

Ordinance No. 8 of 03.09.2020 on the requirements to the activity of the central securities depositories, the central securities register and other persons carrying out activities related to the settlement of securities

Prom. - SG No. 81 /15.09.2020, effective from 15.09.2020; amended and supplemented SG No. 62 /27.07.2021, amended and supplemented SG No. 37 /17.05.2022, amended and supplemented SG No. 36 /21.04.2023

Adopted by Decision No. 212-H of 03.09.2020 of the Financial Supervision Commission

Chapter one GENERAL

Art. 1. (Amended and supplemented - SG No. 37 /2022) *(1)* This ordinance sets out:

- 1.* additional requirements for central securities depositories licensed by the Financial Supervision Commission, hereinafter referred to as “the Commission”, for providing services pursuant to the Annex to Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ, L 257/1 of 28 August 2014), hereinafter referred to as “Regulation (EU) No. 909/2014”, to central securities depositories licensed in another member state, which provide services on the territory of the Republic of Bulgaria under the conditions of Art. 23 of Regulation (EU) No. 909/2014, and to central securities depositories from third countries, which provide services on the territory of the Republic of Bulgaria under the conditions of Art. 25 of Regulation (EU) No. 909/2014;
- 2.* the cases where exceptions are permissible to the rule under Art. 227b, para. 2, first sentence of the Markets in Financial Instruments Act (MFIA) and of the rule under Art. 138, para. 2, sentence one of the Public Offering of Securities Act (POSA);
- 3.* the requirements for the rules and procedures of central securities depositories for each securities settlement system operated by them in case of default by one or more participants therein;
- 4.* the procedure for calculating the indicators for determining the currencies in which settlement is most often carried out;
- 5.* the risks in accordance with Art. 53, paragraph 3 of Regulation (EU) No. 909/2014, when performing a comprehensive risk assessment at the request of a central securities depository for access to a central counterparty or to a trading venue, respectively when considering appeals under Art. 53, paragraph 3 of Regulation (EU) No. 909/2014 when such access is denied;
- 6.* the procedure for calculating the indicators for determining the substantial importance of the central securities depositories, when the Republic of Bulgaria is a host member state;
- 7.* additional requirements in connection with the reporting of the internalized settlement under Art. 227g, para. 1 of MFIA;
- 8.* the procedure for paying dividends, interest, principal and other payments by public companies and issuers, as well as the persons through whom dividend payments can be made;
- 9.* additional requirements to Central Depository AD, and the central securities register it keeps;
- 10.* requirements in connection with the application of Art. 6, paragraph 2, para. 2 of Regulation (EU) No. 909/2014.

(2) The Financial Supervision Commission maintains and, if necessary, updates the list of central securities depositories for which it is a competent authority.

(3) (Amended and supplemented - SG No. 37 of 2022) The provisions of this ordinance apply to the central securities depositories under par. 1, item 1 except the provisions of sections I and II and Art. 19, 21 and 23 - 25 of chapter two, chapters three, four, six and eight "a", which apply only to central securities depositories licensed by the Commission, unless otherwise specified therein.

Chapter two
ADDITIONAL REQUIREMENTS FOR CENTRAL SECURITIES
DEPOSITORIES RELATING TO
THE PROVISION OF SERVICES UNDER THE ANNEX TO
REGULATION (EU) No. 909/2014

Section I

Registration of issue of financial instruments

Art. 2. (1) The central securities depository maintains an electronic database and keeps:

1. accounts of issuers of financial instruments;
2. accounts of financial instruments;
3. accounts of participants in the securities settlement system it operates;
4. accounts of the holders of financial instruments, when the fulfillment of the obligation under Art. 127, para. 2 of the POSA is not secured in any other way, and accounts of the persons under Art. 133 of the MFIA;

5. registers of transfers of financial instruments and transactions with financial instruments;

6. accounts of the rights to subscribed shares under Art. 112b, para. 13 of the POSA;

7. other registers and accounts when provided for in its rules.

(2) The central securities depository provides access to the registers kept by it, as art. 131, para. 1 and 2 of the POSA are applied accordingly.

Art. 3. The Central securities depository finds for each registered issue financial instruments that give the same rights:

1. an account of the financial instruments issued by the company;

2. accounts of participants in the securities settlement system it operates;

3. when applicable, accounts of holders of financial instruments and accounts of persons under Art. 133 of MFIA.

Art. 4. The central securities depository shall maintain at least the following data in connection with the account of the issuer of financial instruments:

1. account number;

2. issuer details:

a) name, registered office, UIC or other identification number;

b) correspondence address;

c) Legal Entity Identifier code, LEI code;

d) other details provided for in its rules;

3. a list of the identification codes of the issues registered in the central securities depository.

Art. 5. (1) The central securities depository shall maintain at least the following data in connection with the account of financial instruments which give identical rights:

1. Securities identification code (ISIN code);

2. number;
3. nominal value.

(2) The central securities depository opens separate accounts under para. 1 for the issuer's financial instruments registered with a different ISIN code.

Art. 6. (1) The central securities depository shall maintain at least the following data in connection with the accounts of the participants in the securities settlement system it operates:

1. account number;
2. name and seat of the participant;
3. UIC or other identification number of a legal entity;
4. identification code of the legal entity;
5. correspondence address;
6. details for the financial instruments on the account:
 - a) ISIN code;
 - b) number;
 - c) nominal value.

(2) The central securities depository in connection with the accounts of the holders of financial instruments and the accounts of the persons under Art. 133 of the MFIA, when applicable, maintains at least the following data:

1. account number;
2. data on the holder of financial instruments, respectively the person under Art. 133 of the MFIA:
 - a) names, headquarters (for legal entities);
 - b) PIN/PFN (foreigner's number) of a natural person, respectively UIC or other identification number of a legal entity;
 - c) identification code of the legal entity, if any;
 - d) correspondence address;
3. data on owned financial instruments:
 - a) ISIN code;
 - b) number;
 - c) nominal value;
4. data regarding retention, respectively transfer, of the right to vote and the right to dividend in transactions with transfer, respectively retention, the right of ownership of financial instruments;
5. details of dividend, interest, principal and other payments;
6. type of account - personal account or customer account with a participant in its settlement system, respectively with a person under Art. 133 of MFIA.

(3) The central securities depository keeps separate accounts under para. 1, and when applicable - also under para. 2, for financial instruments owned by one person:

1. with a different ISIN code;
2. with the same ISIN code, which are kept as different customer accounts to the accounts of the participants in its settlement system, respectively of the persons under Art. 133 of the MFIA, when applicable.

(4) In the regulations of a central securities depository, which does not keep accounts of the holders of financial instruments, for each account under para. 2 it should be specified how it is ensured that the participant provides the necessary information for the fulfillment of the obligation under Art. 127, para. 2 of the POSA from the central securities depository.

Art. 7. (1) The Central securities depository registers an issue of financial instruments on the basis of an application to which the following are attached:

1. UIC or other identification number of an issuer;
2. identification code of the legal entity;

3. decision of the issuer's competent authority to issue financial instruments, when applicable;
4. certificate of ISIN code of the issue;
5. data on the financial instruments, including their number, nominal value and term of the issue, when applicable;
6. list of holders of financial instruments outside the cases of initial public offering:
 - a) for local natural persons - three names of the shareholder, PIN, address, number of financial instruments;
 - b) for local legal entities - name of the company, headquarters and address of management, UIC, number of financial instruments;
 - c) for foreign natural persons - names, office number assigned by the central securities depository, address, number of financial instruments;
 - d) for foreign legal entities - name, legal organizational form, registration number of entry in the register of the relevant country, identification number (if they have one), registered office, address of registration, number of financial instruments;
7. issue administration agreement;
8. documents according to the rules of the central securities depository, on the basis of which it can perform a risk assessment under Art. 49, paragraph 3 of Regulation (EU) No. 909/2014.

(2) The application in below para. 1 is submitted by:

1. the issuer of the financial instruments issue;
2. a person under Art. 131, para. 2, items 1 and 2 of the POSA;
3. The Agency for Public Enterprises and Control;
4. another body or person in the cases provided for by law.

(3) In cases where the application for registration and changes to registered circumstances is submitted by a person under Art. 131, para. 2, items 1 and 2 of the POSA, a certified copy of the contract for underwriting/servicing the issue or an express power of attorney to perform the relevant registration actions is attached.

(4) The procedure for submitting applications is regulated by the rules of the central securities depository. The rules of the central securities depository may provide for the application of other data and documents besides those specified in para. 1, as well as the requirements they must meet.

(5) The central securities depository shall rule on the application under para. 1 under the conditions and in accordance with Art. 49 of Regulation (EU) No. 909/2014.

(6) The registration of an issue of financial instruments in the central securities depository is certified by a registration act.

(7) The central securities depository administers the registered issue of financial instruments and provides related services on the basis of a contract concluded with the issuer.

Art. 8. The central securities depository registers available financial instruments that are not bearer instruments, including those issued by foreign entities, with the aim of their public offering in the country or their admission to trading on a regulated market under the conditions and in accordance with Art. 7 after their immobilization according to the rules of the depository.

Art. 9. (1) When identifying incorrect entries in the registers of a central securities depository, as well as upon request by a person under Art. 131, para. 2 of the POSA, a participant in the securities settlement system or the issuer, the central securities depository performs an immediate inspection.

(2) In the course of the inspection under para. 1, the central securities depository may require the persons under Art. 131, para. 2 of the POSA, the participants in the securities settlement system,

the regulated market, the issuer of financial instruments, as well as the necessary documents and information from other persons.

(3) In the event that the inspection reveals an incorrect entry, the central securities depository shall correct it and immediately notify the affected persons. Correcting an incorrect entry cannot lead to a change in the parameters of a completed transaction in order to comply with the requirements for the irrevocability of a transfer order and the finality of settlement.

(4) The central securities depository corrects the data in its registers and in the cases when this is decided by an effective court act, in accordance with the procedure provided for in the rules of the depository.

