

**ORDINANCE NO. 7 OF NOVEMBER 5, 2003 ON THE  
REQUIREMENTS, WHICH SHALL BE MET BY THE NATURAL  
PERSONS WHO UNDER A CONTRACT DIRECTLY EXECUTE  
TRANSACTIONS IN SECURITIES AND PROVIDE INVESTMENT  
ADVICE WITH REGARD TO SECURITIES AS WELL AS THE  
PROCEDURE FOR OBTAINING AND FORFEITING THE RIGHT  
TO EXERCISE SUCH ACTIVITY**

*(Prom. SG., issue 101 of 18 November 2003)*

**Chapter One.  
General Provisions**

Art. 1. (1) The ordinance shall provide the requirements to be met by the natural persons, who under a contract directly execute transactions in securities and provide investment advice with regard to securities, as well as the procedure for obtaining and forfeiting the right to exercise such activity.

(2) The broker shall be a natural person, who under a contract with an investment intermediary directly concludes transactions in securities for the account of the investment intermediary or for the account of his clients on a regulated securities market or outside of it.

(3) The investment consultant shall be a natural person, who under a contract with a investment intermediary, a management company and/or an investment company performs investment analyses and consultations about securities.

(4) The broker and the investment consultant shall not be entitled to pursue commercial activity simultaneously with the performance of the activity under para 2 and 3.

Art. 2. (1) A person, who wants to obtain the right to exercise activity as a broker or investment consultant, must meet the requirements set out in chapter two and successfully pass the examination before an examination commission, appointed by the Financial Supervision Commission.

(2) The requirement under para 1 for passed examination for obtaining the right to exercise activity as investment consultant shall not be applied provided the person has acquired qualification, meeting the requirements, included in the thematic scope of the examination, certified by means of a document, issued by a competent foreign body, for acquired degree, diploma or other certificate, recognized by the Financial Supervision Commission in accordance with the procedure laid down in Chapter Three, Section I.

(3) The persons, who meet the requirements of chapter two and have passed successfully the examination under para 1 or whose qualification has been recognized in accordance with the procedure under Chapter Three, Section I, shall receive a certificate for the right to exercise activity as a broker or investment consultant.

**Chapter Two.**  
**REQUIREMENTS, WHICH SHOULD BE MET BY THE NATURAL  
PERSONS WHO UNDER A CONTRACT EXECUTE DIRECTLY  
TRANSACTIONS IN SECURITIES AND PROVIDE INVESTMENT  
ADVICE ABOUT SECURITIES**

Art. 3. Activity as A broker or investment consultant can be exercised by a legally capable person, who:

1. has not been convicted for wilfull crime of general nature unless rehabilitated;
2. has not been punished with administrative penalties for committed grave violation or systematic violations of the Law on Public Offering of Securities (LPOS) and the acts of the secondary legislation for its implementation during the last 3 years;
3. has obtained a secondary or higher education diploma having graduated from a high school or university in the country or abroad, duly recognized in accordance with the relevant procedure – for a broker, and for an investment consultant – such person should have a higher education diploma having graduated from a university in the country or abroad, duly recognized in accordance with the relevant procedure;
4. has permanent residence in the country;
5. has not been declared bankrupt and is not involved in pending bankruptcy proceedings;
6. has not been a member of a management or supervisory body or unlimited liability partner in a company, terminated due to bankruptcy, if unsatisfied creditors have left;
7. has successfully passed the examination for obtaining the right to exercise activity as a broker, respectively as an investment consultant.

**Chapter three.**  
**PROCEDURE FOR OBTAINING THE RIGHT TO EXERCISE  
ACTIVITY AS A BROKER OR AN INVESTMENT CONSULTANT**

**Section I.**  
**Admission to Examination. Recognition of Acquired Qualification**

Art. 4. (1) The persons who wish to obtain the right to exercise activity as a broker or an investment consultant, shall file with the Financial Supervision Commission an application for admission to examination.

- (2) With the application under para 1 shall be enclosed:
1. a conviction status certificate;
  2. a copy of a diploma for graduated education, certified by a public notary;
  3. a document certifying the address registration, and for foreign citizens - a certified copy of the permission for permanent stay in the Republic of Bulgaria as well, issued by the bodies for administrative control of the foreigners;
  4. a declaration for the circumstances under Art. 3, items 2, 5 and 6;

5. a detailed CV.

