respectively, where the common fund rules provide that the said actions are performed by the management company.

(5) (Renumbered from Paragraph (3) and amended, SG No. 39/2005, No. 86/2006, SG No. 52/2007) Articles 9, 25, 26, Article 27, Paragraph 2, Article 35, 39, 40 and 42 of the Markets in Financial Instruments Act shall apply, mutatis mutandis, to any management company.

Article 211

(Supplemented, SG No. 39/2005)

Any other requirements to the business of management companies, including requirements to the general terms and conditions referred to in Item 4 of Article 204 (2), to the rules referred to in Item 5 of Article 204 (2) herein and to the natural persons working for a management company under contract, as well as to capital adequacy and liquidity, shallbe established by ordinance.

Chapter Eighteen A

(New, SG No. 39/2005, effective as from the date of entry into force of

the Treaty concerning the Accession of the Republic of Bulgaria to the

European Union)

CONDUCT OF BUSINESS BY MANAGEMENT COMPANIES IN A MEMBER STATE. CONDUCT

OF BUSINESS IN THE REPUBLIC OF BULGARIA BY MANAGEMENT COMPANIES WITH

REGISTERED OFFICE IN A MEMBER STATE. PUBIC OFFERING OF UNITS OF

COLLECTIVE INVESTMENT SCHEMES IN THE REPUBLIC OF BULGARIA

(Heading amended, SG No. 86/2006)

Section I

Conduct of Business by Management Companies in a Member State

(Heading amended, SG No. 86/2006)

Article 211a

(1) (Amended and supplemented, SG No. 86/2006) Any management company, which plans to establish a branch in a Member State, hereinafter referred to as a "host Member State", must give the Commission an advance notification thereof. All branches established by the management company in a single host Member State shall be regarded as a single branch.

(2) A notification referred to in Paragraph (1) shall contain:

1. an indication of the host Member State wherein the management company plans to establish a branch, as well as the address thereof;

2. a programme of operations, setting out, inter alia, the type and volume of the activities and the services which the management company is to offer in the host Member State, as well as the organizational structure of the branch;

3. the name of the manager of the branch.

(3) Within one month after receiving the details covered under Paragraph (2) or, where additional particulars and documents have been requested, within one month after receipt of the said particulars and documents, the Commission shall communicate the said details to the relevant competent authority of the host Member State, as well as details of the compensation scheme for investors in securities which operates in Bulgaria and of which the management company is a member. The Commission shall notify the management company forthwith of the communication of details under sentence one.

(4) (Amended and supplemented, SG No. 86/2006, SG No. 52/2007) Within the time limit referred to in Paragraph (3), the Commission may refuse to communicate the details covered under Paragraph (2) to the relevant competent authority in the host Member State by a reasoned decision if the administrative structure or the financial circumstances of the management company do not safeguard the interests of investors, of which the Commission shall forthwith notify the investment intermediary. Article 177 (6) herein shall apply, mutatis mutandis. The Commission shall notify the European Commission of the number of nature of the cases in which the Commission has rendered a refusal according to the procedure established by sentence one.

(5) The management company may establish a branch and commence the conduct of business within the territory of the host Member State upon receipt of a communication from the relevant competent authority of the host Member State or, failing such communication from the latter, at the latest after two months from the date of transmission of the communication according to the procedure established in Paragraph (3) to the relevant competent authority of the host Member State. If, within the time limit referred to in sentence one, the relevant competent authority of the host Member State does not ascertain by a reasoned decision that the measures taken by the management company in connection with the offering of shares and units in collective investment schemes managed thereby in the host Member State do not satisfy the requirements of the legislation of the said State or do not ensure that arrangements are available for making payments to shareholders and unit-holders, re-purchasing shares or units thereof, as the case may be, and for making available to investors the periodic and ongoing information disclosed by the collective investment schemes, the management company may commence to offer the shares and units in the collective investment schemes managed thereby in the host Member State.

(6) A management company, which has established a branch within the territory of a host Member State, shall notify the Commission in writing, as well as the relevant competent authority of the host Member State, regarding any change in the particulars and documents referred to in Paragraph (2) not later than one month prior to implementation of any such change. Paragraphs (4) and (5) shall apply accordingly.

Article 211b

(1) Any management company, which plans to carry on business in a host Member State under the freedom to provide services without establishing a branch within the territory of the said State, shall give the Commission an advance notification thereof:

(2) A notification referred to in Paragraph (1) shall contain:

1. an indication of the host Member State wherein the management company plans to carry on business;

2. a programme of operations, setting out, inter alia, the type and volume of the activities and the services which the management company is to offer in the host Member State.

(3) Within one month after receiving the details covered under Paragraph (2), the Commission shall communicate the said details to the relevant competent authority of the host Member State, as well as details of the compensation scheme for investors in securities which

operates in Bulgaria and of which the management company is a member. The Commission shall notify the management company forthwith of the communication of details under sentence one.

(4) The management company may commence the conduct of business within the territory of the host Member State upon receipt of a notification from the Commission of the communication of the details referred to in Paragraph (3).

(5) The management company shall notify the Commission in writing, as well as the relevant competent authority of the host Member State, regarding any change in the programme referred to in Item 2 of Paragraph (2) not later than one month prior to implementation of any such change.

(6) In case the management company entrusts the sale and re-purchase of shares and units of the collective investment schemes managed thereto to a third party within the territory of the host Member State, the management company shall give the Commission an advance notification thereof.

Article 211c

(Amended, SG No. 86/2006)

(1) Where the relevant competent authority in the host Member State notifies the Commission of any violations committed by the management company, the Commission shall take the appropriate measures for cessation of the violation and shall inform the competent authority in the host Member state of the said measures.

(2) The Commission or the Deputy Chairperson, as the case may be, may carry out an on-site inspection in the branch of the management company, after informing in advance the relevant competent authority in the host Member State, or may request the conduct of such an inspection by the competent authority in the host Member State.

(3) The Commission shall notify forthwith the relevant competent authority in the host Member State of the withdrawal of the licence to carry on business issued to a management company or to an investment company of the open-end type managed by a management company, of the withdrawal of the authorization of a management company to manage a common fund, of the application of a coercive administrative measure on the manager of the branch under Item 6 of Article 212 (1) herein, as well as of the application of the relevant measures referred to in Items 7 to 9 of Article 212 (1) herein.

Section II

Conduct of Business in the Republic of Bulgaria by Management Companies

with Registered Office in a Member State

(Heading amended, SG No. 86/2006)

Article 211d

(Amended and supplemented, SG No. 86/2006,

amended, SG No. 52/2007, effective 3.07.2007)

Any management company, which has its registered office in a Member State and which has obtained a licence to carry on business in a management- company capacity in accordance with Council Directive 85/611/EEC by the relevant competent authority of the said State, hereinafter referred to as "management company originating in a Member State", may carry on the business for which a licence has been issued thereto within 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 regarded as a single branch.

Article 211e

(1) Within two months after receipt of communication from the relevant competent authority regarding an management company originating in a Member State which plans to establish a branch within the territory of the Republic of Bulgaria, the Commission shall notify the said management company of the receipt of the said communication and, if necessary, shall specify the rules to be respected upon conduct of business in Bulgaria.

(2) (Amended, SG No. 86/2006) The management company originating in a Member State may establish a branch and commence the conduct of business within the territory of the Republic of Bulgaria upon receipt of a notification from the Commission under Paragraph (1) or, failing such notification, at the latest after the lapse of the time limit referred to in Paragraph (1). In such case, Article 202 (11) herein shall not apply. If, within the time limit referred to in sentence one, the Commission does not ascertain by a reasoned decision that the measures taken by the management company originating in a Member State in connection with the offering of units in collective investment schemes managed thereby in the Republic of Bulgaria do not satisfy the requirements of this Act and of the instruments for the application thereof or do not ensure that arrangements are available for making payments to shareholders and unit-holders, re-purchasing units thereof, as the case may be, and for making available to investors the periodic and ongoing information disclosed by the collective investment schemes, the management company may commence to offer the units in the collective investment schemes managed thereby in Bulgaria.

(3) A management company originating in a Member State, which has established a branch and carries on business according to the procedure established by Paragraph (2), shall notify the Commission regarding any change in the particulars and documents covered under Article 211a (2) herein not later than one month prior to implementation of any such change, applying Paragraph (2).

(4) (Amended, SG No. 86/2006) The management company originating in a Member State shall be obligated to comply with the requirements of this Act and of the instruments for the application thereof regarding the periodic and ongoing disclosure of information, where the said requirements are applicable to the business of the said company, as well as to sell and re-purchase units of the collective investment schemes in accordance with the provisions applicable to the business of the Bulgarian management companies and collective investment schemes, including provisions regarding advertising.

(5) (New, SG No. 86/2006) The competent authority in the Member State in which a management company which carries on business within the territory of the Republic of Bulgaria through a branch has its registered office may, after informing the Commission, itself or through persons authorized thereby, carry out an on-site inspections in the branch of the management company.

(6) (New, SG No. 86/2006) The competent authority referred to in Paragraph (5) may ask the Commission to carry out an on-site inspection in the branch of the management company. The Commission or the Deputy Chairperson, as the case may be, within the framework of the powers thereof, may carry out the inspection itself or himself or herself, by allowing the competent authority which has made the request the inspection to so, or by allowing auditors or experts to do so.

Article 211f

(1) Any management company originating in a Member State, which plans to carry on business in the Republic of Bulgaria under the freedom to provide services without establishing a branch, may commence the conduct of business after the relevant competent authority has communicated to the Commission details of the programme of operations of the management company in Bulgaria. The Commission shall forthwith notify the said management company of the receipt of the information referred to in sentence one and, if necessary, shall specify the rules to be respected upon conduct of business in Bulgaria.