Art. 10. (Amended and supplemented - SG No. 62 of 2021) (1) The book of shareholders, respectively the book of holders of other financial instruments, has the following minimum content:

1. the name and address, PIN/PFN (foreigner's number) or UIC, or other identification number of the holders of financial instruments;

2. (amended - SG No. 62 of 2021) the type, number and nominal value of the financial instruments owned;

3. the share of the financial instruments owned by the person out of the total number of issued financial instruments that give the same rights;

4. shares of the voting rights held by the respective person.

(2) In the books under para. 1, the persons under Art. 133 of the MFIA, and the data under para. 1 for these persons.

(3) (New - SG No. 62 of 2021) The central securities depository separates the information in the books under para. 1 in separate sections for legal entities, persons under Art. 133 of the MFIA and natural persons.

(4) (Previous para. 3 - SG No. 62 of 2021) The central securities depository is obliged to provide the relevant book under para. 1 of the issuer at the request of the issuer and of the bondholders at the request of the trustee who represents them.

(5) (Previous para. 4 - SG No. 62 of 2021) The securities records under Art. 127, para. 1 of the LPA in the book of shareholders, respectively in the book of holders of other financial instruments, issued by the central securities depository must correspond to the entries in the central register of securities maintained by Central Depository AD.

(6) (Previous para. 5 - SG No. 62 of 2021) For the securities under Art. 127, para. 1 of the POSA, the central securities depository of securities, when it is different from Central Depository AD, issues a book of shareholders, respectively a book of holders of other financial instruments, after receiving confirmation of the records from Central Depository AD, in connection with the central securities register it maintains.

Art. 11. (1) At the request of the holder of financial instruments, the central securities depository issues a certification document for the owned financial instruments through a person under Art. 131, para. 2 of the POSA or a participant in the settlement system after confirmation of the records by Central Depository AD, in connection with the central register of securities it maintains.

(2) The certification document under para. 1 contains at least the following data:

1. name of the document and its issuer;

2. document number and date of issue;

3. name of the issuer of financial instruments, registered office, UIC or other identification number;

4. ISIN code, number and nominal value of the financial instruments owned as of the date of issuance of the certification document;

5. the name and PIN/PFN (foreigner's number) respectively UIC or other identification number of the holder of financial instruments;

6. names and signature of the person authorized by the issuer of the document to issue certification documents under para. 1.

Art. 12. (1) The central securities depository is not responsible for damages related to the organization and management of the registers under Art. 2, para. 1, caused as a result of incomplete, false and/or inaccurate information provided by participants in the securities settlement system or by issuers of financial instruments.

(2) The central securities depository is not responsible for the accuracy of the data received by the persons under Art. 131, para. 2 of the POSA, issuers and other authorized bodies and persons, as well as for the legality of the actions of these persons related to entries in the registers under Art. 2, para. 1, unless his employee had evidence that the information presented to the depository was incomplete, false and/or inaccurate.

(3) The central securities depository is liable for damages caused as a result of its or the depository's employees' illegal actions and omissions, including if they are in violation of the rules and procedures of the depository. Claims for damages are made according to the general claim procedure.

Art. 13. (1) The central securities depository issues relevant codes for the registered issues of book-entry financial instruments.

(2) When a central securities depository is also a national numbering agency, it issues an ISIN code for book-entry financial instrument issues.

(3) An ISIN code is issued for each issue of book-entry financial instruments providing equal rights to their owners.

(4) To issue an ISIN code, an application is submitted to the central securities depository under para. 2.

(5) The central securities depository under para. 2 performs the registration of the ISIN code within 2 working days from the submission of the application. After the registration, the central securities depository under para. 2 issues an ISIN code certificate and gives it to the issuer.

(6) In the event of a change in rights under financial instruments for which an ISIN code has been issued, the central securities depository under para. 2 after a written application from the issuer sets a new ISIN code of the financial instruments to which the change applies.

Art. 14. (1) The rules of the central securities depository regulate:

1. additional rules regarding the terms and conditions for provision of services, detailed rules for record-keeping, as well as the terms and conditions for providing information about the services it offers;

2. rules for managing risks related to its activity;

3. rules for transfer of financial instruments;

4. the procedure and manner of cooperation and exchange of the necessary information with other central securities depositories in connection with the registers it keeps in order to preserve the integrity of the issue.

(2) The central securities depository shall notify the participants in the settlement system it operates of any changes in its rules and publish them on its website no later than the end of the next business day after receiving approval from the Commission.

(3) Amendments and additions to the rules of a central securities depository can be made only after prior approval of the Commission on the proposal of the Deputy Chairperson of the Commission in charge of the

Investment Activity Supervision Department, hereinafter referred to as “the Deputy Chairperson”.
Art. 167, para. 4 and 5 shall apply accordingly.

Section II

Deregistration of issue of financial instruments

Art. 15. (1) An issue of financial instruments is deregistered by the central securities depository upon application by the issuer.

(2) The deregistration of an issue of financial instruments from the registers of the central securities depository takes place under the terms and according to the procedure defined in the rules of the depository.

Art. 16. For deregistration of an issue due to a change of equity securities from book-entry to physical and in the presence of registered charges on the issue submitted for deregistration, a declaration by the issuer is attached to the application under Art. 15, para. 1 that the issuer undertakes to reflect the charges entered in the book of physical shares.

Art. 17. (1) For deregistration of an issue of non-equity securities, the issuer submits an application after the expiration of the issue’s term.

(2) After the act of deregistration of the bond issue is issued, the issuer and the trustee bank can request and receive a report on the date, type and amount of the payments made under the deregistered issue. The application for issuing the report must include the name and UIC of the issuer and the ISIN code of the bond issue. The report is issued within a period set out in the rules of the central securities depository.

Art. 18. The central securities depository issues a deregistration act in which it indicates the holders of financial instruments from the relevant issue and the number of instruments they own at the time of deregistration, and immediately notifies Central Depository AD, in connection with the central register of securities register it maintains.

Section III

Registration and settlement of transactions with financial instruments

Art. 19. (1) The rules of the central securities depository regulate the terms and procedure for admitting new participants to the securities settlement system and for their temporary or final removal therefrom.

(2) The rules of the central securities depository regulate the terms and procedure for electronic data exchange with other persons, as well as other ways of data exchange.

(3) The central securities depository ensures the settlement of cash payments under its securities settlement system.

Art. 20. (1) The system for registering financial instrument issues and transactions in the central securities depository must meet the following requirements:

1. keeping all entries in chronological order;
2. assigning a sequential registration number to the entries;
3. storing data on the accounts of the issuers and on the accounts of the participants in the securities settlement system it operates and the sub-accounts of their clients;
4. possibility of prompt restoration of the system in case of damage to the database or equipment;
5. timely and accurate processing of transfer orders of persons under Art. 131, para. 2 of the POSA and the participants in the settlement system in connection with the provision of services according to the annex to Regulation (EU) No. 909/2014;

6. maintaining a database of all correspondence and storage of all orders, inquiries and responses in connection with the activities of the central securities depository;

7. meets the requirements of the procedures and measures of the central securities depository for appropriate internal organization of its activities.

(2) The central securities depository adopts operational instructions and procedures and maintains a system for ranking the documents that ensures compliance with the requirements under para. 1.

Art. 21. (1) Transactions in financial instruments are registered in the central securities depository on the basis of information submitted by a direct or indirect participant in the securities settlement system or in another system with finality of settlement of financial instruments.

(2) Transactions with financial instruments carried out outside a regulated market are registered in the central securities depository based on the data provided by an investment firm.

Art. 22. (1) The ownership of financial instruments is reflected in the registers under Art. 2, para. 1 by:

1. accounts of participants in the securities settlement system the central securities depository operates;

2. accounts of holders of financial instruments and accounts of persons under Art. 133 of MFIA when applicable.

(2) The accounts under para. 1 may be kept as personal or client sub-accounts with a participant or a person under Art. 133 of MFIA.

Art. 23. (1) The central securities depository, in its capacity as a system operator of a settlement system, regulates the organization, management, functioning and operational procedures of the system through operational rules.

(2) The central securities depository organizes the drafting of the agreement for the settlement system it operates. The content of the agreement is set out in the rules of the central securities depository.

(3) Participants in the settlement system operated by the central securities depository may be persons under Art. 131, para. 2 of the POSA, insofar as this does not contradict the provisions of Art. 130 of the Payment Services and Payment Systems Act. Indirect participants in the settlement system operated by the central securities depository may be the persons under Art. 131, para. 2 of the POSA, which are in contractual relations with a participant in the settlement system executing transmission or transfer orders, according to which indirect participants may submit transmission or transfer orders through the system, provided that they are notified to the central securities depository.

(4) The central securities depository notifies the Commission of the participants in the settlement system it operates, including indirect participants, as well as of any change in them, within 7 days of signing the agreement on the system, respectively of the occurrence of a change.

Art. 24. The rules of the financial instruments settlement system also include:

1. the access rules and conditions for participation in the financial instruments settlement system;

2. the conditions for leaving or excluding a participant from the financial instruments settlement system;

3. the manner of submitting the transfer orders in the settlement system and the requirements for the form and structure of the information for carrying out the operations on the settlement accounts;

4. the principles of operation of the financial instruments settlement system, the connections with the payment system, the connections between different systems for the finality of the settlement of financial instruments, interaction with a clearing house, as well as the connection with the national registration system;

5. the period of time in which the financial instruments settlement system accepts orders;

6. the moment a transfer order accepted by the financial instruments settlement system becomes irrevocable;

7. the way to secure the cash and financial instruments to complete the settlement of the transfer orders submitted to the financial instruments settlement system;

8. the currency or currencies in which the settlement system operates;

9. potential financial, operational and technical risks for the participants in the system, as well as the measures to manage these risks;

10. the rules and technical methods for protecting information against unauthorized access or use;

11. rules for managing deferred settlement transactions;

12. connections between the financial instruments settlement system and the registration system of the central securities depository;

13. settlement guarantee mechanism;

14. rules for operation in other emergency situations;

15. the mechanisms for reconciliation of financial instrument issues during the processing of transfer instructions received from persons under Art. 131, para. 2 of POSA.

