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Markets in Financial Instruments Act

Promulgated, SG No. 15/16.02.2018, effective 16.02.2018, corrected, SG No. 16/20.02.2018, amended and supplemented, SG No. 24/16.03.2018, effective 16.02.2018, amended, SG No. 98/27.11.2018, effective 7.01.2019, SG No. 17/26.02.2019, amended and supplemented, SG No. 83/22.10.2019, effective 22.10.2019, amended, SG No. 94/29.11.2019, amended and supplemented, SG No. 102/31.12.2019, supplemented, SG No. 26/22.03.2020, amended, SG No. 28/24.03.2020, effective 13.03.2020, amended and supplemented, SG No. 64/18.07.2020, effective 21.08.2020, SG No. 12/12.02.2021, effective 12.02.2021, amended, SG No. 21/12.03.2021, amended and supplemented, SG No. 16/25.02.2022, SG No. 25/29.03.2022, effective 29.03.2022, SG No. 51/1.07.2022, SG No. 8/25.01.2023, SG No. 65/28.07.2023, SG No. 66/1.08.2023, effective 5.08.2023, SG No. 84/6.10.2023, SG No. 85/10.10.2023, effective 10.10.2023, amended, SG No. 70/20.08.2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 79/17.09.2024, amended and supplemented, SG No. 49/17.06.2025, SG No. 54/4.07.2025

*Note: An update of the English text of this Act is being prepared following the amendments in SG No. 99/21.11.2025, effective 25.11.2025

Text in Bulgarian: Закон за пазарите на финансови инструменти

PART ONE GENERAL PROVISIONS

Chapter One GENERAL PROVISIONS

Subject Matter

Article 1. This Act shall regulate:

1. the licensing and operations of investment firms and regulated markets in financial instruments;
2. the provision of investment services or activities by companies from third countries through the establishment of a branch;
3. (amended, SG No. 25/2022, effective 29.03.2022) the authorisation and the activity of the approved reporting mechanisms and the approved publication arrangements, which have a derogation in accordance with Article 2, Paragraph 3 of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (OJ L 173/84 of 12 June 2014), hereinafter referred to

as "Regulation (EU) No. 600/2014";

4. the requirements to the persons managing and controlling the persons covered under items 1 and 3, as well as to the persons with qualifying holdings in the persons under item 1;

5. (new, SG No. 83/2019, effective 22.10.2019) the activities of central securities depositories;

6. (new, SG No. 83/2019, effective 22.10.2019) requirements to central counterparties;

7. (new, SG No. 8/2023) requirements to benchmark administrators within the meaning of Item 6 of Article 3 (1) of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014 (OJ, L 171/1 of 29 June 2016), hereinafter referred to as "Regulation (EU) 2016/1011", who are licensed or registered under this Act;

8. (renumbered from Item 5, SG No. 83/2019, effective 22.10.2019, renumbered from Item 7, SG No. 8/2023) the national supervision over compliance with this Act.

Purpose

Article 2. The purpose of this Act shall be:

1. to ensure protection of investors in financial instruments, inter alia by creating conditions to supply them with full and more appropriate information regarding the market in financial instruments;

2. to create conditions for the development of a transparent, open and efficient market in financial instruments;

3. to uphold the stability and the public confidence in the market in financial instruments.

Regulation and supervision

Article 3. (1) Regulation and supervision of the activities of the persons under Article 1 shall be carried out by the Financial Supervision Commission ("the Commission") and by the Deputy Chairperson of the Commission heading the Investment Supervision Division ("the Deputy Chairperson").

(2) (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall exercise the powers of the competent authority under Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014 (OJ, L 314/1 of 5 December 2019), hereinafter referred to as "Regulation (EU) 2019/2033", with regard to investment firms under Article 9a, Paragraph 1 or the entities subject to supervision under Chapter Twenty-Two, with the exception of the powers under Article 50 "b" of Regulation (EU) 2019/2033 exercised by the Deputy Chairperson in regard to investment firms under Article 9a, Paragraph 1.

(3) (Renumbered from Paragraph 2, amended, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall exercise the powers of the competent authority under Article 6, paragraph 4, Article 7, paragraphs 1 – 3, Article 8, paragraphs 1, 2 and 4, Article 9, Article 11, paragraphs 3 and 5, Article 14, paragraph 3, Article 15, Article 18, paragraphs 2, 3, 5 and 6, Article 19, paragraph 2, Article 20, Article 21, Article 24, paragraph 2, Article 26, paragraphs 2 and 3, Article 27, paragraph 1, Article 31, Article 36, paragraph 1, letter "g", Article 41, paragraph 1, letter "b", Article 49, paragraphs 1 and 3, Article 52, paragraph 1, letter "j", Article 56, letter "b", Article 66, letter "b", Article 73, Article 76, Article 77, Article 79, Article 80, Article 83, paragraph 1, paragraph 2, Article 84, paragraph 5, Article 89, paragraph 3, Article 93, paragraph 6, Article 94, paragraph 3, Article 95, paragraph 2, paragraph 3, Article 97,

paragraphs 2 and 3, Article 99, paragraphs 6 and 7, Article 100, first sentence, Article 101, paragraphs 1 – 3, Article 107, paragraph 4, Article 113, paragraphs 6 and 7, Article 124, paragraph 2, Articles 143 – 151, Article 152, paragraph 2, Article 154, paragraph 4, Article 157, Article 161, paragraphs 2 and 3, Article 162, paragraph 2, letters "h" and "i", Article 163, paragraph 3, Article 164, paragraph 2, Article 166, paragraph 8, letter "d", Article 170, paragraph 4, letter "c", Article 175, paragraph 5, Article 178, paragraph 2, letter "d", Article 179, Article 180, paragraphs 1 and 2, Article 181, paragraph 2, letter "c", Article 182, paragraph 2, Article 183, paragraph 1, letter "c", Article 199, paragraph 6, Article 201, paragraph 2, Article 221, Article 225, Article 243, paragraph 6, Article 244, paragraph 6, Article 259, letters "b", "c", "d", paragraph 3, paragraph 5, letter "b", Article 262, paragraphs 2 and 3, Article 263, paragraph 2, Article 264, paragraph 4, Article 282, paragraph 6, Article 283, paragraphs 1 – 3, 5, and Article 284, paragraphs 9 and 11, Article 285, paragraph 1, letter "c" and paragraph 3, Article 286, paragraph 3, Article 289, paragraphs 2 and 5, Article 292, paragraphs 3 and 5, Article 293, paragraph 2, Article 294, paragraphs 2 and 3, Article 295, letter "c", Articles 311 – 314, Article 315, paragraph 3, Article 317 paragraph 4, paragraph 2, Article 323, paragraph 1, Article 325, paragraph 2, Article 327, Article 331, paragraph 1, Article 336, paragraph 4, letter "a", third indent, Article 337, paragraph 2, paragraphs 2 and 3, Article 354, paragraph 6, Article 363, Article 365, paragraph 2, Article 366, paragraphs 4 and 5, Article 367, paragraph 1, letter "b", Article 373, sub-paragraph 2, Article 376, paragraph 5, Article 377, paragraphs 1, 4 and 5, Article 380, Article 383, paragraph 4, letter "b", Article 383, paragraph 4, paragraph 1 and paragraph 5, letter "c", Article 385, Article 395, paragraph 1, paragraph 3, Article 396, paragraph 1, Article 400, paragraphs 2 and 3, Article 412, paragraph 5, Article 414, Article 415, paragraphs 5 and 6, Article 420, paragraph 2, sub-paragraph 3, Article 422, paragraph 4, sub-paragraph 2, paragraphs 8 and 9, Article 425, paragraphs 4 and 5, Article 430, paragraph 1, paragraph 3, Article 458, paragraph 1 and paragraph 2, letter "e", Article 465, paragraph 2, Article 471, paragraph 1, Article 478, paragraph 3, Article 486, paragraph 6, Article 493, paragraph 3, letter "i" and Article 495, paragraph 1, paragraphs 1 and 5 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions, and amending Regulation (EU) No. 648/2012 (OJ, L 176/1 of 27 June 2013), hereinafter referred to as "Regulation (EU) No. 575/2013", in respect of investment firms under Article 9a(2) or entities subject to supervision in accordance with Chapter Twenty Two "a".

(4) (Renumbered from Paragraph 3, supplemented, SG No. 25/2022, effective 29.03.2022)
The Deputy Chairperson shall exercise the powers of the competent authority under Article 99, paragraph 1, Article 105, paragraph 5, Article 129, paragraph 7, Article 178, paragraph 1, letter "b" and paragraph 2, letter "d", Article 194, paragraphs 1, 8 and 9, Article 213, paragraph 2, Article 215, paragraph 2, letter "b", Article 223, Article 227, Article 237, Article 243, paragraphs 2 and 4, Article 244, paragraphs 2 and 4, Article 246, Article 248, Article 256, paragraph 7, Article 296, paragraph 1, paragraph 2, sub-paragraph 1, letter "b" and sub-paragraph 2, Article 298, paragraph 4, Article 322, paragraph 3, letter "b" and paragraph 6, letters "c" and "d", Article 329, paragraph 1, Article 344, paragraph 3, Article 345, paragraph 2, Article 352, paragraph 1, sub-paragraph 2 and paragraph 2, Article 356, paragraph 2, Article 358, paragraph 3, Article 361, Article 382, paragraph 2, Article 386, paragraph 1, Article 394, paragraphs 1 and 2, Article 395, paragraph 5, sub-paragraph 2, Article 398, sub-paragraph 2, Article 399, paragraph 4, Article 401, paragraph 2, sub-paragraphs 1 and 2, Article 406, paragraph 1, Article 407, Article 415, paragraphs 1 – 4, Article 416, paragraph 6, Article 417, letter "b", Article 418, paragraph 4, Article 420, paragraph 2, sub-paragraph 2, Article 423, paragraph 2, Article 427, paragraph 1, Article 428, paragraph 1, Article 430, paragraph 1, sub-paragraphs 1 and 2, Article 438, letter

"b", Article 450, paragraph 1, letter "j" of Regulation (EU) No. 575/2013, in respect of investment firms under Article 9a(2).

