

**ORDINANCE NO. 8 OF NOVEMBER 12, 2003 ON THE CENTRAL
DEPOSITORY OF SECURITIES**

*Approved by the Financial Supervision Commission with Decision № 08-H from 12
November, 2003*

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28 September 2004, issue 95 from 24 November, 2006*

**Chapter One
GENERAL PROVISIONS**

Art. 1. This ordinance shall regulate the structure and the activity of the Central Depository of Securities, called hereinafter "the Central Depository" as well as the state supervision over it.

Art. 2. (1) The Central Depository shall maintain the national registration system for dematerialized securities and perform:

1. registration of dematerialized securities and of transfers of dematerialized securities, as well as storing and maintaining of data about dematerialized securities by opening and keeping of accounts of their issuers and holders;

2. clearing and settlement of transactions in dematerialized securities, including keeping of cash accounts and effecting of payments in relation with such transactions;

3. administration of dematerialized securities, including keeping of a book of the holders of dematerialized securities, distribution of dividends, interests and other payments;

4. registration of special pledges on dematerialized securities;

5. blocking and unblocking of dematerialized securities;

6. providing other services, related to the activity under items 1 – 5, that are set out in its Rules.

(2) The Central Depository shall ensure the efficient functioning of the national registration system for dematerialized securities under conditions of reliability and security in effecting the transactions and storing of the information, as well as full transparency of the conditions for the provision of the services, offered by it.

Art. 3. (1) Dematerialized securities shall be:

1. the securities, issued by way of their registration at the Central Depository, without being materialized in a document (dematerialized securities);

2. the securities that have been issued as materialized, but the documents, materializing them have been withdrawn from turnover (immobilized securities); such securities shall be considered dematerialized securities from their registration at the Central Depository.

(2) The issuance and the disposal of dematerialized securities, including outside of the cases of public offering of securities, shall have effect from registration of the securities, respectively the transactions, at the Central Depository.

**Chapter Two
STRUCTURE OF THE CENTRAL DEPOSITORY**

**Section I
General Provisions**

Art. 4. (1) The Central Depository shall be a joint-stock company with one tier system of governance.

(2) The objects of activity of the Central Depository shall be regulated by the Law of Public Offering of Securities (LPOS) and by this ordinance.

(3) The Central Depository may not effect any other commercial transactions unless this is necessary for the performance of its activity.

Art. 5. (1) The Central Depository shall issue only registered shares of stock, each with the right of one vote.

(2) The Central Depository may not:

1. issue preferred shares of stock;
2. extend loans or secure receivables of third persons;
3. issue bonds;
4. obtain credits under conditions, less favourable than the market ones in the country.

Art. 6. (1) At least 3/4 of the capital of the Central Depository shall be held by the Ministry of Finance, the Bulgarian National Bank, banks and investment intermediaries. The equity stake of the Ministry of Finance and the Bulgarian National Bank cannot be less than 34 percent.

(2) A shareholder in the Central Depository cannot hold directly or through related persons more than 5 percent of its shares of stock.

(3) The restriction under para 2 shall not apply to the Ministry of Finance and the Bulgarian National Bank.

Art. 7. (1) The Central Depository shall not make profit and shall not distribute dividends.

(2) In case of excess of the revenues over the expenses for the current year, half of the surplus shall be deposited in the "Reserve" Fund under Art. 246 of the Commercial Act (CA) and the other half shall be transferred to a guarantee fund at the Central Depository for the compensation of damages, incurred in the process of performance of its activity.

(3) Apart from covering losses from the current or the previous year, the resources in the "Reserve" Fund of the Central Depository may also be used for covering expenses, related to its activity.

Art. 8. (1) The Central Depository cannot be terminated by way of resolution of the general meeting of the shareholders.

(2) No bankruptcy proceedings shall be initiated for the Central Depository.

Art. 9. The invitation under Art. 223, para 4 of CA for convening the general meeting of the shareholders of the Central Depository together with the written materials, related to the agenda of the general meeting, shall be sent to the deputy chairman of the Financial Supervision Commission, called hereinafter "the Commission", in charge of division "Supervision of the Investment Activity", called hereinafter "the deputy chairman", prior to their publication in State Gazette or prior to sending the invitations for the convening of the general meeting.