Art. 25. (1) The central securities depository, within the settlement system it operates, registers transactions with financial instruments during their settlement by transferring financial instruments against the transfer of funds between the settlement accounts of its participants finally after receiving transfer orders from the system. The central securities depository also registers other transfers of financial instruments, when this is provided for in a regulatory act or in the rules of the depository.

(2) The central securities depository may refuse to accept for execution an order for transfer and registration of a transaction in financial instruments when:

1. the balance in the financial instruments account of the transferor or on the cash settlement account of the acquirer is insufficient to carry out the transaction within the settlement period provided in the rules of the central securities depository;

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

3. there are legally established prohibitions or restrictions;

4. the requirements of Regulation (EU) No. 909/2014 have not been met;

5. in other cases provided in the rules of the central securities depository.

(3) The central securities depository immediately notifies the respective participants in the settlement system who submitted information about the transaction of the refusal to accept for execution the order for transfer and registration of the transaction and the reason thereof.

Art. 26. (1) For the completed registration of the transaction, the central securities depository issues an act of registration of a transaction with financial instruments with minimum contents specified in the rules of the depository.

(2) Participants in the settlement system may issue to their clients, at their request, a written certificate of the completed registration based on the act under para. 1.

(3) In the event of a discrepancy in the data contained in the act of registration of a transaction with financial instruments and in the written certificate, the data in the act of registration shall be considered correct.

Chapter Three

RULES AND PROCEDURES FOR DEFAULT BY PARTICIPANTS IN A CENTRAL SECURITIES DEPOSITORY

Art. 27. (1) The central securities depository shall develop and adopt rules and procedures for each securities settlement system operated by it for necessary actions upon opening of insolvency proceedings against participants in the securities settlement system, against another central securities depository with an established link, against entities carrying out settlement of the cash leg of transactions with financial instruments through the central securities depository, against trading venues and other relevant interested parties, depending on the links established by the central securities depository.

(2) The rules and procedures under para. 1 may also include events and circumstances, other than the opening of insolvency proceedings, which affect the participants in the settlement systems operated by the central securities depository.

(3) The rules and procedures under para. 1 are accepted by the governing body of the central securities depository and are part of the rules of the depository.

Art. 28. (1) The central securities depository periodically performs the necessary actions to identify open insolvency proceedings against any of the persons under Art. 27, para. 1 and upon identification of open insolvency proceedings shall apply the adopted rules and procedures.

(2) The central securities depository sets out in its rules the procedure by which the persons under Art. 27, para. 1 that have open insolvency proceedings against them, or other market participants who have learned of insolvency proceedings opened against such persons, should notify the central securities depository of the circumstances.

(3) The central securities depository shall promptly send to the Commission any information received regarding open insolvency proceedings against a participant in the securities settlement system, including the details known to date and the source of the information.

(4) As soon as possible after sending the information under para. 3 the central securities depository must establish and transmit to the Commission at least the following additional information:

1. details of the person under para. 1, against which insolvency proceedings have been opened (legal status, license, objects, whether it is a key participant within the meaning of Article 67 of Commission Delegated Regulation (EU) 2017/392 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on authorization, supervisory and operational requirements for central securities depositories (OJ, L 65/48 of 10 March 2017), hereinafter referred to as “Delegated Regulation (EU) 2017/392”;

2. total volume and value of the settlement instructions of the participant against which insolvency proceedings have been opened that are still pending, and if possible those that may lead to settlement fail; the “value” is calculated in accordance with Art. 42, paragraph 2 of Delegated Regulation (EU) 2017 /392 on the day of announcing the decision for opening the insolvency proceedings;

3. type of transactions and financial instruments (according to the categories used respectively in Article 54, paragraph 2, letter "b" and Article 42, paragraph 1, letter "d", subparagraph "i" of Delegated Regulation (EU) 2017/392), to which these instructions refer;

4. where applicable, which common settlement infrastructure processed the settlement instructions of the participant in respect of which insolvency proceedings were opened and, if available, any other indicators of cross-border activities of that participant;

5. number of clients of the participant against whom insolvency proceedings have been opened, if this information is available;

6. information about possible material risks that insolvency may lead to.

Art. 29. (1) The central securities depository sets out in the rules and procedures under Art. 27, para. 1 what actions it will take upon the opening of insolvency proceedings in respect of any of the participants, including the measures it will take to limit losses and the impact on liquidity at the time of the opening of the relevant insolvency proceedings and thereafter, and whether those actions are automatic or determined specifically for each individual case.

(2) Actions that may be taken should be in accordance with current legislation and settlement finality rules set out under Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ, L 166/45 of 11 June 1998), namely:

1. changes to normal settlement practices, such as blocking the participant in insolvency from entering additional settlement instructions into its securities settlement systems, suspending final settlement instructions, or limiting certain functionality that can be applied to settlement instructions settlement of that participant, such as setting a deadline for recycling a given settlement instruction;

2. use of financial resources by the central securities depository, including guarantee funds, the order in which they will be used, and the measures and procedures for timely recovery of these resources after the completion of insolvency proceedings.

(3) In the rules and procedures under Art. 27, para. 1 determine the consequences of the actions that can be taken in relation to the instructions and settlement accounts of participants against whom insolvency proceedings have been opened.

Art. 30. (1) The central securities depository shall determine the criteria to be taken into account when choosing each of the actions set out in its insolvency rules and procedures.

(2) The central securities depository shall establish rules and procedures that clearly indicate the responsibilities of the various parties, both within and, where appropriate, outside of its organization, for the settlement of insolvency proceedings opened against participants and for the provision of training and guidance to their employees regarding the application of the rules and procedures in insolvency proceedings. The rules and procedures shall specify the key employees for this purpose and shall define the order of communication, documentation, needed information and access to data, including, where appropriate, other market infrastructures, as well as the infrastructure operator for central securities depositories, using a common settlement infrastructure.

Art. 31. (1) The rules and procedures of the central securities depository under Art. 27, para. 1 contain the following obligations:

1. the central securities depository shall notify within 3 days the Commission and the person against whom bankruptcy proceedings have been commenced, of the actions that must be taken or have been taken by the depository in connection with the bankruptcy proceedings;

2. the central securities depository shall notify within 3 days the Bulgarian National Bank, the European Securities and Markets Authority, the participants against whom bankruptcy proceedings have not been commenced, the trading venues, the central counterparties served by the central securities depository, the operator of the common settlement infrastructure it uses and the related central securities depositories for the actions taken by it in relation to the open insolvency proceedings.

(2) The information under para. 1, item 2 should not contain personal data within the meaning of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ, L 119/1 of 4 May 2016). The prohibition under the previous sentence does not apply to the Bulgarian National Bank and the European Securities and Markets Authority.

Art. 32. (1) The rules and procedures of the central securities depository under Art. 27, para. 1 indicate the mechanisms and schedule for testing their effectiveness and practicality.

(2) The central securities depository performs the tests under para. 1 at least once a year and in all cases after any significant changes in its rules and procedures, upon opening of insolvency proceedings or upon request by the Commission, with an appropriate sample of its participants, the relevant market infrastructures, where appropriate, for each from the securities settlement systems it operates.

(3) The central securities depository shall notify the Commission of upcoming tests no later than 20 days before they take place. At the discretion of the Commission when performing the tests under para. 1, Commission officials may be involved.

(4) Before each test under para. 1 the central securities depository determines the parameters for conducting the test, taking into account different types of participants (in terms of volume, activity, etc.), participants located in different countries or time zones, participants holding different types of accounts, and relevant market infrastructures. This test includes simulation and testing of connection procedures. At the Commission's request, the central securities depository shall provide it with the parameters it intends to use before each test.

(5) When testing under para. 1 reveals possible weaknesses in the rules and procedures under Art. 27, para. 1, the central securities depository makes the corresponding changes in them. When the simulation shows insufficient knowledge or willingness to apply the rules and procedures in bankruptcy proceedings by the participants in the central securities depository or other market infrastructures, the depository shall notify such persons and take action to remedy these weaknesses.

(6) The results of each test and the foreseen changes in the rules and procedures under Art. 27, para. 1, if any, are provided to the governing body of the central securities depository, its risk management committee and

the Commission. The results are provided to the Commission within 5 working days after their examination by the governing body of the central securities depository.

(7) The central securities depository discloses to the participants at least summarized data on the results of the performed tests and the planned amendments to the rules and procedures under Art. 27, para. 1, if any.

Chapter Four

PROCESS FOR THE CALCULATION OF THE INDICATORS TO DETERMINE THE MOST RELEVANT CURRENCIES IN WHICH SETTLEMENT TAKES PLACE

Art. 33. (1) The central securities depository takes into account the data necessary to calculate the indicators for determining the most relevant currencies according to Art. 12, paragraph 1, letter "b" of Regulation (EU) No. 909/2014 in accordance with the format provided for in a template approved by the European Securities and Markets Authority.

(2) The Central Securities Depository observes the following conditions when reporting the data:

1. the data must include absolute settlement values for each currency covering the previous calendar year;
2. the values must be in the original currencies of settlement;
3. they must include all categories of settlement instructions settled by the central securities depository, regardless of whether they relate to transactions concluded on or off trading venues;
4. for operations consisting of several transactions, such as repo agreements or securities lending transactions, after settlement, both legs should be taken into account;
5. in the case of settlement within one central securities depository, the depository accounts for both legs of a given transaction, i.e. both settlement instructions received;
6. in the event that more than one central securities depository participates in the settlement of a transaction through standard, customized or indirect connections, the data shall be reported only by the depository that settles both legs of the transaction, and it shall report both settlement instructions received, and an investing central securities depository that settles only one leg of a trade does not report data;
7. in the case of settlement between central securities depositories using a common settlement infrastructure or through interoperable links, each depository shall report the single settlement instruction received in connection with a given transaction.