(5) (Renumbered from Paragraph 4, amended, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall exercise the powers of the competent authority under Articles 4, 5, 7, 9, 11, Article 14, Paragraph 6, Articles 21, 24, 26, 35, 36, Paragraph 4, Article 39, Paragraph 3 (excluding structured deposits), Article 42 (excluding structured deposits) of Regulation (EU) No. 600/2014, hereinafter referred to as "Regulation (EU) No. 600/2014", and the Commission shall take appropriate decisions on a proposal of the Deputy Chairperson.

(6) (Renumbered from Paragraph 5, SG No. 25/2022, effective 29.03.2022) The Deputy Chairperson shall exercise the powers of the competent authority under Article 16 of Regulation (EU) No. 600/2014.

(7) (Supplemented, SG No. 24/2018, effective 16.02.2018, renumbered from Paragraph 6, supplemented, SG No. 25/2022, effective 29.03.2022) The notifications and reporting according Regulation (EU) 2019/2033 and under Article 15, Paragraph 1, Article 18, Paragraph 4, Article 26, Paragraph 7, Article 27, Paragraph 1, Article 35, Paragraphs 2 and 3 of Regulation (EU) No. 600/2014 shall be made to the Commission.

(8) (New, SG No. 83/2019, effective 22.10.2019, renumbered from Paragraph (7), SG No. 25/2022, effective 29.03.2022) The Bulgarian National Bank shall exercise its powers of a competent authority under Article 39, Paragraph 3, and Article 42 of Regulation (EU) No. 600/2014 in respect of structured deposits.

(9) (New, SG No. 54/2025) The Deputy Chairperson shall exercise the powers of a competent authority under Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No. 1060/2009, (EU) No. 648/2012, (EU) No. 600/2014, (EU) No. 909/2014 and (EU) 2016/1011 (OJ L 333/1 of 27 December 2022), hereinafter referred to as "Regulation (EU) 2022/2554", with regard to the persons referred to in Article 46(c), (e) to (g) and (o) of said Regulation.

Financial instruments

Article 4. (Supplemented, SG No. 65/2023) The subject of this Act shall be the following financial instruments, including when issued through the distributed ledger technology:

1. transferable securities;
2. money market instruments;
3. units in collective investment undertakings;
4. options, futures, swaps, forward interest-rate agreements and any other derivative contracts relating to securities, currencies (with the exception of those identified in accordance with Article 10 of the Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Delegated Regulation (EU) 2017/565) (OJ, L 87/1 of 31 March 2017), with interest rates or yield, with emission allowances or other derivative instruments, financial indices or financial indicators that may be physically settled or cash settlement may be effected;
5. options, futures, swaps, forward contracts, and any other derivative contracts relating to commodities for which cash settlement shall be made or cash settlement may be made at the request of one of the parties, except for in the cases of non-compliance or other grounds for termination of the contract;
6. options, futures, swaps, and any other derivative contract relating to commodities that may be physically settled when traded on a regulated market, multilateral trading facility (MTF)

or an organised trading facility (OTF), except for wholesale energy products traded on OTF which must be physically settled, as determined in accordance with Article 5 of Delegated Regulation (EU) No. 2017/565;

7. options, futures, swaps, forward contracts, and any other derivative contracts relating to commodities that may be physically settled, other than those referred to in item 6, which are not intended for commercial purposes and have the characteristics of other derivative financial instruments under Article 7, paragraphs 1, 2 and 4 of Delegated Regulation (EU) No. 2017/565;

8. derivative instruments for the transfer of credit risk;

9. financial contracts for differences;

10. options, futures, swaps, forward interest-rate agreements and any other derivative contracts related to climate changes, freight rates or inflation rates or other official economic statistic indicators, for which cash settlement must be effected or for which cash settlement may be effected at the request of one of the parties (excluding the cases of non-compliance or other grounds for termination of the contract), and any other derivative contracts relating to assets, rights, obligations, indices and indicators, other than those referred to in this article, which have the characteristics of other derivative financial instruments, depending on whether they are traded on a regulated market, an MTF or OTF, and determined in accordance with Article 7, paragraph 3 and Article 8 of Delegated Regulation (EU) No. 2017/565;

11. emission allowances, consisting of any units recognised as conforming to the requirements of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Directive 96/61/EC (emission trading scheme) (Directive 2003/87/EC).

Application of guidelines and recommendations of the European supervisory authorities

Article 4a. (New, SG No. 83/2019, effective 22.10.2019) (1) The Financial Supervision Commission shall make decisions on the application in the supervisory practice thereof of recommendations and guidelines of the European Securities and Markets Authority (ESMA) and of the European Banking Authority (EBA) in accordance with Article 13, paragraph 1, item 26 of the Financial Supervision Commission Act, which shall be published on the website of the Commission in the Bulgarian language.

(2) (Supplemented, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall adopt ordinances for the implementation of this Act and shall issue instructions and other acts to introduce requirements, criteria and conditions arising from the recommendations and guidelines referred to in Paragraph 1, applicable to the persons referred to in Article 1.

Exceptions

Article 5. (1) This Act shall not apply to the following persons, unless otherwise provided for herein:

1. insurers and reinsurers within the meaning of the Insurance Code and Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ, L 335/1 of 17 December 2009), hereinafter referred to as "Directive 2009/138/EC" when pursuing the business under the Insurance Code and Directive 2009/138/EC;

2. persons providing investment services solely to their parent undertakings, their subsidiaries or other subsidiaries of their parent undertakings;

3. persons providing an investment service incidentally within the meaning of Article 4 of Delegated Regulation (EU) 2017/565 in the course of pursuing their professional activity and

such professional activity is regulated by legal or regulatory provisions or by a code of ethics which do not prohibit the provision of such service;

4. the persons that deal on own account in financial instruments, other than commodity derivatives or emission allowances or their derivatives, and do not provide any other investment services or carry out any other financial investment activities in financial instruments which are not commodity derivatives or emission allowances or their derivatives, and this exception shall not apply where the said persons:

a) are market makers;

b) are members of or participants in a regulated market or MTF or have direct electronic access to a place of trade with the exception of non-financial entities which carry out transactions in the place of trade, which are objectively measurable as decreasing the risks associated directly with the trading activity of such non-financial entities or their groups;

c) apply high-frequency method of algorithmic trading, or

d) deal on their own account when executing clients orders;

5. the operators obliged to comply with the requirements of Directive 2003/87/EC, which when trading with emission allowances do not fulfil orders of clients and do not provide investment services or do not perform investment activities other than dealing on own account, provided that such persons do not apply high-frequency method for algorithmic trading;

6. persons providing investment services involving only administration of employee-participation schemes;

7. persons providing investment services involving only administration of employee-participation schemes and provision of investment services solely for their parent undertakings, their subsidiaries or other subsidiaries of their parent undertakings;

8. members of the European System of Central Banks (ESCB) or other national bodies performing similar functions in the Union, other public bodies charged with or intervening in the management of public debt in the EU, as well as the international financial institutions established by two or more Member States designed to raise funds and provide financial assistance to their members when experiencing or are at risk of serious financial problems;

9. collective investment undertakings and pension funds, whether or not coordinated at European Union level, and depositaries and managers of such undertakings;

10. (amended, SG No. 83/2019, effective 22.10.2019, SG No. 51/2022) persons dealing on their own account, including market makers, in commodity derivatives or emission allowances or their derivatives, with the exception of the persons dealing on their account when executing client orders, as well as the persons providing investment services other than dealing on their own account in commodity derivatives or emission allowances or their derivatives, to clients or suppliers in the scope of their main business, provided that:

a) (amended, SG No. 25/2022, effective 29.03.2022, SG No. 51/2022) in each of these cases, individually and collectively, this is ancillary business according to criteria defined by Commission Delegated Regulation (EU) 2017/592 of 1 December 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the criteria to establish when an activity is considered to be ancillary to the main business, hereinafter referred to as "Delegated Regulation (EU) 2017/592" (OJ, L 87/492 of 31 March 2017), to their main business when considered on a group basis;

b) (new, SG No. 51/2022) these persons are not part of a group whose main business consists in the provision of investment services within the meaning of this Act and Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU and

amending Directive 2002/92/EC and Directive 2011/61/EF (OJ, L 173/349 of 12 June 2014), hereinafter referred to as "Directive 2014/65/EU", performance of any of the activities referred to in Article 2 of the Credit Institutions Act or banking activity pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ, L 176/338 of 27 June 2013), hereinafter referred to as "Directive 2013/36/EU", or the functioning as market-maker in respect of commodity derivatives;

c) (renumbered from Littera "b", SG No. 51/2022) such persons do not apply high-frequency method of algorithmic trading, and

d) (amended, SG No. 83/2019, effective 22.10.2019, renumbered from Littera "c", amended, SG No. 51/2022) such persons shall notify the Commission at the request of the Deputy Chairman on what basis they have judged that their activity according to the main text of this item is additional to their main economic activity;