Art. 10. (1) The invitation under Art. 223, para 4 of CA can be published or sent if within a term of 14 days the deputy chairman does not initiate a procedure for the enforcement of an administrative coercive measure under Art. 212, para 1, item 1 of LPOS against the Central Depository.

(2) The exercise of the competencies of the deputy chairperson under para 1 shall be coordinated in advance with the Minister of Finance and the Bulgarian National Bank.

Section II. Management

Art. 11. (1) The Central Depository shall be managed by a board of directors.

(2) The board of directors of the Central Depository shall include at least one representative of the Ministry of Finance and of the Bulgarian National Bank.

(3) The members of the board of directors of the Central Depository, with the exclusion of those who are representatives of the Ministry of Finance and of the Bulgarian National Bank, must:

1. have permanent residence in the country, when they are authorized to represent the Central Depository;

2. have qualification and professional experience in the sphere of the activities, carried out by the Central Depository under Art. 2, para 1 as well as a higher education degree in the field of economics, law, finance, banking or informatics;

3. not be convicted for a wilful crime of general nature;

4. have not been members of a management or supervisory body or unlimited liability partners in a company, terminated due to bankruptcy in the case where unsatisfied creditors have remained;

5. have not been declared bankrupt and they must not be involved in pending bankruptcy proceedings;

6. be not related persons within the meaning of LPOS;

7. have not been deprived of the right to occupy positions involving financial responsibilities.

(4) The requirements under para 3 shall also apply to the natural persons, who represent legal persons – members of the board of directors of the Central Depository, as well as to other persons, authorized to manage and represent the Central Depository.

(5) Representatives of the Commission determined by the deputy chairperson may also attend the meetings of the board of directors of the Central Depository.

Art. 12. The board of directors shall:

1. adopt rules on the organization and the activity of the Central Depository;

2. admit and expel members of the Central Depository;

3. organize and control the payments under executed transactions;

4. impose sanctions on the members under conditions and in accordance with a procedure provided for in the Rules of the Central Depository;

5. exercise any other powers that are vested in it by virtue of the law, this ordinance, the Articles of Association and the Rules of the Central Depository;

6. approve decisions in relation to the exercising of its authorities.

Art. 13. With respect to cases left unregulated by the LPOS and this ordinance, the provisions of CA shall be applied.

Section III Membership in the Central Depository. Arbitration Court

Art. 14. (1) Members of the Central Depository may be:

1. investment intermediaries;

2. management companies;

3. banks;

4. stock exchanges and persons who organize unofficial securities markets;

5. foreign depository and clearing institutions.

(2) The investment companies shall have the rights and the obligations of members of the Central Depository insofar as their participation in the system of electronic data exchange is concerned.

(3) No member of the Central Depository may have any priority over the other members in the process of operation of the Central Depository.

Art. 15. The conditions and the procedure for the admission of new members and for their temporary suspension or final expulsion from the Central Depository, as well as the conditions and the procedure for the imposition of sanctions shall be provided for in the Rules of the Central Depository.

Art. 16. (1) An Arbitration Court shall be established at the Central Depository. The general meeting of the Central Depository shall adopt Rules of the Arbitration Court and elect its chairperson and vice chairperson.

(2) The Arbitration Court shall consider and resolve:

1. disputes between members of the Central Depository;
2. disputes between the Central Depository and its members.

(3) The refusal of the board of directors to admit a new member may be appealed before the Arbitration Court in compliance with its Rules. If the refusal is revoked, the candidate shall be considered admitted as a member from the date of the decision of the Arbitration Court.

(4) The members of the Central Depository shall sign a consent to refer the disputes under para 2 to the Arbitration Court for review.

Chapter Three. ACTIVITY OF THE CENTRAL DEPOSITORY

Section I General Provisions

Art. 17. (1) The Central Depository shall carry out its activity in compliance with the requirements of LPOS, of this ordinance and its Rules.

(2) The conditions and the procedure for provision of services, the requirements for keeping of registers, as well as the conditions and the procedure for disclosing information about the services, offered by the Central Depository and the fees, collected by it, shall be provided for in the Rules of the Central Depository.

(3) The Central Depository shall immediately notify its members and the bodies controlling it about the changes in the Rules and it shall publish them on its Internet site.

Art. 18. (1) While performing its activity the Central Depository shall establish connection with its members and the regulated securities markets by way of electronic data exchange. The Central Depository may establish connection with the issuers and third parties by way of electronic data exchange.