Art. 34. (1) In the scope of reporting under Art. 33 the following transactions are included:

1. purchase or sale of securities;
2. collateral management operations, including tri-party collateral management operations and own transaction collateral operations;
3. securities borrowing/lending operations;
4. repo transactions;
5. others, including corporate actions in relation to flows, i.e. market claims and transformations.

(2) by the scope of reporting under Art. 33 the following transactions are excluded:

1. corporate stock actions, including distribution of cash or securities, reorganizations;

2. primary market operations, i.e. the process of initial creation of financial instruments;
3. creation and redemption of units in funds, i.e. the technical creation and redemption of units in funds, except when such creation and redemption of units in funds is carried out through transfer orders in a securities settlement system managed by the central securities depository;
4. resolution operations.

Art. 35. (1) The central securities depository reports annually by January 31 the relevant data for the previous calendar year, which are necessary for the calculation of the indicators specified in Art. 2, paragraph 1 of Delegated Regulation (EU) 2017/392.

(2) After reviewing the data received from the central securities depositories, the Commission sends them to the European Securities and Markets Authority by February 25 every year.

(3) The Financial Supervision Commission calculates annually by March 31 the indicators specified in Art. 2, paragraph 1 of Delegated Regulation (EU) 2017/392, for each central securities depository for which it is a competent authority, after receiving the following data from the European Securities and Markets Authority:

1. all data received from individual competent authorities;
2. data summarizing the values by central securities depositories and by currencies, which are used in the calculation of the denominators of the indicators specified in art. 2, paragraph 1 of Delegated Regulation (EU) 2017/392.

(4) When compiling the data, other currencies are converted into EUR using the exchange rates for the last day of the calendar year for which data are reported. For the conversion of other currencies into EUR, the exchange rate of the European Central Bank for the last day of the calendar year for which data is reported is used, when such a rate is available.

(5) The Financial Supervision Commission sends the European Securities and Markets Authority annually by April 15 the results for the indicators and the identification of the relevant authorities in accordance with Art. 12, paragraph 1, letter "b" of Regulation (EU) No. 909/2014.

Chapter Five

RISKS THAT ARE TAKEN INTO ACCOUNT IN ACCORDANCE WITH ART. 53, PARAGRAPH 3 OF REGULATION (EU) NO. 909/2014

Art. 36. The receiving party of the request under Art. 53 of Regulation (EU) No. 909/2014 party, respectively the Commission when assessing the reasons for denying access under Art. 53, paragraph 3 of Regulation (EU) No. 909/2014, carries out a comprehensive risk assessment, taking into account the following risks resulting from the provision of such services:

1. legal risks;
2. financial risks;
3. operational risks.

Art. 37. When assessing the legal risks under Art. 36, item 1, at least the following criteria are taken into account:

1. does the central securities depository provide the information necessary to assess whether it complies with the receiving party's access rules and legal requirements, including legal opinions or relevant legal provisions proving the depository's ability to fulfill its obligations to the receiving party;
2. does the central securities depository provide the information, including legal opinions or relevant legal provisions, necessary for

an assessment of its ability to ensure, in accordance with the rules applicable in the Member State of the receiving party, the confidentiality of the information provided through the transaction data;

3. in case the central securities depository is established in a third country:

a) whether the central securities depository is subject to a regulatory and supervisory framework comparable to the regulatory and supervisory framework that would apply to the depository if it were established in the European Union;

b) are the rules of the central securities depository regarding the finality of the settlement comparable to those specified in Art. 39 of Regulation (EU) No. 909/2014.

Art. 38. When assessing the financial risks under Art. 36, item 2, at least the following criteria are taken into account:

1. whether the central securities depository has sufficient financial resources to fulfill its contractual obligations to the receiving party;

2. whether the central securities depository is willing and able to fund any customized component required to provide access in accordance with Art. 53, paragraph 1 of Regulation (EU) No. 909/2014, insofar as this is not a discriminatory access condition.

Art. 39. When assessing the operational risks under Art. 36, item 3, at least the following criteria are taken into account:

1. does the central securities depository have operational capacity for settlement of transactions with financial instruments subject to clearing by a central counterparty or executed on trading venues;

2. does the central securities depository adhere to and comply with the existing risk management rules of the receiving party and whether it has the necessary expertise to do so;

3. whether the central securities depository has policies in place to ensure business continuity and a disaster recovery plan;

4. whether granting access would require the receiving party to make material changes to its operations that would affect risk management procedures and jeopardize the smooth functioning of the trading venue or CCP.

Chapter six

PROCEDURE for calculating the indicators for determining the substantial importance of the central securities depositories when the Republic of Bulgaria is a host Member State

Section I

Scope of data taken into account by central securities depositories

Art. 40. The central securities depository takes into account the data and information necessary to calculate the indicators for determining its substantial importance for the functioning of the securities markets and for the protection of investors pursuant to Art. 5 - 8 of Commission Delegated Regulation (EU) 2017/389 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council as regards the parameters for the calculation of cash penalties for settlement fails and the operations of CSDs in host Member States (OJ, L 65/1 of 10 March 2017), hereinafter referred to as Delegated Regulation (EU) 2017/389, in the format provided in the model approved by the European Securities and Markets Authority.

Art. 41. All values reported by central securities depositories are converted into EUR indicating the exchange rates used, using the exchange rate on the last day of the calendar year for which data are reported. For conversion of other currencies into EUR, the exchange rate of the European Central Bank is used, when such a rate is available.

Art. 42. For the purposes of the criteria specified in Art. 5, paragraph 1, letters "a" and "b" of Delegated Regulation (EU) 2017/389, central securities depositories use securities data valid until December 31 of the previous calendar year.

Art. 43. The central securities depository uses the market value for each ISIN code applicable on December 31 of the previous calendar year and determined in accordance with Art. 7 of Delegated Regulation (EU) 2017/389, when determining the market value for the purposes of the indicators based on the criteria specified in Art. 5, paragraph 1, letters "a" and "b" of Delegated Regulation (EU) 2017/389.

Art. 44. (Amended - SG No. 37 of 2022) The data on the indicators based on the criteria specified in Art. 6(1)(a) and (b) of Delegated Regulation (EU) 2017/389 shall include the values of settlement instructions settled by each central securities depository based on the following parameters for data reporting:

1. absolute settlement values from each central securities depository covering the preceding calendar year;

2. (amended - SG No. 37 /2022) all categories of settlement instructions settled by each central securities depository, regardless of whether they relate to transactions concluded venues on trading or off trading venues;

3. in operations consisting of several transactions, both legs are taken into account after their settlement;

4. in case of settlement within a central securities depository, the depository accounts for both legs of a given transaction;

5. in case that more than one central securities depository participates in the settlement of a transaction through standard, customized or indirect links, data is reported only by the depository that settles both legs of the transaction;

6. in the case of settlement between central securities depositories using a common settlement infrastructure or through interoperable links, each depository shall report the single settlement instruction received in connection with a given transaction.

Art. 45. (1) In the scope of reporting under Art. 40 the following transactions are included:

1. purchase or sale of securities;

2. collateral management operations, including tri-party collateral management operations and own transaction collateral operations;

3. securities borrowing/lending operations;

4. repo transactions;

5. others, including corporate, actions in relation to flows, i.e. market claims and transformations.

(2) by the scope of reporting under Art. 40 the following transactions are excluded:

1. corporate stock actions, including distribution of cash or securities, reorganizations;

2. primary market operations, i.e. process of initial creation of financial instruments;

3. creation and redemption of units in funds, i.e. the technical creation and redemption of units in funds, except when such creation and redemption of units in funds is carried out through transfer orders in a securities settlement system managed by the central securities depository;

4. resolution operations.

Art. 46. Determining the market values of the instructions for settlement free of payment (FOP) referred to in Art. 6, paragraph 2, letter "b" of Delegated Regulation (EU) 2017/389, is based on the values on the settlement day of each settlement instruction.

Art. 47. The country of establishment of the issuer is taken into account in relation to the criterion specified in Art. 5, paragraph 1, letter "a" of Delegated Regulation (EU) 2017/389.

Art. 48. The jurisdiction in which the parent company is established is taken into account in case the participants and other holders of securities accounts referred to in Art. 5, paragraph 1, letter "b" and in Article 6, paragraph 1, letter "b" of Delegated Regulation (EU) 2017/389, are branches.

Art. 49. The data reported by the central securities depository also includes services provided in relation to the home Member State.

Section II

General procedure for collecting data and information and for calculating the indicators for determining the substantial importance of the central securities depositories, when the Republic of Bulgaria is a host Member State

Art. 50. The central security depository reports the relevant data and information for the previous calendar year, which are necessary for the calculation of the indicators based on those specified in Art. 5 and 6 of Delegated Regulation (EU) 2017/389 criteria, by January 31 each year.

Art. 51. After reviewing the data received from the central securities depositories, the Commission sends them to the European Securities and Markets Authority by February 25 every year.

Art. 52. The Financial Supervision Commission calculates annually by March 31 the indicators based on the criteria in Art. 5 and 6 Delegated Regulation (EU) 2017/389 after receiving the following data from the European Securities and Markets Authority:

1. all data received from individual competent authorities;

2. data summarizing the values for the denominators of the indicators based on those specified in Art. 5 and 6 of Delegated Regulation (EU) 2017/389 criteria, depending on the specific case.

Art. 53. The Financial Supervision Commission sends to the European Securities and Markets Authority the results of the calculation of the indicators based on the criteria specified in Art. 5 and 6 of Delegated Regulation (EU) 2017/389, depending on the specific case, annually by April 15.

Chapter Seven

INTERNALIZED SETTLEMENT REPORTING UNDER ART. 9 OF REGULATION (EU) NO. 909/236

Art. 54. (1) On a quarterly basis, settlement internalizers report to the Commission in XML format the aggregated volume and value of all securities transactions they settle outside securities settlement systems.

(2) The reporting under para. 1 is carried out in compliance with the Guidelines on the reporting of the internalized settlement under Article 9 of Regulation (EU) No. 909/2014 (ESMA70-151-367), issued by the European Securities and Markets Authority.