11. persons providing investment advice in the course of the performance of another professional activity not covered by this Act, provided that they do not receive separate remuneration for the provision of such advice;

12. the transmission system operators as defined in Article 2, item 4 of Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (OJ, L 211/55 of 14 August 2009), hereinafter referred to as "the directive 2009/72/EC" or item 4 of Article 2 of Directive 2009/73/EC of the European Parliament and of the Council of July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ, L 211/94 of 14 August 2009), hereinafter referred to as "Directive 2009/73/EC" when performing their duties as laid down in those directives or in Regulation (EC) No. 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No. 1228/2003 (OJ, L 211/15 of 14 August 2009), hereinafter referred to as "Regulation (EC) No. 714/2009", pursuant to Regulation (EC) No. 715/2009 of the European Parliament and of the Council of 13 July 2009 on the conditions for access to the natural gas transmission networks and repealing Regulation (EC) No. 1775/2005 (OJ, L 211/36 of 14 August 2009), hereinafter referred to as "Regulation (EC) No. 715/2009", or according to codes or guidelines adopted pursuant to those regulations, persons acting as service providers on their behalf for the performance of their tasks in accordance with these legislative acts or codes or guidelines adopted pursuant to those regulations, as well as operators or administrators of a mechanism for energy balancing, pipeline network or system for maintenance of the balance of supplies and energy consumption when performing such tasks – in the cases where the said persons for the purposes of the business pursued thereby carry out investment activities or provide investment services relating to commodity derivatives;

13. (repealed, SG No. 83/2019, effective 22.10.2019, new, SG No. 16/2022) the providers of service for collective financing according to the ruling under Article 2, paragraph 1, lettera e of Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (OJ, L 347/1 of 20 October 2020);

14. (new, SG No. 54/2025) crypto-asset service providers as defined in Article 3(1)(15) of Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No. 1093/2010 and (EU) No.

1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (OJ L 150/40 of 9 June 2023), hereinafter referred to as "Regulation (EU) 2023/1114".

(2) The exemption under paragraph 1, item 12 shall not apply to the operation of a secondary market, including a platform for secondary trading in financial transmission rights.

(3) (Repealed, SG No. 83/2019, effective 22.10.2019).

(4) The rights conferred hereunder shall not cover the provision of services as a counterparty to transactions with government bodies managing the public debt or by ESCB members in carrying out their tasks as provided for in the Treaty on the Functioning of the European Union (TFEU) and in Protocol No 4 concerning the Statute of the ESCB and the European Central Bank, or in carrying out equivalent functions under national provisions.

(5) The persons referred to in paragraph 1, items 1, 9 and 10 shall qualify for exemption under paragraph 1, without the need to meet the conditions of paragraph 1, item 4.

(6) The provisions of Articles 102 – 108 shall also apply to the persons referred to in paragraph 1, items 1, 5, 9 and 10, where they are members of or participants in a regulated market or MTF.

(7) (Amended, SG No. 83/2019, effective 22.10.2019, supplemented, SG No. 51/2022) The persons referred to in paragraph 10, item 1 shall notify the Commission that they will benefit from the exemption under paragraph 1, item 10 on occurrence of grounds therefor and not later than 15 April of the calendar year for which exemption is requested. Attached to the notification to in Paragraph 1, item 10, littera "d" shall be the reasons for the grounds serving them to consider that the relevant activities under paragraph 1, item 10 are ancillary to their main business activities in accordance with Delegated Regulation (EU) 2017/592.

(8) (Amended, SG No. 83/2019, effective 22.10.2019) Within one month of submission of the notification referred to in paragraph 7, the Deputy Chairperson shall have the right to require from the persons referred to in paragraph 1, item 10 additional information containing justification of the reasons for which they consider that the activity under paragraph 1, item 10 is ancillary to their main business. If necessary, the Deputy Chairperson shall send a message and set a time limit for the submission of additional information, which may not be less than one month.

(9) (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission, on a proposal by the Deputy Chairperson, shall consider whether a ground for the application of the exemption under paragraph 1, item 10 exists in respect of the person, applying the criteria under Delegated Regulation (EU) No. 2017/592, and shall notify the person in writing of its decision within one month of receipt of the notification under paragraph 7, and where additional information has been requested, within one month of receipt thereof or of expiry of the period under paragraph 8, second sentence, as the case may be.

(10) (New, SG No. 51/2022) For the purposes of Paragraph 1, item 10, the following elements shall be taken into account in the criteria for an activity to be considered ancillary to the main business on a group level:

1. whether the net residual nominal exposure of commodity derivatives or emission allowances or their monetary settlement derivatives traded in the European Union, excluding commodity derivatives, emission allowances or their derivatives traded on a trading venue, is below an annual threshold of 3 billion euro, or

2. whether the capital used by the group to which the entity belongs is primarily allocated to the main business of the group, or

3. whether the volume of the activities specified in Paragraph 1, item 10 does not exceed

the total amount of other trading activities at the group level.

(11) (New, SG No. 51/2022) The activities specified in Paragraph 10 are considered at group level.

(12) (New, SG No. 51/2022) Excluded from the elements referred to in Paragraph 10 are:

1. transactions between members of the group, as specified in Article 3 of Regulation (EU) No. 648/2012, which serve to manage liquidity or risk within the group;

2. transactions with commodity derivatives or emission allowances or their derivatives, for which it can be objectively measured that they lead to a reduction of risks directly related to commercial activity or financing activity;

3. transactions with commodity derivatives or emission allowances or their derivatives, entered into to meet obligations to ensure liquidity on a trading venue, where such obligations are required by regulatory authorities in accordance with the acquis of the European Union or national legal, regulatory and administrative provisions or from the trading venues.

(13) (Renumbered from Paragraph 10, SG No. 51/2022) The provisions of Articles 192 – 204 shall also apply to the persons referred to in Paragraph 1.

PART TWO

MARKET PARTICIPANTS

TITLE ONE

INVESTMENT FIRMS

Chapter Two

CONDITIONS FOR CONDUCT OF BUSINESS

Section I

General provisions

Investment services and activities

Article 6. (1) An investment firm shall be a person which provides one or more investment services and/or performs one or more investment activities as a regular occupation or business activity.

(2) Investment services and activities shall be:

1. accepting and forwarding instructions in relation to one or more financial instrument;

2. execution of orders on behalf of clients;

3. dealing in financial instruments on own account;

4. portfolio management;

5. investment advices;

6. underwriting of issues of financial instruments and/or offering financial instruments on the basis of an unconditional and irrevocable commitment to subscribe/acquire the financial instruments on own account;

7. offering financial instruments for initial sale without an unconditional and irrevocable commitment to acquire the financial instruments on own account (placement of financial instruments);

8. operation of MTF;

9. operation of OTF.

(3) The investment firm may also provide the following additional services:

1. (supplemented, SG No. 83/2019, effective 22.10.2019) safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding the central maintenance service referred to in point (2) of Section A of the Annex to the Regulation (EU) No. 909/2014 of 23 July 2014 of the European Parliament and of the Council 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";

2. granting loans to investors to effect transactions in one or more financial instruments, provided that the person granting the loan is involved in the transaction;

3. advice to undertakings on their capital structure, industry strategy and related matters, as well as advice and services relating to mergers and acquisitions of enterprises;

4. provision of foreign exchange services, insofar as they are connected with the investment services provided;

5. investment research and financial analysis or other forms of general recommendations relating to transactions in financial instruments;

6. services relating to underwriting of issues of financial instruments;

7. investment services and activities under paragraph 2 and items 1 – 6 in connection with the underlying instruments of derivative financial instruments under Article 4, items 5, 6, 7 and 10, when relating to the provision of investment and additional services.

Investment firms

Article 7. (1) Investment services may be provided and investment activities may be performed as a regular occupation or business solely by a joint-stock company or a limited liability company which has its seat and registered office on the territory of the Republic of Bulgaria, has obtained licence for conduct of business in an investment-firm capacity under the terms and according to the procedure established herein, unless otherwise provided for by a law or regulation.

(2) Any investment firm shall issue solely dematerialised shares entitling their holder to a single vote. Should the investment firm be a limited liability company, the voting power of each partner shall be proportionate to the participating interest held thereby in the capital.

(3) Provision of investment services and performance of investment activities as a regular occupation or business may also be carried out by investment firms based in other countries, under the terms and procedure of Articles 45, 46 and 49.

Banks acting as investment firms

Article 8. (1) (Previous text of Article 8, SG No. 25/2022, effective 29.03.2022) The provision of one or more investment services and the performance of one or more investment activities as a regular occupation or business may also be carried out by a bank, which has obtained licence for the provision of such services and the performance of such activities from the Bulgarian National Bank.