(2) The rules of the Central Depository shall provide for the conditions and the procedure for the establishment of electronic data exchange under para 1 as well as other routes for the exchange of data.

(3) The Central Depository shall maintain electronic connection with the System for Gross Settlement in Real Time (RINGS) for the transfer of applications for settlement in an electronic format, determined by the Bulgarian National Bank.

Art. 19. The Central Depository shall maintain electronic database for the purpose of carrying out its activity under Art. 2, para 1, which will allow it to keep, registers of:

1. each issuer of securities and the holders of securities;
2. securities;
3. the accounts of the holders of securities;
4. the transfers of securities and the transactions in securities;
5. the payments for transactions in securities.

Art. 20. (1) The names of the holders of dematerialized securities, as well as the names of the foreign investment intermediaries under Art. 74, para 9 of LPOS, having acquired securities in their own name but for the account of foreign persons, shall be entered in the registers of the Central Depository.

(2) The securities, registered in the Central Depository, shall be considered as securities of their holders with regard to the creditors of the Central Depository, the investment intermediaries, the trustees of securities and any other third parties.

Art. 21. (1) The Central Depository shall provide services only through its members, unless otherwise has been provided for in a law, in this ordinance or in the Rules of the Central Depository.

(2) Each holder of securities shall have right of access to the registers of the Central Depository through its member only with regard to the information, related to the securities, held by him, or to the transactions in securities, to which he is a party.

(3) (Cancelled – SG, iss. 95 in 2006).

(4) (Amend. – SG, iss. 95 in 2006) The Central Depository and its members cannot refuse the submission of information and the provision of the services under para 2.

Section II Registration of Securities

Art. 22. (1) The Central Depository shall open an account for securities of the issuer and accounts of the holders of securities for each registered issue of securities, giving equal rights.

(2) The number of securities from each registered issue of securities, giving equal rights, in the account for securities of the issuer must be equal to the total number of securities from this issue of securities, giving equal rights, entered in the accounts of their holders.

(3) Each registered issue of securities under para 1 shall be identified with its ISIN code and/or other unique code, attributed by the Central Depository.

Art. 23. (1) At least the following data shall be maintained in relation with the account of the issuer of securities:

1. number of the account;

2. data about the issuer:

a) trade name, seat, BULSTAT code and tax number;

b) registered office of the issuer;

c) name and position of the persons, who represent the issuer before the Central Depository;

3. data about the registered securities:

a) ISIN/ unique code;

b) number;

c) nominal value.

(2) In case the issuer is a foreign person, the requirements for identification shall be applied correspondingly.

(3) The Central Depository shall open separate accounts under para 1 for the securities of the issuer, registered with different unique code,

Art. 24. (1) At least the following data shall be maintained in connection with the account of the holder of securities:

1. number of the account;

2. data about the holder of the securities:

a) name (trade name), seat (for the legal persons);

b) EGN (Civil Identity Code) of a local natural person, respectively BULSTAT code and tax number of a local legal person;
c) address for correspondence;
3. data about the securities held:
a) ISIN/ unique code;
b) number;
c) nominal value;
4. data about the paid dividend;
5. index of the member of the Central Depository with which the holder of securities has opened a sub account.

(2) In case the holder of securities is a foreign person, the requirements for identification shall be applied correspondingly.

(3) The Central Depository shall keep separate accounts under para 1 for the securities with different unique code, held by one person.

(4) The Central Depository shall keep separate accounts under para 1 for the securities with identical unique code held by one person, but kept as sub accounts to the accounts of different members of the Central Depository.

Art. 25. (1) The Central Depository shall register an issue of dematerialized securities based on the data, submitted by the issuer. For the purpose of registration of the issue at the Central Depository, the issuer shall file an application in accordance with a model form. Enclosed with the application shall be:

1. certificate for the actual status of the issuer;
2. copy of BULSTAT and tax number;
3. certified copy of the Articles of Association of the issuer;
4. decision of the competent body of the issuer for the issuance of the securities;
5. data about the securities, including their number and nominal value;
6. certificate for the ISIN code of the securities issued by BNB;
7. list of the holders of the securities;
8. document for the fee collected for registration in accordance to the tariff for the fees of the Central Depository.

(2) The Rules of the Central Depository can provide for the enclosure of other documents in addition to those specified in para 1, to the application for registration of securities, as well as the requirements, which these documents must meet.