Art. 55. (1) A settlement instruction meeting the following characteristics shall be included in the scope of internalized settlement reporting:

1. a settlement internalizer receives a settlement instruction from a client in respect of the settlement of a securities transaction and the settlement instruction is not forwarded in its entirety to another entity in the chain of securities holders;

2. the settlement instruction results or is intended to result in the transfer of securities from one securities account to another in the records of the settlement internalizer without an external parallel movement of securities along the chain of holders.

(2) The following types of transactions and operations are included in the scope of internalized settlement reporting:

1. purchase or sale of financial instruments;

2. collateral management operations, including tri-party collateral management and own transaction collateral;

3. lending or borrowing securities;

4. repo transactions;

5. transfers of securities between accounts of different investment funds, which, regardless of their legal personality should be treated as clients;

6. execution of transfer orders by a settlement internalizer for its own account, as far as they result from transactions in financial instruments with clients of that settlement internalizer;

7. transfer of securities between two securities accounts of the same client;

8. contracts for financial security with transferable effect, representing transferable contracts within the meaning of Art. 2 of the Financial Collateral Agreements Act;

9. financial collateral agreements with the provision of a pledge, which are pledge agreements within the meaning of Art. 2 of the Financial Collateral Agreements Act;

10. corporate actions, in which the central securities depository carries out a procedure of ex officio cancellation of instructions on transactions not completed by the end of the working day on the date of entry and their replacement with new ones according to the conditions of the corporate action with transformation of financial instruments (transformation).

(3) The following types of transactions and operations are excluded from the scope of internalized settlement reporting:

1. corporate actions related to shares, including distributions of cash or securities, stock splits, conversions, redemptions and other types of reorganizations;

2. corporate actions, in which the central securities depository carries out a procedure for carrying out ex officio transactions of financial instruments and cash to fulfill a claim of the buyer to the seller for obtaining rights and/or assets from corporate actions (market claim);

3. primary market operations upon initial issue of financial instruments;

4. creation and redemption of units in funds, except when such creation and redemption of units in funds is carried out through transfer orders in a securities settlement system managed by the central securities depository;

5. pure cash payments unrelated to securities transactions;

6. transactions concluded on a trading venue and transferred from the trading venue to a central counterparty for clearing or to a central securities depository for settlement.

(4) The Settlement internalizer shall account for all settlement instructions that meet the conditions set forth in this Article, regardless of the netting performed by the Settlement internalizer. Netting performed by central counterparties is not covered by internalized settlement reporting.

(5) The following types of financial instruments are included in the scope of internalized settlement reporting:

1. financial instruments that are initially registered or centrally maintained in a central securities depository licensed in the European Union, i.e. financial instruments in respect of which such central securities depository acts as an issuing depository;

2. financial instruments that are registered in a central securities depository licensed in the European Union which acts as an investing depository for the relevant financial instruments, even in cases where the latter are initially registered or centrally maintained outside the central securities depository licensed in the European Union.

(6) Other financial instruments specified in Art. 2(1)(g) (ix) of Commission Delegated Regulation (EU) 2017/391 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards further specifying the content of the reporting on internalized settlements (OJ, L 65/44 of 10 March 2017), are those that cannot be categorized into any of the types expressly stated in Article 2(1)(g) of the same regulation, and which fulfill the requirements specified in this chapter.

Art. 56. (1) Each settlement internalizer reports the settlement that is internalized in its registers. An internalized settlement is reported at the level at which it takes place, regardless of the different levels of the chain of security holders.

(2) The settlement internalizer submits to the Commission the information required pursuant to Art. 9, paragraph 1 of Regulation (EU) No. 909/2014, in the following reports:

1. report on its activities in the Member State of establishment, including the activities of its branches in this Member State;

2. separate reports on the activities of the branches by Member States;

3. report on the activities of the branches in third countries.

(3) Branches of legal entities from third countries which internalize settlement instructions through their registers, report to the Commission the information required under Art. 9, paragraph 1 of Regulation (EU) No. 909/2014, in consolidated reports covering their activities on the territory of the Republic of Bulgaria.

Art. 57. (1) Settlement internalizers include the first two characters of the ISIN codes in the reports.

(2) Settlement internalizers shall include in the reports the legal entity identification code of the issuing central securities depository in relation to the financial instruments subject to internalized settlement, identified by the same two ISIN code symbols, where several issuing central securities depositories may be included.

The country code of the issuing central securities depository shall not be included in reports by the settlement internalizer.

(3) Settlement internalizers include in the aggregated data each individual internalized settlement instruction (i.e., two-way reporting).

(4) Volumes are expressed as the number of internalized settlement instructions.

(5) An internalized settlement instruction is reported as “failed” if, during a reporting quarter, that instruction cannot be settled 3 days after the intended settlement date (ISD), including when the settlement instruction is cancelled, taking into account each day that its settlement was unsuccessful. An instruction is reported as “successfully settled” if it was settled during the quarter covered by the report.

Chapter Eight

PAYMENT OF DIVIDENDS, INTEREST, PRINCIPAL AND OTHER PAYMENTS BY PUBLIC COMPANIES AND ISSUERS

Art. 58. (1) The Central securities depository assists in the distribution of dividends by public companies, as well as the distribution and payment of interest, principal and other payments, including the performance of notices and other actions for the administration of the distribution of dividends, the distribution and payment of interest, principal and other payments.

(2) An issuer whose issues are registered in a central securities depository licensed in another Member State, which provides services on the territory of the Republic of Bulgaria under the conditions of Art. 23 of Regulation (EU) No. 909/2014, respectively a central securities depository from third countries which provides services on the territory of the Republic of Bulgaria under the conditions of Art. 25 of Regulation (EU) No. 909/2014, distributes dividends and pays interest, principal and other payments in accordance with this chapter based on a contract with a central securities depository licensed by the Commission, if the central securities depository where the issue is registered does not provide such services.

Art. 59. (Supplemented - SG No. 62 of 2021) (1) Within 5 working days after the expiration of the period under Art. 115c, para. 3 of the POSA, the public company submits to the central securities depository where the securities are registered, a notification for the payment of the dividend, which contains at least the following information:

1. identification of the issue - ISIN code, number of shares, nominal value of one share and the total amount of the dividend;

2. amount of dividend per share;

3. date on which the shareholder structure is determined, according to Art. 115c, para. 3 of the POSA;

4. (Supplemented - SG No. 62 of 2021) start and end date for payment of the dividend through a person under Art. 64;

5. designation of at least one person under Art. 64, through which the dividend payments are to be made.

(2) The minutes of the general meeting of the public company when the decision to pay the dividend was made is attached to the notification under para. 1.

Art. 60. (1) After receiving notification under Art. 59, the central securities depository prepares a book of shareholders as of the date under Art. 59, para. 1, item 3.

(2) Based on the data from the book of shareholders, the central securities depository prepares a list of shareholders for payment, which contains:

1. issue data - ISIN code;

2. information for each shareholder - names and PIN/PFN of a natural person, name and UIC or other identification number of a legal entity;

3. information on the amount owed to each shareholder;

4. information on the presence of charges on the shares - liens, pledges and financial guarantees.

(3) Within 5 working days of receiving the notification under Art. 59, the central securities depository provides the public company with the book of shareholders and the list under para. 2.

(4) Within 5 working days of receiving the information under para. 3 the public company reconciles it or requires the central securities depository of to remove any deficiencies and inconsistencies in it.

(5) The central securities depository removes identified deficiencies and inconsistencies, if any, and prepares lists under Art. 61, para. 2 and 3 within a period of 3 working days from the agreement, respectively from the receipt, of the request under para. 4.

Art. 61. (1) The public company transfers the entire amount determined by the general meeting to be distributed as a dividend, after deducting the taxes due, through the designated person under Art. 64 to the account of the central securities depository within 4 working days before the starting date for the payment of the dividend.

(2) The central securities depository prepares a list for the distribution of the dividend, containing the information under Art. 60, para. 2 and:

1. the type of accounts on which the shares are kept by shareholders;

2. the total amount of dividend payable for shares held in personal accounts;

3. the total amounts of dividend payable for shares held by the entities that keep and administer financial instruments on the account of clients, respectively by persons under Art. 133 of MFIA.

(3) The central securities depository prepares separate lists by providers of safekeeping and administration of financial instruments and persons under Art. 133 of the MFIA with the distribution of amounts for the payment of dividends to the shareholders, and provides them with the respective list.

Art. 62. (Amended and supplemented - SG No. 62 /2021) (1) (Amended and supplemented, - SG No. 62 of 2021) The central securities depository transfers the amount under Art. 61, para. 2, item 2 of the person designated by the public company under Art. 64 on the next working day after receiving the amount under Art. 61, para. 1. Within the period under the first sentence, the central securities depository prepares and provides the person under Art. 64 with a list of information on the dividend due to shareholders whose shares are kept in personal accounts. When the public company has designated more than one person under Art. 64, the amounts are transferred pursuant to the contract between the central securities depository and the public company.

(2) The central securities depository shall transfer the amounts under Art. 61, para. 2, item 3 on accounts for the storage of client funds kept in the name of providers of safekeeping and administration of financial instruments, and the persons under Art. 133 of the POSA, on the next business day after receiving the amount under Art. 61, para. 1.

(3) (Amended and supplemented - SG No. 62 of 2021) For shareholders with personal accounts, the amounts are paid by the person under Art. 64 from the next working day after receiving the amount and the list under para. 1. For the paid amounts, the person under Art. 64 provides a monthly statement to the central securities depository.

(4) (Amended - SG No. 62 of 2021) The person under Art. 64 shall transfer to the account of the central securities depository the unpaid amounts for the dividend due within 3 working days after the expiry of the period for its payment through the person under Art. 64,

set by the general meeting, but not earlier than 6 months, counted from the start date for its payment.

(5) When the shares are held by providers of safekeeping and administration of financial instruments, and persons under Art. 133 of the MFIA, these persons distribute the amounts to the shareholders on their accounts according to the relevant list under Art. 61, para. 3 within 3 working days of receiving the amount. The undistributed amounts are transferred to the central securities depository within 3 working days of the distribution according to the first sentence. On the day of the transfer of the amounts under the second sentence, the persons send to the central securities depository a confirmation of the distribution of the amounts to the accounts of the shareholders and information on the undistributed amounts.

