Special Purpose Investment Companies and Securitisation Companies Act

Promulgated, SG No. 21/12.03.2021, amended, SG No. 25/29.03.2022, effective 8.07.2022, amended and supplemented, SG No. 51/1.07.2022

Text in Bulgarian: Закон за дружествата със специална инвестиционна цел и за дружествата за секюритизация

TITLE ONE
GENERAL PROVISIONS

Subject Matter

Article 1. This Act shall regulate:

1. the incorporation, licensing, activities, reorganisation and dissolution of special investment purpose companies;

2. the incorporation, licensing, activities, reorganisation and dissolution of securitisation special purpose entities;

3. the activities of originators, original lenders and sponsors in securitisations within the meaning given by Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No. 1060/2009 and (EU) No. 648/2012 (OJ L 347/35 of 28 December 2017), hereinafter referred to as "Regulation (EU) 2017/2402";

4. the activities of agents verifying compliance with the simple, transparent and standardised securitisations requirements, hereinafter referred to as "STS compliance verification agents";

5. the State supervision to ensure compliance with this Act.

Purpose

Article 2. The purpose of this Act shall be:

1. to create conditions for the pursuit of investment in real estate and in debt claims, as well as for the development of the market for simple, transparent and standardised (STS) securitisations within the meaning given by Regulation (EU) 2017/2402;

2. to ensure protection of the interests of investors in special purpose investment companies and in securitisation companies.

Regulation and Supervision

Article 3. (1) The activities and the persons under Title Two herein shall be regulated and supervised by the Financial Supervision Commission, hereinafter referred to as "the "Commission, and by the Deputy Chair of the Commission in charge of the Supervision of Investment Activities Division, hereinafter referred to as "the Deputy Chair".

(2) (Amended, SG No. 51/2022) The activities and persons under Title Three herein shall be regulated and supervised by the Commission and by the deputy chairs in charge of the respective area of supervision, with the exception of the cases under Item 6 of Article 1 (2) of the Credit Institutions Act.

(3) (Amended, SG No. 51/2022) The Commission shall exercise the powers of a competent

authority within the meaning of Article 29 of the Regulation 2017/2402, except for the cases in which the responsible deputy chairpersons determined under Paragraphs 4 - 6 exercise the powers of a competent authority.

(4) Regarding compliance with the requirements of Articles 5 to 9 of Regulation (EU) 2017/2402 and the delegated acts for the implementation thereof by the supervised persons, the deputy chair in charge of the respective area of supervision shall be designated as follows:

1. for insurers and reinsurers under the Insurance Code: the Deputy Chair of the Commission in charge of the Insurance Supervision Division;

2. for investment intermediaries under the Markets in Financial Instruments Act, for management companies and for alternative investment fund managers, with regard to the undertakings for collective investments under the Collective Investment Schemes and Other Undertakings for Collective Investments Act managed thereby: the Deputy Chair of the Commission in charge of the Supervision of Investment Activities Division;

3. for supplementary retirement insurance companies managing a supplementary retirement insurance fund under occupational schemes under the Social Insurance Code: the Deputy Chair of the Commission in charge of the Social Insurance Supervision Division.

(5) Regarding compliance with the requirements of Articles 5 to 9 of Regulation (EU) 2017/2402 and the delegated acts for the implementation thereof which are not supervised by the Commission and the Bulgarian National Bank, the deputy chair in charge of the respective area of supervision shall be the Deputy Chair of the Commission in charge of the Supervision of Investment Activities Division.

(6) Regarding compliance with the requirements of Articles 18 to 28 of Regulation (EU) 2017/2402 and the delegated acts for the implementation thereof by the supervised persons, the deputy chair in charge of the respective area of supervision shall be the Deputy Chair of the Commission in charge of the Supervision of Investment Activities Division.

(7) The deputy chair in charge of the respective area of supervision, as designated according to Paragraphs (4) to (6), shall be the addressee of the provision of information and all notifications to the competent authority on compliance with the requirements of Regulation (EU) 2017/2402 and the delegated acts for the implementation thereof.

TITLE TWO
SPECIAL INVESTMENT PURPOSE COMPANIES

Chapter One
GENERAL PROVISIONS

Definition

Article 4. (1) A special investment purpose company shall be a joint-stock company which, under the terms and according to the procedure established by this Act, invests the funds raised by the issue of securities in real estate or in debt claims.

(2) The business name of a special investment purpose company shall include the indication "special investment purpose joint-stock company" or the abbreviation "ADSIC".

(3) Any person which does comply with the requirements of this Title may not include in the business name thereof the indication "special investment purpose joint-stock company" or the abbreviation "ADSIC".

Objects

Article 5. (1) A special investment purpose company may carry out the following activities:

1. raising funds by the issue of securities;

2. purchasing real estate and rights in rem to real estate, performing construction works and improvements for the purpose of making any such estate available for management, letting, lease or tenancy and selling such estate, or purchasing and selling debt claims.

(2) A special investment purpose company may not carry out any activities other than those referred to in Paragraph (1) and the activities directly related to the implementation thereof, unless such activities are permitted by this Act.

(3) A special investment purpose company may invest either in real estate only or in debt claims only.

(4) A special investment purpose company may not acquire any real estate or debt claims which are subject to legal dispute.

(5) The real estate which is acquired by a special investment purpose company must be situated in the territory of the Republic of Bulgaria or in the territory of another Member State.

(6) The debt claims which are acquired by a special investment purpose company must:

1. be on residents;

2. not be subject to enforcement.

(7) By the end of each quarter, at least 70 per cent of the assets of a special investment purpose company investing in real estate must be generated by the activity referred to in Item 2 of Paragraph (1).

(8) When funds are raised under Item 1 of Paragraph (1), the company shall bring the assets thereof into conformity with the requirement of Paragraph (7) within six months of the recording of the issue of securities in the Central Register of Securities.

(9) At least 70 per cent of the gross income for the relevant financial year of a special investment purpose company investing in real estate must be generated by the activity referred to in Item 2 of Paragraph (1).

(10) A special investment company investing in real estate shall bring the activities thereof into conformity with the requirements referred to in Paragraphs (7) and (9) within two years of the issue of a licence referred to in Article 11 herein.

Chapter Two

INCORPORATION, LICENSING AND MANAGEMENT OF SPECIAL INVESTMENT PURPOSE COMPANY

Incorporation

Article 6. (1) A special investment purpose company shall be incorporated according to the procedure established by Article 163 of the Commerce Act. The number of founders shall be limited to 50 persons.

(2) Upon the incorporation of a special investment purpose company, the statutory meeting shall mandatorily resolve on an initial increase in the capital of the company by the same class of shares as the ones subscribed at the statutory meeting as from the moment when the company is issued a licence under Article 11 herein. The said increase shall amount to not less than 30 per cent of the capital of the company.

(3) A special investment purpose company shall notify the Commission of the recording thereof in the Commercial Register within seven days of the said recording.

Capital and Shares

Article 7. (1) Initial capital of not less than BGN 500,000 must be at the disposal of a special investment purpose company.

(2) A special investment purpose company must hold own capital which is at least equal to the amount referred to in Paragraph (1).

(3) The capital subscribed at the statutory meeting must be fully paid in by the time of submission of the application for recording of the special investment purpose company in the Commercial Register.

(4) Only cash contributions may be made to the capital of a special investment purpose company.

(5) The shares of a special investment purpose company shall be dematerialised. Sentence two of Article 185 (2) of the Commerce Act shall not apply.

(6) A special investment purpose company may not issue preference shares entitling the holder to more than one vote.

(7) The capital of a special investment purpose company may not be reduced by compulsory withdrawal of shares.

(8) A capital increase under Article 197 of the Commerce Act shall be inadmissible.

Raising Funds

Article 8. The funds raised by the issue of securities shall be credited by the persons who have purchased the securities to a dedicated bank account opened by the special investment purpose company.

Articles of Association and Rules

Article 9. (1) In addition to the particulars provided for in Item 1, Item 3 (regarding the amount of capital and the nominal value per share), Items 4 and 8 to 10 of Article 165 of the Commerce Act, the articles of association of a special investment purpose company must also indicate:

1. the objects and the time period for which the company is established;

2. the type of assets in which the company will invest;

3. the investment objectives of the company or, respectively, the intentions of the company to participate in the incorporation of, or in the acquisition of units or shares in, any specialised companies under Article 28 (1) herein;

4. restrictions on the type of real estate in which the company may invest or, respectively, on the type of debt claims and the collateralisation thereof, if required;

5. the maximum amount of the annual management costs of the company, explicitly stating the maximum amount of the costs of remuneration of the outsourcees under Article 27 (3) herein, where applicable;

6. information about the other Member States in which the company intends to acquire real estate, where applicable.

(2) The maximum amounts of the costs referred to in Item 5 of Paragraph (1) shall be

defined in proportion to the carrying amount of the assets of the special investment purpose company.

(3) The shareholders' general meeting of a special investment purpose company shall adopt risk management rules in case the company participates in the incorporation of, or in the acquisition of units or shares in, one or more specialised companies under Article 28 (1) herein.

Management

Article 10. (1) A special investment purpose company shall be managed and represented by a board of directors.

(2) The members of the board of directors of a special investment purpose company, as well as the managerial agents of any such company, must have a higher education and must not:

1. have been convicted of an intentional publicly prosecutable offence;

2. have been declared bankrupt as a sole trader or as a general partner in a commercial corporation and not be the subject of bankruptcy proceedings;

3. have been members of a management body or supervisory body of a corporation or a cooperative dissolved by reason of bankruptcy during the last two years preceding the date of the judgment declaring the bankruptcy, if there are any unsatisfied creditors;

4. have been disqualified from holding a position of property accountability;

5. be spouses or lineal or correlative relatives up to third degree of consanguinity inclusive between themselves or to a member of a management body or supervisory body of an outsourcee under Article 27 (4) herein, where applicable.

(3) The members of the board of directors of a special investment purpose company and the managerial agents of any such company must be persons of good repute, possessing the requisite knowledge and skills, qualifications and minimum professional experience relevant to the activities carried out by the company.

(4) The requirements referred to in Paragraphs (2) and (3) shall furthermore apply to the natural persons who represent legal persons that are members of the board of directors of the special investment purpose company.

(5) The circumstances referred to in Item 1 of Paragraph (2) shall be certified by a conviction status certificate. Where the State whose nationality the person holds does not issue a conviction status certificate, the said certificate may be substituted by a similar document proving compliance with that requirement, which has been issued by a competent judicial or administrative authority in that State or in the Republic of Bulgaria.

(6) A declaration signed by the person concerned under Paragraph (2) or (4) shall be presented in order to establish the circumstances referred to in Items 2 to 5 of Paragraph (2).

(7) The following shall be presented in order to establish the circumstances referred to in Paragraph (3) with regard to the persons under Paragraphs (2) and (4):

1. a curriculum vitae;

2. a copy of a diploma of higher education attained in the Republic of Bulgaria or, respectively, a copy of a diploma of higher education attained at a higher school outside the Republic of Bulgaria, accompanied by a legalised translation of the diploma;

3. other relevant documents, including references.

Licensing

Article 11. (1) Any special investment purpose company shall be obliged, not later than six

months after the date of recording thereof in the Commercial Register, to submit to the Commission an application for a special investment purpose company licence completed in a standard form determined by the Commission, which shall be accompanied by:

1. the articles of association;

2. the prospectus for a compulsory capital increase by an offer of shares to the public under Article 6 (2) herein and for admission of the said shares to trading on a regulated market;

3. the documents certifying compliance with the requirements of Article 10 (2) to (4) herein; the circumstances under Item 1 of Article 10 (2) herein applicable to Bulgarian citizens shall be established ex officio by the Commission;

4. the contract with the depository bank;

5. a list of the names or business names and the particulars of the persons holding, either directly or through related parties, 5 per cent or more than 5 per cent of the voting shares; declarations in writing on the source of the funds whereby the contributions for the subscribed shares have been made, including on whether the said funds are borrowed, and on the taxes paid thereby during the last five years, completed in a standard form approved by the Deputy Chair;

6. the risk management rules, in case the company participates in the incorporation of, or in the acquisition of units or shares in, one or more specialised companies under Article 28 (1) herein;

7. proof that the necessary organisation and resources for carrying out the activities that will not be outsourced under Article 27 herein are available to the company;

8. an outsourcing contract under Article 27 (4) herein and proof that the necessary organisation, resources and experience are available to the outsourcees concerned;

9. in the cases referred to in Article 27 herein, information regarding the existence of contracts concluded by the outsourcees under Article 27 (4) herein with other special investment purpose companies;

10. any other data and documents as may be specified by an ordinance.

(2) Where the data and documents as submitted are incomplete or additional information or proof of the correctness of the data is necessary, the Deputy Chair shall send a communication to the company and shall set a time limit for rectifying the deficiencies and non-conformities as ascertained or for providing additional information and documents, which may not be shorter than ten working days.

(3) If the communication referred to in Paragraph (2) is not accepted at the correspondence address named by the applicant, the time limit for the submission thereof shall run from the time when the communication is made publicly available on the website of the Commission. The making of the communication publicly available shall be certified by a memorandum drawn up by officials designated by an order of the Deputy Chair.

(4) Acting on a proposal by the Deputy Chair, the Commission shall respond to the application by issuing a licence under Paragraph (1) and approving the prospectus or, respectively, by refusing to issue a licence under Paragraph (1), within one month of receipt of the application, and where additional information and documents have been requested, within 15 days of receipt of the said information and documents or, respectively, of the expiry of the time limit referred to in Paragraph (2). On a single occasion, the Commission may require the rectification of non-conformities and/or the provision of additional information.