(2) (New, SG No. 25/2022, effective 29.03.2022) An investment firm that meets the definition of "credit institution" under Article 4, Paragraph 1, Item 1 of Regulation (EU) No. 575/2013 and has applied for a licence to operate as a bank under Article 2, Paragraph 1, Item 2 of the Credit Institutions Act to the Bulgarian National Bank may continue to operate as an investment firm until obtaining a licence or until the refusal to issue a licence to operate as a bank

under Article 2, Paragraph 1, Item 2 of the Credit Institutions Act.

(3) (New, SG No. 25/2022, effective 29.03.2022) From the date of issuing the decision on granting the licence under Paragraph 2 the licence for carrying out activity as an investment firm granted by the Commission shall be invalidated.

(4) (New, SG No. 25/2022, effective 29.03.2022) Where a licence is refused under Paragraph 2, the Commission shall withdraw the licence granted by it to the investment firm to carry out an activity as an investment firm within 14 days of the notification referred to in Paragraph 4 of Article 13a of the Credit institutions Act.

Restrictions related to the subject of activity

Article 9. (1) Investment firms, with the exception of banks acting as investment firms, may not effect any other commercial transactions as a regular occupation or business, with the exception of the cases set out by law.

(2) Investment firms entitled to perform investment activities pursuant to Article 6, paragraph 2, item 3, may offer directly on their own account, and investment firms entitled to perform investment services pursuant to Article 6, paragraph 2, item 2 may offer on account of clients in two-day spot auctions under the terms and following the procedure of Commission Regulation (EU) No. 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community (OJ L 302/1 of 18 November 2010), hereinafter referred to as "Regulation (EU) No. 1031/2010", upon authorisation from the Commission issued under Article 24.

(3) Investment firms that have obtained authorisation under Article 24 shall perform the activities referred to in paragraph 2 in compliance with the requirements of Regulation (EU) No. 1031/2010.

(4) Investment firms which provide investment services and perform investment activities under Article 6, paragraph 2, items 3 and 6 may furthermore effect foreign exchange transactions if they have obtained a licence under the terms and according to the procedure established by effective legislation.

(5) Investment firms under Article 10, paragraph 1 shall have the right to operate as trustees of bondholders under the Public Offering of Securities Act.

(6) (New, SG No. 51/2022) Investment firms may provide crowdfunding services if they have been licensed under the terms and conditions of Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (OJ, L 347/1 of 20 October 2020).

(7) (New, SG No. 85/2023, effective 10.10.2023) Investment firms authorised to provide an investment service under Article 6, Paragraph 2, Item 4 may operate as a provider of a pan-European personal pension product (PEPP) in accordance with Article 6, Paragraph 1, point (d) of Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) (OJ, L 198/1 of 25 July 2019), hereinafter referred to as "Regulation (EU) 2019/1238", subject to compliance with the requirements of the same Regulation, Chapter Twenty-eighth (a) of the Social Insurance Code, this Act and the statutory instruments for their application.

(8) (New, SG No. 85/2023, effective 10.10.2023) The Commission shall decide on the registration or deregistration of PEPP set up by an investment firm providing the portfolio management service under Regulation (EU) 2019/1238 on a proposal of the Deputy Chairperson.

(9) (New, SG No. 54/2025) An investment firm may provide crypto-asset services equivalent to the investment services and activities for which it is specifically authorised if it notifies the Commission in accordance with Article 60 (3) of Regulation (EU) 2023/1114. In this case, the requirements of Regulation (EU) 2023/1114, the Markets in Crypto-Assets Act and their implementing acts shall also apply.

Applicable requirements for prudential supervision of investment firms

Article 9a. (New, SG No. 25/2022, effective 29.03.2022) (1) The requirements of this Act, Regulation (EU) 2019/2033 and the acts for their implementation shall apply to investment firms, except for the cases under Paragraph 2.

(2) The requirements of this Act, Regulation (EU) 575/2013 and the acts for their implementation shall apply to investment firms in the following cases:

1. where investment firms comply with the provisions set out in Article 1, Paragraph 2 "d" or "b" of Regulation (EU) 2019/2033;
2. the Commission has taken a decision under Article 1, Paragraph 2 "c" of Regulation (EU) No. 2019/2033 in accordance with Article 9b;
3. the Commission has allowed their application pursuant to Article 1, Paragraph 5 of Regulation (EU) No. 2019/2033.

Decision on application of Regulation (EU) No. 575/2013

Article 9b. (New, SG No. 25/2022, effective 29.03.2022) (1) (Amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) Pursuant to Article 1, Paragraph 2 "c" of Regulation (EU) 2019/2033 the Financial Supervision Commission may decide to apply the requirements of Regulation (EU) No. 575/2013 to an investment firm which performs any of the investment services and activities under Article 6, Paragraph 2, Items 3 and 6, where the total value of the consolidated assets of the investment firm is equal to or exceeds EUR 5 billion, calculated as an average value for the previous 12 months, and one or more of the following conditions are met:

1. the investment firm carries out its investment services and activities under Article 6, Paragraph 2, Items 3 and 6 on such a scale that if the investment firm faces material difficulties or failure to fulfil essential obligations this may lead to systemic risk;

2. the investment firm is a clearing member;

3. the Commission considers that this is justified in view of the size, nature, scale and complexity of the investment firm's activities, taking into account the principle of proportionality and one or more of the following factors:

a) the importance of the investment firm for the economy of the European Union or the Republic of Bulgaria;

b) the importance of the cross-border activities of the investment firm;

c) the interconnectedness of the investment firm with the financial system.

(2) Paragraph 1 shall not apply to a dealer of goods or emission allowances, collective investment undertakings, insurers and reinsurers.

(3) The Financial Supervision Commission shall revoke the decision under Paragraph 1, when the investment firm ceases to meet the requirement for the threshold referred to in Paragraph 1, calculated for a period of 12 consecutive months. The Financial Supervision Commission shall immediately inform the investment firm in case of revocation of the decision under Paragraph 1.

(4) The Financial Supervision Commission shall immediately inform the EBA about the decisions taken under Paragraphs 1 and 3.

Section II

Requirements to the capital of an investment firm

Initial Capital

Article 10. (1) (Amended, SG No. 25/2022, effective 29.03.2022, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) Investment firms, except for those under Paragraphs 2, 3 and 6, shall have initial capital of lev equivalent no less than EUR 750,000. Investment firms whose licence covers pursuit of the activity under Article 6, Paragraph 2, items 8 and 9, shall have initial capital no less than EUR 750,000.

(2) (Amended, SG No. 25/2022, effective 29.03.2022, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) An investment firm which does not perform any of the activities referred to in Article 6, Paragraph 2, items 3, 6, 8 and 9 but holds money or financial instruments of clients and which offers one or more of the services under Article 6, Paragraph 2, items 1, 2 or 4, shall have initial capital no less than EUR 150,000.

(3) (Amended, SG No. 25/2022, effective 29.03.2022, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) An investment firm whose licence does not cover the holding of money or financial instruments of clients and which does not provide the investment services and the activities under Article 6, Paragraph 2, items 3, 6, 8 and 9 shall have initial capital no less than EUR 75,000.

(4) For the purposes of Paragraphs 2 and 3, maintaining positions in financial instruments outside the trading book for the purpose of investing own funds shall not be deemed activity under Article 6, Paragraph 2, item 3.

(5) (Repealed, SG No. 25/2022, effective 29.03.2022).

(6) (Amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) Investment firms willing to perform activities under Article 9, Paragraph 2 on behalf of clients shall have initial capital of no less than EUR 500,000.

(7) (Repealed, SG No. 25/2022, effective 29.03.2022).

(8) (Amended, SG No. 25/2022, effective 29.03.2022) The initial capital of investment firms shall be formed in accordance with Article 9 of Regulation (EU) 2019/2033.

Capital adequacy and liquidity

Article 11. (1) (Amended, SG No. 25/2022, effective 29.03.2022) An investment firm shall have its own funds, which shall be adequate to the inherent risks assumed thereby, to be

determined in accordance with the requirements of this Act, Regulation (EU) No. 2019/2033 or Regulation (EU) No. 575/2013 and the statutory instruments for their application.

(2) (Amended, SG No. 25/2022, effective 29.03.2022) The investment firm licensed to provide investment services under Article 6, Paragraph 2, items 3 and 6 shall meet the liquidity requirements hereunder, Regulation (EU) No. 2019/2033 or Regulation (EU) No. 575/2013 and the statutory instruments for their application.

(3) (Supplemented, SG No. 25/2022, effective 29.03.2022, repealed, SG No. 54/2025).

(4) (Repealed, SG No. 25/2022, effective 29.03.2022).

(5) (Amended and supplemented, SG No. 25/2022, effective 29.03.2022, amended, SG No. 54/2025) The procedure for the granting of the permissions and approvals under Regulation (EU) 2019/2033 and Regulation (EU) No. 575/2013 shall be laid down in an ordinance.

(6) An investment firm which is authorised to pursue business under Article 9, Paragraph 2 on account of clients, shall maintain at any time after the granting of the authorisation own funds at least equal to the amount referred to in Article 10, Paragraph 6.