(3) On the basis of the submitted documents, the Central Depository shall decide to what extent the requirements for registration of securities are met. In the case where the submitted data and documents are incomplete, incorrect, or additional information or evidence for the accuracy of the data are necessary, the Central Depository shall send a notice with regard to the established incompleteness and discrepancies or the required additional information or documents.

(4) The Central Depository shall decide on the application within a term of 10 business days after receiving it, and when additional information or documents have been required – from receiving them.

(5) The applicant shall be notified in writing about the decision taken within a term of three days after the delivery of the decision by the Central Depository.

Art. 26. The Central Depository shall register materialized securities, including securities issued by foreign persons for the purpose of their public offering in the country, under the conditions and in accordance with the procedure under Art. 25 after immobilizing them in compliance with the Rules of the Central Depository.

Art. 27. (1) The Central Depository may refuse to register the securities if:

1. not all necessary data (documents) are available or they are not submitted in accordance with the due procedure;

2. the specified requisites are missing or the data under item 1 contained in the documents is not accurate or is controversial;

3. there are prohibitions or restrictions established by law or any other regulatory acts.

(2) In the cases under para 1, items 1 and 2, the Central Depository may refuse to register the securities only if the applicant has not removed the irregularities in compliance with the given instructions within the specified sufficient term.

(3) The refusal of the Central Depository to register the securities shall be reasoned in writing.

Art. 28. (1) The register of the shareholders of companies with dematerialized shares of stock as well as the register of the holders of other dematerialized securities shall represent an abstract from the register of the holders of securities of the Central Depository.

(2) The register of the holders of securities shall have the following minimum content:

1. the name (the trade name) and the address of the holder of the securities;

2. the number and the nominal value of the securities held;

3. the share of the securities, held by the person, in the total number of issued securities, giving equal rights.

(3) The Central Depository shall be obliged to submit the register of the holders of securities to the issuer on request by the person who represents it.

Art. 29. (1) The registration of securities in the Central Depository shall be certified by an act of registration and the ownership of dematerialized securities – by a depository receipt.

(2) The certification documents of para 1 shall contain at least the following data:

1. name of the document and of its issuer;

2. number of the document and date of issuing;

3. trade name of the issuer of the securities and seat;

4. ISIN code, number and nominal value of the registered, respectively held securities;

5. name of the holder of securities (for the depository receipt);

6. signature of the authorized person of the issuer of the document.

(3) The Central Depository shall issue and deliver through its members the depository receipts to the holders of the securities unless another procedure has been provided for in a regulatory act or in the Rules of the Central Depository.

Art. 30. In the case where a foreign investment intermediary under Art. 20, para 1 has acquired securities in its own name but for the account of its clients that are foreign persons, it shall issue depository receipts to its clients after the Central Depository has restricted the disposal of such securities in the country under conditions and in accordance with a procedure laid down in its Rules.

Art. 31. (1) The dematerialized securities shall be written off the registers of the Central Depository after their cancellation.

(2) The writing off the securities from the registers of the Central Depository shall be carried out under conditions and in accordance with a procedure laid down in its Rules.

Section III

Registration and Settlement of Transactions in Dematerialized Securities

Art. 32. (1) The transactions in dematerialized securities executed on a regulated securities market shall be registered by the Central Depository based on the data, submitted by the regulated market.

(2) Transactions in dematerialized securities executed outside of a regulated securities market, shall be registered by the Central Depository on the basis of the data, submitted by the investment intermediary – member of the Central Depository, acting as a registration agent, according to Chapter Four of Ordinance No. 1 on the requirements for the activity of the investment intermediaries, adopted by the Commission with a decision No. 01-H of September 15, 2003 (SG issue 90 in 2003).

Art. 33. (1) The Central Depository shall register transactions in dematerialized securities upon effecting their settlement. The Central Depository shall register transfers of dematerialized securities when this has been provided for in a regulatory act or in the Rules of the Central Depository.

(2) The Central Depository may refuse to register a transaction in securities under the conditions of Art. 27 as well as in the case where:

1. the available funds in the securities account of the transferor or in the payment account of the acquirer are insufficient for the execution of the transaction within the term for settlement, provided for in the Rules of the Central Depository;

2. there are discrepancies in the information, submitted by the transferor and the acquirer;

3. there are other cases, provided for in the Rules of the Central Depository.