Art. 5. (1) The persons who wish to obtain the right to exercise activity as an investment consultant and have acquired qualification, meeting the requirements, included in the thematic scope of the examination, such qualification being attested by means of a document certifying the acquired degree, issued by a competent foreign authority, a diploma or any other certificate, shall file an application with the Financial Supervision Commission for its recognition.

(2) With the application under para 1, apart from the documents under Art. 4, para 2, shall be also enclosed:

1. a document for acquired degree, a diploma or any other certificate, ascertaining the acquired qualification;

2. information about the competent foreign authority that has issued the document, certifying the acquired qualification;

3. information about other data, conditions or restrictions, related to the acquired qualification that are not included in the document under item 1;

4. a declaration for the truthfulness of the data specified by the persons and that they are aware of the criminal responsibility involved with the submission of untrue data that is borne under the Penal Code of the Republic of Bulgaria.

Art. 6. The Financial Supervision Commission may require any other data and documents as well provided they are necessary for taking decision with regard to the admission to examination or recognition of the acquired qualification.

Art. 7. (1) The Financial Supervision Commission shall refuse the admission to examination or the recognition of the acquired qualification where:

1. the applicant does not meet the requirements under Art. 3, items 1 – 6;

2. less than 3 years have passed after the entry into force of the decision under Art. 16, para 1, items 1- 3 or less than one year – in the case where the grounds for taking away the right to exercise activity as a broker, respectively as an investment consultant fall under Art. 16, para 1, items 4 and 5;

3. a material discrepancy has been established between the qualification, for which recognition is required, and the requirements with regard to the thematic scope of the examination for acquiring of right to exercise activity as an investment consultant;

4. it has been established that the authority having issued the document for the acquired qualification, does not possess the necessary competencies to confer such qualification;

5. there is any other condition or restriction, due to which the acquired qualification cannot be exercised;

6. it has been established that the applicant has submitted incorrect data or documents with untrue content.

(2) The Financial Supervision Commission shall deliver a decision on the application for admission to examination, respectively for recognition of the acquired qualification, within a term of one month after the filing of the application, and where additional data and documents are required – within a term of 7 days after receiving them. The

decision shall be reasoned in writing and may be appealed with regard to its lawfulness to the Supreme Administrative Court in accordance with the procedure under the Law on the Supreme Administrative Court.

(3) The applicants shall be notified in writing about the decision taken within a term of 7 days.

(4) The persons, who are admitted to examination for obtaining the right to exercise activity as a broker or an investment consultant, shall, within a term of 7 days after receiving the decision under para 2, pay the respective fee pursuant to the tariff – schedule to Art. 27, para 2 of the Financial Supervision Commission Act (FSCA).

Art. 8. In the cases of forfeiting the right to exercise activity the person whose qualification has been recognised in accordance with this Section, cannot apply a second time for the recognition of the same qualification.

## Section II. Examination

Art. 9. (1) The holding of an examination for obtaining the right to exercise activity as a broker or an investment consultant shall be effected by the Financial Supervision Commission.

(2) Persons who have been admitted to the examination in accordance with the procedure under Section I and who have paid the respective fee pursuant to the tariff – schedule to art. 27, para 2 of FSCA, shall have the right to sit an examination for the obtaining the right to exercise activity as a broker or an investment consultant.

Art. 10. (1) The Financial Supervision Commission shall publish the requirements with regard to the thematic scope of the examination, the procedure for its holding as well as the rules for evaluation in its official bulletin not later than 3 months before the date of the examination. These circumstances can be announced also on the electronic site of the Financial Supervision Commission in Internet as well as in any other appropriate way.

(2) The Financial Supervision Commission may establish additional requirements with regard to the thematic scope of the examination in the cases of specialization in specific areas.

(3) The examination for obtaining the right to exercise activity as a broker, respectively as an investment consultant, shall be in writing and anonymous.

Art. 11. (1) The examination shall be conducted by an examination commission consisting of not less than three members. The operative procedure and the members of the examination commission shall be determined with a decision of the Financial Supervision Commission.

(2) The examination commission shall include persons with professional qualification and experience in the field of the capital markets.

(3) The Financial Supervision Commission shall set the dates for the holding of the examinations for the acquisition of the right to exercise activity as a broker, respectively as an investment consultant.

(4) Examinations for obtaining the right to exercise activity as a broker or an investment consultant shall be conducted at least once annually – in May.