(5) Acting on a proposal by the Deputy Chair, the Commission shall refuse to issue a licence under Paragraph (1) if:

1. the prospectus referred to in Item 2 of Paragraph (1), the depository bank or the contract referred to in Item 4 of Paragraph (1) do not comply with the requirements of Regulation (EU)

2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168/12 of 30 June 2017), hereinafter referred to as "Regulation (EU) 2017/1129", of this Act, of the Public Offering of Securities Act, of the Collective Investment Schemes and Other Undertakings for Collective Investments Act, or of the instruments for the application thereof;

2. the outsourcees referred to in Article 27 (4) herein do not comply with the requirements of this Act, where applicable;

3. the persons holding, either directly or through related parties, 5 per cent or more than 5 per cent of the voting shares or who can control the company by the activities thereof or may harm the activities of the company by the influence thereof on decision-making;

4. the company does not comply with the minimum capital requirements;

5. the persons referred to in Article 10 (2) and (4) herein do not comply with the requirements of Article 10 (2) and (4) herein;

6. the data submitted do not prove that the necessary organisation and resources for carrying out the activities that will not be outsourced under Article 27 herein are available;

7. the applicant has submitted untrue data or documents making a false statement;

8. the interests of investors are otherwise jeopardised.

(6) The refusal of the Commission under Paragraph (5) shall be reasoned in writing.

Prospectus

Article 12. (1) The prospectus for an offer of securities to the public and for admission of the said securities for trading on a regulated market shall be drawn up and published according to the requirements of Regulation (EU) 2017/1129, the Public Offering of Securities Act and the instruments for the application there, and shall furthermore contain:

1. data about the investment objectives and the limitations on investment policy;

2. a description of the criteria to be met by the real estate or, respectively, by the debt claims in which the company will invest, as well as the characteristics of the real estate or, respectively, debt claims acquired;

3. data about the other sources of funding if envisaged;

4. the maximum level of the envisaged debt to equity ratio;

5. details of the depository bank;

6. data about the necessary organisation and resources for carrying out the activities that will not be outsourced under Article 27 herein;

7. the maximum amounts of the costs referred to in Item 5 of Article 9 (1) herein;

8. data about the additional investments and costs required for the commissioning of the assets;

9. the maximum amount of the assets that can be invested in specialised companies under Article 28 (1) herein;

10. information about the other Member States in which the company intends to acquire real estate, where applicable;

11. any other data and documents as may be specified by an ordinance.

(2) The members of the board of directors of a special investment purpose company, the managerial agent of any such company, as well as the guarantor, shall incur solidary liability for any detriment inflicted by untrue, misleading or incomplete data contained in the prospectus. The persons referred to in Article 18 of the Accountancy Act shall incur solidary liability with the

persons referred to in sentence one for any detriment inflicted by untrue, misleading or incomplete data in the financial statements of the special investment purpose company. Where the prospectus includes any information from audited financial statements, the registered auditor shall be liable for any detriment inflicted by the financial statements audited thereby.

Initial Capital Increase

Article 13. (1) An initial increase in the capital of a special investment purpose company shall be effected only on the basis of a prospectus under Article 12 herein approved by the Commission.

(2) Rights within the meaning given by Item 3 of § 1 of the Supplementary Provisions of the Public Offering of Securities Act shall be issued upon an initial capital increase. One right shall be issued for each share of the increase.

(3) The initial capital increase shall be serviced by an investment intermediary whereof the capital is not less than the capital provided for in Article 10 (2) of the Markets in Financial Instruments Act. The entire rights issue under Paragraph (2) shall be offered by the investment intermediary for trading on a regulated market. Article 194 of the Commerce Act shall not apply upon the initial capital increase.

(4) The special investment purpose company shall send a notification to the regulated market whereon the shares thereof will be offered. The said notification shall state the initial date as from which the offer of the rights will commence, the timeframe of the said offer, and information regarding the number and the nominal value and the issue price of the shares to be subscribed.

(5) The notification referred to in Paragraph (4) shall be sent not later than 30 working days from the issue date of a licence under Article 11 herein.

(6) The regulated market shall be obliged to list the rights referred to in Paragraph (2).

(7) The period for the subscription of shares under Paragraph (1) may not be less than 30 days. The earliest date for the subscription of shares shall be identical with the earliest date for transfer of the rights. The latest date for the subscription of shares shall be at least five working days after the latest date for transfer of the rights.

(8) The initial capital increase shall be effected up to the amount of the subscribed shares.

Change of Business Name and Objects upon Non-issue of Licence

Article 14. (1) The Commission shall send the Registry Agency the refusal to issue a licence that has entered into effect.

(2) If the Commission does not receive an application under Article 11 (1) herein within six months of receipt of the notification under Article 6 (3) herein, the Commission shall notify the Registry Agency of this.

(3) In the cases referred to in Paragraph (1) or, respectively, Paragraph (2), the Registry Agency shall ex officio remove from the register the objects of the corporation as a special investment purpose company and shall record a change in the business name of the corporation, replacing the indication "special investment purpose joint-stock company" and, respectively, the abbreviation "ADSIC", by "joint-stock company" and, respectively "AD".

Change in Structure and Management. Replacement of Depository Bank; Changes in Risk Management Rules

Article 15. (1) Any change in the articles of association or in the persons referred to in Article 10 (2) and (4) herein shall require advance approval from the Commission.

(2) Any replacement of the depository bank shall require advance approval from the Commission.

(3) Any changes in the rules referred to in Article 9 (3) herein shall require advance approval from the Commission.

(4) The special investment purpose company shall submit an application to the Commission for approval under Paragraphs (1) to (3), which shall be accompanied by data and documents specified by an ordinance.

(5) Acting on a proposal by the Deputy Chair, the Commission shall respond to the application by issuing or refusing to issue an approval under Paragraphs (1) to (3) within seven working days of receipt of the application together with the accompanying material, and where additional information and documents have been requested, within seven working days of receipt of the said information and documents or, respectively, of the expiry of the time limit for the provision thereof. The Commission shall refuse to issue an approval if the requirements of the law or of the instruments for the application thereof are not complied with. Article 11 (2) and (3) herein shall apply mutatis mutandis.

(6) The change in the articles of association or in the persons referred to in Article 10 (2) and (4) herein shall be recorded in the Commercial Register following submission of the approval from the Commission. The requirement under sentence one to submit an approval shall be waived upon a capital increase after an approved prospectus and a successful completion of an increase in the capital of the special investment purpose company, where the amount of the capital and the number of shares are the only changes in the articles of association.

Delicensing

Article 16. Acting on a proposal by the Deputy Chair, the Commission may withdraw a licence as issued if the special investment purpose company:

1. fails to commence carrying out the activities referred to in Article 5 (1) herein within twelve months from the date of issue of the licence or has not carried out the licensed activities thereof for more than six months;

2. has submitted untrue data or documents making a false statement which have served as grounds for the issue of the licence;

3. ceases to fulfil the conditions whereunder the licence was issued;

4. explicitly relinquishes the licence as issued;

5. has failed to comply with a coercive administrative measure under this Act, the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act or the instruments for the application thereof;

6. grossly or systematically violates the provisions of this Act, the Public Offering of Securities Act, the Implementation of the Measures Against Market Abuse with Financial Instruments Act, Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173/1 of 12 June 2014), hereinafter referred to as "Regulation (EU) No. 596/2014", Regulation (EU) 2017/1129 or the acts for the implementation thereof.

Steps after Licence Withdrawal Decision Takes Effect

Article 17. (1) After the entry into effect of the decision on withdrawal of the licence of a special investment purpose company, the Company shall forthwith notify the Registry Agency in order to remove from the register the objects of the said company as a special investment purpose company and to remove from the register the indication "special investment purpose joint-stock company" or the abbreviation "ADSIC".

(2) In the cases of withdrawal of a licence pursuant to Items 1 to 3, 5 and 6 of Article 16 herein, upon the entry into effect of the decision of the Commission on withdrawal of the licence, the special investment purpose company shall be dissolved and shall be wound up according to the procedure established by Chapter Seventeen of the Commerce Act by a liquidator appointed by the registrar with the Registry Agency. The Commission shall ask the Registry Agency to appoint a liquidator by the notification referred to in Paragraph (1).

(3) After the entry into effect of the decision on withdrawal of the licence, the Commission shall take the appropriate measures to inform the public by publishing an announcement on the website thereof and to notify the regulated market whereon the shares of the company are traded.

(4) After the entry into effect of the decision on withdrawal of the licence pursuant to Item 4 of Article 16 herein, the company shall continue to exist as a joint-stock company which is a public company within the meaning given by the Public Offering of Securities Act.

(5) Until removal of the company from the Commercial Register or, respectively, until the entry into effect of the decision on withdrawal of a licence pursuant to Item 4 of Article 16 herein, inspections under Article 19 of the Financial Supervision Commission Act may be conducted and coercive administrative measures under Article 58 herein may be imposed.

Steps Related to Delicensing Requested by Special Investment Purpose Company

Article 18. (1) The shareholders' general meeting shall resolve on renunciation of a licence under Item 4 of Article 16 herein by a majority of three-quarters of the subscribed capital.

(2) For the adoption of a resolution under Paragraph (1), a draft offer for share repurchase according to Article 111 (5) of the Public Offering of Securities Act under the terms and according to the procedure of a tender offer established by Article 149b of the said Act shall be presented to shareholders, including a justification of the repurchase price set according to the requirements of the Public Offering of Securities Act and the instruments for the application thereof. The draft offer for repurchase and the justification of the price shall be prepared by the Board of Directors and shall be part of the written materials for the shareholders' general meeting.

(3) The resolution under Paragraph (1) must include empowerment of the Board of Directors to adjust the offer for repurchase upon the issuing of a temporary prohibition under Article 152 (1) of the Public Offering of Securities Act in strict compliance with the instructions of the Commission contained in the communication referred to in Article 152 (1) of the Public Offering of Securities Act. The resolution shall explicitly provide that the repurchase price in the offer for repurchase as published may not be lower than the price approved by the shareholders' general meeting.

(4) Any shareholder who has voted against the resolution on renunciation of a licence or who has not participated in the adoption of the said resolution may have their shares repurchased according to the procedure established by the approved draft tender offer under Article 149b of

the Public Offering of Securities Act. Sentence one of Article 187a (5) of the Commerce Act shall not apply.

(5) The requirements of Article 149 (12), Article 149b (4), Article 150 (1), (2), (4) to (7) and (12), Article 151 (1), (2), (4), (6) and (7), Articles 152 to 154, 156, 157, 157c and 157d of the Public Offering of Securities Act, as well as the instruments for the application thereof, shall apply, mutatis mutandis, to the offer for repurchase.

(6) The special investment purpose company shall be obliged to submit to the Commission a request for approval of the offer for repurchase within seven working days of the holding of the general meeting under Paragraph (1).

(7) The special investment purpose company shall be obliged to request from the Commission to withdraw the licence as issued within seven working days of the completion of the repurchase.

(8) Where, as a result of the repurchase, the company has repurchased all shares, the Commission, acting on a proposal by the Deputy Chair, shall remove the company from the register referred to in Item 3 of Article 30 (1) of the Financial Supervision Commission Act as a public company.

Chapter Three
REQUIREMENTS TO ACTIVITIES OF SPECIAL INVESTMENT PURPOSE COMPANY

Keeping Funds and Securities

Article 19. (1) A special investment purpose company shall keep the funds thereof and the securities thereof with a depository bank.

(2) The special investment purpose company shall effect all payments only through the depository bank, complying with the conditions provided for in the articles of association of the company and a prospectus for an offer of securities to the public, with the exception of settlements in the cases referred to in Paragraph (4).

(3) The requirements of Chapter Five of the Collective Investment Schemes and Other Undertakings for Collective Investments Act shall apply, mutatis mutandis, to the depository bank.

(4) In a case where a special investment purpose company concludes a loan agreement with any bank other than the depository bank, settlements through the creditor bank may be in an amount not exceeding the total of all credits on a current account as specified in the loan agreement. A special investment purpose company may not effect any other payments through the creditor bank except such that are related to the loan agreement.

(5) (Amended, SG No. 51/2022) Within three working days of the conclusion of a loan agreement under Paragraph (4), the special investment purpose company shall notify the Commission and the depository bank regarding the creditor bank. In addition to information about the creditor bank, the notification shall contain at least information about the type, amount, currency, interest rate, annual percentage of costs, loan term, collateral and joint debtors, as well as the periods of interest and principal payments. The company shall be obliged to notify the Commission and the depository bank of any modification in the agreement that entails any

change in the information under sentence once as submitted within three working days of the modification.

(6) The special investment purpose company shall be obliged to submit, not later than 15th of the month following every quarter, information to the depositary bank regarding the drawdown of the loan referred to in Paragraph (4) and the repayment of the said loan.

Disclosing Property and Business Interests

Article 20. Within 90 days after the end of the relevant year, the persons referred to in Article 10 (2) and (4) herein shall be obliged to submit a declaration disclosing the property and business interests therein in a standard form established by the Deputy Chair.

Insuring Real Estate

Article 21. (1) A special investment purpose company shall be obliged to insure the real estate thereof in order to cover the applicable risks under Section II, Item 8, indents four and six of Appendix No. 1 to the Insurance Code within seven days of the acquisition of the real estate concerned or, respectively, of the issuing of a document certifying the commissioning thereof.

(2) The requirement under Paragraph (1) shall not be mandatory for agricultural land within the meaning given by Article 2 of the Agricultural Land Ownership and Use Act and for undeveloped lots.