(2) Any management company originating in a Member State, which carries on business in the Republic of Bulgaria under Paragraph (1), shall be obligated:

1. to submit to the Commission and to publish a Bulgarian language version in the Republic of Bulgaria of all documents and information at the same frequency at which the said company publishes the said documents and information in the State in which the registered office thereof is situated;

2. to publish any information other than such referred to in Paragraph (1), as required by this Act and by the instruments for the application thereof;

3. (amended, SG No. 86/2006) to comply with the provisions, including the provision under Article 194 (5) herein, regarding the sale (issuing) and re-purchase of units of the collective investment schemes managed thereby and the relations with clients;

4. to give the Commission an advance notification regarding all changes in the programme of operations which the said company plans to effect.

(3) (Amended, SG No. 52/2007) The management company originating in a Member State shall notify the Commission of all circumstances relevant to the business thereof, applying Article 39, Paragraphs 1 and 2 of the Markets in Financial Instruments Act.

Article 211g

(Amended, SG No. 86/2006)

(1) Where the Deputy Chairperson ascertains that any management company originating in a Member State breaches the requirements of this Act and the instruments for the application thereof, the Deputy Chairman shall order in writing a cessation and elimination, within a set time limit, of the breaches committed and the detrimental consequences thereof.

(2) Upon a failure to remedy the breaches within the time limit set, the Deputy Chairperson shall inform the competent authority in the Member State in which the management company has its registered office of the said failure and of the need to take appropriate measures.

(3) If, despite the measures applied by the competent authority in the Member State in which the management company has its registered office, or because such measures prove insufficient or inadequate, the management company persists in breaching this Act and the instruments for the application thereof, the Deputy Chairperson may, after informing the competent authority of the Member State where the management has its registered office, take appropriate measures to prevent the breaches or to impose sanctions and, insofar as necessary, to prevent that management company from carrying on business within the territory of the Republic of Bulgaria. The Commission shall inform the European Commission of the number and nature of the cases in which measures have been taken according to the procedure established by sentence one.

(4) In emergencies under Paragraph (1), the Deputy Chairperson may take any coercive measures to protect the interests of investors without following the procedures referred to in Paragraph (1) and (3), informing forthwith the competent authority in the Member State where the management company has its registered office and the European Commission of such measures. At the request of the European Commission, the Deputy Chairperson shall abolish or amend the measures taken under sentence one.

(5) Where the Commission is informed by the relevant competent authority in the Member State in which the management company has its registered office of the withdrawal of an authorization to carry on business as granted to the management company, the Commission shall take appropriate measures to prevent the management company from carrying on business within the territory of the Republic of Bulgaria.

Section III

Public Offering in the Republic of Bulgaria of Units of Non-Resident

Collective Investment Schemes with Registered Office in a Member State

(Heading amended, SG No. 86/2006)

Article 211h

(1) (Amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007) Any collective investment scheme which has its registered office or, respectively, whose management company has its registered office in a Member State, hereinafter referred to as a "home Member State", and which obtained authorization for conduct of activity under the terms of Council Directive 85/611/EEC, hereinafter referred to as "collective investment scheme originating in a Member State", which intends to offer the shares of units thereof to the public in the Republic of Bulgaria, must notify the Commission thereof and submit thereto:

1. (amended, SG No. 86/2006) a certified transcript of the licence to carry on business in an investment-company capacity, as issued by the relevant competent authority of the home Member State or, respectively, a document certifying that the collective investment scheme and the management company thereof satisfy the requirements of Community law and of the law governing collective investment scheme applicable in the home Member State;

2. a certified copy of the Articles of Association or of the rules of the collective investment scheme;

3. the full and the simplified prospectus of the collective investment scheme;

4. the latest annual financial statement certified by a registered auditor, as well as the latest interim financial statement, should such have been prepared;

5. (amended, SG No. 86/2006) information regarding the terms and procedure for sale (issuing) and re-purchase of the units of the collective investment scheme in the Republic of Bulgaria;

6. a certified copy of a contract with a bank which has its registered office in the Republic of Bulgaria or a bank which has its registered office abroad and which has obtained a licence from the Bulgarian National Bank for conduct of banking business in the Republic of Bulgaria through a branch, concluded in accordance with Paragraph (2);

7. any other documents and information as may be prescribed by ordinance.

(2) The collective investment scheme originating in a Member State or the management company thereof, as the case may be, shall conclude a contract with a person referred to in Item 6 of Paragraph (1). Any such contract shall state, as a minimum:

1. the terms and procedure for payment of the income from the securities issued by the collective investment scheme;

2. the terms and procedure for sale (issuing) and re-purchase of the securities of the collective investment scheme, including the procedure and time limits for payment of sums of money to the shareholders or to the unit-holders, as the case may be, upon re-purchase of the securities;

3. the terms and procedure for payment to the shareholders or to the unit-holders, as the case may be, of a share in the liquidation surplus upon dissolution of the collective investment scheme;

4. an obligation of the person referred to in Item 6 of Paragraph (1) to submit to the Commission and to publish all documents and information, which the collective investment scheme publishes in the country of registration thereof, should such an obligation have been expressly assigned to the person referred to in Item 6 of Paragraph (1) herein by the collective investment scheme or by the management company thereof.

(3) The collective investment scheme originating in a Member State shall forthwith notify the Commission of any modification of the contract referred to in Paragraph (2), as well as of any replacement of the person referred to in Item 6 of Paragraph (1) by another person.

Article 211i

(1) (Amended, SG No. 86/2006) A collective investment scheme originating in a Member State or the management company thereof, as the case may be, may commence to offer the units thereof to the public in the Republic of Bulgaria upon the lapse of two months after submission to the Commission of the documents and information covered under Article 311h (1) herein, unless the Commission has ascertained by a reasoned decision within this time limit that the measures taken in connection with the offering of the shares or units of the collective investment scheme in the Republic of Bulgaria do not satisfy the requirements of this Act and of the instruments for the application thereof or do not ensure that arrangements are available for making payments to shareholders or unit-holders, re-purchasing units thereof, as the case may be, and for making available to investors the periodic and ongoing information disclosed by the collective investment schemes, including if the contract referred to in Article 211h (2) herein does not satisfy the requirements of the law.

(2) (New, SG No. 86/2006) Upon the public offering of the units thereof in the Republic of Bulgaria, a collective investment scheme originating in a Member State may use the same generic name whereunder the said scheme carries on business in the Member State where it as its registered office or, respectively, where the management company of the said scheme has its registered office. If use of the said generic name in the Republic of Bulgaria poses any danger of confusion, the Commission may require that the collective investment scheme add supplementary components or explanatory particulars to the generic name.

(3) (Renumbered from Paragraph (2) and amended, SG No. 86/2006) The collective investment scheme originating in a Member State shall be obligated to comply with the requirements of this Act and the instruments for the application thereof, applicable to the activities thereof comprehending public offering of the units thereof.

Article 211j

(1) (Amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007) The collective investment scheme originating in a Member State, which offers the units thereof to the public in the Republic of Bulgaria, or the management company thereof, as the case may be, shall publish a Bulgarian language version of:

1. the full and the simplified prospectus of the collective investment scheme;

2. the annual financial statement and the interim financial statements of the collective investment scheme;

3. the Articles of Association or, respectively, the rules of the collective investment scheme;

4. any information which the collective investment scheme publishes in the country of registration thereof;

5. any other information as may be prescribed by ordinance.

(2) The collective investment scheme originating in a Member State or the management company thereof, as the case may be, shall submit to the commission information on the activities thereof in the Republic of Bulgaria within one month after the end of each quarter and shall cause publication of the said information in one national daily newspapers. The contents of the said information shall be prescribed by ordinance.

Section IV

Public Offering in the Republic of Bulgaria of Units of Collective

Investment Schemes Originating in Third Countries

(Heading amended, SG No. 86/2006)

Article 211k

(1) (Amended, SG No. 86/2006) Any collective investment scheme, which has its registered office or whose management office has its registered office in a third country, may offer the units thereof to the public in the Republic of Bulgaria subject to compliance with the provisions of Articles 141, 143 and 144 herein.

(2) (Amended, SG No. 86/2006) Any collective investment scheme referred to in Paragraph (1) shall be obligated to sell (issue) and re-purchase the securities thereof through a management company or a third-country legal person which has obtained a licence to carry on business in a management- company capacity through a branch within the territory of the Republic of Bulgaria according to the procedure established by Article 202 (11) herein.

(3) (Amended, SG No. 86/2006) Any collective investment scheme referred to in Paragraph (1) and, respectively, the management company thereof, shall conclude a contract with a person referred to in Item 6 of Article 211h (1) herein. Sentence two of Article 211h (2) herein shall apply to the contract referred to in sentence one.

(4) (Amended, SG No. 86/2006) The management company or the third- country legal person, which has obtained a licence to carry on business in a management-company capacity through a branch within the territory of the Republic of Bulgaria, may not be identical or a person having close links with the person referred to in Item 6 of Article 211h (1) herein. Article 173 herein shall apply in such a case.

Title Five

COERCIVE ADMINISTRATIVE MEASURES AND ADMINISTRATIVE PENALTY

LIABILITY

Chapter Nineteen

COERCIVE ADMINISTRATIVE MEASURES

Article 212

(1) (Amended, SG No. 39/2005, SG No. 52/2007) Should the Commission or the Deputy Chairperson establish that any supervised persons, any employees of such persons, any persons who perform managerial functions under contract or who conclude transactions for the account of any supervised persons, as well as any persons holding 10 or more than 10 per cent of the votes in the General Meeting of any supervised persons, have engaged or are engaging in any activity in violation of this Act, of the instruments for the application thereof, of any decisions of the Commission or of the Deputy Chairperson, as well as where the exercise of control activity by the Commission or by the Deputy Chairperson is obstructed, or should the interests of investors be jeopardized, the Commission or the Deputy Chairperson, as the case may be, may:

1. obligate any such person to take specific action as may be necessary for prevention and rectification of the violations, of the prejudicial consequences of the said violations or of the jeopardy to the interests of investors within a time limit as Commission shall set;

2. convene a General Meeting and/or schedule a meeting of the management bodies or supervisory bodies of the persons subject to control thereby with an agenda set by the Commission for decision-making on the action which must be taken;

3. (amended, SG No. 61/2002) inform the public of any activities jeopardizing the interests of investors;

4. (amended, SG No. 86/2006) suspend, for a period not exceeding ten consecutive working days, or discontinue the sale of, or the effecting of transactions in, specified securities;

5. refuse to grant approval to a prospectus for a new issue of securities;

6. (amended, SG No. 39/2005) order in writing a supervised person to remove one or more persons authorized to manage and represent the said person, and divest any such person or persons of the managerial and representative powers held thereby until removal;

7. appoint conservators in the cases prescribed by this Act;

8. (amended, SG No. 39/2005) appoint a registered auditor to conduct a financial or other examination or the supervised person according to requirements as established by the Deputy Chairperson; the costs of any such examination shall be for the account of the auditee;

9. (new, SG No. 39/2005) make a decision on suspension of the re-purchase of shares in an investment company of an open-end type or, respectively, of units of common funds.