(6) The central securities depository transfers to the account of the public company the unpaid amounts for dividends within 3 working days after receipt of the amounts under para. 4 and 5, sending also the list under Art. 60, para. 2 which contains information on the paid and unpaid dividend per shareholders.

(7) The central securities depository provides, at the public company's request, information on the paid and, accordingly, unpaid dividends under Art. 61, para. 2, item 2.

Art. 63. Dividend payable for shares on which a pledge has been established or a charge has been imposed shall be paid only after the public company complies with the procedure under Art. 73c of the Commercial Act (CA).

Art. 64. (Supplemented - SG No. 62 of 2021) Dividend payments and bond issue payments can be made through the following:

1. credit institutions with seat in the country;
2. credit institutions operating in the country through a branch licensed by the Bulgarian National Bank;
3. credit institutions with seat in a Member State of the European Union, under the conditions of the right of establishment.

Art. 65. (1) Payment of principal, interest and other payments under a bond issue are made on the basis of an application submitted by the issuer for payment and for the preparation of a list of bondholders, which contains the following information:

1. identification of the issue - ISIN code, number of bonds, nominal value of one bond;
2. amount of payment due for one bond and the total amount for the payment;
3. the date on which the bondholders are determined;
4. payment due date;
5. date and type of the next payment under the issue;
6. amount of the interest rate of the next payment.

(2) The central securities depository makes distributions for bond issues to bondholders with client accounts.

(3) The cost of the payment of interest, principals and other payments are at the expense of the issuer.

Art. 66. (1) Upon receipt of an application for the distribution of interest and principal pursuant to a contract concluded with the issuer, the central securities depository calculates the amount of interest and principal due for each bondholder, as well as the total amount of interest and principal due to the providers of safekeeping and administration of financial instruments for the bonds in their own accounts and in the financial instruments accounts of their clients. The application specifies the date on which the bondholders entitled to receive payment are determined, as well as the starting date for the payment of interest or principal.

(2) Within a period of up to 5 working days after the date on which the bondholders are determined, the issuer has the right, upon request, to receive from the central securities depository the information under para. 1.

Art. 67. In case of changes in the parameters of the bond issue, the issuer shall notify the central securities depository of the relevant change no later than the day following the decision on the change.

Art. 68. If necessary, the issuer declares the issuance of a book of bondholders on the date on which the bondholders entitled to payment are determined, or on another date for which the circle of bondholders needs to be determined.

Art. 69. (1) After receiving an application under Art. 65, the central securities depository provides the issuer with information on the presence of charges on the bond issue - liens, pledges or financial guarantees. Art. 60, para. 4 and 5 shall apply accordingly.

(2) The issuer may order the blocking of bond payment amounts until the creditor protection procedures are completed.

Art. 70. (Amended and supplemented - SG No. 62 / 2021) (1) (Supplemented - SG No. 62 of 2021) The issuer transfers the net amount for distribution under the relevant bond issue after deducting the taxes due through the designated person under Art. 64 to the account of the central securities depository and submits a final list of the amounts to be distributed for each bondholder within 4 working days before the initial payment date.

(2) When the financial instruments are kept with providers of safekeeping and administration of financial instruments, and persons under Art. 133 of MFIA, an extract of the list under para. 1 is provided to the respective person with whom the bondholders' client accounts were opened on the date of issue of the bondholders' book.

(3) The list under para. 1, respectively the extract under para. 2, contains the following information:

1. issue details- ISIN code, nominal value;
2. information for each bondholder - names of the individual or name of the legal entity, PIN, PFN (foreigner's number) or BULSTAT/UIC, or other identification number;
3. information on the amount owed to each bondholder

(4) (Amended - SG No. 62 of 2021) On the day specified by the issuer for the payment of the amounts and after receiving the total amount of the payment on its account, the central securities depository distributes the corresponding amounts to accounts for safekeeping client funds to the providers of safekeeping and administration of financial instruments, and the persons under Art. 133 of MFIA.

Art. 71. (Amended and supplemented - SG No. 62 / 2021) (1) (Amended - SG No. 62/2021) Providers of safekeeping and administration of financial instruments, and persons under Art. 133 of the MFIA distribute the amounts to the bondholders according to the extract under Art. 70, para. 3 within 3 working days of receiving the corresponding amounts. The persons under the first sentence within 3 working days of the distribution of the amounts to the bondholders shall send to the central securities depository a confirmation of the distribution of the amounts on the accounts of the bondholders and information on the unallocated amounts and transfer the unallocated amounts to the central securities depository.

(2) (New - SG No. 62/ 2021) 4 The central securities depository transfers to the account of issuer the amounts not paid to bondholders within 3 working days after receiving the amounts under para. 1, sending also the list under Art. 65, para. 1 which contains information on the paid and unpaid amounts by bondholders.

(3) (Previous para. 2, amended - SG No. 62 of 2021) For bondholders with personal accounts, the amounts can be paid the next day after receipt of the payment amount at the central securities depository in cash or to a bank account specified by the issuer, in which case the central securities depository provides a list of bondholders with personal accounts to a person designated by the issuer under Art. 64. Art. 62, para. 1, 3 and 4 shall apply accordingly.

Chapter Eight “a”

(New - SG No. 37 /2022)

SETTLEMENT FAILS REPORTING UNDER ART. 7 OF REGULATION (EU) NO. 909/236

Section I

(New - SG issue 37 /2022)

Scope of data reported by central securities depositories

Art. 71a. (New - SG issue 37 /2022) Within the meaning of this chapter:

1. “cut-off time” is the deadline set by the system operator for the acceptance of settlement instructions for a given settlement cycle;

2. "volume" is the number of settlement instructions in respect of the settlement instructions mentioned in the annexes to Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline (OJ, L 230/1 of 13 September 2018), hereinafter “Delegated Regulation (EU) 2018/1229”.

Art. 71b. (New - SG issue 37 of 2022) (1) When reporting on the basis of Art. 7, paragraph 1 of Regulation (EU) No. 909/2014 report of the Commission and the relevant authorities under Art. 12 of Regulation (EU) No. 909/2014, the central securities depository submits separate reports for each securities settlement system it operates, covering all financial instruments specified in art. 5, paragraph 1 of Regulation (EU) No. 909/2014 registered with it, excluding shares that have the principal venue for the trading located in a third country.

(2) For the purpose of determining the location of the principal venue for the trading of shares under para. 1, for the purposes of Art. 7, paragraph 13 of Regulation (EU) No. 909/2014, the central securities depository shall use the List of Exempted Shares under the Short Selling Legal Framework published by the European Securities and Markets Authority.

(3) In the report under para. 1, the central securities depository reports all settlement instructions within the scope of Art. 7, paragraph 1 of Regulation (EU) No. 909/2014, regardless of whether they relate to transactions executed on trading venues or OTC transactions.

(4) For the unresolved issues in this chapter regarding the content of the report under para. 1, the requirements of the Guidelines on settlement fails reporting under Art. 7 of the Regulation on Central Depositories of Securities (ESMA70-156-4717), for which the Commission has decided to apply pursuant to Art. 13, para. 1, item 26 of the Financial Supervision Commission Act, hereinafter referred to as "Guidelines on reporting settlement fails".

(5) The central securities depository notifies the Commission when submitting the reports under par. 1 to the relevant authorities under Art. 12 of Regulation (EU) No. 909/2014, if they are not sent to these authorities and the Commission at the same time.

Art. 71c. (New - SG issue 37 of 2022) For the reports under Art. 71b, para. 1, the central securities depository takes into account all agreed settlement instructions entered into the securities settlement system managed by it, as well as the instructions specified in Art. 5, paragraph 2, letter "c" of Delegated Regulation (EU) 2018/1229, for which no agreement is required.

Section II

(New - SG issue 37 /2022)

Reporting parameters

Art. 71d. (New - SG No. 37 of 2022) (1) The reports under Art. 71b, para. 1 should include the number and value of settled instructions during the period covered by the reports, which can be calculated by deducting the number and value of settlement fails from the number and value of settlement instructions.

(2) For the purpose of para. 1, settlement instructions should be considered as ‘failing settlement instructions’ from the moment when settlement on the intended settlement date is no longer possible due to a lack of securities or cash and regardless of the underlying cause.

(3) Settlement instructions submitted by the relevant cut-off time should be included in the data regarding ‘settlement fails’ if they are still pending after the relevant settlement cycle has been completed.

(4) If, during a period covered by a report, a settlement instruction fails to settle for several business days after the intended settlement date, including in the case where the settlement instruction is cancelled after the relevant cut-off time, then it should be reported as “failed” by taking into account each business day when it fails to settle. An instruction is reported as successfully settled, if it was settled during the quarter covered by the report.

(5) Settlement instructions that are cancelled before the relevant cut-off time should not be reported either in the ‘total’ or ‘failed’ categories only for the day when the settlement instructions are cancelled and only for the part of the settlement instructions that is cancelled.

Art. 71e. (New - SG issue 37 of 2022) (1) The rate of settlement fails should be calculated by taking into account recurring settlement fails that last more than one business day).

(2) For the aggregated figures included in the monthly reports as per Table 1 of Annex I to the Delegated Regulation (EU) 2018/1229, the central securities depository should take into account the sum of the number or of the value, respectively, of individual settlement instructions eligible for settlement on each business day of the month..

Art. 71f. (New - SG issue 37 /2022) In the reports under Art. 71b, para. 1 the central securities depository should report a partially settled instruction as both failed and settled, as long as the settlement instruction is not fully settled.

Art. 71g. (New - SG issue 37 /2022) (1) The central securities depository should report late matching instructions as settlement fails for each business day as from the intended settlement date.

(2) If there are significant discrepancies between the annual report and the aggregated figures in the monthly reports, the central securities depository should verify the reasons for the discrepancies and should resubmit the corrected reports.