Valuation of Real Estate and Debt Claims

Article 22. (1) A special investment purpose company may acquire or, respectively, sell, real estate or debt claims only provided the said estate or claims have been valued by one or more independent valuers or a firm of an independent valuer possessing qualification and experience in the valuation of real estate or the relevant type and the said valuation has been carried out before the acquisition or, respectively, before the sale, after being commissioned by the special investment purpose company.

(2) The independent valuer or, respectively, the firm of an independent valuer referred to in Paragraph (1), must:

1. possess a licensed competence for valuing real estate of the relevant type according to the Independent Valuers Act;

2. not have been disqualified from valuing real estate of the relevant type within the last three years before the reference date of the valuation;

3. as a valuer of real estate of the relevant type, not have committed any violations under Article 17 (2), Items 1 to 3 and Items 6 and 7 of Article 18 and Article 21 of the Independent Valuers Act within the last three years before the reference date of the valuation;

4. possess at least three years' professional experience of valuing investment properties or, respectively, debt claims.

(3) The valuation under Paragraph 1 may not be commissioned to any person who:

1. directly or indirectly participates in the equity ownership of the special investment purpose company or of an outsourcee under Article 27 (4) herein;

2. is a member of the Board of Directors of the special investment purpose company or of a management body of a specialised company under Article 28 (1) herein, or of an outsourcee under Article 27 (4) herein;

3. is a party related to the special investment purpose company, to any person referred to in Article 10 (2) and (4) herein, or to any person holding, either directly or indirectly, more than 5 per cent of the capital of the special investment purpose company or of a specialised company under Article 28 (1) herein;

4. is a seller or buyer of the real estate or of the debt claim, a member of a management body or supervisory body, a partner, member or shareholder of the seller or of the buyer, as well as a party related to the seller or buyer, to a member of the management body or supervisory body thereof, to a partner, member or shareholder thereof;

5. would be influenced by another form of dependence or interest when carrying out the valuation.

(4) The special investment purpose company shall commission the carrying out of a valuation under Paragraph (1) after the independent valuer has presented a certificate of the relevant licensed competence, as well as a declaration on the absence of circumstances under Items 2 and 3 of Paragraph (2) and Paragraph (3) and information on valuations carried out, proving professional experience under Item 4 of Paragraph (2). The documents referred to in sentence one shall furthermore be attached to the valuation as prepared.

(5) The independent valuers shall be liable for any detriment inflicted on the special investment purpose company if the said detriment is a direct and immediate consequence of acts committed culpably by the said valuers in connection with the valuation as prepared.

(6) The prices at which the special investment purpose company acquires real estate or debt claims may not exceed the relevant valuation under Paragraph (1) by more than 5 per cent, and the prices at which the said company sells any such estate of claims may not be lower by more than 5 per cent than the valuation under Paragraph (1), except in exceptional circumstances. In any such case, the persons referred to in Article 10 (2) herein must account for the acts thereof in the reports under Article 31 (1) herein for the relevant period.

(7) In the cases of acquisition of agricultural land within the meaning given by Article 2 of the Agricultural Land Ownership and Use Act of a value not exceeding BGN 20,000, the company shall not be required to carry out a pre-acquisition valuation.

(8) Before the acquisition or, respectively, the sale of real estate within the territory of another Member State, a valuation shall be carried out by an independent valuer or a recognised valuer. Where the valuation is carried out by a recognised valuer, Paragraphs (1), (3) and (4) shall apply, mutatis mutandis.

Subsequent Valuations of Real Estate and Debt Claims

Article 23. (1) The real estate and debt claims owned by a special investment purpose company shall be valued by the end of each financial year, Article 22 herein being applied accordingly, and the said valuation must be prepared not later than the 28th day of February of the following year. The requirement under sentence one shall not apply in case there is a valuation which is valid by the end of the financial year.

(2) The valuations referred to in Paragraph (1) shall be reflected in the reports under Article 31 (1) herein of the special investment purpose company in accordance with the requirements of accounting legislation, and the members of the board of directors of the company shall be responsible for the reflection of the said valuations.

Restriction on Acquisition of Real Estate or Debt Claims as New Assets

Article 24. A special investment purpose company may acquire real estate in the territory of another Member State only if so provided for in the articles of association of the company and in the prospectus for an offer of securities to the public.

Eligible Investments

Article 25. (1) A special investment purpose company may invest the surplus funds thereof in securities which are issued or guaranteed by a Member State and in bank deposits with banks which have the right to operate in the territory of a Member State.

(2) (Amended, SG No. 25/2022, effective 8.07.2022) A special investment purpose company investing in real estate may invest up to 10 per cent of the assets thereof in covered bonds admitted to trading on a trading venue in a Member State.

(3) A special investment purpose company investing in real estate may invest up to 10 per cent of the assets thereof in the assets of other special investment purpose companies investing in real estate.

(4) A special investment purpose company investing in real estate may invest up to 30 per cent of the assets thereof in specialised companies under Article 28 (1) herein.

(5) A special investment purpose company may invest up to 10 per cent of the assets thereof in outsourcees under Article 27 (4) herein.

(6) The total amount of the investments under Paragraphs (1) to (5) of a special investment purpose company may not exceed 30 per cent of the assets thereof.

(7) The surplus funds raised as a result of the activities referred to in Item 1 of Article 5 (1) herein may be invested according to Paragraph (1) within the period referred to in Article 5 (8) herein, and Paragraph (6) shall not apply in this case.

General Restrictions

Article 26. (1) A special investment purpose company may not collateralise another person's obligations with the exception of bank loans extended to a subsidiary under Article 28 (1) herein and may not lend to and borrow from any persons other than banks. The collateralisation of any obligations under bank loans of a subsidiary under Article 28 (1) herein shall require advance approval by the shareholders' general meeting of the special investment purpose company. Any transactions concluded in violation of sentence two shall be null and void.

(2) A special investment purpose company may:

1. issue debt securities to be admitted to trading on a regulated market;

2. obtain bank loans for the acquisition of real estate or debt claims wherein the said company invests and, applicable to special investment purpose companies investing in real estate, also for the commissioning of the real estate as acquired;

3. obtain bank loans amounting to up to 20 per cent of the assets thereof which are used to pay interest on bank loans referred to in Item 2 and on debt security issues referred to in Item 1, if the term of the loan does not exceed twelve months.

(3) A special investment purpose company may not acquire participating interests in other companies except in the cases of Article 25 (4) and (5) herein.

(4) A special investment purpose company may not participate in the capital market by investing in assets other than those referred to in Article 25 (1) to (3) herein or carry out a repurchase according to the procedure established by Article 111 (5) of the Public Offering of Securities Act, except in the cases under Article 18 herein.

Outsourcing

Article 27. (1) A special investment purpose company may not carry out directly the activities of performing construction works and improvements of the real estate as acquired.

(2) A special investment purpose company shall commission the activities referred to in Paragraph (1) to one or more commercial corporations.

(3) A special investment purpose company may commission the keeping and storing of accounting and other records and the conduct of correspondence, the activities of maintenance and management of the real estate as acquired, the collection of the debt claims as acquired, as well as the carrying out of other necessary activities directly related to the carrying out of the activities referred to in Item 2 of Article 5 (1) herein to one or more outsourcees.

(4) In order to commission the activities referred to in Paragraphs (1) and (3), the special investment purpose company shall conclude a written contract with outsourcees which must possess the necessary organisation, resources and experience to carry out the activities commissioned thereto.

(5) The commissioning of the activities referred to in Paragraphs (1) and (3) shall mandatorily require advance express approval from the Commission. The application for the issuing of an approval shall be accompanied by the contract, as well as by data and documents certifying compliance with the requirements of Paragraph (4). Acting on a proposal by the Deputy Chair, the Commission shall respond to the application according to the procedure established by Article 15 (5) herein.

(6) Amending and supplementing the contract with an outsourcee shall mandatorily require advance express approval from the Commission. Paragraph (5) shall apply, mutatis mutandis.

(7) The special purpose investment fund shall notify the Commission upon a termination of a contract under Paragraph (4) within seven days of the occurrence of the circumstance.

(8) The outsourcee shall ensure the carrying out of the relevant activities under Paragraphs (1) and (3) in accordance with the law and with the articles of association of the special investment purpose company.

(9) The outsourcee may not offset the remuneration thereof against funds of the special investment purpose company.

(10) Any outsourcee, which concludes or, respectively, terminates a contract with a special investment purpose company, shall be obliged to notify this to the other special investment purpose companies wherewith the said outsourcee has concluded contracts within seven days of the occurrence of the circumstance.

(11) The Commission shall conduct inspections of outsourcees under Articles 18 and 19 of the Financial Supervision Commission Act.

(12) The commissioning of activities under Paragraph (1) shall not absolve the special investment purpose company from the responsibility for compliance with the requirements of this Act, the Public Offering of Securities Act and the instruments for the application thereof.

(13) (New, SG No. 51/2022) The contracts with providers of utility services related to the activities of maintenance and operation of the acquired real estate and the collection of the acquired receivables shall not be subject to approval under Paragraph 5. Paragraphs (6), (7) and (10) shall not apply.

Requirements upon Incorporation or Acquisition of Participating Interest in Specialised Company. Requirements to Activities of Specialised Company

Article 28. (1) A special investment purpose company investing in real estate may incorporate or acquire units or shares in a commercial corporation (specialised company) whereof the exclusive objects are acquiring real estate and rights in rem to real estate, performing construction works and improvements for the purpose of making any such estate available for management, letting, lease or tenancy and selling such estate. A specialised company may be incorporated or acquired by more than one special investment purpose companies investing in real estate.

(2) The incorporation, acquisition or transfer of a participating interest or shareholding in a specialised company under Paragraph (1) shall require a resolution of the shareholders' general meeting of the special investment purpose company. Articles 114 and 114a of the Public Offering of Securities Act shall apply, mutatis mutandis, and the exception referred to in Article 114 (10) of the said Act shall not apply.

(3) A specialised company under Paragraph (1) may not participate in the incorporation or acquisition of units or shares in other corporations.

(4) The units or, respectively, the shares in a specialised company under Paragraph (1) may be held only by special investment purpose companies investing in real estate.

(5) A specialised company under Paragraph (1) may have a registered office in the Republic of Bulgaria or in another Member State.

(6) A specialised company under Paragraph (1) may acquire real estate in the territory of the Republic of Bulgaria or in the territory of another Member State.

(7) A specialised company under Paragraph (1) shall not have the right to carry out professionally any commercial transactions other than those referred to in Paragraphs (1) and (10).

(8) Article 5 (7) to (10), Article 9, Articles 20 to 23, Article 26 (1), Article 29 and Article 30 (2), as well as Articles 114 and 114a of the Public Offering of Securities Act shall apply to the activities of a specialised company under Paragraph (1) mutatis mutandis, and the exception under Article 114 (10) of the said Act shall not apply.

(9) A specialised company under Paragraph (1) shall commission the valuation of the real estate located in the territory of another Member State to be carried out by an independent valuer or by a recognised valuer.

(10) A specialised company under Paragraph (1) may obtain bank loans only for the acquisition and commissioning of the real estate in an amount not exceeding 70 per cent of the assets of the specialised company.

(11) Inspections of specialised companies under Paragraph (1) shall be conducted under the terms and according to the procedure established by Articles 18 and 19 of the Financial Supervision Commission Act.

Profit Distribution

Article 29. (1) A special investment purpose company shall distribute as annual dividend not less than 90 per cent of the profit for the financial year, arrived at according to the procedure established by Paragraph (3) and complying with the requirements of Article 247a of the Commerce Act. Item 1 of Article 246 (2) of the Commerce Act shall not apply. The annual dividend shall be paid within twelve months from the end of the relevant financial year.

(2) A special investment purpose company may pay six-month dividend under the terms and according to the procedure established by Article 115c of the Public Offering of Securities Act

provided that the assets have been subsequently valued by the end of the period covering the first six months of the financial year, and Paragraph (3) being applied accordingly.

(3) The distributable profit shall be the financial result (accounting profit or loss) adjusted as follows:

1. credited/debited with the expenses/income from subsequent valuations of real estate;

2. credited/debited with the losses/profits on transactions of transfer of ownership of real estate;

3. credited/debited, in the year of transfer of ownership of real estate, with the positive/negative difference between:

(a) the selling price of the real estate, and

(b) the sum total of the historical cost of the real estate and the subsequent expenses that have led to an increase in the book value thereof;

4. credited/debited with the losses/profits on sales accounted for in the year of conclusion of financial leases;

5. credited/debited, in the year of expiry of the finance lease term, with the positive/negative difference between:

(a) the income from the sale of the real estate as recorded upon the commencement of the finance lease term, and

(b) the sum total of the historical cost of the real estate and the subsequent expenses that have led to an increase in the book value thereof.

6. debited, in the year when they are effected, with the interest payments on debt securities under Item 1 of Article 26 (2) herein and on bank loans under Item 2 of Article 26 (2) herein which are not included in the statement of comprehensive income;

7. debited, in the year when they are effected, with the principal repayments on debt securities under Item 1 of Article 26 (2) herein and on bank loans under Item 2 of Article 26 (2) herein.

Other Requirements

Article 30. (1) The provisions of Chapter Eleven of the Public Offering of Securities Act shall apply to special investment purpose companies.

(2) Articles 646 to 649 of the Commerce Act shall not apply to any real estate and debt claims sold to a special investment purpose company unless the transactions have been carried out in violation of Articles 5 and 22 herein.