(2) (New, SG No. 61/2002, amended, SG No. 39/2005) The revocation of a licence for conduct of business, as provided for in this Act, shall likewise qualify as a coercive administrative measure save in the cases where the person has expressly relinquished a licence as issued.

(3) (Renumbered from Paragraph (2), SG No. 61/2002) The measures referred to in Item 6 of Paragraph (1) shall not be applied in respect of any public company and any issuer of

securities.

(4) (Renumbered from Paragraph (3), SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007) Should the Deputy Chairperson establish that any bank carries on the business thereof in violation of this Act or of the instruments for the application thereof, the said Deputy Chairperson may apply the measures under Item 1 of Paragraph (1), recommend that the Commission apply the measures under Item 1 of Paragraph (1), as well as recommend that the Bulgarian National Bank apply the measures under Article 103, Paragraph 2 of the Credit Institutions Act. The Bulgarian National Bank shall be obligated to notify the said Deputy Chairperson of the decision thereof within one month after the date of receipt of the said Deputy Chairperson's recommendation.

(5) (Renumbered from Paragraph (4), SG No. 61/2002, amended, SG No. 39/2005, SG No. 52/2007) The Deputy Chairperson may recommend that the Bulgarian National Bank revoke the license of a bank solely if the person concerned systematically violates the provisions of this Act or of the instruments for the application thereof.

(6) (Renumbered from Paragraph (5), SG No. 61/2002, amended, SG No. 39/2005, repealed, SG No. 52/2007)

(7) (Renumbered from Paragraph (6), SG No. 61/2002, amended and supplemented, SG No. 39/2005, amended, SG No. 34/2006) Upon request of the commission, respectively the deputy chairperson, the Registry Agency shall enter the circumstances, respectively disclose the acts pursuant to Paragraph (1), into the Commercial Register.

Article 213

(1) (Amended, SG No. 39/2005) Proceedings for application of coercive administrative measures shall be initiated by the Deputy Chairperson and, in the cases referred to in Items 5, 6 and 7 of Article 212 (1) herein, any such proceedings shall be initiated by the Commission.

(2) Any notifications or communications in the proceedings referred to in Paragraph (1) may be effected by means of registered mail with advice of delivery, telegraph, by telephone, teleprinter or facsimile machine. Where effected by means of registered mail with advice of delivery or by telegraph, notification or communication shall be certified by an advice of delivery, where effected by means of telephone, notification or communication shall be certified in writing by the notifying or communicating office holder, and where effected by means of teleprinter or facsimile machine, notification or communication shall be certified by confirmation in writing of a message sent.

(3) (Amended, SG No. 8/2003, amended and supplemented, SG No. 39/2005) Should any notification or communication in the proceedings referred to in Paragraph (1) be not received at the address, telephone, telex or facsimile number as named by the persons or as recorded in the requisite register referred to in Article 30 (1) of the Financial Supervision Commission Act , the said notification or communication shall be presumed effected by posting thereof on a notice board expressly provided therefor on the premises of the Deputy Chairperson. Any such posting shall be attested by a memorandum drawn up by officers appointed by an order of the said Deputy Chairperson.

(4) (Amended, SG No. 39/2005) The coercive administrative measures referred to in Items 1 through 4 incl., 8 and 9 of Article 212 (1) herein shall be applied by a reasoned decision in writing of the Deputy Chairperson, and the coercive administrative measures referred to in Items 5, 6 and 7 of Article 212 (1) herein shall be applied by a reasoned decision in writing of the Deputy Chairperson, which shall be communicated to the party concerned within seven days after the making of the said decision.

Article 214

(1) (Repealed, SG No. 39/2005) .

(2) (Supplemented, SG No. 61/2002, amended, SG No. 39/2005) Any decision on application of a coercive administrative measure shall be subject to immediate execution, regardless of whether appealed against.

Article 215

(Amended, SG No. 30/2006)

Save insofar as any special rules are provided for in this Chapter, the provisions of the Administrative Procedure Code shall apply accordingly.

Chapter Twenty

CONSERVATOR

Article 216

(1) (Amended, SG No. 39/2005) The Commission may appoint one or several conservators:

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

2. (amended, SG No. 39/2005, SG No. 52/2007) of an investment company and management company:

(a) by making a decision to impose a measure provided for in Item 1 or Item 6 of Article 212 (1) herein for a period not exceeding three months; or

(b) upon revocation of licence for conduct of of business, until appointment by the (competent) court of law of a liquidator or a trustee in bankruptcy, as the case may be.

(2) (Amended, SG No. 39/2005) Unless the licence for conduct of business of the company be revoked upon the lapse of the three-month period referred to in Littera (a) of Item 2 of Paragraph (1), the powers of the conservator shall be terminated and the rights of the bodies of the company shall be restored.

(3) (Amended, SG No. 39/2005) The Commission may at any time terminate the powers of any conservator and appoint a replacement. Any such act shall be unappealable.

Article 217

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

(2) (Amended, SG No. 52/2007) Any conservator must possess the qualifications covered under Article 167, Paragraph 1, items 1, 2, 3 and 6 the following shall be ineligible for the office of conservator:

1. any sole trader, or any member of an executive or supervisory body of, or general partner in, any corporation or cooperative whereagainst bankruptcy proceedings have been instituted or, should bankruptcy proceedings thereagainst have been closed, any creditor has been left unsatisfied;

2. any person who is an undischarged bankrupt;

3. the spouse of any member of a management body of any person referred to in Article 216 (1) herein, or any lineal or collateral relative thereof up to the sixth degree of consanguinity, or any relative thereof by marriage up to the third degree of affinity, should the powers of the said member have been terminated by the act of appointment of the conservator;

4. any person in a relationship with any person referred to in Article 216 (1) herein or with any debtor of any such person which raises a reasonable doubt about the impartiality of the said person.

(3) (Amended, SG No. 39/2005) Any conservator shall declare in writing to the Commission the circumstances covered under Paragraph (2). Any conservator shall be obligated to notify the Commission forthwith of any alteration in any such circumstances.

Article 218

(1) (Amended, SG No. 39/2005) Upon issuing an act of appointment of a conservator, the Commission shall serve the said act forthwith on the person referred to in Article 216 (1) herein and shall cause a notice to be inserted in at least one national daily newspaper.

(2) Upon appointment of a conservator, all powers vesting in the Supervisory Board and the Management Board or in the Board of Directors, as the case may be, of the person referred to in Article 216 (1) herein shall be suspended and shall be exercised by the said conservator, save in so far as the act of appointment thereof does not provide for any limitations. The conservator shall take all necessary measures for protection of the interests of investors.

(3) During the incumbency of a conservator, the Shareholders' General Meeting may be convened solely by the conservator and may pass resolutions on an agenda announced thereby.

(4) Any acts and transactions, performed and effected on behalf and for the account of the person referred to in Article 216 (1) herein without prior authorization by the conservator, shall be void.

(5) (Amended, SG No. 39/2005) Should two or more conservators have been appointed, they shall make decisions unanimously and shall exercise the powers thereof jointly, unless the Commission determines otherwise.

(6) (Amended, SG No. 39/2005) The Commission may issue mandatory directions to the conservators in connection with the operation thereof.

(7) (Amended, SG No. 39/2005) Any conservator shall be accountable for the operation thereof solely to the Commission and, upon request, shall forthwith submit thereto a report on the performance thereof.

Article 219

(1) The conservator shall have unlimited access to, and control over, the premises of the person referred to in Article 216 (1) herein, the accounting records and other documents, and the property thereof.

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

Article 220

(1) Any conservator shall exercise the powers thereof with the care of sound stewardship. Any conservator shall be liable solely for any detriment inflicted wilfully or by gross negligence.

(2) All employees of the person referred to in Article 216 (1) herein shallbe obligated to cooperate with the conservator in the exercise of the powers thereof.

(3) (Amended, SG No. 39/2005) Any conservator shall receive for the service thereof a remuneration for the account of the person referred to in Article 216 (1) herein, to an amount fixed by the Commission.