(3) The Central Depository shall immediately notify its members, participating in the transaction, about the refusal of registration and the grounds for the refusal.

Art. 34. (1) The Central Depository shall issue to its members, participating in the transaction, an act for registration of transaction in dematerialized securities with a minimum content, determined in the Rules of the Central Depository.

(2) The members of the Central Depository, participating in the transaction, may issue to their clients upon their request a written certificate for the effected registration on the basis of the act under para 1.

(3) In case of discrepancy in the data, contained in the act for registration of a transaction in dematerialized securities and the written certificate the data in the act for registration shall be considered the correct one.

(4) On request by the holder of securities, the Central Depository shall issue a depository receipt for the securities held by it through a member of the Central Depository, with minimum content according to Art. 29, para 2.

Section IV Management of the Settlement Risk

Art. 35. (1) The acquisition of securities on a regulated market by bona fide person shall be valid, regardless of whether the transferor is their owner.

(2) The settlement of the transactions in securities under para 1, concluded and accepted for execution shall be carried out in accordance with Rules of the Central Depository, regardless of any disputes and presented claims. The compensations for damages shall be settled in accordance with the commercial and the civil legislation.

Art. 36. The Central Depository together with the stock exchange can participate in the system for guaranteeing of the transactions in securities, concluded on the regulated market, including by the establishment of a guarantee fund.

Section V Payment of Dividends, Interest, Principals and Other Payments (title Amended SG, issue 85 in 2004)

Art. 37. (New – SG, issue 85 in 2004) The Central Depository shall organize the effecting of payment of dividends, interests, principals and other payments through the System for gross settlement in real time at the Bulgarian National Bank.

Art. 37a. (Prev. Art. 37, am. SG, issue 85 in 2004) (1) (Am. SG, issue 85 in 2004) Upon receiving a notification by a public company under Art. 115b, para 2 of LPOS about the distribution of cash dividends the Central Depository shall calculate the amount of the due dividend after deduction of the due tax of the company for each shareholder, as well as the total sum of the due dividend to the trustees for the shares of stock in their own securities accounts and in the securities accounts of their clients.

(2) (Cancelled – SG, issue 85 in 2004)

(3) (Am. - SG, iss. 85 in 2004) Within a term of 5 business days after the expiry of the term under Art. 115b, para 1 of LPOS the public company shall have right upon request to receive from the Central Depository the information under para 1.

(4) (New – SG, issue 85 in 2004) Upon receiving an application for distribution of interest and principals pursuant to a contract concluded with a public company or issuer of debt securities the Central Depository shall calculate the amount of the due interests and principal for each bondholder, as well as the total sum of the due interest and principal of the trustees for the bonds in their own accounts and in the securities accounts of their clients. The application shall specify the date by which the bondholders entitled to receive payment are determined.

(5) (New – SG, issue 85 in 2004) Within a term of 5 business days after the date, by which the bondholders are determined, the public company or the issuer of debt securities shall be entitled upon request to receive from the Central Depository the information under para 3.

(6) (New – SG, issue 85 in 2004) The public company or the issuer of debt securities shall specify in the notification, respectively in the application, the initial date for the payment of dividends, respectively of interests or principals.

(7) (New – SG, issue 85 in 2004) The Central Depository shall effect other payments as well through the System for Gross Settlement in Real Time at the Bulgarian National Bank, including pursuant to a contract as well with a regulated market for the collection of fees for services, commissions, interest for overdue liabilities and financial sanctions.

Art. 38. (1) (Am. - SG, iss. 85 in 2004) The public company and the issuer of debt securities shall pay dividend, interests and principal through the Central Depository based on calculations made in accordance with the procedure under Art. 37a.

(2) (Cancelled – SG, iss. 85 in 2004)

(3) (Am. - SG, iss. 85 in 2004) The public company, respectively the issuer of debt securities, shall transfer to account of the Central Depository the total amount of the dividend, the interests or the principal after deduction of the due taxes within a term of 4 business days before the initial date for their payment.

(4) (Am. SG, iss. 85 in 2004) The cash dividend for the shares of stock, which are not kept in clients' accounts with a trustee, shall be paid in accordance with a contract, concluded between the Central Depository and the public company or the issuer of securities.

(5) (Am. - SG, iss. 85 in 2004) The expenses for the payment of the dividend, the interests or the principal shall be for the account of the person under para 1.