Chapter Four
DISCLOSURE OF INFORMATION

Disclosure of information

Article 31. (1) In addition to the information that a special investment purpose company investing in real estate discloses as a public company according to the procedure established by Section II of Chapter Six A of the Public Offering of Securities Act, any such company shall furthermore present the following in the reports covering the first six months of the financial year and in the annual reports thereof, respectively, in the public notifications of financial position or

in the quarterly financial statements thereof:

1. information on the portion of the assets that are provided for use in consideration of a payment in relation to the total amount of investments in real estate;

2. information on the sale or purchase of a new asset of a value exceeding by 5 per cent the total value of the investments in real estate;

3. information on compliance with the requirements under Article 5 (7) and (9), Article 25 (1) to (5) and Article 26 (1) and (2) herein;

4. information on the real estate in the territory of another Member State, disaggregated by State;

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

(2) In addition to the information that a special investment purpose company investing in debt claims discloses as a public company according to the procedure established by Section II of Chapter Six A of the Public Offering of Securities Act, any such company shall furthermore present information on the following in the reports covering the first six months of the financial year and in the annual reports thereof, respectively, in the public notifications of financial position or in the quarterly financial statements thereof:

1. the portion of non-performing claims in relation to the total value of investments in debt claims;

2. the type and amount of the collateral and the maturity of the debt claims: applicable to claims exceeding 10 per cent of the total amount thereof;

3. the average amount of the collateral in relation to the total amount of the debt claims;

4. the weighted average period of the interest payments and principal repayments on the investments in debt claims;

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

(3) A special investment purpose company shall present, together with the annual reports thereof, detailed information on the adjustment of the financial result according to the procedure established by Article 29 (3) herein, completed in a standard form determined by the Deputy Chair. Information on the adjustment of the financial result according to the procedure established by Article 29 (3) herein shall also be presented together with the six-month reports, in case payment of six-month dividend is provided for.

(4) A special investment purpose company which holds units or shares in outsourcees under Article 27 (4) herein shall present financial statements on the activities of the said outsourcees as a separate document together with the six-month and annual reports thereof. A special investment purpose company shall disclose information regarding the units or shares held in outsourcees under Article 27 (4) herein in the public notifications of financial position thereof or in the quarterly financial statements thereof which the said company discloses as a public company according to the procedure established by Section II of Chapter Six A of the Public Offering of Securities Act.

(5) A special investment purpose company investing in real estate, which holds units or shares in a specialised company under Article 28 (1) herein, shall present financial statements on the activities of the specialised companies as a separate document together with the six-month and annual reports thereof. A special investment purpose company investing in real estate shall disclose information regarding the units or shares held in specialised companies under Article 28 (1) herein in the public notifications of financial position thereof or in the quarterly financial statements thereof which the said company discloses as a public company according to the procedure established by Section II of Chapter Six A of the Public Offering of Securities Act.

(6) A special investment purpose company, which acquires units or shares in an outsourcee

under Article 27 (4) herein, shall be obliged to notify this to the Commission within seven days of the acquisition.

(7) A special investment purpose company, which has acquired agricultural land for which a pre-acquisition valuation according to Article 22 (7) herein has not been carried out, shall present information on the cost of the said land and on the subsequent valuation carried out for the said land according to Article 23 herein together with the annual financial statement in the year of acquisition.

(8) (New, SG No. 51/2022) The special investment purpose company investing in real estate shall submit to the Commission a report on the commercial real estates owned thereby and by its specialized companies under Article 28, Paragraph 1 within a period of up to 120 days from the end of the financial year, respectively within 60 days from the end of each quarter, in electronic form according to a template determined by the deputy chairperson.

Chapter Five
REORGANISATION AND DISSOLUTION OF SPECIAL INVESTMENT PURPOSE COMPANY

Reorganisation

Article 32. (1) A special investment purpose company may not be reorganised into another type of commercial corporation, nor may any such company change the objects thereof, except in the cases referred to in Item 4 of Article 16 herein.

(2) Reorganisation through merger by the formation of a new company or merger by acquisition shall take place after prior authorisation from the Commission only between special investment purpose companies which invest assets of the same type.

(3) Reorganisation through division or partial division shall take place after prior authorisation from the Commission, and the receiving company or companies must be special investment purpose companies with the same objects.

Dissolution

Article 33. A special investment purpose company shall be dissolved upon the expiry of the time period provided for in the articles of association or upon a resolution of the general meeting only on grounds provided for in the articles of association and in the for an offer of securities to the public. The Commission shall grant authorisation for dissolution of the company. The persons designated as liquidators or trustees in bankruptcy of a special investment purpose company shall be approved by the Commission. Articles 28 and 32 of the Markets in Financial Instruments Act shall apply, mutatis mutandis.

Granting Authorisation

Article 34. (1) An application completed in a standard form shall be submitted for the grant of authorisation under Article 32 (2) and (3) and Article 33 herein. Acting on a proposal by the Deputy Chair, the Commission shall respond to the application within 14 days of receipt and, where additional information and documents have been requested, within seven days of receipt or

the said information and documents. Article 11 (2) and (3) herein shall apply mutatis mutandis.

(2) The Commission shall refuse to grant authorisation for reorganisation or dissolution if the interests of investors are not protected.

(3) The documents which must accompany the application referred to in Paragraph (1) and the procedure for the grant of authorisation under Paragraph (1) shall be specified by an ordinance.

TITLE THREE
SECURITISATION COMPANIES

Chapter Six
GENERAL PROVISIONS

Definition

Article 35. (1) A securitisation company shall be a securitisation special purpose entity within the meaning given by point (2) of Article 2 of Regulation (EU) 2017/2402.

(2) A securitisation company shall be incorporated as a securitisation joint-stock company.

(3) The business name of a securitisation company shall include the indication "securitisation special purpose entity" or the abbreviation "DSCS".

(4) Any person, which is not a securitisation company, shall not have the right to use the indication "securitisation company", "securitisation special purpose entity" or the abbreviation "DSCS", "securitisation joint-stock company" or any other equivalent words and expressions in Bulgarian or a foreign language, denoting the carrying out of activity as a securitisation company, in the business name thereof, in the advertising or any other activity thereof.

(5) A securitisation company shall be obliged to isolate the obligations thereof from the obligations of the originator and the sponsor.

Underlying Exposures Eligible for Securitisation

Article 36. (1) (Supplemented, SG No. 51/2022) The underlying exposures subject to securitization shall meet the requirements of Regulation (EU) 2017/2402 and its implementing acts and may not be subject to enforcement.

(2) (Repealed, SG No. 51/2022).

Offering Securitisation Bonds to Retail Clients

Article 37. Securitisation bonds may be offered to retail clients as defined in Item 11 of § 1 of the Supplementary Provisions of the Markets in Financial Instruments Act, except where all conditions of Article 3 of Regulation (EU) 2017/2402 are fulfilled.

Policies, Arrangements and Procedures

Article 38. (1) The originator, the sponsor and the original lender, in respect of whom the Commission has been designated as a competent authority and supervises the activities thereof, shall adopt and implement policies, arrangements and procedures according to Article 30(2) of

Regulation (EU) 2017/2402.

(2) The persons referred to in Paragraph (1) shall adopt and implement appropriate policies and procedures for the evaluation and management of the risks arising from securitisations, including reputational risks.

(3) The policies, arrangements and procedures referred to in Paragraphs (1) and (2) shall be presented to the deputy chair in charge of the respective area of supervision before making a decision on participation of the person referred to in Paragraph (1) in securitisation.

(4) The policies, arrangements and procedures referred to in Paragraphs (1) and (2) shall be subject to a regular review once a year by the deputy chair in charge of the respective area of supervision according to Article 30(2) and (3) of Regulation (EU) 2017/2402.

(5) The persons referred to in Paragraph (1) shall notify the deputy chair in charge of the respective area of supervision of any change to the policies, arrangements and procedures referred to in Paragraphs (1) and (2) within seven days of making a decision on any such change. The full text of the policies, arrangements and procedures as amended and supplemented by the relevant date and the minutes of proceedings of the management body showing the adoption of the changes concerned shall be provided together with the notification. Where the changes to the policies, arrangements and procedures do not comply with the requirements of Regulation (EU) 2017/2402, of this Act or of the instruments for the application thereof, the deputy chair in charge of the respective area of supervision shall have the right to require the rectification of the deficiencies, non-conformities and inconsistencies as ascertained.

Other Requirements

Article 39. (Previous text of Article 39, supplemented, SG No. 51/2022) In simple, transparent and standardised traditional securitisation, the originator, the original lender, the sponsor, the securitisation company and the STS compliance verification agent shall implement the STS criteria to asset-backed commercial paper securitisation or, respectively, to non-asset-back commercial paper securitisation, as established in guidelines of the European Banking Authority.

(2) (New, SG No. 51/2022) In case of simple, transparent and standardised balance sheet securitisations, the originator, the original lender, the sponsor, the securitisation company and the STS compliance verification agent shall comply with the guidelines of the European Banking Authority for uniform interpretation and application of the requirements set out in Articles 26b - 26e of Regulation (EU) 2017/2402.

Chapter Seven
INCORPORATION, LICENSING AND MANAGEMENT OF SECURITISATION COMPANY

Incorporation

Article 40. (1) A securitisation company shall be incorporated according to the procedure established by Article 163 of the Commerce Act.

(2) A securitisation company shall be established for the purpose of carrying out one or more securitisations and may not carry out any activities other than those and the activities directly related to the carrying out thereof.

Recording of Securitisation Company at Registry Agency

Article 41. (1) The Registry Agency shall record a securitisation company in the Commercial Register following submission of the licence issued by the Commission.

(2) The securitisation company shall of the recording thereof in the Commercial Register within seven days of the said recording.

Capital

Article 42. (1) Initial capital of not less than BGN 50,000 must be at the disposal of a securitisation company.

(2) A securitisation company must hold own capital which is at least equal to the amount referred to in Paragraph (1).

(3) A securitisation company shall issue only dematerialised shares entitling the holder to one vote for the purpose of own capital formation and holding.

Articles of Association

Article 43. In addition to the particulars provided for in the Commerce Act, the articles of association of a securitisation company must provide for limiting the activities thereof to those appropriate to accomplishing the objective of securitisation and provide for a structure of the company making it possible to isolate the obligations thereof from those of the originator and the sponsor.

Change in Articles of Association. Composition of Management Body and Supervisory Body

Article 44. (1) Any change in the articles of association and in the composition of the management body and of the supervisory body of a securitisation company shall require advance approval from the Commission.

(2) Acting on a proposal by the Deputy Chair, the Commission shall respond to the application by issuing or refusing to issue an approval under Paragraph (1) within 14 days of receipt of the application together with the accompanying material, and where additional information and documents have been requested, within 14 days of receipt of the said information and documents or, respectively, of the expiry of the time limit for the provision thereof. The Commission shall refuse to issue an approval if the requirements of Regulation (EU) 2017/2402, of this Act or of the instruments for the application thereof are not complied with. Article 47 (2) and (3) herein shall apply mutatis mutandis.

(3) The change in the articles of association and in the composition of the management body and of the supervisory body shall be recorded in the Commercial Register following submission of the approval from the Commission.

Nominal Amount of Underlying Exposures

Article 45. The nominal amount of the underlying exposures being securitised may not be less than BGN 500,000.

Management

Article 46. (1) Members of the management body and supervisory body of a securitisation company shall commit sufficient time to ensure the proper performance of the functions and duties assigned thereto.

(2) The management body or, respectively, the supervisory body of a securitisation company, depending on the internal assignment of functions and duties:

1. shall be responsible for the effective and reliable management of the company in accordance with statutory requirements, including for the appropriate allocation of duties and responsibilities when the organisational structure is determined and for controlling compliance therewith, as well as for the prevention and ascertainment of conflicts of interest;

2. shall approve and control the achievement of the strategic objectives of the company and the strategy regarding risk and internal management;

3. shall ensure the integrity and continuous operation of the accounting and financial reporting systems, including financial and operating controls, and conformity of the activities with statutory requirements and applicable standards;

4. shall manage and supervise the fulfilment of requirements according to this Title and Regulation (EU) 2017/2402;

5. shall be responsible for the exercise of effective control over senior management;

6. shall be responsible for the effectiveness of the management systems in the company and, where necessary, shall take the necessary measures for rectifying non-conformities as identified;

7. taking into account the nature, scope and complexity of the activities carried out by the company and all applicable statutory requirements, shall adopt or, respectively, approve, and control compliance with:

(a) the organisational structure of the company;

(b) the knowledge, skills and experience that employees in the respective units of the company are required to possess;

(c) the allocation of the necessary resources for carrying out the activities;

(d) the employee remuneration policy of the company, which should promote responsible business conduct;

8. shall monitor and, at least once annually, shall assess:

(a) the adequacy of the strategic objectives of the company regarding the carrying out and the implementation of the activities;

(b) the effectiveness of the way the company is organised and managed;

(c) the adequacy of the employee remuneration policy of the company;

9. where any violations and non-conformities in the cases referred to in Item 8 are identified, shall take measures for the rectification thereof.

(3) The members of the management body and the supervisory body of a securitisation company shall perform the duties thereof with honesty, integrity and independence of mind in order to form an accurate judgment on a discretionary basis of the decisions of the employees discharging managerial responsibilities, and exercising effective control and monitoring of management decision-making.

(4) The members of the management body and the supervisory body of a securitisation company must not have been convicted of an intentional publicly prosecutable offence and must be persons of good repute, possessing adequate knowledge and skills, qualification and

professional experience corresponding to the specificity of the activities carried out by the company and the main risks which the company is or might be exposed to.