Art. 71h. (New - SG issue 37 of 2022) The central securities depository should capture the value of all settlement instructions, whereby each settlement instruction represents the value of either its securities component or its cash component.

Art. 71i. (New - SG issue 37 /2022) (1) When presenting the daily data referred to in Table 2 of Annex I to Delegated Regulation (EU) 2018/1229 , in order to distinguish between settlement fails due to “failure to deliver securities” and those due to “failure to deliver cash”,

the central securities depository should take into account the reason of each settlement fail, in the format referred to in Guideline 17 from the Guidelines on settlement fails reporting.

(2) The volume and value of all settlement instructions are reported as general instructions in the "failure to deliver securities" section and the "failure to deliver cash" section of the table under para. 1.

(3) The volume and value of all settlement instructions which are settled should be reported as "Settled Instructions" both under "failure to deliver securities" and "failure to deliver cash" in the table under para. 1.

(4) The volume and value of all settlement instructions which are not settled should only be reported as "Settlement fails" in the relevant section "failure to deliver cash" and "failure to deliver securities", depending on the reason of each settlement fail.

(5) For the purposes of para. 1 the central securities depository should check the securities leg first and, if there is a settlement fail, no further checks on the cash leg would need to be performed.

(6) When a pair of matching instructions for delivery versus payment (DVP) and receipt versus payment (RVP) are not settled because of the failure to deliver securities including where the DVP instruction is on hold, both instructions should be reported in the section "failure to deliver securities" of the table under item 1.

The same applies in case of late matching, where the securities delivering participant has matched the pair of corresponding settlement instructions under sentence one last.

(7) A pair of matching instructions that are failed because of the failure to deliver cash, including where the RVP instruction is on hold, should both be reported in the section "failure to deliver cash" of the table under para. 1. The same applies in case of late matching, where the cash delivering participant has matched the pair of corresponding settlement instructions under sentence one last.

(8) Regarding failed settlement of a pair of matching instructions for delivery without payment (DWP) and receipt without payment (RWP), including where the settlement instructions are held, both instructions are reported in section "failure to deliver securities" of the table under paragraph 1. The same applies in case of late matching, independently of the participant that has matched the pair of corresponding settlement instructions last.

Art. 71k. (New - SG issue 37/2022) The average duration of settlement fails to be reported by the central securities depository in accordance with line 41 of Table 1 of the Annex I to Delegated Regulation (EU) 2018/1229 is calculated as follows: The sum of the values of all settlement fails reported under Art. 71b, para.1 in the current reporting period, whether or not the intended settlement date falls in the same reporting period), divided by the sum of the values of settlement fails on the intended settlement date reported in the current reporting period.

Art. 71l. (New - SG issue 37 /2022) The monthly reports on settlement fails referred to in Article 14(1) of Delegated Regulation (EU) 2018/1229 should include only the business days of the respective month.

Art. 71m. (New - SG issue 37 /2022) (new - SG No. 37 /2022) In accordance with Art. 14, paragraph 1 of Delegated Regulation (EU) 2018/1229 all values included in the reports under Art. 71b, para. 1, are indicated in EUR.

Art. 71n. (New - SG issue 37 /2022) (1) The Central securities depository shall send data regarding the number and value of cash penalties, as mentioned in fields 39 and 40 of Table 1 of Annex I to Delegated Regulation (EU) 2018/1229 in relation to penalties processed during the reporting month covering the previous month.

(2) The number of cash penalties to be reported should reflect the number of settlement instructions referring to failing participants.

Chapter Eight “b” (New - SG No. 36 /2023)

OUTSOURCING FUNCTIONS AND ACTIVITIES TO CLOUD SERVICE PROVIDERS

Art. 71o. (New - SG issue 36 /2023) When outsourcing functions and activities to cloud service providers, the insurer, respectively the reinsurer, complies with the Guidelines for outsourcing to cloud service providers (ESMA50-164-4285 BG), issued by the European Insurance and Occupational Pensions Authority, which the FSC has decided to implement according to Art. 13, para. 1, item 26 of the Financial Supervision Commission Act.

Chapter Nine CENTRAL DEPOSITORY AD. CENTRAL SECURITIES REGISTER Section I

Central Depository AD

Art. 72. This section regulates additional requirements for the activity of Central Depository AD, as a central securities depository subject to the other requirements for central depositories of securities under this regulation.

Art. 73. Apart from the provision in Art. 129, para. 4 of the POSA, the board of directors of Central Depository AD:

1. adopts general terms and conditions that regulate the relations of Central Depository AD with the persons under Article 131, Paragraph 2 of the POSA, which guarantee equality of these persons;
2. adopts general terms conditions that regulate the relations of Central Depository AD with the issuers, which guarantee equal treatment of the issuers;
3. accepts general terms conditions that regulate the relations of Central Depository AD with other central securities depositories in connection with the maintenance of the central register of securities;
4. imposes sanctions on the participants in the settlement system, whose operator is "Central Depository" - AD, according to the procedures of Central Depository AD, under Art. 7, paragraph 2 of Regulation (EU) No. 909/2014, which include a sanction mechanism;
5. accepts and dismisses members of Central Depository AD;
6. imposes sanctions on the members of Central Depository AD, under the conditions and according to the procedure provided for in the regulations of Central Depository AD;
7. adopts general terms conditions that regulate the relations of Central Depository AD with its members, which guarantee equal treatment of the members;

Art. 74. The invitation under Art. 223, para. 4 of the Commercial Act for convening the general meeting of shareholders of Central Depository AD, together with the written materials related to the agenda of the general meeting, is sent to the deputy chairperson before

being announced in the commercial register or before sending the invitations for convening the general meeting.

Art. 75. The invitation under Art. 223, para. 4 of the Commercial Act may be announced in the commercial register or sent if, within 14 days of receiving the invitation and the written materials, the deputy chairperson does not initiate proceedings for the application of a coercive administrative measure under Art. 212, para. 1, item 1 of the POSA in relation to the Central Depository AD.

Art. 76. (1) The members of Central Depository AD may be persons under Article 131, Paragraph 2 of the POSA and regulated markets, respectively market operators, in cases where they are different entities from regulated markets.

(2) None of the members of the Central Depository may enjoy priority over the other members in carrying out the activities of Central Depository AD.

(3) The relations between Central Depository AD and its members are governed by a contract, to which the general terms and conditions under Article 73, item 7 are applicable.

Art. 77. (1) The conditions and procedure for accepting new members and for their temporary or final exclusion from Central Depository AD are set out in the regulations of Central Depository AD.

(2) The refusal of the board of directors of Central Depository - AD to accept a new member may be appealed in accordance with Article 33 of Regulation (EU) 2014/909.

(3) The refusal of the board of directors of Central Depository AD to accept a new member who is not a participant in the securities settlement system can be appealed to the arbitration court of Central Depository AD, in accordance with the rules of the arbitration court and if the refusal is canceled, the candidate is considered accepted as a member of Central Depository AD from the date of the decision of the arbitration court.

Art. 78. (1) The rules and procedures for guaranteeing the impartiality of the members of the arbitration court, avoiding conflict and transparency of the procedures when considering disputes are included in the rules of the arbitration court at Central Depository AD.

(2) The Arbitration Court at Central Depository examines and resolves:

1. disputes between members of Central Depository AD;
2. disputes between Central Depository AD and its members;
3. disputes between participants in the settlement system operated by Central Depository AD;
4. disputes between Central Depository AD, and participants in the settlement system operated by Central Depository AD.

by Central Depository AD.

(3) The members of Central Depository AD sign an agreement that the disputes under para. 2 will be submitted for consideration by the arbitration court to Central Depository AD.

(4) In the agreement on the settlement system of Central Depository AD, and in the contracts under Article 76, Paragraph 3, a clause for the resolution of disputes by the arbitration court is included.

Art. 79. Central Depository AD notifies its members of the changes in its rules and publishes them on its website no later than the end of the next working day after receiving approval from the Commission on the proposal of the Deputy Chairperson.

Section II

Central securities register

Art. 80. Central Depository AD enters the following information in the central securities register it maintains for the holders of financial instruments under Article 127 of the POSA, as well as for the persons under Article 133 of the MFIA who hold financial instruments of others in their own name on a joint account:

1. the names of the holder of financial instruments under Art. 127 of the POSA, as well as the names of the person under Art. 133 of the MFI, which holds financial instruments of others in their own name on a joint account;

2. PIN/PFN (foreigner's number) of a natural person, respectively UIC or other identification number of a legal entity;

3. identification code of the legal entity, if any;

4. type of transaction;

5. date of transaction;

6. settlement date and time;

7. number of financial instruments;

8. value of transaction;

9. issue name;

10. identification code of the securities issue;

11. issuer identification code;

12. identification code of issuers' securities accounts;

13. identification codes of participant securities accounts ;

14. transaction intermediaries;

15. data on the central securities depository where the issue is registered;

16. special pledges and financial guarantees on financial instruments;

17. retention, respectively transfer, of the right to vote and the right to dividend in transactions with transfer, respectively retention, the right of ownership of financial instruments;

Art. 81. (1) A central securities depository other than Central Depository AD, provides the information under Art. 80, items 1 - 7, 9, 10, 15 - 17 to Central Depository A, within the period under Art. 127, para. 2 of the POSA.

(2) The communication between Central Depository AD and the other central securities depositories regarding the provision of information under paragraph 1 is carried out electronically and according to the procedure defined in the rules of the central securities register.

Art. 82. (1) For registration and de-registration of financial instruments in the central securities register, the persons under Art. 127, para. 1 of the POSA with an issue of book-entry financial instruments submit applications to the Central Depository AD.

(2) The procedure for submitting the applications under para. 1 and the requirements they must meet, including the required data and documents, are set out in the rules of the central securities register.

(3) The registration and de-registration of an issue of book-entry financial instruments in the central securities register is certified by an act of registration of financial instruments, respectively an act of de-registration of financial instruments.