Art. 38a. (New – SG, iss. 85 in 2004) (1) The Central Depository shall distribute the dividends, the interests and the principals to account of the trustees and in the cases where the securities, in connection with which payments are made, are not kept in an account of the trustees – pursuant to the contract, concluded between the Central Depository and the public company or the issuer of securities.

(2) The Central Depository shall distribute the payments under para 1 to the account of the trustees on the following business day after receiving of the total amount of the dividend, the interest or the principal.

Art. 39. (1) (Am. - SG, iss. 85 in 2004) The trustees shall be obliged within a term of 3 business days after receiving the sums under Art. 38a to transfer the total amount of the dividend, the interest or the principal, due to their clients, to a bank account for safe keeping of the cash funds of clients.

(2) (New – SG, issue 85 in 2004) Within a term of 3 business days after the transfer of the amounts under para 1 the trustees shall send to their clients a written notice about the effected payments by means of a registered letter or in another manner, certifying the receipt.

(3) (Prev. (2), amend. SG, issue 85 in 2004) The notice under para 2 shall contain at least the following information:

1. name (trade name) and address of the client;
2. (Am. - SG, issue 85 in 2004) the name of the issuer of shares of stock and the data about the securities, for which payment is effected;
3. (Am. - SG, issue 85 in 2004) the type and the amount of the payment;
4. (Am. - SG, issue 85 in 2004) the date on which the trustee has received the payment;
5. (Am. - SG, issue 85 in 2004) information about the rights and the obligations of the trustee with regard to the received payment pursuant to the contract, signed with the client.

Section VI

Means for Ensuring the Reliable Operation of the Central Depository.

Professional secret

Art. 40. (1) The Central Depository must have qualified staff, material, hardware and software, necessary for the secure and efficient performance of its activity.

(2) The Rules of the Central Depository shall regulate the organization and the functioning of efficient internal control over its activity.

Art. 41. (1) The Central Depository shall maintain a permanent archive of all data, including wrong and corrected entries.

(2) The Central Depository shall maintain at the Bulgarian National Bank a duplicate of the data base under para 1 and it shall update it at least once daily.

Art. 42. (1) The system for registration of securities in the Central Depository must meet the following requirements:

1. keeping all registration entries in a chronological order;
2. attribution of consecutive registration numbers to the entries;
3. storing of data about the accounts of the issuers and the holders of securities;
4. in case of failure of the equipment, damage to the premises or the basic database of the Central Depository capacity for timely return to its normal activity;
5. maintaining of accounting system and classification of documents;
6. timely and accurate processing of the orders of the members of the Central Depository in relation with the provision of the services under Art. 2, para 1;
7. maintenance of database for the entire correspondence and storing of all orders, inquiries and answers in relation with the activity of the Central Depository.

(2) The Central Depository shall adopt operational instructions, ensuring observing of the requirements of para 1.

Art. 43. (1) The members of the board of directors of the Central Depository, its employees and all other persons, working for the Central Depository, shall not have the right to disclose, unless authorized to do so, nor shall be entitled to use for their own advantage or

for the advantage of any third parties, any facts and circumstances, referring to the available funds (balances) and the operations in the securities accounts in the Central Depository, of which they have become aware in the course of performing their official and professional duties.

(2) The persons under para 1 shall, upon taking up a position or starting activity in the Central Depository, sign a declaration for observation of the secret under para 1.

(3) The provision of para 1 shall also apply to the cases where the specified persons are not on service or their activity has been terminated.

(4) The Central Depository may give data about the available funds (balances) and the operations in the securities accounts kept by it, in addition to the deputy chairperson for the purpose of exercising control, only:

1. with the consent of the members of the Central Depository and their clients;
2. upon decision by the court, issued under the conditions and in accordance with the procedure under Art. 71, para 6 and 7 of LPOS.

Section III Guarantee Fund for Damages

Art. 44. (1) The Central Depository shall not be responsible for damage, related to the activity carried out by it, caused as result of incomplete, untrue or imprecise information, submitted by its member or issuer of securities.

(2) The Central Depository shall be responsible for damage, caused to issuers and holders of securities as a result of blameworthy activities or omissions on the part of its employees, as well as for damage, caused in the event of the loss of data with regard to dematerialized securities.

(3) The Central Depository shall not be a party in the legal relations between the members of the Central Depository and their clients or third parties; issuers and their shareholders or third parties; authorized bodies and third parties.