(5) The requirements referred to in Paragraphs (3) and (4) shall furthermore apply to the natural persons who represent legal persons that are members of the board of directors of a securitisation company, as well as to the managerial agents of the company.

(6) A securitisation company shall have at its disposal the necessary human and financial resources to ensure the initial and ongoing familiarisation of the members of the management bodies and supervisory bodies with the activities of the company, as well as for the training of the said members.

(7) The members of the management body and of the supervisory body of a securitisation company shall have access to the information and documents necessary for the performance of the functions and duties thereof.

(8) For the ascertainment of the circumstances referred to in Paragraph (4), a securitisation company shall submit the following with regard to the persons referred to in Paragraphs (1) and (5):

1. a curriculum vitae;

2. a copy of a diploma of higher education attained in the Republic of Bulgaria or, respectively, a copy of a diploma of higher education attained at a higher school outside the Republic of Bulgaria, accompanied by a legalised translation of the diploma;

3. other relevant documents, including references.

Securitisation Company Licence

Article 47. (1) An application for a securitisation company licence shall be submitted to the Commission, which shall be accompanied by:

1. the articles of association of the company;

2. the particulars of the subscribed and paid-in capital;

3. the particulars and the other requisite documents about the members of the management body and of the supervisory body of the company and, respectively, about the natural persons who represent legal persons that are members of the board of directors or about the managerial agents;

4. the prospectus or, respectively, the final securities offering document under Article 7(1)(c) of Regulation (EU) 2017/2402;

5. a list of the names or business names and particulars of the persons holding directly or indirectly 5 or more than 5 per cent of the voting shares in the applicant or which may control the said applicant, as well as of the number of votes held thereby; the persons shall submit declarations in writing regarding the source of the funds whereby the contributions for the subscribed shares have been made, including on whether the said funds are borrowed, and on the taxes paid thereby during the last five years, completed in a standard form approved by the Deputy Chair;

6. the policies, arrangements and procedures referred to in Article 53 herein.

(2) Where the data and documents as submitted are incomplete or additional information or proof of the correctness of the data is necessary, the Deputy Chair shall send a communication to the company and shall set a time limit for rectifying the deficiencies and non-conformities as ascertained or for providing additional information and documents, which may not be shorter than one month and longer than two months.

(3) If the communication referred to in Paragraph (2) is not accepted at the correspondence

address named by the applicant, the time limit for the submission thereof shall run from the time when the communication is made publicly available on the website of the Commission. The making of the communication publicly available shall be certified by a memorandum drawn up by officials designated by an order of the Deputy Chair.

(4) Acting on a proposal by the Deputy Chair, the Commission shall respond to the application within one month of receipt of the application, and where additional information and documents have been requested, within one month of receipt of the said information and documents or, respectively, of the expiry of the time limit referred to in Paragraph (2).

Refusal to Issue Licence

Article 48. (1) Acting on a proposal by the Deputy Chair, the Commission shall refuse to issue a securitisation company licence if:

1. the articles of association of the company does not comply with the law;

2. the prospectus or, respectively, the final securities offering document does not comply with the requirements of Regulation (EU) 2017/2402, Regulation (EU) 2017/1129, this Title or the acts for the implementation thereof;

3. the persons referred to in Article 46 (1) and () herein do not comply with the requirements of Article 46 herein;

4. the persons holding, either directly or through related parties, 5 per cent or more than 5 per cent of the voting shares or who can control the company by the activities thereof or may harm the activities of the company by the influence thereof on decision-making;

5. the data submitted do not prove that the necessary organisation and resources for carrying out the activities are available;

6. the applicant has submitted untrue data or documents making a false statement;

7. the interests of investors are otherwise jeopardised.

(2) The refusal of the Commission shall be reasoned in writing.

Delicensing Securitisation Company

Article 49. Acting on a proposal by the Deputy Chair, the Commission may withdraw a licence as issued if the securitisation company:

1. has submitted untrue data or documents making a false statement which have served as grounds for the issue of the licence;

2. ceases to fulfil the conditions whereunder the licence was issued;

3. explicitly relinquishes the licence as issued;

4. has failed to comply with a coercive administrative measure under this Act, the Public Offering of Securities Act, or the instruments for the application thereof;

5. grossly or systematically violates the provisions of Regulation (EU) 2017/2402, Regulation (EU) 2017/1129, Regulation (EU) No. 596/2014, this Title, the Public Offering of Securities Act, the Implementation of the Measures Against Market Abuse with Financial Instruments Act or the instruments for the application thereof.

Steps after Licence Withdrawal Decision Takes Effect

Article 50. (1) After the entry into effect of the decision on withdrawal of the licence, the Company shall forthwith ask the Registry Agency to initiate winding-up proceedings for the

securitisation company.

(2) After the entry into effect of the decision on withdrawal of the licence, the Commission shall take the appropriate measures to inform the public by publishing an announcement on the website thereof and to notify the regulated market whereon the securitisation bonds and the shares of the company are traded, where applicable.

(3) Until removal of the company from the Commercial Register, inspections under Article 19 of the Financial Supervision Commission Act may be conducted and coercive administrative measures under Article 59 herein may be imposed.

(4) After the removal of the company from the Commercial Register, all documents and other information related to the securitisations carried out by the securitisation company shall be kept for a period of five years by another person, of whom the Commission shall be notified, and the said period shall begin to run from the date of removal from the register. The notification under sentence one shall be made by the securitisation company whereof the licence has been withdrawn within 14 days of the withdrawal of the licence.

Internal Organisation

Article 51. (1) A securitisation company shall establish and maintain an internal organisation which fulfils at all times the requirements of the law and is appropriate to the nature, scope and complexity of the activities carried out thereby and which ensures:

1. an organisational structure with well-defined, transparent and consistent lines of responsibility;

2. appropriate and secure administrative and accounting procedures, including for the keeping of accounting records;

3. effective internal control systems;

4. effective control and safeguard arrangements for information systems;

5. reliable and efficient information protection systems, ensuring the authenticity and integrity of information when transferred and stored, to minimising the risks of loss, alteration and unauthorised access to information or the risks of unauthorised dissemination of information, as well as ensuring the confidentiality of information;

6. appropriate and proportionate resources, including qualified staff, logistics, technical equipment and software, as well as systems and procedures ensuring the continuous and regular carrying out of the activities, in accordance with the requirements of this Title;

7. conditions for the prevention and ascertainment of conflicts of interest;

8. conditions for the storage of information regarding the activities as carried out;

9. effective systems and mechanisms for identifying, managing, monitoring, assessing and reporting the risks which the company is or might be exposed to;

10. applying remuneration policies for the persons working for the company;

11. appropriate and effective procedures for internal whistle-blowing by employees of the company about actual or potential violations in the activities of the company.

(2) The internal control systems, as well as the administrative and accounting procedures applied by a securitisation company, shall enable at any time a check for compliance of the activities of the company with the requirements of Regulation (EU) 2017/24042, this Title and the acts for the implementation thereof, as well as with the rules adopted by the company in accordance with the said requirements and statutory instruments.

(3) The systems and mechanisms for identifying, managing, monitoring, assessing and reporting the risks which a securitisation company is or might be exposed to shall furthermore

include the risks posed by the macroeconomic environment.

Chapter Eight
REQUIREMENTS TO ACTIVITIES OF SECURITISATION COMPANY

Issuing Securitisation Bonds. Notification

Article 52. (1) A securitisation company shall issue securitisation bonds in connection with carrying out securitisation.

(2) A securitisation company shall be obliged to notify the Deputy Chair within seven days of the registration of the securitisation in a securitisation repository according to the second subparagraph of Article 7(2), of Regulation (EU) 2017/2402 or, respectively, of the publication of the information on the website according to the requirements of the fourth subparagraph of Article 7(2) of the said Regulation.

Policies, Arrangements and Procedures of Securitisation Company

Article 53. (1) A securitisation company shall adopt and implement policies, arrangements and procedures ensuring the fulfilment of the requirements of Regulation (EU) 2017/2402, this Title and the acts for the implementation thereof by the company and by the management body and supervisory body thereof, as well as by the employees thereof.

(2) The internal organisation of a securitisation company shall be determined by rules adopted by the management body of the company.

(3) A securitisation company shall periodically review the policies, arrangements and procedures referred to in Paragraphs (1) and (2) at least once a year and, where necessary, over a shorter interval, and any such review shall be documented.

(4) The policies, arrangements and procedures referred to in Paragraph (1) shall be subject to a regular review once a year by the deputy chair in charge of the respective area of supervision according to Article 30(2) and (3) of Regulation (EU) 2017/2402.

(5) A securitisation company shall notify the deputy chair in charge of the respective area of supervision of any change to the policies, arrangements and procedures referred to in Paragraph (1) under the terms and within the time limit set by Article 38 (5) herein.

Obligation to Respect Commercial Secrecy

Article 54. (1) The members of the management body and of the supervisory body of a securitisation company and the contractors thereof may not divulge, unless empowered to do so, and use to their own benefit or to the benefit of other persons any facts and circumstances constituting a commercial secret which have come to the knowledge thereof in the course of, or in connection with, the performance of the functions and duties thereof.

(2) All persons referred to in Paragraph (1), when they assume a position or when a securitisation company commences activities, shall sign a declaration undertaking to respect commercial secrecy.

Chapter Nine
STS COMPLIANCE VERIFICATION AGENT

STS Compliance Verification Agent Licence

Article 55. (1) (Amended, SG No. 51/2022) The compliance of securitisations with the STS criteria provided for in Articles 19 to 22, Articles 23 to 26 or Articles 26a to 26e of Regulation (EU) 2017/2402 may be assessed by an STS compliance verification agent after licensing by the Commission.

(2) An application for a licence under Paragraph (1) shall be submitted to the Commission, complying with the requirements of Commission Delegated Regulation (EU) 2019/885 of 5 February 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying information to be provided to a competent authority in an application for authorisation of a third party assessing STS compliance (OJ L 142/1 of 29 May 2019).

Responding to Application

Article 56. (1) The Deputy Chair shall rule on the completeness of the application within 15 working days of receipt thereof.

(2) Where the application and the accompanying data and documents are complete, the Deputy Chair shall send the applicant a confirmation in writing within the time limit referred to in Paragraph (1) that the application submitted thereby is complete.

(3) In cases where the application is not accompanied by all necessary data and documents, the Deputy Chair shall notify the applicant in writing within the time limit referred to in Paragraph (1) that the application submitted thereby is incomplete and shall specify the data and documents that must be submitted, as well as the time limit for the submission thereof, and the said time limit may not be shorter than 20 working days and longer than 30 working days and may not be extended further.

(4) Where the applicant submits all additionally required data and/or documents within the time limit set by the Deputy Chair under Paragraph (3), within ten working days of the submission of the data and documents referred to in Paragraph (3) the Deputy Chair shall send the applicant a confirmation in writing that the application submitted thereby is complete.

(5) Where the applicant fails to submit all additionally required data and/or documents within the time limit set by the Deputy Chair under Paragraph (3), the application proceedings shall be terminated by a decision of the Commission on a proposal by the Deputy Chair.

(6) Acting on a proposal by the Deputy Chair, the Commission shall consider and rule on the merits of the application within three months of the issuing of a confirmation in writing under Paragraph (2) or, respectively, under Paragraph (4).

(7) The Commission shall adopt a decision to issue an STS compliance verification agent licence only if the Commission determines that the applicant complies with the requirements of Regulation (EU) 2017/2402, this Act and the instruments for the application thereof.

Delicensing

Article 57. Acting on a proposal by the Deputy Chair, the Commission may withdraw a licence as issued if the STS compliance verification agent:

1. explicitly relinquishes the licence as issued;

2. has submitted untrue data or documents making a false statement which have served as grounds for the issue of the licence;

3. ceases to fulfil the conditions whereunder the licence was issued and in the course of three months fails to bring the activities thereof into conformity with the applicable requirements;

4. commits and/or connives in the commission of a gross violation or of systematic violations of the requirements for carrying out the activities according to the licence as issued.

TITLE FOUR
COERCIVE ADMINISTRATIVE MEASURES AND ADMINISTRATIVE PENALTY LIABILITY

Chapter Ten
COERCIVE ADMINISTRATIVE MEASURES

Coercive Administrative Measures vis-a-vis Persons under Title Two

Article 58. (1) Where it is established that a special investment purpose company, any employees thereof, any person referred to in Article 10 (2) and (4) herein, or liquidators thereof violate, whether by an act or omission, Title Two of this Act and the instruments for the application thereof, any decisions of the Commission or of the Deputy Chair, as well as where the exercise of control activity by the Commission or by the Deputy Chair is impeded, or the interests of investors are jeopardised, Articles 212 to 213 of the Public Offering of Securities Act shall apply with the exception of Items 4 and 6 of Article 212 (1) of the said Act.

(2) Where it is established that the outsourcees under Article 27 (4) herein, the specialised companies under Article 28 (1) herein and the persons who manage and represent them violate, whether by an act or omission, Title Two of this Act and the instruments for the application thereof, any decisions of the Commission or of the Deputy Chair, as well as where the exercise of control activity by the Commission or by the Deputy Chair is impeded, or the interests of investors are jeopardised, Item 1 of Articles 212 (1) of the Public Offering of Securities Act shall apply according to the procedure established by Article 213 of the said Act.