Chapter Twenty-One

ADMINISTRATIVE PENALTY LIABILITY AND PECUNIARY PENALTIES

Article 221

(1) (Amended, SG No. 61/2002, SG No. 8/2003, SG No. 39/2005) Any (natural) person, who shall commit or who shall suffer another to commit a violation of:

1. (amended, SG No. 52/2007, effective 3.07.2007 regarding the replacement) Article 76a, Article 100x (1) and (2), Article 114b, (2), Article 191 (4), (7) and (8) and Article 211j herein or of the statutory instruments for application of this Act, shall be liable to a fine of BGN 200 or exceeding this amount but not exceeding BGN 1,000;

2. (amended, SG No. 84/2006, amended and supplemented, SG No. 86/2006, amended, SG No. 25/2007, SG No. 52/2007, effective 3.07.2007 regarding the replacement) Article 81 (1), Article 82b (1) and (2), Article 84 (2), (3) and (4), Article 85 (5), Article 86 (2) and (3), Article 89 (3), Article 92a (2), (5), (6) and sentence one of Article 92a (7), Article 92d (1), (3) and (4), Article 100j (3), Article 100m, 100n, Article 100o (2) and (3), Article 100q, 100r, Article 100u, (3) and (5), Article 100v (1), (2), (3), (5) and (6), Article 100w (2)and (3), Article 110 (6), sentence two, and (9), Article 110c, Article 111 (6), sentences one and two, Article 111a, (1) -

(3), Article 112b (12), Article 115, (1) sentence one, and (2) - (5), Article 115b (2), Article 115c, (2) and (3), Article 116, (3), (5) - (7) and (11), Article 117 (1), Article 120a (1) - (3), Article 122, (3), Article 142, Article 151, (3) - (6), Article 151a (4), Article 154 (1) and (3), Article 155 (5) Article 157, Article 157a (7) and (8), Article 173 (12), Article 174, Article 180 (3), Article 184 (2), Article 187 (4), Article 189, Article 192 (3), Article 196 (14) and Article 206 (2) herein, shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 2,000;

3. (amended, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007 regarding the replacement) Article 77a (3) and (4), Article 77m (1), (2), (4) and (11), Article 77w, Article 80 (1) and (3), Article 85 (1) and (2), Article 89 (1), sentence two, and (2) and (4), Article 92a (7) sentence two, (8) Article 92c (2) and (5), Article 100g, (1) and (2), Article 111 (2) and (8), Article 112b (3) sentence one, and (8), Article 112e, Article 115c (5), Article 116b, Article 116d (1), (3) and (5), Article 119 (6) sentence two, and (7), Article 126 (2), Article 126f (4), Article 126g (1), Article 127 (3) and (4), Article 133 (1) sentence two, and (3), Article 135 (1), Article 141 (1) and (2), Article 145 (1) and (3), Article 146 (1), Article 148, (1) - (4) and (6), Article 148a (1), Article 148b, Article 148c (1), Article 164 (2), Article 168 (3), Article 170 (1), Article 173 (1), sentence one, and (5), Article 177a, (6) and (8), Article 187 (3), sentence one, Article 190, Article 191 (1) and (4), sentence one, Article 193 (9), Article 197, (3) Article 200 (1), Article 202 (9) and (10), Article 210, Article 211a (1), (5) and (6), Article 211b (1), (4), (5) and (6), Article 211e (2), (3) and (4), Article 211f (1), (2) and (3), Article 211h (1) and (3), Article 211i (1) to (3), Article 211k (1), (2) and (4), and § 5, § 7 (2) and § 10 (5) of the Transitional and Final Provisions herein, shall be liable to a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 5,000;

4. (amended and supplemented, SG No. 86/2006, SG No. 52/2007, effective 3.07.2007 regarding the replacement) Article 78 (1), (2) and (3), Article 79 (2), Article 100l (1) and (2) Article 100d (2), (3) and (4), Article 114 (2), Article 114a (1), Article 114b (1), Article 115 (6), Article 116a (3), Article 126b (4), Article 128 (3), Article 134 (1) and (2), Article 139 (2) and (4), Article 149 (1), (2), (6) and (8), Article 149a (2), (3) and (5), Article 149b (2), Article 150 (9), Article 157b (2), Article 169, Article 170 (2), Article 172, Article 173 (6), Article 175, Article 176, Article 186, Article 193 (1), (5), (6) and (10), Article 194 (3) and (5), Article 195, Article 196 (1) to (7) and (9) to (12), Article 197 (1), Article 197b (3) and (5), Article 199, Article 201 (2) and (5), Article 202 (7) and (8), Article 203 (6) and § 8 of the Transitional and Final Provisions herein, shall be liable to a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 10,000.

(2) (New, SG No. 61/2002) In the event of a repeated violation covered under Paragraph (1), the offender will be liable to a fine in an amount as follows:

1. for any violations covered under Item 1 of Paragraph (1): BGN 500 or exceeding this amount but not exceeding BGN 2,000;

2. for any violations covered under Item 2 of Paragraph (1): BGN 2,000 or exceeding this amount but not exceeding BGN 5,000;

3. for any violations covered under Item 3 of Paragraph (1): BGN 5,000 or exceeding this amount but not exceeding BGN 10,000;

4. for any violations covered under Item 4 of Paragraph (1): BGN 10,000 orexceeding this amount but not exceeding BGN 20,000.

(3) (Renumbered from Paragraph (2) and amended, SG No. 61/2002, supplemented, SG No. 39/2005) Any (natural) person, who effects or who suffers another to effect transactions in securities as a regular occupation or business on a professional basis without having obtained a licence or authorization, as the case may be, under the terms and according to the procedure established by this Act, shall be liable to a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 50,000, unless the act shall constitute a criminal offence.

(4) (Renumbered from Paragraph (3) and amended, SG No. 61/2002) Any (natural) person, who shall solicit or who shall suffer another to solicit cash resources and/or other property rights, save under terms and according to a procedure established by another statute, by means of notices (advertising actions) to more than 50 persons or to an unrestricted circle of persons, made inter alia through the mass communication media, without complying with the requirements of this Act and of the instruments issued for the application thereof, will be liable to a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 50,000, unless the act shall constitute a criminal offence.

(5) (Repealed, renumbered from Paragraph (4) and amended, SG No. 61/2002, amended, SG No. 8/2003, SG No. 39/2005, SG No. 84/2006, SG No. 52/2007) Any (natural) person, who commits or who suffers another to commit a violation of Article 77o (2) and (3), Article 114 (1), (6) and (7), Article 114a (3) and (4), Article 126c and Article 133 (2) and (4) herein, shall be liable to a fine of BGN 20,000 or exceeding this amount but not exceeding BGN 50,000, unless the act shall constitute a criminal offence.

(6) (New, SG No. 61/2002) In the event of non-compliance with a coercive administrative measure applied under Item 1, 2, 4, 6 and 8 of Article 212 (1) herein, the offenders and the sufferers will be liable to a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 20,000.

(7) (New, SG No. 61/2002) The abettors, aiders and harbourers shall likewise be penalized in the cases referred to in Paragraphs (3), (4) and (5), with due consideration for the nature and degree of the participation thereof.

(8) (New, SG No. 61/2002) For any violation covered under Paragraphs (1) through (6) incl., any legal person or sole trader shall be liable to a pecuniary penalty in amounts as follows:

1. for any violations covered under Item 1 of Paragraph (1): BGN 500 or exceeding this amount but not exceeding BGN 2,000 and, for a repeated violation, BGN 1,000 or exceeding this amount but not exceeding BGN 5,000;

2. for any violations covered under Item 2 of Paragraph (1): BGN 2,000 or exceeding this amount but not exceeding BGN 5,000 and, for a repeated violation, BGN 5,000 or exceeding this amount but not exceeding BGN 10,000;

3. for any violations covered under Item 3 of Paragraph (1): BGN 5,000 or exceeding this amount but not exceeding BGN 10,000 and, for a repeated violation, BGN 10,000 or exceeding this amount but not exceeding BGN 20,000;

4. for any violations covered under Item 4 of Paragraph (1): BGN 10,000 orexceeding this amount but not exceeding BGN 20,000 and, for a repeated violation, BGN 20,000 or exceeding this amount but not exceeding BGN 50,000;

5. for any violations covered under Paragraphs (3), (4) and (5): BGN 50,000 or exceeding this amount but not exceeding BGN 100,000 and, for a repeated violation, BGN 100,000 or exceeding this amount but not exceeding BGN 200,000;

6. for any violations covered under Paragraph (6): BGN 10,000 or exceedingthis amount but not exceeding BGN 50,000.

(9) (New, SG No. 61/2002) The provisions of Paragraphs (1) through (8) incl. shall furthermore apply to any transactions and acts covered under § 1A herein, effected and performed in violation of Chapters Three, Five and Nine herein.

(10) (Renumbered from Paragraph (6) and supplemented, SG No. 61/2002) The proceeds from any wrongfully performed activities shall be confiscated to the extent to which the said proceeds cannot be restituted to the person aggrieved.

Article 222

(1) (Amended, SG No. 39/2005) The written statements on any violations covered under Article 221 herein as ascertained shall be drawn up by officers authorized by the Deputy Chairperson, and the penalty decrees shall be issued by the said Deputy Chairperson.

(2) The ascertainment of violations, the issue, appeal against and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

SUPPLEMENTARY PROVISIONS

(Heading amended, SG No. 61/2002)

§ 1. Within the meaning given by this Act:

1. "Investor" shall be:

(a) a person who puts cash resources or other property rights at risk for his or her own account by means of acquisition, holding and transfer of securities, without possessing the requisite qualifications and experience (non-professional investor);

(b) (repealed, SG No. 52/2007)

(c) (supplemented, SG No. 39/2005) a bank which does not operate as an investment intermediary, an investment company, a common fund, an insurance company, a pension fund or another corporation whereof the objects require the acquisition, holding and transfer of securities

(institutional investor).

2. (Supplemented, SG No. 61/2002, amended, SG No. 86/2006, SG No. 52/2007) "Financial instruments" shall mean the financial instruments within the meaning of Article 3 of the Markets in Financial Instruments Act.

3. "Rights" shall be securities entitling the holder to subscribe for a specified number of shares in connection with a passed resolution on an increase of capital of a public company.

4. "Warrant" shall be a security expressing the holder's right to subscribefor a specified number of securities at a fixed or determinable issue pricefor a stated time period in the future.

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

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

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

8. (New, SG No. 61/2002) "Bulgarian depository receipts" shall be securities issued in Bulgaria, conferring rights derived from the rights carried by other (underlying) securities, with the rights carried by the underlying securities being exercised in favour of the holder of the derivative securities.

9. (Renumbered from Item 8, SG No. 61/2002, supplemented, SG No. 52/2007, effective 3.07.2007) "Issuer" shall be the person bound under the securities. In the cases of securities depository receipts the issuer shall be the person that issued the underlying securities:

(a) which the said person is issuing or has issued by means of a primary public offering, inter alia upon incorporation of the company;

(b) which have been admitted to trading on a regulated securities market.