(7) (Amended, SG No. 25/2022, effective 29.03.2022) Other requirements to investment firms related to their capital, including the holding of additional own funds, capital adequacy and liquidity, types of liquidity buffers to be maintained, the terms and procedures for their formation and update, the conditions, criteria and the procedure for exemption from liquidity requirements, for reporting and disclosure of information by parent companies and investment firms and the supervision over compliance with such requirements are laid down in an ordinance and in Regulation (EU) No. 2019/2033 or Regulation (EU) No. 575/2013. The ordinance may also define the financial instruments that investment firms may hold for own account in the cases of performing investment services under Article 6, Paragraph 2, item 2.

(8) (New, SG No. 25/2022, effective 29.03.2022) Investment firms referred to in Article 9a, Paragraph 2 shall determine their internal capital at an adequate level of own funds, which shall be sufficient to cover all the risks to which the investment firm is exposed and ensure that its own funds can absorb potential losses as a result of stress scenarios, including those identified through stress tests for supervisory purposes.

Section III

Management of the investment firm

Management. Representative Authority

Article 12. An investment firm shall be managed and represented jointly by at least two persons meeting the requirements covered under Articles 13 and 14. The said persons may not delegate the overall management and representation of the investment firm to one of them, but may authorise third parties to perform specific acts.

Requirements on suitability

(Title amended, SG No. 83/2019, effective 22.10.2019)

Article 13. (1) (Amended, SG No. 51/2022) The members of the management and supervisory bodies of the investment firm and the persons managing its activity shall be persons with good reputation, with the required knowledge and skills, with various qualifications and professional experience corresponding to the specifics of the activities performed by the investment firm and the major risks to which it is or may be exposed. They shall comply with the requirements of this Article, as well as of Article 14.

(2) Any person who is a member of the management or supervisory body of any investment firm or manages its business shall have higher education.

(3) (Amended, SG No. 83/2019, effective 22.10.2019) Any of the persons referred to in paragraph 2 shall meet the following minimum requirements for professional experience:

1. three years in non-banking financial sector or in banks, provided that his responsibilities were connected with the main business of such companies, or

2. three years in government institutions or other public legal entities whose main functions include management and control of national or international public financial assets or management, control and investment of cash in funds established by a statutory instrument, or

3. three years in a regulatory body of the banking and/or non-banking financial sector, or

4. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) five years on a position with management functions in the financial management of an undertaking from the non-financial sector, during which period the managed assets exceed EUR 750,000, or

5. a total of two years at an entity under items 1, 2 and 3, and three years at an entity under paragraph 4, or

6. a total of one year at an entity under items 1, 2 and 3, and four years at an entity under item 4, or

7. a total of three years at an entity under items 1, 2 and 3, and two years at an entity under item 4;

8. (new, SG No. 84/2023) based on the data collected about him and his related persons, as well as the relationships between them, does not give rise to suspicions about his reliability and suitability or about possible conflicts of interest.

(4) A person who is a member of a management or supervisory body of an investment firm or manages its business shall meet the following conditions:

1. (supplemented, SG No. 65/2023) no conviction of a premeditated offence at public law, unless rehabilitated;

2. not have been a member of a management or supervisory body or a general partner of unlimited liability in a company undergoing bankruptcy proceedings or a company dissolved by bankruptcy if unsatisfied creditors have remained;

3. has not been declared in bankruptcy or is not undergoing bankruptcy proceedings;

4. has not been deprived of the right to hold office of material liability or to carry out professional activity;

5. (supplemented, SG No. 83/2019, effective 22.10.2019) in the last two years preceding the act of the relevant competent body has held no previous membership of a management or supervisory body in a company whose licence has been withdrawn for conduct of activity subject to licensing by the Commission or by the Bulgarian National Bank or by a relevant body of another country, except in the cases where the licence has been withdrawn at the request of the company, as well as where the act of withdrawal of the licence granted has been duly repealed, as well as where more than 5 years have expired from the entry into force of the act of withdrawal of the licence;

6. (amended, SG No. 21/2021, supplemented, SG No. 25/2022, effective 29.03.2022, SG No. 51/2022, supplemented, SG No. 54/2025) no effective administrative penalties have been imposed on him in the last preceding five years for gross or repeated violation of this Act, the Public Offering of Securities Act, the repealed Special Purpose Investment Companies Act, the Special Purpose Investment Companies and Securitization Companies Act, the Collective

Investment Schemes and Other Undertakings for Collective Investments Act, the repealed Measures against Market Abuse with Financial Instruments Act, the Measures against Market Abuse with Financial Instruments Act, the Markets in Crypto-Assets Act, the Credit Institutions Act, the Insurance Code, the Social Insurance Code, Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ, L 173/1 of 12 June 2014) (Regulation (EU) No. 596/2014), Regulation (EU) 2019/2033, Regulation (EU) No. 575/2013, Regulation (EU) No. 600/2014, Regulation (EU) 2023/1114 or the statutory instruments for their application, or of the relevant legislation of another country;

7. (amended, SG No. 21/2021, supplemented, SG No. 51/2022) not has been dismissed from a management or supervisory body of a company under this Act, the Public Offering of Securities Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Credit Institutions Act, the Insurance Code, the Social Insurance Code, the repealed Special Purpose Investment Companies Act, the Special Purpose Investment Companies and Securitization Companies Act or the relevant legislation of another country on the basis of the enforcement administrative measure imposed, except where the act has been duly repealed.

(5) A person who is a member of a management or supervisory body of the investment firm or manages its business may not be a spouse or relative of direct or collateral descent up to the third degree inclusive, or by marriage up to the third degree to any member of a management or control body of the company, or be in actual spousal cohabitation with such a member.

(6) The requirements under paragraphs 1 – 5 shall furthermore apply to natural persons who represent legal entities – members of the management and supervisory bodies of the investment firm.

(7) The requirements under paragraphs 1 – 5 shall furthermore apply to any other persons who are authorised to conclude transactions independently or jointly with another person on the account of the investment firm.

Restrictions on participation in the management of other persons

Article 14. (1) (Amended, SG No. 83/2019, effective 22.10.2019, SG No. 51/2022) Members of the management and supervisory bodies of the investment firm and persons managing its activity may also be persons who participate in the management of other legal entities, provided this shall not prevent the effective performance of their duties in the management of the investment firm, depending on the nature, scale and complexity of his activity.

(2) A member of the management or supervisory body of a major investment firm may hold at the same time not more than one of the following combinations of positions:

1. one position of executive member or procurator, or governor and two positions of a member of the management body without executive functions and/or of supervisory body, or
2. four position of a member of a management body without executive functions and/or supervisory body.

(3) Within the meaning of paragraph 2 one position shall be assumed to mean:

1. director positions with executive or non-executive functions within the same group within the meaning of § 1, item 13 of the additional provisions of the Supplementary Supervision of Financial Conglomerates Act;

2. director positions with executive or non-executive functions within:

- a) institutions which are members of the same institutional protection mechanism, if the

conditions provided in Article 113, paragraph 7 of Regulation (EU) No. 575/2013 are met, or
b) companies (including non-financial entities), in which an investment firm holds a qualifying holding.

(4) (Amended, SG No. 83/2019, effective 22.10.2019) For the purposes of paragraph 1 or paragraph 2, as the case may be, membership in management and supervisory bodies of non-profit legal persons shall not be taken into account.

(5) (Amended, SG No. 83/2019, effective 22.10.2019) A member of a management or supervisory body of a major investment firm may hold up to one additional non-executive position in addition to the permitted ones under paragraph 2, provided that this does not hinder the effective and prudent management of the investment firm and subject to the Commission's permission.

(6) For issuing the authorisation referred to in paragraph 5 an application shall be submitted to the Commission with the attached details and documents thereto, certifying compliance with the requirements set. The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall act on the application under the procedure of Article 15, paragraphs 3 – 5.

(7) The authorisation under paragraph 5 may also be given in the proceedings for the licence granting or extending the existing licence.

(8) (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission shall inform the ESMA of the permissions granted under paragraph 5.

Approval of the members of management and supervisory bodies

Article 15. (1) (Supplemented, SG No. 51/2022) The members of the management and the supervisory bodies of the investment firm, as well as the persons managing its operations shall be subject to approval by the Commission before their entry into the commercial register, and the natural persons who represent legal entities which are members of the management or supervisory body of an investment firm shall be subject to approval by the Commission before their determination as representatives of the legal entities which are members of the management or supervisory body of the investment firm. Sentence one shall also apply to the persons under Article 13, Paragraph 7.

(2) For the purposes of issuing the approval under paragraph 1, the investment firm shall submit an application to the Commission with the attached details and documents thereto, certifying compliance with the requirements laid down for such persons, in accordance with Delegated Regulation (EU) 2017/1943 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firms (OJ, L 276/4 of 26 October 2017), hereinafter referred to as "Delegated Regulation (EU) No. 2017/1943", Commission Implementing Regulation (EU) 2017/1945 of 19 June 2017 laying down implementing technical standards with regard to notifications by and to applicant and authorised investment firms according to Directive 2014/65/EU of the European Parliament and of the Council (OJ, L 276/22, 26 October 2017), hereinafter referred to as "Implementing Regulation (EU) 2017/1945", and an ordinance.

(3) If the details and documents submitted are incomplete or additional information or evidence is necessary, the Deputy Chairperson shall send a communication to the investment firm and shall set a time limit for removal of the deficiencies and non-conformities established or for provision of additional information and documents, which shall not be shorter than one month.