Coercive Administrative Measures vis-a-vis Persons under Title Three

Article 59. (1) Where the Commission or, respectively, the deputy chair in charge of the respective area of supervision, establishes that a securitisation company, an STS compliance verification agent, a sponsor, an originator, an original lender or an institutional investor, in respect of whom the Commission or, respectively, the deputy chair in charge of the respective area of supervision, has been designated as a competent authority, any employees of the

supervised person concerned, any members of the management body or supervisory body of the supervised person concerned or the persons representing the supervised person concerned, a liquidator or a trustee in bankruptcy thereof, have carried out or are carrying out any activities in violation of Regulation (EU) 2017/2402, Title Three of this Act, the instruments for the application thereof, any decisions of the Commission or of the deputy chair in charge of the respective area of supervision, as well as where the exercise of control activity by the Commission or by the deputy chair in charge of the respective area of supervision is impeded, or the interests of investors or, respectively, commercially or socially insured persons are jeopardised, the Commission or, respectively, the deputy chair in charge of the respective area of supervision may:

1. oblige the person concerned to take, within a set time limit, specific measures as may be necessary for the prevention and rectification of the violations, of the harmful consequences of the said violations or of the danger to the interests of investors or, respectively, the commercially or socially insured persons;

2. suspend the offer or sale of the bonds issued in connection with a securitisation;

3. (amended, SG No. 51/2022) impose a temporary ban preventing the originator and the sponsor from notifying [the European Securities and Markets Authority], under Article 27(1) of Regulation (EU) 2017/2402, that a particular securitisation meets the requirements set out in Articles 19 to 22, Article 23 to 26 or Articles 26a to 26e of the said Regulation;

4. suspend the bonds issued in connection with a securitisation from trading on a regulated market or from another trading system;

5. impose a temporary ban preventing an STS compliance verification agent from carrying out the activities thereof where the said agent has failed to notify [the European Securities and Markets Authority] of any material changes to the information provided according to Article 28(1) of Regulation (EU) 2017/2402, or of any other changes that could reasonably be considered to affect the assessment of the competent authority;

6. impose a temporary ban preventing the person concerned from performing the functions of a member of the management body or of the supervisory body of the originator, the sponsor or a securitisation company or of any other person held responsible for the violation.

(2) In determining the type of coercive measure under Paragraph (1), the Commission or, respectively, the deputy chair in charge of the respective area of supervision, shall take into account the circumstances referred to in Article 33(2) of Regulation (EU) 2017/2402.

(3) Where an institutional investor has given another institutional investor authority to make investment management decisions that might give rise to a securitisation position and has instructed the latter investor in accordance with Article 5(5) of Regulation (EU) 2017/2402 but the other institutional investor has failed to fulfil the obligations thereof, the latter investor may incur the coercive administrative measures under Paragraph (1).

Delicensing

Article 60. The withdrawal of a licence, as provided for in this Act, shall likewise be a coercive administrative measure except in the cases where the person has explicitly relinquished the licence as issued.

Coercive Administrative Measures vis-a-vis Persons Carrying Out Activities without Licence

Article 61. The coercive administrative measures under Articles 58 and 59 herein may furthermore be applied vis-a-vis any persons that carry out activities without a licence which is required under this Act.

Coercive Administrative Measures Applying Proceedings

Article 62. (1) The proceedings for applying the coercive administrative measures under Item 1 of Article 59 (1) herein shall commence on the initiative of the deputy chair in charge of the respective area of supervision, and in the cases under Items 2 to 6 of Article 59 (1) and Article 60 herein, on the initiative of the Commission.

(2) The notifications and communications in the proceedings under Paragraph (1) shall follow the procedure established by the Administrative Procedures Code.

(3) Where the notifications and communications in the proceedings under Paragraph (1) are not received according to the procedure established by Paragraph (2), the said notifications and communications shall be considered effected when they are displayed in an expressly designated place in the building of the Commission or when they are made publicly available on the website of the Commission. The latter two circumstances shall be certified in the cases under Item 1 of Article 59 (1) herein by a memorandum drawn up by officials designated by an order of the deputy chair in charge of the respective area of supervision, and in the cases under Items 2 to 6 of Article 59 (1) and Article 60 herein by a memorandum drawn up by officials designated by an order of the Chair of the Commission.

(4) The coercive administrative measures under Item 1 of Article 59 (1) herein shall be applied by a reasoned decision in writing of the deputy chair in charge of the respective area of supervision, and the coercive administrative measures under Items 2 to 6 of Article 59 (1) and Article 60 herein shall be applied by a reasoned decision in writing of the Commission, which shall be communicated to the party concerned within seven days of the issuing of the said decision according to the procedure established by Paragraphs (2) and (3).

Immediate Enforcement

Article 63. Any decision on application of a coercive administrative measure under Articles 58 - 61 shall be immediately enforceable, regardless of whether the said decision has been appealed.

Subsidiary Application

Article 64. To the extent that no special rules are provided for in this Chapter, the provisions of the Administrative Procedure Code shall apply.

Chapter Eleven
ADMINISTRATIVE PENALTY LIABILITY

Liability upon Commission of Violation

Article 65. (1) Any person, who commits or connives in the commission of a violation of:

1. (Amended, SG No. 51/2022) Article 12 (1), Article 10 (2) and (4), Article 13 (4) and (5), Article 18 (2), (3), (6) and (7), Article 20, Article 38 (5), Article 42 and Article 51 shall be liable to a fine from BGN 1000 to BGN 4000;

2. (Amended, SG No. 51/2022) Article 4 (2) and (3), Article 5 (5), Article 7 (2), (5) and (7), Article 15 (1) - (3), Article 18 (7), Article 19 (5) and (6), Article 23, Article 24, Article 25, Article 27 (7) and (10), Article 29 (2), Article 31, Article 36, Article 44 (1) and (3), Article 46 and Article 53 shall be liable to a fine from BGN 4,000 to BGN 10,000;

3. (Amended and supplemented, SG No. 51/2022) Article 5 (2) - (4) and (6) - (10), Article 18 (1), Article 19 (1), (2) and (4), Article 21 (1), Article 22 (1), (3), (4) and (6), second sentence, Article 26 (1), first sentence, Article 26 (2), Items 2 and 3, Article 26 (3) and (4), Article 27 (1), (5), first sentence, Article 27 (6), (8) and (9), Article 28, Article 29 (1) and (3) or submits documents with untrue content, unless the act constitutes a criminal offence, shall be liable to a fine from BGN 10,000 to BGN 20,000.

(2) In case of a repeated violation under Paragraph (1), the offender shall be liable to a fine in an amount as follows:

1. for any violations under Item 1 of Paragraph (1): BGN 2,000 or exceeding this amount but not exceeding BGN 8,000;

2. for any violations under Item 2 of Paragraph (1): BGN 8,000 or exceeding this amount but not exceeding BGN 20,000;

3. for any violations under Item 3 of Paragraph (1): BGN 20,000 or exceeding this amount but not exceeding BGN 40,000.

(3) A pecuniary penalty in the following amounts shall be imposed on legal persons and sole traders for any violations under Paragraph (1):

1. for any violations under Item 1 of Paragraph (1): BGN 2,000 or exceeding this amount but not exceeding BGN 10,000, and for a repeated violation: BGN 4,000 or exceeding this amount but not exceeding BGN 20,000;

2. for any violations under Item 2 of Paragraph (1): BGN 10,000 or exceeding this amount but not exceeding BGN 20,000, and for a repeated violation: BGN 20,000 or exceeding this amount but not exceeding BGN 40,000;

3. for any violations under Item 3 of Paragraph (1): BGN 20,000 or exceeding this amount but not exceeding BGN 40,000, and for a repeated violation: BGN 40,000 or exceeding this amount but not exceeding BGN 80,000.

(4) Any person who fails to comply with an obligation under this Act in any cases other than those referred to in Paragraphs (1) and (3) shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 1,000 for a first violation and of BGN 1,000 or exceeding this amount but not exceeding BGN 2,000 for a repeated violation.

(5) Any person, who fails to comply or who connives in non-compliance with a coercive administrative measure under Articles 58 and 59 herein, shall be liable to a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 10,000, and for a repeated violation, to a fine of BGN 4,000 or exceeding this amount but not exceeding BGN 20,000.

(6) A pecuniary penalty of BGN 4,000 or exceeding this amount but not exceeding BGN 20,000 shall be imposed on legal persons and sole traders for any violation under Paragraphs (4) and (5), and the pecuniary penalty for any such repeated violation shall be BGN 8,000 or exceeding this amount but not exceeding BGN 40,000.

Liability for Infringement of Regulation (EU) 2017/2402

Article 66. (1) Any person, who commits or connives in the commission of an infringement of a requirement of Regulation (EU) 2017/2402, shall be liable to a fine of BGN 10,000 or exceeding this amount but not exceeding BGN 5,000,000.

(2) In case of a repeated violation under Paragraph (1), the offender shall be liable to a fine of BGN 20,000 or exceeding this amount but not exceeding BGN 10,000,000.

(3) A pecuniary penalty of BGN 20,000 or exceeding this amount but not exceeding the greater of BGN 5,000,000 or 5 per cent of the total annual turnover of the person according to the most recent report approved by the management body of the person shall be imposed on legal persons and sole traders for any violations under Paragraph (1), and the pecuniary penalty for any such repeated violation shall be BGN 40,000 or exceeding this amount but not exceeding the greater of BGN 10,000,000 or 10 per cent of the total annual turnover of the person according to the most recent report approved by the management body of the person.

(4) Where the value of what has been acquired or the value of the losses that have been prevented as a result of the violation under Paragraph (1) cannot be determined, a fine not exceeding the double amount of the said value but not less than BGN 10,000 shall be imposed on the natural person and, for a repeated violation, not less than BGN 20,000 and, respectively, a pecuniary penalty not exceeding the double amount of the said value but not less than BGN 20,000 shall be imposed on the legal person and on the sole trader and, for a repeated violation, not less than BGN 40,000.

(5) In case an institutional investor has given another institutional investor authority to make investment management decisions that might give rise to a securitisation position and has instructed the latter investor in accordance with Article 5(5) of Regulation (EU) 2017/2402 but the other institutional investor has failed to fulfil the obligations thereof, a pecuniary penalty under Paragraph (3) shall be imposed on the latter investor.

(6) When determining the administrative sanction of a securitisation company, sponsor, originator, original lender or STS compliance verification agent in respect of whom the Commission has been designated as a competent authority and supervises the activities thereof, any employees of the supervised person concerned, any members of the management body or supervisory body of the supervised person concerned or the persons managing and representing the supervised person concerned, a liquidator or a trustee in bankruptcy thereof, the circumstances under Article 33(2) of Regulation (EU) 2017/2402 shall be taken into account.

Liability for Carrying Out Activities without Licence

Article 67. (1) Any person, who carries out or connives in the carrying out of activities without a licence which is required under this Act, shall be liable to a fine of BGN 20,000 or exceeding this amount but not exceeding BGN 50,000, and for a repeated violation, to a fine of BGN 40,000 or exceeding this amount but not exceeding BGN 100,000.

(2) A pecuniary penalty of BGN 50,000 or exceeding this amount but not exceeding BGN 100,000 shall be imposed on legal persons and sole traders for any violations under Paragraph (1), and the pecuniary penalty for any such repeated violation shall be BGN 100,000 or exceeding this amount but not exceeding BGN 200,000.

Competence

Article 68. (1) The written statements ascertaining any violations under Articles 65 to 67 herein shall be drawn up by officials empowered by the Deputy Chair or, respectively, by the by

the deputy chair in charge of the respective area of supervision, and the penalty decrees shall be issued by the Deputy Chair of, respectively, by the deputy chair in charge of the respective area of supervision.

(2) The ascertainment of violations, the issuing, appeal against and enforcement of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

Interest

Article 69. Any person which fails to pay the pecuniary penalty imposed thereon within one month of the entry into effect of a penalty decree shall owe interest at the statutory rate for the period from the date following the date of expiry of the one-month time limit to the date of the payment.

Making Information on Infringements of Regulation (EU) 2017/2402 Publicly Available

Article 70. The Commission or, respectively, the deputy chair in charge of the respective area of supervision, shall make any sanction imposed for an infringement of the provisions of Regulation (EU) 2017/2402 publicly available on the website of the Commission under the terms established by Article 37 of Regulation (EU) 2017/2402 after the person has been notified of the said sanction. The information which is to be made publicly available shall include, as a minimum, details of the infringement, the infringer, the sanction imposed, whether the said sanction was appealed, the appeal body, and the outcome of the appeal.

SUPPLEMENTARY PROVISIONS

§ 1. Within the meaning given by this Act:

1. "Senior management" of a securitisation company shall be the natural persons who exercise executive functions within the company and who are responsible and accountable to the management body of the company for the day-to-day management of the company.

2. "Member State" shall be a Member State of the European Union, or another State which is a Contracting Party to the Agreement on the European Economic Area.

3. "Originator" shall be a person within the meaning given to this term by point (3) of Article 2 of Regulation (EU) 2017/2402.

4. "Institutional investor" shall be a person within the meaning given to this term by point (12) of Article 2 of Regulation (EU) 2017/2402.

5. "Resident" shall be:

(a) a legal person having a registered office in the Republic of Bulgaria;

(b) a legal person having a registered office outside the Republic of Bulgaria: for the activities in the country through a registered branch;

(c) a natural person who has a permanent residence in the Republic of Bulgaria.

6. A violation shall be "repeated" where committed within one year after the entry into effect of a penalty decree whereby the offender was penalised for a violation of the same kind.

7. "Recognised valuer" shall be a valuer who, at the time of carrying out the valuation, appears on the register of the European Group of Valuers' Associations (TEGOVA) as a Recognised European Valuer (REV) or appears on the register of another internationally recognised organisation which applies the International Valuation Standards adopted by the

International Valuation Standards Council (IVSC), London, the United Kingdom.