(5) The Financial Supervision Commission shall announce the dates for conducting of the examinations in its official bulletin as well as by posting a notice at a place specifically designated for this purpose in the building of the Financial Supervision Commission. The last circumstance shall be certified by means of a record drawn up by officials, determined with an order by the chairman of the Financial Supervision Commission. Announcement of the dates for conducting of the examinations may also be made in the web site of the Financial Supervision Commission in Internet as well as in any other appropriate way.

Art. 12. (1) The results from the examination shall be laid out in a record with grades given in accordance with the rules of evaluation. The record shall be signed by all members of the examination commission. The grades shall be final and they shall not be subject to reconsideration.

(2) The results from the examination shall be made public in accordance with the procedure under Art. 11, para 5 within a term of 10 days after the date of holding the examination.

(3) Within a term of 5 business days after the announcement of the results under para 1 the persons, who have not passed the examination for obtaining the right to exercise activity as a broker, respectively as an investment consultant, may file with the Financial Supervision Commission a request to get acquainted with the results of the checking of their written work.

(4) The persons shall get acquainted with the results of the checking of their written work personally, in the presence of a member of the examination commission and an official, determined with an order by the chairman of the Financial Supervision Commission.

### Section III. Certificate. Register

Art. 13. (1) The certificate for the right to exercise activity as a broker, respectively as an investment consultant, shall contain:

1. the three names and the unified civil number of the person;
2. designation of the activity that the person has the right to exercise;
3. designation of the specialization in a specific area, if any;
4. signature of the chairman of the Financial Supervision Commission;
5. date of issuing and number of the certificate;
6. legal grounds for the issuance of the certificate.

(2) The certificate shall be issued on paper in accordance with a model form, approved by the Financial Supervision Commission.

(3) A duplicate of the certificate shall be issued by the Financial Supervision Commission upon an application by the interested person if the certificate has been stolen,

lost, damaged or destroyed. Upon receipt of the duplicate the person shall return the original of the certificate if it is at his disposal.

(4) The certificate shall be received against submission of a document, ascertaining the payment of the respective fee pursuant to the tariff – schedule to Art. 27, para 2 of FSCA.

Art. 14. (1) The Financial Supervision Commission shall keep the register under Art. 30, para 1, item 6 of FSCA for the natural persons, who under a contract immediately provide investment advice and execute transactions in securities.

(2) The persons who have obtained the right to exercise activity as a broker, respectively as an investment consultant shall be entered in the register under Art. 30, para 1, item 6 of FSCA as well, within a term of 7 days after the issuance of the certificate.

(3) The brokers shall notify the Financial Supervision Commission upon concluding a contract with an investment intermediary within a term of 7 days after the conclusion.

(4) The investment consultants shall notify the Financial Supervision Commission upon concluding a contract with investment intermediary, a management company and/or investment company within a term of 7 days after its conclusion.

(5) The brokers and the investment consultants shall notify the Financial Supervision Commission in case of termination of the contract under para 3, respectively para 4, within a term of 7 days after termination, specifying the grounds as well for termination.

(6) The Financial Supervision Commission shall enter officially the brokers and the investment consultants in the register under Art. 30, para 1, item 6 of FSCA within a term of 3 days after the notification under para 3 or 4.

(7) The Financial Supervision Commission shall delete officially the brokers and the investment consultants from the register under Art. 30, para 1, item 6 of FSCA within a term of 3 days after the notification under para 5.

Art. 15. (1) The persons having obtained the right to exercise activity as a broker, respectively an investment consultant, shall notify the Financial Supervision Commission about:

1. any change of their address registration;
2. any change in the circumstances having served as a ground for the issuance of the permission for exercising activity as a broker, respectively an investment consultant;
3. the occurrence of other circumstances subject to entry in the register under Art. 30, para 1, item 6 of FSCA pursuant to a specific ordinance, respectively any changes in these circumstances.

(2) The obligation under para 1 shall be fulfilled within a term of 7 days after becoming aware of the occurrence or the change in the circumstances, respectively taking of the decision by the competent body, and where the circumstance is subject to entry in the commercial register – from the entry.

(3) The notification shall be made in writing and the brokers and the investment consultants shall enclose the necessary data and ascertaining documents.