(4) (Amended, SG No. 25/2022, effective 29.03.2022) When the communication referred to in Paragraph (3) is not accepted at the correspondence address named by the applicant, the time limit for the submission thereof shall run from the time when the communication is made

publicly available on the website of the Commission. The disclosure shall be ascertained by a protocol drawn up by officials designated by an order of the Commission Chairperson.

(5) (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall deliver its decision within one month of the filing of the application, and when additional information and documents were requested, within one month of their receipt or of the expiry of the time limit referred to in paragraph 3 respectively.

(6) (Amended, SG No. 83/2019, effective 22.10.2019) For the purposes of delivery of a decision under paragraph 5, the Deputy Chairperson shall also make enquiries in the databases of administrative sanctions, maintained by the EBA and by ESMA.

(7) The Commission shall refuse to grant approval if any of the persons under paragraph 1 does not meet the requirements of this Act or if with his/her/its activities or influence on decision-making he/she/it may jeopardise the security of the investment firm or its operations, or jeopardise the interests of his/her/its clients or the integrity of the market.

(8) (New, SG No. 83/2019, effective 22.10.2019, supplemented, SG No. 51/2022) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall perform initial assessment in the proceedings under Paragraph 1 of the suitability of the members of the management and supervisory bodies of the investment firm, as well as of the persons managing its activity, individually and collectively, and shall also perform ex-post assessment of the suitability in accordance with the terms and procedure set out in an ordinance.

(9) (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission, acting on a proposal from the Deputy Chairperson, shall carry out an ex post evaluation of the suitability of the members of the investment firm's management and control bodies referred to in Paragraph 2 of Article 9a whenever there is a suspicion of money laundering or terrorist financing or that there is an increased risk of such actions relating to the investment firm concerned and, where necessary, shall impose appropriate supervisory measures.

Qualifying holding in an investment firm

Article 16. A person having a qualified holding in an investment firm shall have good reputation, professional experience and financial stability corresponding to the amount of its qualified holding and subject to compliance with the other requirements set forth in this Act.

Section IV

Granting an authorisation to an investment firm

Requirement for authorisation. Documents for granting an authorisation

Article 17. (1) For the performance of services and activities under Article 6, paragraphs 2 and 3 as a regular occupation or business by persons other than banks an authorisation shall be granted by the Commission.

(2) For the granting of the authorisation under paragraph 1 an application shall be submitted to the Commission, attaching details and documents as set out in Delegated Regulation (EU) No. 2017/1943, Implementing Regulation (EU) 2017/1945 and an ordinance.

(3) Where an investment firm wishes to perform services and activities under Article 6, paragraphs 2 and 3 which are not covered by its authorisation, the investment firm shall submit an application to the Commission for extension of the scope of its authorisation, attaching the documents under paragraph 2.

(4) (Amended, SG No. 25/2022, effective 29.03.2022) No less than 25 per cent of the capital under Article 10, Paragraphs 1 – 6 shall be paid in upon filing the application for

obtaining an authorisation and the remaining amount shall be paid in within 14 days from receipt of a written notification under Article 18, Paragraph 10.

Ruling on the application form

Article 18. (1) The Deputy Chairperson shall deliver a decision on the completeness of the application within 15 working days of receipt thereof.

(2) Where the application and the attached details and documents thereto are complete, within the time limit referred to in paragraph 1 the Deputy Chairperson shall send the applicant a written confirmation that the application filed thereby is complete.

(3) Where not all necessary details and documents are attached to the application, within the time limit referred to in paragraph 1, the Deputy Chairperson shall notify the applicant in writing that the application filed thereby is incomplete, shall indicate the details and documents to be produced and the time limit for their submission, and this period may not be shorter than 20 working days and longer than 30 working days and may not be extended further.

(4) (Amended, SG No. 83/2019, effective 22.10.2019) Where, within the time limit fixed by the Deputy Chairperson under paragraph 3, the applicant provides all additionally required details and/or documents, the Deputy Chairperson shall send the applicant a written confirmation that the application filed thereby is complete, within 15 working days of the submission of the details and documents referred to in paragraph 3.

(5) Where, within the time limit fixed by the Deputy Chairperson under paragraph 3, the applicant does not submit any additionally required details and/or documents, the application proceedings shall be terminated by a decision of the Commission at the proposal of the Deputy Chairperson.

(6) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall examine and rule on the merits within 6 months of submission of the complete application. If the details and documents submitted are incomplete, incorrect, non-compliant with statutory requirements or additional information or evidence of their authenticity is required, the Commission shall send a communication to the applicant of the deficiencies and non-conformities established or the additional information and documents required within three months of confirmation of the completeness of the application under paragraph 2 or paragraph 4 respectively. The applicant shall submit to the Commission the additional details, information and documents within a period fixed by the Commission, which may not be less than one month and longer than two months, and this period may not be extended further.

(7) The Financial Supervision Commission shall take a decision to grant the authorisation for the pursuit of business as an investment firm or for extension of the scope of the licence respectively, only if it determines that the applicant meets the requirements of this Act, the acts for its application and requirements applicable to the activities of investment firms under EU law.

(8) In the cases under Article 262, paragraphs 1 and 2, the Commission shall request the opinion of the relevant competent authority. In this case, the Commission shall take a decision after receiving the opinion of the competent authority, but not later than 6 months from the submission of the complete application.

(9) The Financial Supervision Commission shall take a decision on the application by deciding on whether to grant an authorisation for the pursuit of business as an investment firm within:

1. three months from the confirmation of the completeness of the application provided for in paragraph 2 or under paragraph 4 in the event that no additional details, information and documents under paragraph 6 have been requested;

2. one month of the submission of additional data, information and documents under

paragraph 6 or from the expiry of the time limit for their submission.

(10) If the Commission has decided to grant an authorisation, it shall notify in writing the applicant that for the granting of the authorisation or for the extension of the scope thereof, within 14 days of receipt of the notification, the applicant shall certify to the Commission that:

1. the entry contribution has been paid to the Investor Compensation Fund;
2. the capital required under Article 10 herein has been fully paid in.

(11) Article 7 of the Act Restricting Administrative Regulation and Administrative Control over Economic Activity shall not apply in the cases referred to in Paragraph 6.

Granting of the authorisation. Notification

Article 19. (1) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall grant the authorisation or extend the scope of the authorisation and shall inform the applicant thereof within 14 days of receipt of the documents certifying the conformity with the requirements under Article 18, paragraph 10.

(2) An investment firm shall at all times comply with the conditions under which the authorisation under paragraph 1 was granted.

(3) The investment firm shall immediately inform the Commission of material changes in the conditions under which the authorisation under paragraph 1 was granted.

Re-authorisation for pursuit of business as an investment firm of a bank under Article 2, Paragraph 1, item 2 of the Credit Institutions Act

Article 19a. (New, SG No. 25/2022, effective 29.03.2022) (1) A bank under Article 2, Paragraph 1, Item 2 of the Credit Institutions Act, which performs only the investment services and activities referred to in Article 6, Paragraph 2, Items 3 and 6 and where for a period of 5 consecutive years the average value of its total assets is below the thresholds set out in Article 4, Paragraph 1, Item 1 "b" of Regulation (EU) 575/2013, shall submit an application under Article 17, Paragraph 2 for re-authorisation under Article 19. The application shall be submitted within 14 days of receiving the notification from the Bulgarian National Bank under Article 36, Paragraph 6 of the Credit Institutions Act.

(2) The Financial Supervisory Commission shall take into account the assessment of compliance with the supervisory requirements of the Bank under Paragraph 1 as well as any other information relevant for the granting of the authorisation, to be submitted by the Bulgarian National Bank within 10 working days of the Commission's written request.

(3) The Deputy Chairperson shall deliver a decision on the completeness of the application within 10 working days of receipt thereof and Article 18, Paragraphs 2–5 shall apply *mutatis mutandis*.

(4) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall examine and rule on the merits within 3 months of submission of the complete application. If the details and documents submitted are incomplete, incorrect, non-compliant with statutory requirements or additional information or evidence of their authenticity is required, the Commission shall send a communication to the applicant of the deficiencies and non-conformities established or the additional information and documents required within 20 working days of confirmation of the completeness of the application. The applicant shall submit to the Commission the additional details, information and documents within a period fixed by the Commission, which may not be less than one month and longer than two months, and this period may not be extended further.

(5) In the cases under Article 262, Paragraphs 1 and 2, the Commission shall request the opinion of the relevant competent authority. In this case, the Commission shall take a decision after receiving the opinion of the competent authority, but not later than 30 working days from

the submission of the complete application.

(6) The Financial Supervision Commission shall take a decision on the application by deciding on whether to grant an authorisation for the pursuit of business as an investment firm within 30 working days:

1. upon the confirmation of the completeness of the submitted application, when no additional data, information and documents have been requested in accordance with Paragraph 4;
2. upon the submission of the additional data, information and documents referred to in Paragraph 4 within the time limit set, respectively, upon the expiry of the time limit for their submission.

(7) For the granting of the authorisation Article 18, paragraphs 7, 10 and 11, Article 19 shall apply *mutatis mutandis*.