10. (Renumbered from Item 9, SG No. 61/2002) "Subscription" shall be an unconditional and irrevocable expression of will to acquire securities in a process of issuing and to pay the issue price thereof.

11. (Renumbered from Item 10, SG No. 61/2002) "Underwriting" shall be in effect where, according to a contract with the issuer, an investment intermediary subscribes or undertakes to subscribe for its own account for part or all securities of a single issue in a process of issuing and to offer the said issue for primary distribution to the public.

12. (Renumbered from Item 11, SG No. 61/2002) "Connected persons" shall comprehend:

(a) (amended, SG No. 39/2005) any two persons, of whom one controls the other person or a subsidiary thereof;

(b) any number of persons whereof the activity is controlled by a third party;

(c) any number of persons who jointly control a third party;

(d) (amended, SG No. 39/2005) spouses, lineal relatives up to any degree and collateral relatives up to the fourth degree of consanguinity, and relatives by marriage up to the fourth degree of affinity inclusive.

13. (Renumbered from Item 12 and amended, SG No. 61/2002) "Control" shall be in effect where a person:

(a) holds, inter alia through a subsidiary or by virtue of an agreement entered into with another person, more than 50 per cent of the number of votes in the General Meeting of a company or another legal person; or

(b) (supplemented, SG No. 39/2005) may designate, whether directly or indirectly, more than one-half of the members of the management body or the supervisory body of a legal person; or

(c) may in any other way exert decisive influence on decision making in connection with the business of a legal person.

14. (Renumbered from Item 13, SG No. 61/2002) "Clearing" shall be the mutual offsetting of counterclaims between parties to transactions in securities.

15. (Renumbered from Item 14, SG No. 61/2002) "Settlement" shall be the discharge of obligations arising from a transaction in securities to register the said securities on a securities account held by the transferee with the Central Depository and to pay for the said securities.

16. (Renumbered from Item 15, SG No. 61/2002, repealed, SG No. 52/2007, effective 3.07.2007).

17. (Renumbered from Item 16, SG No. 61/2002) "Systematic violation" shall be in effect where three or more administrative violations of the Act or ofthe instruments for the application thereof have been committed within a single year.

18. (Renumbered from Item 17, SG No. 61/2002, repealed, SG No. 52/2007, effective 3.07.2007).

19. (Renumbered from Item 18, SG No. 61/2002, repealed, SG No. 52/2007, effective 3.07.2007).

20. (Renumbered from Item 19, SG No. 61/2002) "Balance-sheet value per share" shall be the quotient of the value of equity capital as shown in the balance sheet and the number of shares issued.

21. (Renumbered from Item 20, SG No. 61/2002) "Administration of securities" shall be the performance of acts, by contract with a public company or an issuer of debt securities for the

account of the said parties, connected to exercise of the rights attaching to securities, such as distribution of dividend, interest, principal, rights, scrip issues, effecting or verifying payments in connection with securities, circulation of reports and notices of general meeting and other acts connected to the acts hereinabove listed.

22. (Renumbered from Item 21, SG No. 61/2002, amended, SG No. 39/2005) "Net asset value" shall be the sum total of the market value or, when no such value can be set, of the value assessed in conformity with principles and methods as approved by the Deputy Chairperson or of the balance-sheet value of the securities in the portfolio of an investment company, the interest and dividend receivable on such securities, the funds on bank accounts and in hand and other assets, less the value of obligations arising from management on loans received and other obligations, assessed in conformity with principles and methods as approved by the said Deputy Chairperson or the balance-sheet value of the said obligations.

23. (New, SG No. 61/2002) "National daily newspaper" shall be a newspaper which is published every business day and is distributed throughout the territory of Bulgaria.

24. (New, SG No. 61/2002) "Repeated violation" shall be any violation whichshall be committed within one year after the entry into force of a penalty decree whereby the offender was penalized for a violation of the same kind.

25. (New, SG No. 61/2002) "Market price" shall be the amount of money for which a particular asset should sell at the point of appraisal in a direct transaction between informed, unrelated and willing seller and buyer.

26. (New, SG No. 39/2005, amended and supplemented, SG No. 86/2006) "Collective investment scheme" shall be an enterprise organized as an investment company, a common fund or a unit trust, which invests in securities and money market instruments within the meaning given by Article 164b herein, as well as in other liquid financial assets referred to in Article 195 herein, cash resources raised through public offering of units, and which operates on the principle of risk-spreading and which re-purchases the shares or units thereof, at the request of the shareholders or unit- holders, as the case may be, at a price based on the net asset value thereof.

27. (New, SG No. 86/2006) "Money market instruments" shall be instruments normally dealt in on the money market, such as short-term government securities (Treasury bills), certificates of deposit and commercial paper, excluding instruments of payment.

28. (New, SG No. 86/2006) "Certificate of deposit" shall be commercial paper issued by a bank against a time deposit of money.

29. (New, SG No. 86/2006) "Depositary receipts" shall be securities which are issued on the basis of securities of an issuer registered in another State and which confer on the holders thereof a right to exercise the rights attaching to the underlying securities.

30. (New, SG No. 86/2006) "Depositary receipts in respect of shares" shall be securities which represent the right of the holder thereof to receive income from the issuer to an amount depending on the income accruing to the issuer from the shares of another issuer, and the right to

exchange the receipts for shares.

31. (New, SG No. 86/2006) "Units of collective investment schemes" shall be financial instruments issued by a collective investment scheme which represent the rights of the holders thereof in the assets of such a collective investment scheme.

32. (New, SG No. 86/2006) "Offeror" shall be a person who or which offers securities issued thereby to the public

33. (New, SG No. 86/2006) "Person asking for admission of securities to trading on a regulated market" shall be a person which, operating for its own account, makes a request for admission of securities to trading on a regulated market.

34. (New, SG No. 86/2006) "Offsetting transaction" shall be a transaction whereby a transaction reverse to an existing transaction is effected in order to liquidate the position.

35. (New, SG No. 86/2006) "Member State" shall be a State which is a Member of the European Union, or another State which belongs to the European Economic Area.

36. (New, SG No. 86/2006) "Third country" shall be a State which is not a Member State within the meaning given by Item 35.

37. (New, SG No. 86/2006) "Branch of a management company" shall be a place of business which is a part of the management company, which has no legal personality and which provides the services for which the management company has been licensed.

38. (New, SG No. 86/2006, supplemented, SG No. 25/2007) "Close links", within the meaning given by Chapter Five of Title Three and Title Four, shall be a situation in which two or more natural or legal persons are linked by:

(a) participation which represents the ownership, direct or by way of control, of 20 per cent or more than 20 per cent of the voting rights in the General Meeting or of the capital of a company;

(b) a control relationship between a parent company and a subsidiary, as well as a similar relationship between any natural or legal person and a company, with any subsidiary of a subsidiary also being considered a subsidiary of the parent company which is at the head of those companies;

(c) a permanent link to one and the same person by a control relationship.

39. (New, SG No. 86/2006, supplemented, SG No. 25/2007) "Control", within the meaning given by Item 38, shall be a situation in which a person (a parent company):

(a) holds more than one-half of the voting powers in the General Meeting of another legal person (subsidiary), or

(b) has the right to appoint more than one-half of the members of the management or

supervisory body of another legal person (subsidiary) and is at the same time a shareholder in, or member of, the person in question, or

(c) has the right to exercise a dominant influence over a legal person (subsidiary) by virtue of an agreement concluded with that other person or by virtue of the basic instrument or Articles of Association of that other person, if this is permitted by the law governing the subsidiary, or

(d) is a shareholder in, or member of, the company, and:

(aa) more than one-half of the members of the management or supervisory body of that legal person (subsidiary), who have held office during the preceding and current financial year and up to the time when the consolidated accounts are drawn up, have been appointed solely as a result of the exercise of the exercise of its voting rights, or

(bb) which controls alone, by virtue of a contract with other shareholders in or members of that legal person (subsidiary), more than one- half of the voting rights in the General Meeting of that legal person, or

(e) may in any other way exercise a dominant influence over decision- making in connection with the activity of another legal person (subsidiary).

In the cases referred to in Litterae (a), (b) and (d), the voting rights of any subsidiaries over which the controlling person exercises control, as well the voting rights of any persons acting in their own name but for the account of the controlling person or for the account of a subsidiary thereof, shall be added to the voting rights of the controlling person. In the cases referred to in Litterae (a), (b) and (d), the voting rights attaching to the shares held for the account of a person who is neither the controlling person nor a subsidiary thereof, as well as the voting rights attaching to the shares which are pledged, if the rights thereunder are exercised under an instruction from and in the interest of the pledgor, shall be subtracted from the voting rights of the controlling person. In the cases referred to in Litterae (a) and (d), the voting rights attaching to the shares held by the subsidiary itself or through a person controlled by the subsidiary but for the account of the controlling person and of the subsidiary, shall be subtracted from the voting rights of the controlling person.

40. (New, SG No. 25/2007) "Insurers and reinsurers", within the meaning given by Item 1 of Article 54 (11) herein, shall be the persons covered under Article 1 of Council Directive 73/239/EEC on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of direct insurance other than life assurance, the persons covered under Directive 2002/83/EC of the European Parliament and of the Council concerning life assurance and, respectively, the persons who carry out reinsurance and retrocession business according to 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 No. 52/2007) "Regulated information" shall be all information which the issuer, or any other person who has applied for the admission of securities to trading on a regulated market without the issuer's consent, is required to disclose under Chapter Six "a", Section II, Chapter Eleven, Section I of this Act and under Article 12 of the Measures against

Market Abuse with Financial Instruments Act and the statutory instruments for their application.

42. (New, SG No. 52/2007) "Electronic means" are means of electronic equipment for the processing, including digital compression, storage and transmission of data, employing wires, radio, optical technologies, or any other electromagnetic means.