#### Chapter Four.

### FORFEITURE OF THE RIGHT TO EXERCISE ACTIVITY AS A BROKER OR AN INVESTMENT CONSULTANT

Art. 16. (1) The Financial Supervision Commission shall deprive with a decision a broker or an investment consultant of the right to exercise activity, where such person:

1. has presented incorrect data or documents with untrue content having served as a ground for admission to examination or for recognition of acquired qualification;

2. violates gravely or violates systematically LPOS and the acts of the secondary legislation for its implementation;

3. has ceased to meet the requirements with regard to the exercise of activity as a broker or an investment consultant;

4. has not exercised the activity for more than two consecutive years after the issuance of the certificate or the termination of the contract under Art. 14, para 3 and 4 and has not passed successfully the examination under para 3, unless during that period the person has performed activity, requiring knowledge in the field of the financial markets, corresponding to the knowledge that is required for the purpose of exercising activity as a broker, respectively an investment consultant;

5. has filed a written request for this with the Financial Supervision Commission.

(2) Before taking decision for the forfeiture of the right to exercise activity as a broker or an investment consultant under para 1, items 1 – 3 the Financial Supervision Commission shall provide to the person an opportunity to submit his written explanations and objections within a term of 3 days after receiving the letter from the Financial Supervision Commission, whereby the person has been notified with regard to the commencement of the procedure for the forfeiture of the right to exercise activity.

(3) Before forfeiting the right to exercise activity under para 1, item 4 the persons shall have right to sit an examination at the first fixed date for holding an examination for acquisition of the right to exercise activity as a broker, respectively an investment consultant, after the expiry of the two years.

(4) In the cases of forfeiture of the right to exercise the relevant activity the person may apply for obtaining the right to exercise activity as a broker or an investment consultant not earlier than 3 years after the decision under para 1, items 1 – 3 has become effective and not earlier than one year after the decision under para 1, items 4 and 5 has become effective.

(5) The decision under para 1 shall be reasoned in writing and may be appealed with regard to its lawfulness to the Supreme Administrative Court in accordance with the procedure under the Law on the Supreme Administrative Court.

Art. 17. (1) The broker or the investment consultant whose right to exercise activity has been divested, shall be officially deleted from the register under Art. 30, para 1, item 6 of FSCA. The notice regarding the deletion shall be published in the official bulletin of the Financial Supervision Commission. The broker or the investment consultant, as well as the persons under Art. 14, para 3 and 4, with whom they have concluded a contract, shall be notified immediately about the decision taken.

(2) The broker or the investment consultant shall be obliged to return the certificate to the Financial Supervision Commission within a term of 3 days after becoming aware of the forfeiture of the right to exercise activity. The Financial Supervision Commission shall inform in appropriate way the public about the forfeiture of the right to exercise activity.

## Chapter Five. ADMINISTRATIVE PENAL PROVISION

Art. 18. (1) The persons, who have violated the ordinance as well as the persons, who have tolerated the perpetration of such violations, shall be subject to punishment in accordance with Art. 221 of LPOS.

(2) The protocols for the establishment of the violations shall be drawn up by officials, authorized by the deputy chairman of the Financial Supervision Commission in charge of division “Supervision of the Investment Activity” and the penalty warrants shall be issued by the deputy chairman of the Financial Supervision Commission in charge of division “Supervision of the investment activity”.

(3) The establishment of the violations, the issuance, appeal and enforcement of penalty warrants shall be implemented in accordance with the procedure under the Law on the Administrative Violations and Penalties.

### Additional Provisions

§ 1. (1) The applications for admission to examination under Art. 4, para 1 and for recognition of acquired qualification under Art. 5, para 1 must be filled out in Bulgarian language.

(2) The documents, required in accordance with the procedure set out in the ordinance and which are issued in a language other than Bulgarian, must be translated into Bulgarian language and legalized in compliance with the effective legislation. Upon discrepancy between the texts, the data in the translation into Bulgarian language shall be deemed correct.

§ 2. The deputy chairman of the Financial Supervision Commission in charge of division “Supervision of the Investment Activity”, may issue model forms of declarations and other standardized documents in relation to the implementation of the ordinance.

### Transitional and Concluding Provisions

§ 3. The issued administrative acts for the implementation of the Ordinance on the requirements, which must be met by the natural persons, who under a contract immediately execute transactions in securities and provide investment advice with regard to securities, as well as the procedure for obtaining and forfeiting the right to exercise such activity (SG, issue 92 of 2000) and certificates for the right to perform activity as a broker or an investment consultant shall continue to be effective until this ordinance enters into force.



§ 4. The ordinance is adopted pursuant to §16, para 1 of the Transitional and Concluding Provisions in connection with Art. 61 of LPOS.

§ 5. The Financial Supervision Commission shall give instructions with regard to the enforcement of the ordinance.