(8) The Financial Supervision Commission shall forthwith inform the Bulgarian National Bank of the decision on the application submitted.

(9) The authorisation as an investment firm granted by the Commission shall be valid from the date of the decision for revocation of the authorisation as a bank under Article 2, Paragraph 1, Item 2 of the Credit Institutions Act by the Bulgarian National Bank.

Scope of the authorisation

Article 20. (1) The authorisation under Article 19 shall specify in detail the investment services and investment activities which the investment firm is authorized to perform. The authorisation may include the right to perform one or more of the additional services under Article 6, paragraph 3. No authorisation may be granted only for the provision of additional services under Article 6, paragraph 3.

(2) The authorisation under Article 19 gives the right to perform the services and activities under Article 6, paragraphs 2 and 3 within the European Union through the establishment of a branch or under the freedom to provide services.

Notification of the European Securities and Markets Authority

Article 21. The Financial Supervision Commission shall notify the ESMA of the authorisation granted to an investment firm.

Grounds for refusal

Article 22. (1) The Financial Supervision Commission may refuse to grant authorisation or to extend the scope of the granted authorisation where:

1. the capital of the applicant does not meet the requirements under Articles 10 and 11;
2. any of the persons under Article 12 and Article 13, paragraphs 1 and 6 has not a sufficiently good reputation, does not possess sufficient knowledge, skills and experience or cannot allocate enough time for the performance of his/her duties in the investment firm, does not meet other requirements of the law or if it can be reasonably assumed that the person will endanger the effective, sound and prudent management of the investment firm, the interests of its clients or the integrity of the market;
3. a person holding, directly or indirectly, a qualifying holding in the applicant company does not have a sufficiently good reputation, professional experience or financial standing corresponding to his/her qualifying holding, or with his/her activities or influence on decision-making could harm the security of the investment firm or of its operations;
4. the applicant has submitted false data or documents with untrue or misleading content;
5. the entry contribution to the Investor Compensation Fund has not been paid in;
6. close links exist between the applicant and other persons which might cause serious difficulties in the exercise of effective supervision of the investment firm;
7. the laws, regulations or administrative provisions of a third country governing the

activity of a person closely linked with the applicant, or difficulties involved in their enforcement, prevent the effective exercise of the supervisory functions of the Commission or its Deputy Chairperson, as the case may be;

8. the programme for the operations or other documents of the applicant reveal that the main part of the activity will be performed on the territory of another Member State and the application for granting authorisation by the Commission aims to evade the stricter requirements for investment firms in said Member State on whose territory the applicant intends to conduct business;

9. the content of the programme for the operations is unclear and/or contradicts the contents of other documents in the proceedings, in view of which the business model to be applied by the investment firm cannot be identified;

10. in its opinion, the amount of the property owned by the persons who/which have subscribed 10 and over 10 per cent of the capital, and/or their operations in their scale and financial results do not correspond to the requested shareholding in the applicant and raise doubts about the reliability and capability of these persons to provide capital support to the applicant;

11. the origin of the funds used by the persons who/which have subscribed 10 and over 10 per cent of the capital is not clear or is not legal;

12. the beneficial owners of a shareholder with a qualifying holding cannot be identified;

13. appropriate premises and/or the required technical equipment for the pursuit of the business have not been procured;

14. the applicant does not comply with the requirements of the Act, the instruments for its implementation, and with other legislation or regulations applicable to the activities of investment firms;

15. the general terms and conditions or rules of internal organisation do not provide sufficiently the interests of the investors.

(2) In the cases under paragraph 1, items 1, 9, 14 and 15, the Commission may refuse to grant an authorisation only if the applicant has not removed the irregularities or has not submitted the required documents within the time limit set.

(3) A refusal by the Commission to issue an authorisation shall be justified in writing.

Subsequent filing of an application

Article 23. In the cases of refusal the applicant may submit a new application for granting of authorisation for performance of the services and activities under Article 6, paragraphs 2 and 3 no earlier than six months after the entry into effect of the decision on the refusal.

Authorisation to carry out activities under Regulation (EU) No. 1031/2010

Article 24. (1) Where an investment firm wishes to perform the activities referred to in Article 9, paragraph 2, it shall file an application to the Commission and shall attach to it the documents referred to in Article 17, paragraph 2, as well as other documents set out in an ordinance.

(2) Based on the documents submitted, the Deputy Chairperson shall determine whether the requirements for granting the authorisation have been satisfied. If the data and documents submitted are incomplete, incorrect, non-compliant or additional information or evidence of their authenticity is necessary, the Commission shall send a communication thereof and shall set a time limit for removal of the deficiencies and non-conformities established or for provision of additional information and documents, which shall not be shorter than one month and shall not exceed two months.

(3) (Amended, SG No. 25/2022, effective 29.03.2022) Where the communication referred to in Paragraph 2 is not accepted at the correspondence address given by the applicant, the time

limit for the submission of the data, documents and additional information referred to in Paragraph 2 shall run from the publication of the communication on the Commission's website. The making of the communication publicly available shall be certified by a memorandum drawn up by officials designated by an order of the Deputy Chair.

(4) (Amended, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall issue a decision on the application within one month from receipt thereof, and where additional details and documents have been demanded, within one month from receipt thereof or expiry of the term under Paragraph 2, second sentence, respectively.

(5) The applicant shall be notified in writing of the decision taken within 7 days.

(6) The application under paragraph 1 may be made together with the application referred to in Article 17, paragraph 2 or 3; in such a case the Commission shall issue separate decisions on each of the applications within the time limits under Articles 18 and 19.

(7) The Financial Supervision Commission shall refuse to grant authorisation under Article 9, paragraph 2 in the cases under Article 22, paragraph 1, items 1, 4, 8 and 14, or if the applicant does not comply with the relevant requirements of Regulation (EU) No. 1031/2010. Article 22, paragraphs 2 and 3 herein shall apply mutatis mutandis.

Restrictions on use of the name "investment firm"

Article 25. (1) A person which does not hold an authorisation for performance of the services and activities under Article 6, paragraphs 2 and 3 herein may not include in the business name thereof or use in advertising or for any other purpose words in Bulgarian or in another language denoting performance of activities as investment firm.

(2) No authorisation for the pursuit of the business of investment firm shall be granted to an applicant whose name is similar to the name of an existing investment firm in Bulgaria.

(3) On finding violations of the paragraph 1, the Deputy Chairperson may apply the measure under Article 276, paragraph 1, item 1 and/or the Commission, at the proposal of the Deputy Chairperson, may apply a measure under Article 276, paragraph 1, item 3.

Entry into the commercial register

Article 26. (1) A person authorised to perform services and activities under Article 6, paragraphs 2 and 3, shall submit an application for entry in the Commercial Register at the Registry Agency within 7 days of receipt of the authorisation.

(2) The Registry Agency shall enter in the commercial register the company or the right to perform the services and activities under Article 6, paragraphs 2 and 3 in its subject of activity, as the case may be, after it is presented with the authorisation granted by the Commission.

Section V

Revocation of a licence or authorisation of an investment firm

Grounds for revocation of an authorisation of an investment firm

Article 27. (1) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, may revoke the authorisation granted, where the investment firm:

1. does not commence performing the authorised services and activities under Article 6, paragraph 2 within 12 months from the granting of the authorisation;

2. expressly waives the authorisation granted;

3. has not performed any of the authorised services and activities under Article 6, paragraph

2 more than six months;

4. has provided false details which served as a ground for granting the authorisation or has used any other irregular means therefor;

5. no longer meets the conditions under which the authorisation was granted;

6. the financial condition of the person is sustainably impaired and it cannot perform its obligations;

7. (supplemented, SG No. 25/2022, effective 29.03.2022) ceases to meet the requirements for capital adequacy or liquidity of this Act, of Regulation (EU) 2019/2033 or Regulation (EU) No. 575/2013 and the statutory instruments for their application;

8. and/or persons under Article 12 or 13 have committed and/or have caused commitment of infringement of Article 32, paragraphs 1 and 2 of the Financial Supervision Commission Act or under Articles 14 and 15 of Regulation (EU) No. 596/2014;

9. (supplemented, SG No. 83/2019, effective 22.10.2019, amended, SG No. 21/2021, supplemented, SG No. 16/2022, SG No. 25/2022, effective 29.03.2022, SG No. 51/2022, amended, SG No. 49/2025) and/or persons under Article 12 or 13 have committed and/or have caused the commitment of gross or systematic violations of this Act, the Public Offering of Securities Act, the Measures Against Market Abuse with Financial Instruments Act, the repealed Special Purpose Investment Companies Act, the Special Purpose Investment Companies and Securitization Companies Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Measures Against Money Laundering Act, the Act on Measures Against the Financing of Terrorism and of Proliferation of Weapons of Mass Destruction, Regulation (EU) No. 596/2014, Regulation (EU) No. 600/2014, Regulation (EU) No. 2019/2033, Regulation (EU) No. 575/2013, Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012 (OJ, L 337/1 of 23 December 2015), hereinafter referred to as "Regulation (EU) 2015/2365" and the statutory instruments for its application;

10. has not fulfilled an enforcement measure applied under this Act or in the cases under Article 77n, paragraph 1 of the Public Offering of Securities Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act and the Recovery and Resolution of Credit Institutions and Investment Firms Act.