(4) The Central Depository shall not bear responsibility for the truth of the data, received by members of the Central Depository, issuers and other authorized bodies and persons, as well as for the lawfulness of the activities of the persons under para 3, related to making entries in the registers of the Central Depository.

Art. 45. (1) A Guarantee Fund shall be established at the Central Depository for the compensation of damages under Art. 44, para 2, incurred in the course of the activity performed by the Central Depository.

(2) Each member of the Central Depository shall be obliged to make an entry contribution as well as to make an annual contribution in the amount set forth in the Rules of the Central Depository.

(3) The sources for the collection of moneys for the fund shall also be:

1. one half of the excess of the revenues over the expenses of the Central Depository;
2. loans, grants, foreign support etc.

(4) The Rules of the Central Depository shall regulate the conditions and the procedure for the management of the Guarantee Fund and for the payment of compensations by it.

Art. 46. (1) In the case of discovery of data about incorrect entries in the registers of the Central Depository as well as upon request by its member or issuer the Central Depository shall make an immediate inspection.

(2) The Central Depository may require from its members, the regulated market and the issuer of the securities the necessary documents and information in the course of the inspection.

(3) In case that in the course of the inspection it is established that an incorrect entry has been made, the Central Depository shall correct it immediately and shall notify the affected persons.

(4) The Central Depository shall correct the data in its registers also in the cases where that has been ordered by a competent judiciary body whose ruling has become effective.

Chapter Four **SUPERVISION OF THE ACTIVITY OF THE CENTRAL DEPOSITORY**

Art. 47. The deputy chairperson, the Minister of Finance and the Bulgarian National Bank shall exercise control over the activity of the Central Depository.

Art. 48. (1) The Central Depository shall submit to the bodies under Art. 47 an annual report not later than March 31 of the following year, as well as a six months report not later than August 31 of the current year.

(2) The reports under para 1 shall contain information about the activity of the Central Depository, the members of the board of directors, its shareholders, the members of the Central Depository as well as a financial statement according to para 1 of the Accountancy Act, audited by a registered auditor.

(3) The reports shall be compiled according to a model form, approved by the Minister of Finance, the Bulgarian National Bank and the deputy chairperson.

(4) The Central Depository shall be obliged upon request to submit to the deputy chairperson, the Minister of Finance and the Bulgarian National Bank any other data and documents, related to its activity.

Art. 49. The deputy chairperson, the Minister of Finance and the Bulgarian National Bank shall implement on-site inspections.

Chapter five **(New – SG, issue 95 in 2006)** **ADMINISTRATIVE SANCTIONS PROVISIONS**

Art.50 (New - SG, issue 95 in 2006) (1) The persons, who have committed offences of this Ordinance, as well as the persons, who have admitted such offences, shall be subject to penalty pursuant to art.221, para 1 of LPOS.

(2) The acts for the established offences of the Ordinance shall be drawn up by officials authorized from the deputy chairperson, and the deputy chairperson shall issue the penal warrants.

(3) The establishment of such committed breaches, the issuance, the appeal and the execution of the penalty provisions shall be subject to the Administrative Violations and Sanctions Act

ADDITIONAL PROVISIONS

§ 1. "Immobilization of materialized securities" within the meaning of the ordinance is the withdrawal from turnover of the documents, materializing them, and their storing under the control of the Central Depository.

§ 1a. (New – SG, issue 85 in 2004) "Other payments" within the meaning of the ordinance are:

1. fees for services;
2. commissions;
3. interests for overdue liabilities;
4. financial sanctions;
5. payments with initial public offering (IPO);

6. payments related to corporate and transfer transactions with corporate securities and other intangible assets;

§ 2. The provisions of this ordinance shall apply accordingly to compensatory instruments, investment vouchers, as well as all to other financial instruments, registered in the Central Depository.

§ 3. The provisions of the ordinance shall apply accordingly to the members of the Central Depository in the case where they act in their capacity of registration agents.

Transitional and Concluding Provisions

§ 4. This ordinance is issued pursuant to §16, para 1 of the Transitional and Final Provisions in relation to Art. 140 and 115b, para 6 of LPOS and it was adopted by the Financial Supervision Commission with a Decision No 08-H of November 12, 2003.

§ 5. The Financial Supervision Commission shall issue instructions for the enforcement of the ordinance.