43. (New, SG No. 52/2007) "Shareholder" within the meaning of Chapter Eight and Chapter Eleven, Section I, shall be a person holding, directly or indirectly:

a) shares of the issuer on his own behalf and on his account;

b) shares of the issuer on his own behalf but on account of another person;

c) depository receipts and in this case the holders of depository receipts shall be considered shareholders of underlying shares in respect of which the depository receipts are issued.

44. (New, SG No. 52/2007) "Controlled company" within the meaning of this Chapter Six "a" and Chapter Eleven, Section I, shall be a company in which a person:

a) holds, including through a subsidiary, more than half of the votes in the general meeting;

b) has the right to determine more than half of the members of the management or supervisory body and is a shareholder or partner in the said company; in the case of sentence one added to the votes of the controlled company shall be the votes over which it exercises control, as well as the votes of the persons who act on their own behalf but on its account or on account of a person controlled by it;

c) is a shareholder or partner and controls independently by virtue of an agreement with other shareholders or partners in such company more than half of the votes in the general meeting;

d) has the right to exercise or actually exercises a decisive influence over the company.

45. (New, SG No. 52/2007) "Market maker" means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against his proprietary capital at prices defined by him.

46. (New, SG No. 52/2007) "Tender offer" means a public offer made by the offeror at his discretion or by virtue of law for purchase and/or exchange of all or part of the voting shares in the general meeting of the public company, which follows or has as its objective the acquisition of voting shares in the general meeting of the offeree company above the thresholds set out in law for making a tender offer.

47. (New, SG No. 52/2007) "Offeree company" means a company the securities of which are the subject of a tender offer.

48. (New, SG No. 52/2007) "Tender offeror" means a natural or legal person who makes a

tender offer.

§ 1a. (New, SG No. 61/2002) Chapters Three, Five and Nine herein shall apply, mutatis mutandis, to any transactions and acts involving compensation notes and home-purchase savings compensation notes under the Indemnification of Nationalized Property Owners Act, as well as involving registered compensation vouchers under the Agricultural Land Ownership and Use Act and the Act Restoring Ownership in Forests and Woodland Stock Plots.

§ 1b. (New, SG No. 86/2006, SG No. 52/2007) The provisions of Title Three, Chapter Nine shall apply to financial instruments mutatis mutandis.

§ 1c. (New, SG No. 68/2006) This Act transposes the provisions of:

1. Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS);

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

3. Directive 97/9/EC of the European Parliament and of the Council on investor-compensation schemes;

4. Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC;

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

6. (New, SG No. 52/2007, effective 3.07.2007) Directive 2004/109/EEC of the European Parliament and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.

7. (New, SG No. 52/2007, effective 3.07.2007) Directive 2004/25/EC of the European Parliament and of the Council on takeover bids.

TRANSITIONAL AND FINAL PROVISIONS

§ 2. This Act shall supersede the Securities, Stock Exchanges and Investment Companies Act (promulgated in the State Gazette No. 63 of 1995; amended in Nos. 68 and 85 of 1996, Nos. 52 and 94 of 1997, Nos. 42, 52 and 127 of 1998, No. 29 of 1999).

§ 3. (1) Any statutory instruments adopted by the Council of Ministers for the application of the Securities, Stock Exchanges and Investment CompaniesAct as hereby superseded shall continue in effect insofar as the said instruments do not conflict this Act.

(2) (Amended, SG No. 61/2002, repealed, SG No. 59/2006).

§ 4. Upon the entry of this Act into force, the Securities and Stock Exchanges Commission established under Article 5 of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded shall be renamed Bulgarian National Securities Commission. The Chairperson, the Deputy Chairperson and the members of the Securities and Stock Exchanges Commission shall retain the powers thereof until the expiration of the term of office wherefor they have been elected.

§ 5. (1) Any authorizations, approvals and endorsements granted according to the procedure

established by the Securities, Stock Exchanges and Investment Companies Act as hereby superseded shall continue in effect, and the persons who or which have been granted such authorizations, approvals and endorsements, as well as the banks which have been granted authorization to effect the transactions referred to in Item 4 of Article 1 (2) of the Banking Act, shall be obligated to bring the organization and operation thereof into conformity with the requirements of this Act within three months after the entry of the said Act into force.

(2) Any person, which has been granted authorization to carry on business under Item 2 of Article 129 (1) of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded and under Item 7 of Article 1(2) of the Banking Act since the entry into force of the provision of Article 168 (1) of this Act, shall discontinue the performance of such activities.

(3) Any investment companies, whereinto the privatization funds have reorganized the business thereof, shall be obligated to bring the assets thereof into conformity with the requirements of Articles 195 and 196 or Article 201 herein, as the case may be, within one year after the entry of this Act into force.

(4) Any existing investment companies shall bring the capital thereof into conformity with the minimum amount under Article 166 (1) or (2) herein within one year after the entry of this Act into force.

(5) (Effective 30.12.1999) Any companies, wherein the shares were traded on the official market of the stock exchange without a prospectus in pursuance of § 2A (of the Transitional and Final Provisions) of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded, may be traded without a prospectus under Article 102 (3) herein until the lapse of six months after the entry of this Act into force.

§ 6. Any proceedings for the grant of authorizations, approvals and endorsements commenced according to the procedure established by the Securities, Stock Exchanges and Investment Companies Act as hereby superseded shall continue according to the procedure established by this Act. The Deputy Chairperson in charge of the Investment Activity Supervision Department shall give the parties concerned grace to bring the organization and operation thereof into conformity with the provisions of this Act.

§ 7. (1) Any company covered under Article 83a (1) of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded shall be a public company until expungement thereof in the register of the Deputy Chairperson in charge of the Investment Activity Supervision Department according to the procedure established by Article 119 of this Act.

(2) Any company covered under Item 2 of Article 83a (1) of the Securities, Stock Exchanges and Investment Companies Act as hereby superseded, which has not registered at the Deputy Chairperson in charge of the Investment Activity Supervision Department upon the entry of this Act into force, shall be obligated to submit an application completed in a standard form as prepared by the said Deputy Chairperson for registration as a public company within fourteen days after the entry of this Act into force. The said registration shall be effected under the terms and according to the procedure established by this Act.

§ 8. Until the grant of authorization by the Deputy Chairperson in charge of the Investment Activity Supervision Department under Article 46 herein, any securities which have not been admitted to the official market of a stock exchange shall be traded only on a stock exchange

under the terms and according to the procedure established by the Rules and Regulations of the said exchange. In such a case, Article 44 (4) herein shall not apply.

§ 9. Any existing non-public company, which has issued dematerialized securities, shall be obligated to register the said securities at the Central Depository or to make a decision on conversion of the said securities into physical securities within three months after the entry of this Act into force.

§ 10. (1) The provisions of this Act regarding the public offering of, and trading in, securities shall not apply in respect of:

1. (Amended, SG No. 28/2002, SG No. 61/ 2002) sale of any shares in the cases of privatization, save as where the sale is effected on a stock exchange or under terms of tender offering;

2. sale of any shares indirectly held by the State through the Bank Consolidation Company PLC of Sofia, or through any holding company which is controlled by the State, save where the said sale is effected on a regulated securities market.

(2) (Amended, SG No. 28/2002, No. 61/2002) In respect of the buyers of shares under privatization transactions and under transactions with the Bank Consolidation Company PLC, an obligation under Article 149 (1) herein shall not attach if they exceed the threshold of 50 per cent of the votes in the General Meeting of any public company, nor shall an obligation attach under Article 149 (6) herein if they exceed the threshold of two-thirds of the votes as a result of any such transaction. The exemption referred to in sentence one shall not apply if the transaction has been concluded on a stock exchange.

(3) Article 113 herein shall not apply in the cases where a contract for privatization predating the entry of this Act into force expressly provides for an increase of capital of the company according to the procedure established by Article 195 of the Commerce Act in favour of the purchaser under the said contract. In such cases, the company shall notify the Deputy Chairperson in charge of the Investment Activity Supervision Department and the regulated securities market whereon shares issued thereby have been admitted for trading of the existence of such a contract within fourteen days after the entry of this Act into force.

(4) (Repealed, SG No. 28/2002).

(5) (Amended, SG No. 28/2002. supplemented, SG No. 61/2002) Any share issues which are subject to sale in whole or in part by a decision made according to the procedure established by Article 32 (1) of the Privatization and Post-privatization Control Act, shall be dematerialized and sentence two of Article 185 (2) of the Commerce Actshall not apply thereto, obviating the need to record the alterations in the Articles of Association of the companies. The General Meeting of any company which has ceased to be public may resolve on conversion of the shares in the said company into physical securities and on inclusion of terms for the transfer of the said shares into the Articles of Association.

(6) (New, SG No. 61/2002) The restrictions under Article 111 (4) herein regarding the issuance of preference shares by a public company shall not apply in the cases of privatization of companies of national importance, where the preference shares are held by the State.

§ 10a. (New, SG No. 31/2003) (1) In the cases of privatization according tothe procedure established by Item 1 of Article 32 (1) of the Privatization and Post-privatization Control Act of a state-owned participating interest not exceeding 50 per cent of the capital, a tender offering can be made according to the procedure established by Article 149a herein, inter alia, where the offeror holds less than 90 per cent but not less than two-thirds of the votes in the General Meeting of the company, and the majority required under Item 3 of Article 119 (1) herein shall be three-quarters.

(2) A trade offering under Paragraph (1) may not be made prior to the lapseof twelve months after conclusion of the sale.

§ 10b. (New, SG No. 52/2007, effective 3.07.2007) (1) Where at the date of entry into force of Article 157c the voting shares of the offeree company, in accordance with Article 157c, Paragraph 4, have been admitted to trading simultaneously on a regulated market in the Republic of Bulgaria and in another Member State, the Commission and the competent authority of that Member State shall determine jointly who will exercise supervision of the tender offering within 4 weeks from its entry into force. If the competent authorities of the Member States fail to specify who of them shall exercise supervision of the tender offering the offeree company shall determine the authority on the first day of trading following the expiry of the time limit under sentence one.