Art. 83. (Amended - SG No. 62 /2021) Central Depository AD, in connection with the central register of securities it maintains, checks and confirms the entries for the securities under Article 127, paragraph 1 of the POSA when a request is made by a central securities depository under Article 10, Paragraph 6.

Art. 84. In case of inconsistency of the information on the securities under Art. 127, para. 1 of the POSA between the entries in the central securities register and the entries in the central securities depository, Central Depository AD performs a check, with Article 9 being applied accordingly.

Art. 85. (1) The system for registering financial instruments in the central securities register must meet the following requirements:

1. all registration entries are kept in chronological order relative to the moment of entry in the central securities register;
2. assigning a sequential registration number to the entries;
3. storing data on the accounts of the issuers and on the accounts of the participants in the securities settlement system and the persons under Art. 133 of the MFIA and the sub-accounts of their clients;
4. possibility of prompt restoration of the system in case of damage to the database or equipment;
5. timely and accurate processing of transfer orders of persons under Art. 131, para. 2 of the POSA and the participants in the settlement system in connection with the provision of services according to the annex to Regulation (EU) No. 909/2014;
6. maintaining a database of all correspondence and storage of all orders, inquiries and responses in connection with the activities of the central securities register;

(2) Central Depository AD, in connection with the central register of securities it maintains, adopts operational instructions and procedures and maintains a system for ranking the documents that ensures compliance with the requirements under para. 1.

(3) Exceptions to the rule under Art. 138, para. 2, sentence one of the POSA are allowed in the cases under Art. 25, para. 2.

Art. 86. Apart from the requirements under Art. 134, para. 1 and 2 of the POSA, Central Depository AD, in connection with the central securities register it maintains, also observes the following measures to prevent the loss of information from the central securities register and stop its activity in the event of an accident, natural disaster and similar ones:

1. adopts a procedure to prevent the loss of information from the central securities register and suspension of its activity in the event of an accident, natural disaster and the like;
2. periodically reviews the procedure under item 1 and checks its implementation, the results are approved by the board of directors of Central Depository AD, and submitted to the Commission within 10 days of their approval.

Chapter Ten

REQUIREMENTS IN CONNECTION WITH THE APPLICATION OF ART. 6, PARAGRAPH 2 OF REGULATION (EU) NO. 909/2014

Art. 87. The requirements of this chapter apply to the persons having status of an investment firm within the meaning of Art. 6, para. 1 of POSA and/or the status a professional client who do not fall among the exceptions specified in Art. 5 of the MFIA.

Art. 88. When two investment firms are involved in a transaction with financial instruments under Art. 5, paragraph 1 of Regulation (EU) No. 909/2014, they perform an analysis in order to determine the way of reporting each of them according to its position as an investment firm or a client.

Art. 89. For the purposes of this chapter, a professional client is considered a professional client within the meaning of § 1, item 10 of the additional provisions of the MFIA, including in cases where the investment firm has categorized it as an eligible counterparty within the meaning of Art. 93 of the MFIA, in general or for the purposes of the specific transaction or as a non-professional client within the meaning of

§ 1, item 11 of the Supplementary Provisions of the MFIA

Art. 90. Transactions in financial instruments under Art. 4, items 1-3 and 11 of the MFIA are concluded in compliance with the requirements established in Art. 6, paragraph 2 of Regulation (EU) No. 909/2014.

Art. 91. (Amended - SG No. 37 / 2022) (1) The form and content of message protocols and communication procedures used to limit cases of settlement fails when concluding transactions under Art. 90, are determined by agreement between the investment firm and the relevant professional client.

(2) When determining the procedure for providing information under para. 1 the investment firm and the relevant professional client can choose one of the following methods:

1. (amended - SG No. 37 /2022) sending written confirmation and written allocation , sent by the professional client to the investment firm in accordance with the requirements established in Art. 2, paragraph 1 of Delegated Regulation (EU) 2018/1229;

2. not sending a written confirmation when a written allocation containing the written confirmation of the concluded transaction is sent according to Art. 2, paragraph 1, para. 3 of Delegated Regulation (EU) 2018/1229, and the confirmation of the terms of the transaction is indicated in an additional field on the written allocation or is attached when the written allocation is sent in accordance with the transaction;

3. not sending a written confirmation or a written allocation when the investment firm guarantees the receipt of the necessary information for the settlement of the relevant transaction according to Art. 2, paragraph 1 of Delegated Regulation (EU) 2018/1229 before the time limits established in Art. 2, paragraph 2 of the same regulation, including verbally or through systems providing the investment intermediary with access to the necessary information.

Art. 92. The investment firm and the professional client may enter into an agreement to remedy the adverse consequences that occurred as a result of a delay in sending a message or due to the failure to communicate the written allocation and confirmation by the investment firm.

Art. 93. The investment firm and the relevant professional client may include the agreements reached between them in the framework agreement governing their relationship and in any subsequent agreement, including in the contract concluded between them on the basis of Art. 82 of the MFIA and provided for in Art. 58 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ, L 87/1 of 31 March 2017).

Art. 94. Upon reaching an agreement for the professional client to send a written confirmation and/or allocation in accordance with Art. 2, paragraph 1 of Delegated Regulation (EU) 2018/1229 proceeds with the adoption of procedures for written communication by post, fax or electronic means.

Art. 95. (1) When using electronic means, the investment firm is obliged to provide its professional clients with the opportunity to use international open procedures for communication and standards for messages and reference data according to Art. 2, paragraph 1, item 34 of Regulation (EU) No. 909/2014.

(2) The investment firm is released from the obligation under para. 1 in the following cases:

a) in the absence of applicable international standards;

b) where access to relevant internationally recognized standards is not ensured for all counterparties on a fair, open and non-discriminatory basis;

c) when the application of relevant internationally recognized standards prevents the limitation of settlement fails for transactions between the investment firm and its professional clients, in case the lack of efficiency can be proven.

Art. 96. The professional client may prefer the use of international or domestic communication standards, if such an option is provided by the investment firm.

Chapter Eleven

SUPERVISION OVER CENTRAL SECURITIES DEPOSITORIES

Art. 97. (1) The reports, notifications and other information that central securities depositories and Central Depository AD (in connection with the central register of securities it maintains), provide to the Commission or disclose publicly, cannot contain false, misleading or incomplete data. The members of the management and control bodies of the central securities depositories are responsible for the accuracy, truthfulness and completeness of the information under the first sentence.

(2) The members of the management and control bodies of the central securities depositories are jointly and severally liable for damages caused by false, misleading or incomplete data in the reports, notifications and other information provided to the Commission or publicly disclosed by the depositories. The persons under Art. 34, para. 2 of the Accountancy Act are jointly and severally liable with the persons under the first sentence for damages caused by false, misleading or incomplete data in the financial statements of the central securities depositories, and the registered auditor - for the damages caused by the audited financial statements.

Art. 98. The central securities depository notifies the Commission of received requests for the payment of benefits with funds from its guarantee funds within 3 days of receipt of the request.

Chapter Twelve

ADMINISTRATIVE PENAL PROVISION

Art. 99. (1) For a violation under chapters two, eight and nine, the offender is punished for violating a regulatory act on the implementation of the POSA according to Art. 221 of the POSA.

(2) For a violation under chapters three - seven and ten, Art. 97, para. 1 and Art. 98, the offender is punished for violating a regulatory act on the implementation of the MFIA according to Art. 290 of the MFIA.

ADDITIONAL PROVISIONS

§ 1. Pursuant to this ordinance:

1. "Other Payments" include:

- a) service prices;
- b) commissions;
- c) delay interest;
- d) financial sanctions;
- e) initial public offering payments;

f) payments related to corporate and transfer actions with corporate financial instruments and other instruments.

2. "Issuing Central Securities Depository" is a central securities depository that provides the main services specified in point 1 or 2 of Section A of the Annex to Regulation (EU) No. 909/2014 in connection with the issue of securities.

3. "Issuer" is a person within the meaning of § 1, item 9 of the additional provisions of the Public Offering of Securities Act.

4. **"Investing Central Securities Depository"** is a central securities depository that participates in a securities settlement system operated by another central securities depository, or uses a third party or intermediary that participates in a securities settlement system operated by another central securities depository, in connection with the issue of securities.

5. **"Transfer order"** is any order by a participant in a system with settlement finality to make available to the transferee a sum of money by crediting the accounts of a credit institution, central bank, central counterparty or settlement agent or any other order leading to the assumption or fulfillment of a payment obligation under the rules of the system, as well as ordering a participant to transfer ownership or interest in a security or securities by book entry or otherwise.

6. **"Immobilization of physical financial instruments"** has the meaning indicated in Art. 2, paragraph 1, point 3 of Regulation (EU) No. 909/2014.

§ 2. (1) The provisions of the Ordinance shall apply accordingly to all other financial instruments registered in the central securities register.

(2) The provisions of the Ordinance apply respectively to compensatory instruments and investment bonds, unless otherwise provided in a regulatory act.

§ 2a. (New - SG issue 36 /2023) With this ordinance , the application of the following guidelines adopted by the European Insurance and Occupational Pension Insurance Authority is ensured:

1. Guidelines. Guidelines on CSD participant default rules (ESMA70-151-294 BG);
2. Guidelines on the Process for the Calculation of the Indicators to Determine the Most Relevant Currencies in which Settlement Takes Place (ESMA70-708036281-66 BG);
3. Guidelines. Access by a CSD to the transaction feeds of CCPs and trading venues (ESMA70-151-298 BG);
4. Guidelines on the procedure for calculating the indicators for determining the essential importance of the CSD for the host Member State (ESMA70-708036281- 67 BG);
5. Guidelines on Internalised Settlement Reporting under Article 9 of CSDR (ESMA70-151-367 BG);
6. Guidelines for the standardized procedures and protocols for communications under Art. 6 (2) of Regulation (EU) № 909/2014 (ESMA70-152-2906);
7. Guidelines on settlement fails reporting under Article 7 of the CSD Regulation (ESMA70-156-4717);
8. Guidelines for Outsourcing Cloud Service Providers (ESMA50-164-4285).