8. "Original lender" shall be a person within the meaning given to this term by point (20) of Article 2 of Regulation (EU) 2017/2402.

9. "Management costs" shall be all management and maintenance costs, including costs of remunerations of the members of the board of directors of the special investment purpose company, as well as the costs of remunerations of outsourcees under Article 27 (3) herein, the registered auditor, the valuers and the depository bank.

10. "Related parties" shall be the persons within the meaning given to this term by Item 13 of § 1 of the Supplementary Provisions of the Public Offering of Securities Act.

11. "Securitisation" shall be a transaction or scheme within the meaning given to this term by point (1) of Article 2 of Regulation (EU) 2017/2402.

12. "Securitisation position" shall be an exposure to a securitisation within the meaning given to this term by point (19) of Article 2 of Regulation (EU) 2017/2402.

13. A violation shall be "systematic" where three or more administrative infringements of Regulation (EU) 2017/1129, Regulation (EU) 2017/2402, Regulation (EU) No. 596/2014, this Act, the Public Offering of Securities Act, the Implementation of the Measures Against Market Abuse with Financial Instruments Act or the instruments for the application thereof have been committed within one year.

14. "Sponsor" shall be shall be a person within the meaning given to this term by point (5) of Article 2 of Regulation (EU) 2017/2402.

§ 2. The terms and procedure for recording in and removal from the registers referred to in Article 30 (1) of the Financial Supervision Commission Act under this Act shall be established by the ordinance referred to in Article 30 (2) of the said Act.

§ 3. This Act provides for measures implementing Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No. 1060/2009 and (EU) No. 648/2012 (OJ L 347/35 of 28 December 2017).

§ 4. Any matters with regard to special investment purpose companies which are not regulated in this Act shall be governed, mutatis mutandis, by the provisions of the Public Offering of Securities Act and of the Commerce Act with the exception of Article 204 (1) of the Commerce Act.

TRANSITIONAL AND FINAL PROVISIONS

§ 5. Any administrative and administrative penalty proceedings under the Special Purpose Investment Companies Act as superseded, which have been initiated and which were pending upon the entry into force of this Act, shall be completed according to the hitherto effective procedure.

§ 6. The special purpose investment companies shall bring the activity thereof into conformity with the requirements of this Act within one year after the entry into force of the said Act.

§ 7. The persons managing special purpose investment companies until the entry into force of this Act shall be subject to approval according to the procedure established by Article 15 herein before being re-elected for a new term of office. A fee according to Annex 1 to Article 27 (1) of the Financial Supervision Commission Act shall be due in such cases.

§ 8. (1) The servicing companies within the meaning given by Article 18 of the Special

Purpose Investment Companies Act shall be outsourcees under Article 27 (4) herein and shall be subject to the requirements of this Act, mutatis mutandis.

(2) An approval by the Financial Supervision Commission under Article 27 (5) herein shall not be required for any contracts with servicing companies concluded until the entry into force of this Act, and Article 27 (6) herein shall apply, mutatis mutandis.

§ 9. Any statutory instruments of secondary legislation adopted for the application of the Special Purpose Investment Companies Act as superseded shall continue in effect in so far as the said instruments do not come into conflict with this Act and with European Union law.

§ 10. Within six months of the entry into force of this Act, the Financial Supervision Commission shall adopt the statutory instruments of secondary legislation for the application of the said Act.

§ 10a. (New, SG No. 51/2022) The Financial Supervision Commission shall adopt ordinances for the implementation of this Act and shall give written instructions on its application and interpretation, as well as on its implementing acts.

§ 11. The Special Purpose Investment Companies Act (promulgated in the State Gazette No. 46 of 2003, amended in No. 109 of 2003, No. 107 of 2004, Nos. 34, 80 and 105 of 2006, Nos. 52 and 53 of 2007, No. 77 of 2011, Nos. 34 and 95 of 2015, Nos. 62 and 103 of 2017 and Nos. 15 and 65 of 2018) is hereby superseded.

§ 12. In the Administrative Violations and Sanctions Act (promulgated in the State Gazette No. 92 of 1969; amended 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 and 85 of 1998, Nos. 51, 67 and 114 of 1999, No. 92 of 2000, Nos. 25, 61 and 101 of 2002, No. 96 of 2004, Nos. 39 and 79 of 2005, Nos. 30, 33, 69 and 108 of 2006, Nos. 51, 59 and 97 of 2007, Nos. 12, 27 and 32 of 2009, Nos. 10, 33, 39, 60 and 77 of 2011, Nos. 19, 54 and 77 of 2012, No. 17 of 2013, Nos. 98 and 107 of 2014, No. 81 of 2015, Nos. 76 and 101 of 2016, Nos. 63 and 101 of 2017, Nos. 20 and 38 of 2018, Nos. 83 and 94 of 2019 and Nos. 13 and 109 of 2020), in Article 34 (1) the words "Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act".

§ 13. In the Collective Investment Schemes and Other Undertakings for Collective Investments Act (promulgated in the State Gazette No. 77 of 2011; amended in No. 21 of 2012, No. 109 of 2013, No. 27 of 2014, Nos. 22 and 34 of 2015, Nos. 42, 76 and 95 of 2016, Nos. 62, 95 and 103 of 2017, Nos. 15, 20, 24, 27 and 77 of 2018, Nos. 83, 94 and 102 of 2019, Nos. 26, 28 and 64 of 2020 and No. 12 of 2021) shall be amended and supplemented as follows:

1. There shall be inserted an Article 51a:

"Article 51a. Where an investment company or a management company holds a securitisation position within the meaning given by Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No. 1060/2009 and (EU) No. 648/2012 (OJ L 347/35 of 28 December 2017), hereinafter referred to as "Regulation (EU) 2017/2402", and the securitisation does not comply

with the requirements provided in Regulation (EU) 2017/2402, they must act in the best interests of investors and must take action to bring the securitisation into conformity with the requirements of the said Regulation where necessary."

2. In Article 93 (1):

(a) in Items 8 and 9, the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies Act as superseded, the Special Purpose Investment Companies and Securitisation Companies Act";

(b) in Item 10, the words "or the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies Act as superseded or the Special Purpose Investment Companies and Securitisation Companies Act".

3. In Article 196, Item 7 shall be amended to read as follows:

"7. special purpose investment companies and securitisation companies under the Special Purpose Investment Companies and Securitisation Companies Act;".

4. In Article 231:

(a) the existing text shall be redesignated to become Paragraph (1), and the words "Articles 50 to 56 of Delegated Regulation (EU) No. 231/2013" shall be replaced by "Regulation (EU) 2017/2402";

(b) there shall be added a new Paragraph (2):

"(2) Where an alternative investment fund manager holds a securitisation position and the securitisation no longer complies with the requirements provided for in Regulation (EU) 2017/2402, the alternative investment fund manager shall act in the best interests of investors and shall take action to bring the securitisation into conformity with the requirements of the said Regulation where necessary."

5. In Article 263, the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act".

6. In Item 10 of Article 273 (1), after the words "Article 51" there shall be inserted "Article 51a" and a comma shall be placed, and after the words "Article 156 (1) and (2)" there shall be inserted "Article 231 (2)".

§ 14. The Financial Supervision Commission Act (promulgated in the State Gazette No. 8 of 2003; amended and supplemented in Nos. 31, 67 and 112 of 2003, No. 85 of 2004, Nos. 39, 103 and 105 of 2005, Nos. 30, 56, 59 and 84 of 2006, Nos. 52, 97 and 109 of 2007, No. 67 of 2008, Nos. 24 and 42 of 2009, Nos. 43 and 97 of 2010, No. 77 of 2011, Nos. 21, 38, 60, 102 and 103 of 2012, Nos. 15 and 109 of 2013, Nos. 34, 62 and 102 of 2015, Nos. 42 and 76 of 2016; [modified by] Constitutional Court Decision No. 10 of 2017, [promulgated in] No. 57 of 2017; amended in Nos. 62, 92, 95 and 103 of 2017, Nos. 7, 15, 24, 27, 77 and 101 of 2018, Nos. 12, 17, 42, 83, 94 and 102 of 2019 and Nos. 26 and 64 of 2020) shall be amended and supplemented as follows:

1. In Article 1 (2):

(a) in Item 1, the words "the Special Purpose Investment Act" shall be deleted;

(b) there shall be added a new Item 6:

"6. the activities of special investment purpose companies, securitisation companies, STS compliance verification agents, originators, original lenders and sponsors according to the Special Purpose Investment Companies and Securitisation Companies Act and Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and

2011/61/EU and Regulations (EC) No. 1060/2009 and (EU) No. 648/2012 (OJ L 347/35 of 28 December 2017), hereinafter referred to as "Regulation (EU) 2017/2402"."

2. In Article 12 (1):

(a) in Item 2, the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act";

(b) there shall be added a new Item 22:

"22. shall be a competent authority responsible for implementing Regulation (EU) 2017/2402 in the cases provided for in the Special Purpose Investment Companies and Securitisation Companies Act."

3. In Article 13 (1):

(a) in Items 4, 5, 6, 7, 9, 11 and 21, the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act";

(b) there shall be added an Item 36:

"36. acting on a motion by the deputy chair in charge of the respective area of supervision, exercise the powers of a competent authority under Article 29 of Regulation (EU) 2017/2402 with the exception of the cases under Item 6 of Article 1 (2) of the Credit Institutions Act, which fall within the explicit competence of the Bulgarian National Bank."

4. In Article 15 (1):

(a) in Item 1, the words "21 and 31 to 34" shall be replaced by "21, 31 to 34 and 36";

(b) in Item 4, after the words "for Collective Investments Act" there shall be inserted "under Chapter Ten of the Special Purpose Investment Companies and Securitisation Companies Act";

(c) in Item 6, after the words "Regulation (EU) 2017/1129", there shall be inserted "Regulation (EU) 2017/2402";

(d) in Item 7, after the words "Regulation (EU) 2017/1129", there shall be placed a comma and there shall be inserted "Regulation (EU) 2017/2402";

(e) in Item 9, the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act";

(f) in Item 16, the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act", and after the words "Regulation (EU) 2017/1129", there shall be placed a comma and there shall be inserted "Regulation (EU) 2017/2402".

5. In Article 16 (1):

(a) in Item 15, after the words "the Insurance Code", there shall be inserted "and Regulation (EU) 2017/2402";

(b) in Item 18, after the words "Regulation (EU) 2015/2365", there shall be placed a comma and there shall be inserted "Regulation (EU) 2017/2402";

(c) in Item 19, after the words "Regulation (EU) 2015/2365", there shall be placed a comma and there shall be inserted "Regulation (EU) 2017/2402".

6. In Article 17 (1):

(a) in Item 11, after the words "Regulation (EU) No. 2015/2365", there shall be placed a comma and there shall be inserted "of Regulation (EU) No. 2017/2402";

(a) in Item 12, after the words "the Social Insurance Code", there shall be inserted "and Regulation (EU) 2017/2402";

(c) in Item 14, after the words "Regulation (EU) 2015/2365", there shall be placed a comma and there shall be inserted "Regulation (EU) 2017/2402".

7. In Items 1 and 6 of Article 18 (1) and Article 18 (3), the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act", and after the words "Regulation (EU) 2017/1129", there shall be placed a comma and there shall be inserted "Regulation (EU) 2017/2402".

8. In Item 1 of Article 19 (2), the words "the Special Purpose Investment Companies Act" shall be replaced by "Special Purpose Investment Companies and Securitisation Companies Act", and after the words "Regulation (EU) 2017/1129", there shall be placed a comma and there shall be inserted "Regulation (EU) 2017/2402".

9. In Item 1 of Article 24 (5), the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act".

10. In Article 30 (1), there shall be added Items 22 and 23:

"22. the securitisation companies;

23. the STS compliance verification agents."