(2) The Commission shall make public the decision under Paragraph 1, determining it to exercise supervision of the tender offering

§ 11. (Amended, SG No. 8/2003) Any person who holds an office referred to in Article 133 (2) herein upon the entry of this Act into force shall sign the respective declarations within fourteen days after the entry of this Act into force.

§ 12. The Banking Act (promulgated in the State Gazette No. 52 of 1997; amended in Nos. 15, 21, 52, 70 and 89 of 1998, Nos. 54 and 103 of 1999) shall be amended as follows:

1. In Paragraph (2) of Article 1:

(a) Item 4 shall be amended to read as follows:

"4. transactions covered under Article 54 (1) of the Public Offering of Securities Act."

(b) Item 7 shall be repealed.

2. In Article 1, Item 6 of Paragraph (5) shall be amended to read as follows:

"6. transactions covered under Article 54 (1) of the Public Offering of Securities Act;"

3. Article 16 shall be amended as follows:

(a) in Paragraph (3) the words "and 7" shall be deleted, and the words "theSecurities, Stock Exchanges and Investment Companies Act" shall be replacedby "the Public Offering of Securities Act";

(b) there shall be added the following new paragraph:

"(4) Prior to pronouncing on any application for effecting of transactions covered under Item 4 of Article 1 (2) herein, the Central Bank shall take into consideration the observations in writing of the Bulgarian National Securities Commission, should the said observations be presented within one month after being requested in writing from the Commission by the Central Bank."

§ 13. The Commerce Act (promulgated in the State Gazette No. 48 of 1991; amended and supplemented in Nos. 25 of 1992, Nos. 61 and 103 of 1993, No. 63 of 1994, No. 63 of 1995, Nos. 42, 59, 83, 86 and 104 of 1996, Nos. 58, 100 and 124 of 1997, Nos. 52 and 70 of 1998, Nos. 33, 42, 64, 81, 90 and 103 of 1999) shall be amended as follows:

1. In Article 119, there shall be added the following new paragraph:

"(3) A requisite authorization shall have to be presented for recording in the Commercial Register of the conduct of business of any investment intermediary, as well as of any other business whereof the conduct is subject to authorization by a state body as required by a separate statute."

2. In Article 174, there shall be added the following new paragraph:

"(3) A requisite authorization shall have to be presented for recording in the Commercial Register of the conduct of banking and insurance business, business of a stock exchange, investment intermediary, management company and any other business whereof the conduct is subject to authorization by a state body as required by a separate statute."

3. In Article 187a, Paragraph (3) shall be repealed.

4. Article 187b shall be amended to read as follows:

"Dematerialized Shares
Article 187B

Any joint-stock company may furthermore issue shares which are not represented by share certificates. The issuing and disposition of dematerialized shares shall be effected according to a procedure established by statute."

5. In Article 192, there shall be added the following new paragraph:

"(7) An approval of a prospectus shall have to be presented for recording of any increase of capital by subscription, save in the cases where no suchprospectus is required by the law."

6. In Article 204, Paragraphs (1) and (2) shall be amended to read as follows:

"(1) No joint-stock company may issue bonds earlier than two years after the recording thereof in the Commercial Register and unless two Annual Financial Statements have been approved by the General Meeting.

(2) The requirement under Paragraph (1) shall not apply to any bonds issuedor guaranteed by banks or by the State."

§ 14. In Paragraph (2) of Article 32 of the Administrative Violations and Sanctions Act (promulgated in the State Gazette No. 92 of 1969; amended and supplemented in No. 54 of 1978, No. 28 of 1982, Nos. 28 and 101 of 1983, No. 89 of 1986, No. 24 of 1987, No. 94 of 1990, No. 105 of 1991, No. 59 of 1992, No. 102 of 1995, Nos. 12 and 110 of 1996, Nos. 11, 15, 59, 85 and 89 of 1998, Nos. 51 and 67 of 1999), after the word "legislation" there shall be inserted "or regarding the application of the Public Offering of Securities Act".

§ 15. The Privatization Funds Act (promulgated in the State Gazette No. 1 of 1996; amended in Nos. 68 and 85 of 1996, Nos. 39 and 52 of 1998) shall be amended as follows:

1. In Paragraph (1) of Article 2, the words "Securities and Stock Exchanges Commission" shall be replaced by "Bulgarian National Securities Commission".

2. Throughout the Act, the words "Securities, Stock Exchanges and Investment Companies Act" shall be replaced by "Public Offering of Securities Act".

§ 16. (1) (Amended, SG No. 67/2003) The Financial Supervision Commission shall adopt ordinances for the application of this Act.

(2) (Amended, SG No. 67/2003) The Financial Supervision Commission shall adopt ordinances regarding:

1. the terms and a procedure for sale of securities not held by the transferor;

2. the requirements to securities which are acquired by investors for the first time not under terms of primary public offering and to the transactions in such securities;

3. relaxed requirements to investment, inter alia in corporeal immovables, compared to the requirements established in Articles 175, 195, 196 and 201 herein, effective up to five years after the entry of this Act into force;

4. (New, SG No. 61/2002) the terms and a procedure for restitution of wrongfully acquired proceeds to the persons aggrieved according to Article 221 (10) herein;

5. (New, SG No. 61/2002) the terms and a procedure for the issuing, transfer and cancellation of Bulgarian depository receipts as defined in Item 8 of § 1 herein, and the requirements to the issuers thereof.

(3) (Repealed, SG No. 93/2002).

§ 17. (1) (Amended, SG No. 8/2003) This Act shall enter into force one month after the date of promulgation thereof in the State Gazette with the exception of the provision under Article 168 (1) herein, which shall enter into force six months after the entry of this Act into force. The provisions under Article 18 (4) and Item 1 of Article 68 (1) herein shall have a retroactive effect as from the 1st day of January 1999. The provisions under Article 113 and § 5 (5) herein shall enter into force on the date of promulgation of this Act in the State Gazette.

(2) The regulated securities markets licensed by the Bulgarian National Securities

Commission (a stock exchange and an over-the-counter market) shall submit the Rules and Regulations for the operation thereof conforming to the requirements of this Act to the Deputy Chairperson in charge of the Investment Activity Supervision Department for endorsement within three months after the entry of this Act into force.

Act to Amend and Supplement the Public Offering of Securities Act

Promulgated, SG No. 61/2002

TRANSITIONAL AND FINAL PROVISIONS

§ 91. (1) The provisions of this Act regarding the increase of capital of apublic company shall not apply if the resolution on increase of capital waspassed prior to the date of entry of this Act into force but not later thanone year prior to the said date and the subscription for shares will not commence later than six months after the entry of this Act into force.

(2) The provisions of this Act regarding an expungement of a public companyunder Article 119 (of the Public Offering of Securities Act) shall not apply if the application on expungement enclosing the requisite documents has been submitted to the Commission prior to the entry of this Act into force.

(3) The obligation to effect tender offering, attaching to any persons who or which have acquired more than two-thirds of the votes in the General Meeting of any public company, shall not attach in respect to any persons who or which acquired the said votes prior to the entry of this Act into force.

(4) In any proceedings regarding tender offers, instituted prior to the entry of this Act into force, the Commission, if necessary, shall give the persons grace to bring the said tender offers in conformity with the provisions of this Act.

§ 92. The public companies shall be obligated to bring the articles of association thereof and the complements of the boards thereof in conformity with this Act at the earliest General Meeting convened after the entry of this Act into force.

§ 93. (1) The procedure, contents and form of declaration of circumstances under Article 145 (1) and (2) (of the Public Offering of Securities Act) shall be established by a decision of the Commission until adoption ofthe relevant ordinance referred to in Article 145 (5) (of the Public Offering of Securities Act).

(2) The Commission shall make the decision referred to in Paragraph (1) within fourteen days after the entry of this Act into force and shall make the said decision public by means of providing the said decision to a news agency and via the Internet site of the Commission.

(3) The persons who or which, upon the entry of this Act into force, may exercise, under the terms established by Article 48 (of the Public Offering of Securities Act), 5 per cent and more of the voting power in the General Meeting of a company whereof the shares have been admitted to trading on a regulated market shall be obligated to effect notification under Article 145 (1) and (2) (of the Public Offering of Securities Act) and to declare the relevant circumstances to the

Commission within three months after expiration of the time limit referred to in Paragraph (2). For non-fulfilment of this obligation, the persons shall incur liability under Article 221 (5) (of the Public Offering of Securities Act).

§ 94. The requirements to the application of valuation methods referred to in Article 122 (9), Article 126C and Article 150 (6) (of the Public Offering of Securities Act) shall be established by a decision of the Commission until adoption of the relevant ordinance.

§ 95. Throughout the Act:

1. The words "accounting reports" shall be replaced by "financial statements".

2. The words "certified by a certified public accountant or specialized auditing entity" shall be replaced by "audited by a registered auditor".

3. The words "certified by a certified public accountant" shall be replaced by "audited by a registered auditor".

4. The words "Article 40 (1) of the Accountancy Act" shall be replaced by "Article 26 (1) of the Accountancy Act".

Financial Supervision Commission Act

Promulgated, SG No. 81/2003 (effective 1.03.2003)

TRANSITIONAL AND FINAL PROVISIONS

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§ 5. The statutory instruments of secondary legislation adopted on the application of the Public Offering of Securities Act, the Insurance Act , the Compulsory Social Insurance Code, the Supplementary Voluntary Retirement Insurance Act, the Health Insurance Act and the Protection in Unemployment and Employment Promotion Act shall continue in effect insofar as they do not come into conflict with this Act.

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§ 8. The Public Offering of Securities Act (promulgated in the State Gazette No. 114 of 1999; amended in Nos. 63 and 92 of 2000, Nos. 28, 61, 93 and 101 of 2002) shall be amended as follows:

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

3. Throughout the Act, the words "the Commission" shall replaced by "the Deputy Chairperson in charge of of the Investment Activity Supervision Department", with the exception

of Chapter Two, Sections II and IV of Chapter Three, Section II of Chapter Five, Section III of Chapter Six, Section I of Chapter Seven, Section II of Chapter Eleven, Chapter Fourteen, Chapter Fifteen and Section II of Chapter Eighteen, where the words "the Commission" shall be replaced by "the Financial Supervision Commission.

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Act to Amend and Supplement the Public Offering of Securities Act

(Promulgated, SG No. 39/2005)

SUPPLEMENTARY PROVISIONS

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§ 134. In Article 29, Article 36, Article 40 (3), Article 90, Article 92, Article 93 (1), (6) and (7), Article 112d, Article 140, Item 1 of Article 149 (1), Article 149 (4), Article 149a (2) and (3), Article 149b (1) and (4), Article 151 (1), (2) and (3), Article 157, Article 157a (1), Article 163 and Article 209 (of the Public Offering of Securities Act), the words "the Financial Supervision Commission" shall be replaced by "the Commission".

§ 135. In Article 51 (1) and (2), Article 83, Article 100 (3), Article 107 (3), Article 108 (1), sentence two of Article 112a (3), Article 119 (4), (5), (6) and (7), Article 126f (1), Article 135 (1), Article 197 (2), Article 222 (1) and Item 22 of § 1 of the Supplementary Provisions (of the Public Offering of Securities Act), the words "the Deputy Chairperson in charge of the Investment Activity Supervision Department" shall be replaced by "the Deputy Chairperson".

§ 136. In Article 44 (2), Article 47, Article 51 (3), Article 52, Article 76, Article 78 (2), Article 79a (2), Article 84 (1), (2) and (3), Article 85 (1) and (2), Article 87, Article 88, Article 95 (1), Article 96, Article 100 (1), Article 100b (3), Article 100f (2), Item 1 of Article 100g (1), Item 1 of Article 100g (2), Article 107 (2), sentence one of Article 112a (3), Article 114b (1), Article 115b (2), Article 116 (10), Item 4 of Article 116d (3), Article 141 (3), Article 142 passim, Article 145 (1), (4) and (6), Article 193 (9) passim, Article 217 (3) passim, Article 218 (1), (5), (6) and (7) and Article 220 (3) (of the Public Offering of Securities Act), the words "the Deputy Chairperson in charge of the Investment Activity Supervision Department" shall be replaced by "the Commission".

§ 137. Throughout Sections I and II of Chapter Three, Chapter Four, Sections I and II of Chapter Five, Chapter Fourteen, Sections I and II of Chapter Eighteen (of the Public Offering of Securities Act), the words "authorization" and "the authorization" shall be replaced, respectively, by "licence" and "the licence".

TRANSITIONAL AND FINAL PROVISIONS

§ 138. Not later than the 31st day of January 2006, all investment intermediaries shall be obligated to submit an application for the issuing of a new licence for conduct of business in an investment-intermediary capacity depending on the services and activities covered under Article 54 (2) and (3) (of the Public Offering of Securities Act) which they intend to offer.

§ 139. Any existing investment intermediaries, management companies and banks shall be obligated to register the registered shares or interim certificates issued thereby as dematerialized at the Central Depository within six months after the entry of this Act into force.

§ 140. (1) All management companies shall bring the capital thereof into conformity with the minimum amount referred to in Article 203 (1) (of the Public Offering of Securities Act) not later than the 1st day of January 2006.

(2) Not later than the 31st day of January 2006, all management companies shall be obligated to submit applications for the issuing of a new licence for conduct of business in a management-company capacity depending on the services referred to in Article 202 (1) and (2) (of the Public Offering of Securities Act) which they intend to provide.

§ 141. (1) Any companies, which had more than 10,000 shareholders on the last day of the two last calendar years preceding the entry of this Act into force, shall likewise be public.

(2) The companies referred to in Paragraph (1) shall be obligated to bring the business thereof into conformity with the requirements of the law within six months after the entry of this Act into force.

(3) The company shall be obligated to declare the shares or interim certificates issued thereby for recording in the register of the Commission within the time limit referred to in Paragraph (2), and to request the admission of the said shares or certificates for trading on a regulated market within seven days after the recording in the register.

§ 142. (1) The members of the Management Board of the Compensation Fund for Investors in Securities shall be elected within three months after the entry of this Act into force, and the term of office thereof shall begin to run from the entry of this Act into force.

(2) The members of the first complement of the Management Board of the Compensation Fund for Investors in Securities, composed according to this Act, shall be elected for the following term of office:

1. the Chairperson: for five years;

2. the Deputy Chairperson: for four years;

3. the other members: for three years.

§ 143. The level of cover provided for under Article 77d (1) (of the Public Offering of Securities Act) is hereby fixed as follows:

1. until the 31st day of December 2006: BGN 12,000;

2. from the 1st day of January to the 31st day of December 2007: BGN 24,000;

3. from the 1st day of January 2008 to the 31st day of December 2009: BGN 30,000;

4. from the 1st day of January 2010: BGN 40,000.

§ 144. (1) Any investment intermediaries, which have obtained a licence (authorization) for conduct of business prior to the entry of this Act into force, shall be obligated to make an entrance contribution to the Compensation Fund for Investors in Securities within one month after the election of the members of the first complement of the Management Board of the Fund.

(2) The persons referred to in Paragraph (1) shall be obligated to make the annual contribution to the Compensation Fund for Investors in Securities for 2005 not later than the 31st day of January 2006. The annual contribution for 2005 shall amount to 0.5 per cent of the total amount of the funds and 0.1 per cent of the total amount of the rest of the clients' assets for the last quarter of 2005, determined on an average monthly basis.

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§ 153. The statutory instruments of secondary legislation, provided for in this Act, shall be issued within six months after the entry of this Act into force.

§ 154. The provisions of § 17, 18 and 19 herein, as well as all references to the provisions amended thereby, shall enter into force on the 1st day of January 2006 with the exception of the requirement for payment up of the entire amount of capital within fourteen days after receipt of a notification referred to in Article 63 (2) (of the Public Offering of Securities Act).

§ 155. The provision of § 52 herein regarding the requirements for public companies under Article 94 (1) and (2), Article 95 and Article 98a (of the Public Offering of Securities Act) shall enter into force on the 1st day of January 2006.

§ 156. (1) The provisions of § 34 and § 126 herein shall enter into force as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union.

(2) Until the entry into force of the provisions referred to in Paragraph (1), any non-resident collective investment scheme which has its registered office or whose management company has its registered office in a Member State of the European Union or in another State participating in the European Economic Area may offer the securities thereof to the public in the Republic of Bulgaria in compliance with the provisions of Article 211k (1) and (3) (of the Public Offering of Securities Act) .

(3) Any non-resident collective investment schemes, which offer the securities thereof to the public in the Republic of Bulgaria upon the entry of this Act into force, shall be obligated to bring the business thereof into conformity with Article 211k (1) and (3) (of the Public Offering of Securities Act) within nine months after the entry of this Act into force.

(*) Act to Amend the Commercial Register Act

(SG No. 80/2006, effective 3.10.2006)

§ 1. In § 56 of the Transitional and Final Provisions the words "1 October 2006" shall be replased by "1 July 2007"

.....

Act to Amend and Supplement the Public Offering of Securities Act

(Promulgated, SG No. 86/2006, effective 1.01.2007)

TRANSITIONAL AND FINAL PROVISIONS

§ 147. Any proceedings for the issuance of a confirmation of a prospectus, which are pending upon the entry into force of this Act, shall continue according to the procedure established by this Act. The Commission shall allow the parties concerned time to bring the prospectuses thereof into conformity with the requirements of this Act.

§ 148. For 2006, the investment intermediaries which are banks shall pay the contribution referred to in Article 77m (2) [of the Public Offering of Securities Act] to the Compensation Fund for Investors in Securities within the time limit and according to the procedure established in Article 77m (4) [of the Public Offering of Securities Act].

.....

§ 150. This Act shall enter into force on the 1st day of January 2007, with the exception of § 8, 9, 39, 41, 42, 43, 76, 86 and Item 3 of § 106, which shall enter into force three days after the promulgation of this Act in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS

to the Markets in Financial Instruments Act

(SG, No. 52/2007, effective 1.11.2007)

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§ 7. The Public Offering of Securities Act (promulgated, SG No. 114/1999; amended, Nos. 63 and 92/2000, Nos. 28, 61, 93 and 101/2002, Nos. 8, 31, 67 and 71/2003, No. 37/2004, Nos. 19, 31, 39, 103 and 105/2005, Nos. 30, 33, 34, 59, 63, 84, 86 and 105/2006, No. 25/2007) shall be amended and supplemented as follows:

.....

17. Everywhere in Chapter Five, Section IV the words "securities", "in securities" and "the securities" shall be replaced by "financial instruments", "in financial instruments" and "the financial instruments".

.....

§ 26. The statutory instruments for the application of the Public Offering of Securities Act adopted until entry into force of this Act shall apply to the extent they do not conflict it.

§ 27. (1) This Act shall come into force on 1 November 2007 with the exception of § 7, items 6, 7, 8, 18, 19, 22 - 24, 26 - 28, 30 - 40, item 44"b", items 47, 48, item 49 "a", items 50 - 62, 67, 68, 70, 71, 72, 75, 76, 77, item 83 "a" and "d", item 85 "a", items 91, 93, 94, item 98"a", "aa", sentence two regarding the exchange, "bb", sentence two regarding the exchange, "cc", sentence two regarding the exchange, and "dd", sentence two regarding the exchange, item 99 "d" and "e", item 101 "b" and item 102, § 8, § 9, item 4 "a", items 5 and 7, § 14, item 1 and § 19, which shall enter into force three days after promulgation of the Act in the "State Gazette".

(2) Paragraph 7, items 6, 7 and 8 shall apply until 1 November 2007.

(**)Act to amendmned the Commercial Register Act

(SG, No. 53/2007, effective 30.06.2007)

§ 1. In § 56 of transitional and final provisions the words "1 July 2007" shall be replaced by "1 January 2008".

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