11. In the Annex to Article 27 (1):

(a) in Section I:

(aa) in Item II, there shall be added rows 29 to 41:

"

29.	for licensing a data reporting services provider	BGN 4,000
30.	for extension of a data reporting services provider licence	BGN 1,500
31.	for registration of a multilateral trading facility as a growth market	BGN 3,000
32.	for evaluation of acquisition of a qualifying holding of less than 50 per cent in the capital of an investment intermediary:	
	– for each direct acquirer	BGN 2,000
	– for each indirect acquirer	BGN 1,000
33.	for evaluation of an acquisition of 50 per cent or more than 50 per cent qualifying holding in an investment firm:	
	– for each direct acquirer	BGN 4,000
	– for each indirect acquirer	BGN 1,000
34.	for evaluation of an increase of a direct and/or indirect qualifying holding in an investment intermediary	BGN 1,000 for each person
35.	for evaluation of an acquisition of a qualifying holding of less than 50 per cent in the capital of a market operator or a regulated market in the cases where the regulated market and the market operator are separate legal persons:	
	– for each direct acquirer	BGN 2,000

	– for each indirect acquirer	BGN 1,000
36.	for evaluation of an acquisition of a qualifying holding of 50 per cent or more than 50 per cent in a market operator or a regulated market in the cases where the regulated market and the market operator are separate legal persons:	
	– for each direct acquirer	BGN 4,000
	– for each indirect acquirer	BGN 1,000
37.	for evaluation of an increase of a direct and/or indirect qualifying holding in a market operator or in a regulated market in the cases where the regulated market and the market operator are separate legal persons	BGN 1,000 for each person
38.	for recording in the register of a person that will carry out an activity as a tied agent of an investment intermediary	BGN 500
39.	for approval of a member of the management body of a tied agent which is a commercial corporation or, respectively of a commercial corporation which represents or manages the activity of a tied agent	BGN 200
40.	for evaluation of an acquisition of a qualified holding in tied agent which is a commercial corporation	BGN 200
41.	for an assessment whether there is a ground to apply the exemption of Item 10 of Article 5 (1) of the Markets in Financial Instruments Act	BGN 1,000

"

(bb) in Item IV:

(aaa) in the text before row 1, the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act (SPICSCA)";

(bbb) in row 6, the designation of the fee shall be amended to read as follows: "for approval of outsourcing under Article 27 (4) of the SPICSCA";

(ccc) there shall be added new rows 7 to 11:

"

7.	for approval of clauses amending and supplementing an outsourcing contract under Article 27 (4) of the SPICSCA	BGN 100
8.	for approval of a member of the board of directors of a special investment purpose company	BGN 200
9.	for approval of changes in the risk management rules of a special investment purpose company	BGN 200
10.	for a securitisation company licence	BGN 5,400
11.	for an STS compliance verification agent licence	BGN 3,000”

(cc) in Item V, there shall be added rows 46 to 48:
"

46.	for evaluation of an acquisition of a qualifying holding of less than 50 per cent in the capital of a management company:	
	– for each direct acquirer	BGN 2,000
	– for each indirect acquirer	BGN 1,000
47.	for evaluation of an acquisition of 50 per cent and more than 50 per cent of a qualifying holding in a management company:	
	– for each direct acquirer	BGN 4,000
	– for each indirect acquirer	BGN 1,000
48.	for evaluation of an increase of a direct and/or indirect qualifying holding in a management company	BGN 1,000 for each person”

(b) in Item I of Section II, there shall be added rows 41 and 42:
"

41.	of a securitisation company	BGN 1,600 + BGN 300 for each securitisation
42.	of an STS compliance verification agent	BGN 600”

§ 15. In the Corporate Income Tax Act (promulgated in the State Gazette No. 105 of 2006; amended in Nos. 52, 108 and 110 of 2007, Nos. 69 and 106 of 2008, Nos. 32, 35 and 95 of 2009, No. 94 of 2010, Nos. 19, 31, 35, 51, 77 and 99 of 2011, Nos. 40 and 94 of 2012, Nos. 15, 16, 23, 68, 91, 100 and 109 of 2013, Nos. 1, 105 and 107 of 2014, Nos. 12, 22, 35, 79 and 95 of 2015, Nos. 32, 74, 75 and 97 of 2016, Nos. 58, 85, 92, 97 and 103 of 2017, Nos. 15, 91, 98, 102, 103 and 105 of 2018, Nos. 24, 64, 96, 101 and 102 of 2019, Nos. 18, 28, 38, 69, 104, 107 and 110 of 2020 and No. 14 of 2021), the words "the Special Purpose Investment Companies Act" shall be replaced passim by "the Special Purpose Investment Companies and Securitisation Companies Act".

§ 16. The Markets in Financial Instruments Act (promulgated in the State Gazette No. 15 of 2018; corrected in No. 16 of 2018; amended in Nos. 24 and 98 of 2018, Nos. 17, 83, 94 and 102 o 2019, Nos. 26 and 64 of 2020 and No. 12 of 2021) shall be amended as follows:

1. In Items 6 and 7 of Article 13 (4), the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies Act as superseded, the Special Purpose Investment Companies and Securitisation Companies Act".

2. In Item 9 of Article 27 (1), the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies Act as superseded, the Special Purpose Investment Companies and Securitisation Companies Act".

3. In Item 3 (e) of Article 35 (1), the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies Act as superseded, the Special Purpose Investment Companies and Securitisation Companies Act".

§ 17. 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, Nos. 8, 31, 67 and 71 of 2003, No. 37 of 2004, Nos. 19, 31, 39, 103 and 105 of 2005, Nos. 30, 33, 34, 59, 63, 80, 84, 86 and 105 of 2006, Nos. 25, 52, 53 and 109 of 2007, Nos. 67 and 69 of 2008, Nos. 23, 24, 42 and 93 of 2009, Nos. 43 and 101 of 2010, Nos. 57 and 77 of 2011, Nos. 21 and 94 of 2012, Nos. 103 and 109 of 2013, Nos. 34, 61, 62, 95 and 102 of 2015, Nos. 33, 42, 62 and 76 of 2016, Nos. 62, 91 and 95 of 2017, Nos. 7, 15, 20, 24 and 77 of 2018, Nos. 17, 83, 94 and 102 of 2019, Nos. 26, 28 and 64 of 2020 and No. 12 of 2021) shall be amended and supplemented as follows:

1. In Article 89c (3), sentence three shall be amended to read as follows: Where the document referred to in Paragraph (1) includes any information from audited financial statements, the registered auditor shall be liable for any detriment inflicted by the financial statements audited thereby."

2. In Article 89d (8), sentence three shall be amended to read as follows: "Where the public offering document includes any information from audited financial statements, the registered auditor shall be liable for any detriment inflicted by the financial statements audited thereby."

3. In Article 89e (3):

(a) in sentence two, after the words "statements of the issuer", a full point shall be placed and the text until the end shall be deleted;

(b) there shall be added a sentence three: "Where the prospectus includes any information from audited financial statements, the registered auditor shall be liable for any detriment inflicted by the financial statements audited thereby."

4. Article 100l (3):

(a) in sentence two, after the words "statements of the issuer", a full point shall be placed and the text until the end shall be deleted;

(b) there shall be added a sentence three: "The registered auditor shall be liable for any detriment inflicted by the financial statements audited thereby."

§ 18. In the Insurance Code (promulgated in the State Gazette No. 102 of 2015; amended and supplemented in Nos. 62, 95 and 103 of 2016, Nos. 8, 62, 63, 85, 92, 95 and 103 of 2017, Nos. 7, 15, 24, 27, 77 and 101 of 2018, Nos. 17, 42 and 83 of 2019 and Nos. 26, 28 and 64 of 2020), § 10 of the Transitional and Final Provisions shall be repealed.

§ 19. The Social Insurance Code (promulgated in the State Gazette No. 110 of 1999; [modified by] Constitutional Court Decision No. 5 of 2000, [promulgated in] No. 55 of 2000; amended in No. 64 of 2000, Nos. 1, 35 and 41 of 2001, Nos. 1, 10, 45, 74, 112, 119 and 120 of 2002, Nos. 8, 42, 67, 95, 112 and 114 of 2003, Nos. 12, 21, 38, 52, 53, 69, 70, 112 and 115 of 2004, Nos. 38, 39, 76, 102, 103, 104 and 105 of 2005, Nos. 17, 30, 34, 56, 57, 59 and 68 of 2006; corrected in No. 76 of 2006; amended in Nos. 80, 82, 95, 102 and 105 of 2006, Nos. 41, 52, 53, 64, 77, 97, 100, 109 and 113 of 2007, Nos. 33, 43, 67, 69, 89, 102 and 109 of 2008, Nos. 23, 25, 35, 41, 42, 93, 95, 99 and 103 of 2009, Nos. 16, 19, 43, 49, 58, 59, 88, 97, 98 and 100 of 2010; [modified by] Constitutional Court Decision No. 7 of 2011, [promulgated in] No. 45 of 2011; amended in Nos. 60, 77 and 100 of 2011, Nos. 7, 21, 38, 40, 44, 58, 81, 89, 94 and 99 of 2012, Nos. 15, 20, 70, 98, 104, 106, 109 and 111 of 2013, Nos. 1, 18, 27, 35, 53 and 107 of 2014, Nos. 12, 14, 22, 54, 61, 79, 95, 98 and 102 of 2015, Nos. 62, 95, 98 and 105 of 2016, Nos. 62, 92, 99 and 103 of 2017, Nos. 7 and 15 of 2018; corrected in No. 16 of 2018; amended in Nos. 17, 30, 46, 53, 64, 77, 88, 98, 102 and 105 of 2018, Nos. 12, 35, 83, 94 and 99 of 2019, Nos. 26, 28, 51,

64, 69, 103 and 109 of 2020 and No. 12 of 2021) shall be amended as follows:

1. In Item 10 (a) of Article 176 (1), the words "the Special Purpose Investment Companies Act" shall be replaced by "the Special Purpose Investment Companies and Securitisation Companies Act".

2. The word "securitising" shall be replaced passim by "investing in".

§ 20. The Credit Institutions Act (promulgated in the State Gazette No. 59 of 2006; amended in No. 105 of 2006, Nos. 52, 59 and 109 of 2007, No. 69 of 2008, Nos. 23, 24, 44, 93 and 95 of 2009, Nos. 94 and 101 of 2010, Nos. 77 and 105 of 2011, Nos. 38 and 44 of 2012, Nos. 52, 70 and 109 of 2013, Nos. 22, 27, 35 and 53 of 2014, Nos. 14, 22, 50, 62 and 94 of 2015, Nos. 33, 59, 62, 81, 95 and 98 of 2016, Nos. 63, 97 and 103 of 2017, Nos. 7, 15, 16, 20, 22, 51, 77, 98 and 106 of 2018, Nos. 37, 42, 83, 94 and 96 of 2019, Nos. 11, 13, 14, 18 and 64 of 2020 and No. 12 of 2021) shall be amended and supplemented as follows:

1. In Article 1 (2), there shall be added an Item 6:

"6. the powers under:

(a) Article 29(1)(e) of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No. 1060/2009 and (EO) No. 648/2012 (OJ, L 347/35 of 28 December 2017), hereinafter referred to as "Regulation (EU) 2017/2402", as to compliance with the requirements of Article 5 of Regulation (EU) 2017/2402, where the institutional investor is a credit institution;

(b) Article 29(2) of Regulation (EU) 2017/2402 as to compliance with the requirements of Articles 6 to 9 of the said Regulation, where the sponsor is a credit institution;

(c) Article 29(3) of Regulation (EU) 2017/2402 as to compliance with the requirements of Articles 6 to 9 of the said Regulation, where the originator or original lender is a credit institution;

(d) Article 29(5) of Regulation (EU) 2017/2402 as to compliance with the requirements of Articles 18 to 27 of the said Regulation, where the sponsor or originator is a credit institution."

2. In Article 73 (1), there shall be added an Item 12:

"12. policies, rules and procedures under Article 30(2) of Regulation (EU) No. 2017/2402, where the bank is an originator, sponsor or original lender in securitisation and for the assessment and management of the risks arising from securitisation, including reputational risks."

3. In Article 103:

(a) in Item 2 of Paragraph (7), the words "except where already provided" shall be replaced by "including";

(b) there shall be added a Paragraph (18):

"(18) Where the BNB finds that a bank, as a sponsor, originator, original lender or institutional investor, any administrators thereof or other employees of the bank have committed a violation of Regulation (EU) 2017/2402, the BNB may apply a measure under Paragraph (2) or may impose:

1. a temporary ban preventing the originator bank or the sponsor from notifying under Article 27(1) of Regulation (EU) 2017/2402 where a securitisation meets the requirements set out in Articles 19 to 22 or Articles 23 to 26 of the said Regulation;

2. a temporary ban preventing any member of the management or supervisory body of the bank or any other person held responsible for the violation from exercising management functions in the said bank."

4. In Article 152b (1) and (2), the words "or Article 33 (1) or (2)" shall be replaced by

"Article 33 (1) or (2), or of Regulation (EU) 2017/2402".

5. In the Supplementary Provisions:

(a) In § 1, there shall be added Items 58 to 62:

"58. "Securitisation" shall be a transaction or scheme within the meaning given to this term by point (1) of Article 2 of Regulation (EU) 2017/2402.

59. "Originator" shall be a person within the meaning given to this term by point (3) of Article 2 of Regulation (EU) 2017/2402.

60. "Sponsor" shall be shall be a person within the meaning given to this term by point (5) of Article 2 of Regulation (EU) 2017/2402.

61. "Original lender" shall be a person within the meaning given to this term by point (20) of Article 2 of Regulation (EU) 2017/2402.

62. "Institutional investor" shall be an entity within the meaning given by point (12) of Article 2 of Regulation (EU) No. 2017/2402.

(b) in § 4:

(aa) the existing text shall be redesignated to become Paragraph (1);

(bb) there shall be added a Paragraph (2):

"(2) This Act provides for measures implementing Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No. 1060/2009 and (EU) No. 648/2012 (OJ L 347/35 of 28 December 2017)."

§ 21. In the Act Restricting Administrative Regulation and Administrative Control over Economic Activity (promulgated in the State Gazette No.55 of 2003; corrected in No. 59 of 2003; amended in No 107 of 2003, Nos. 39 and 52 of 2004, Nos. 31 and 87 of 2005, Nos. 24, 38 and 59 of 2006, Nos. 11 and 41 of 2007, No. 16 of 2008, Nos. 23, 36, 44 and 87 of 2009, Nos. 25, 59, 73 and 77 of 2010, Nos. 39 and 92 of 2011, Nos. 26, 53 and 82 of 2012, No. 109 of 2013, Nos. 47 and 57 of 2015, No. 103 of 2017, Nos. 15, 77 and 101 of 2018 and Nos. 17, 24, 83 and 101 of 2019), in the annex to Item 2 of Article 9 (1), in Item 3, after the words "as well as of a special purpose investment joint-stock company" there shall be placed a comma and there shall be added "a securitisation company and an agent verifying compliance with the simple, transparent and standardised securitisations requirements".

This Act was passed by the 44th National Assembly on 25 February 2021, and the Official Seal of the National Assembly has been affixed thereto.