(2) the Financial Supervision Commission may also revoke the authorisation granted where:

1. the reorganisation measures undertaken under Articles 136 and 137 have yielded no result;

2. for more than three months, the number of members of the management or supervisory body of the investment firm is smaller than the minimum number prescribed in the Commerce Act and/or on failure to comply with the requirement of Article 12;

3. the activity performed by the investment firm reveals that the greater part of the activity is performed in another Member State, and an authorisation has been obtained from the Commission in order to avoid more stringent requirements for investment firms in the other Member State;

4. (amended, SG No. 83/2019, effective 22.10.2019) has taken a decision under Article 77b, paragraph 1, item 3 of the Public Offering of Securities Act.

Actions relating to the withdrawal of the authorisation the request of the investment firm

Article 28. (1) The investment firm shall, within 7 days from the decision of the general meeting on its dissolution or discontinuation of activity, upon expiry of the term for which it was

established, as well as upon occurrence of other grounds for dissolution prescribed in its articles of association or memorandum of association, request from the Commission to withdraw the authorisation granted.

(2) (Amended, SG No. 25/2022, effective 29.03.2022) Together with the request under Paragraph 1 the investment firm shall enclose:

1. a plan for settling its relations with clients, which shall include transfer of client financial instruments, money and other assets to an investment firm designated by the clients, upon its consent;

2. evidence of duly foreseen requirements and necessary resources that are realistic in terms of time and maintenance of own funds and liquid resources until the final settlement of customer relations, taking into account its viability, the sustainability of the business model and business strategies.

(3) (Amended, SG No. 25/2022, effective 29.03.2022) Where the plan does not involve the transfer of client financial instruments, cash and other assets to a client-designated investment firm that has given its consent, the plan shall provide for the transfer of the client financial instruments, cash and other assets to a depository institution, including by opening new accounts to individual customers.

(4) The costs for implementation of the plan for settlement of relations with clients shall be at the expense of the investment firm, including the costs for maintenance of clients' accounts. In cases where the client has not received the notification under Article 29, paragraph 1, the costs for a period of 5 years shall be borne by the investment firm.

(5) In the cases under Article 28, paragraph 1, the Commission shall withdraw the authorisation of the investment firm upon submission by the latter of evidence that it has settled its relations with the clients and following the submission of a certificate issued by the Investor Compensation Fund of the absence of liabilities of the investment firm to the Fund.

Transfer of client assets

Article 29. (1) Outside the case under Article 28, paragraph 1, within seven working days from becoming aware of the decision on withdrawal of the authorisation, the investment firm shall notify its clients of the decision and of the possibility to designate another investment firm to which their financial instruments, money and other assets may be transferred.

(2) Within five working days from the expiry of the period referred to in paragraph 1 the investment firm shall transfer the client's financial instruments, cash and other assets to the investment firm designated by the client and which has given its consent, or to a depository institution. Article 28, paragraphs 3 and 4 herein shall apply accordingly.

(3) On taking the decision on withdrawal of the authorisation the Commission may oblige the investment firm to perform the actions under paragraph 2 within a shorter period of time. The Financial Supervision Commission and the Deputy Chairperson accordingly may oblige the investment firm under the terms of Articles 276 – 279 to also take other specific measures to protect the interests of its clients.

(4) The investment firm shall notify of its actions under paragraphs 2 and 3:

1. its clients, within five working days from performance thereof;
2. the Commission, within three working days from expiry of the time limit under paragraph 2 or from expiry of the time limit set by the decision under paragraph 3.

Notification of the decision on the withdrawal of authorisation

Article 30. (1) The Financial Supervision Commission shall notify in writing the company within 7 days from taking the decision on withdrawal of the authorisation.

(2) (Amended, SG No. 83/2019, effective 22.10.2019) Upon entry into force of the decision

on withdrawal of the authorisation, the Commission shall file immediately a request to the Registry Agency for appointment of a liquidator of the company, and where it has an additional subject of activity, for deletion of the relevant part of its activity, or to the competent court for institution of bankruptcy proceedings.

(3) The Financial Supervision Commission shall notify ESMA and the competent authority of each Member State in which the respective investment firm operates of the decision for the withdrawal of the authorisation.

(4) (Repealed, SG No. 64/2020, effective 21.08.2020).

(5) The decision under Article 28, paragraph 1 of the investment firm shall not be an obstacle for undertaking reorganisation measures under Articles 136 and 137 or for opening liquidation proceedings.

(6) An investment firm, whose authorisation was revoked on the grounds of Article 27, paragraph 1, item 2, may carry out other business, in the event that the general meeting of the company has taken a decision to change the subject matter of its activity.

Withdrawal of authorisation

Article 31. (1) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, may revoke the authorisation under Article 9, paragraph 2, where the investment firm:

1. does not commence performing the services and activities in accordance with the granted authorisation under Article 9, paragraph 2 within 12 months from its granting;
2. expressly waives the authorisation granted;
3. does not perform any activity under the authorisation for more than 6 months;
4. provided inaccurate information which served as grounds for issuing the authorisation;
5. no longer meets the conditions under which authorisation was granted or the requirements for performing the activity in accordance with the authorisation and for a period of three months does not achieve compliance with these requirements;
6. seriously and systematically infringes and/or allows another to infringe seriously or systematically the requirements for performing the activity in accordance with the authorisation.

(2) The Financial Supervision Commission shall notify in writing the company within 7 days from taking the decision on withdrawal of the authorisation.

Prohibition for conduct of business

Article 32. (1) An investment firm may not carry out the services and activities under Article 6, paragraphs 2 and 3 after the withdrawal of the licence issued thereto. The investment firm may not carry out the services and activities under Article 9, paragraph 2 after the withdrawal of the licence therefor.

(2) Until deletion of the company from the commercial register or, should the said company have other subject of activity, until final settlement of relations with the clients of the said company, inspections may be carried out under Article 19 of the Financial Supervision Commission Act and forcible administrative measures may be imposed under Article 276.

(3) All documents and any other information regarding the services provided and activities performed by the investment firm under Article 6, paragraphs 2 and 3 and Article 9, paragraph 2 herein, shall be kept for a period of five years:

1. by the investment firm where it is not deleted from the commercial register and the term shall be effective from the withdrawal of the authorisation;

2. by another person of which the Commission shall be notified and the term shall be effective from the deletion of the investment firm from the commercial register; the notification shall be made by the investment firm whose authorisation is withdrawn, within 14 days from

withdrawal of the authorisation.

Chapter Three

TIED AGENTS

Tied agents

Article 33. (1) A tied agent is an individual or a company, who/which for the purposes of promoting the sales of the services of an investment firm shall provide and perform against consideration on his/her/its behalf and under his/her/its full and unconditional responsibility one or more of the following investment services and activities:

1. inviting clients for conclusion of transactions;
2. reception and transmission of orders from clients;
3. offering of financial instruments;
4. provision of investment advice to clients or potential clients in respect of transactions in financial instruments and providing advice in respect of the services offered by the investment firm.

(2) The tied agent shall provide investment advice under paragraph 1, item 4 only through a person who holds a certificate of investment adviser.

Contracts

(Title amended, SG No. 25/2022, effective 29.03.2022)

Article 34. (1) The relationship between the investment firm and the tied agent shall be governed by a written contract. The contract shall define the services under Article 33, paragraph 1 to be provided by the tied agent on behalf of the investment firm.

(2) The tied agent may act on behalf of only one investment firm.

(3) (New, SG No. 25/2022, effective 29.03.2022) Where a client uses the services of a tied agent, the client shall enter into a contract under Article 82 with the investment firm.

Requirements to a tied agent

Article 35. (1) (Previous text of Article 35, SG No. 83/2019, effective 22.10.2019) An individual tied agent or each member of a management body of a company tied agent, as well as any other person authorised to manage or represent the tied agent shall meet the following requirements:

1. shall have higher education and shall meet the following minimum requirements for professional experience:

a) one year in a company from the non-banking financial sector or in banks, provided that his responsibilities were connected with the main business of such companies, or

b) one year in a regulatory body of the banking and/or non-banking financial sector, provided that his duties were associated with the supervisory activity of that body, or

c) one year in total in an entity under letters "a" and "b";

2. (amended, SG No. 83/2019, effective 22.10.2019) shall possess general and commercial knowledge and competences to be able to perform his obligations as a tied agent, as well as professional knowledge relating to investment firm activities;

3. shall have good reputation, and in particular:

a) shall not have not been sentenced to imprisonment for premeditated criminal offence of general nature, unless he/she has been rehabilitated;

b) shall not have been deprived of the right to hold a position of material accountability;

c) shall not have been within the last three years, preceding the initial date of the

insolvency set by the court, a member of a management or a supervisory body or a general partner in a company for which bankruptcy proceedings have been initiated or in a company which has been dissolved due to bankruptcy, if unsatisfied creditors have remained;

d) shall not have been declared bankrupt, if unsatisfied creditors have remained, and is not undergoing bankruptcy proceedings;

e) (amended, SG No. 21/2021, supplemented, SG No. 25/2022, effective 29.03.2022, SG No. 51/2022) no administrative penalties have been imposed on him with enforced penal decrees in the last three years for gross violation or for systematic violations of this Act, the Public Offering of Securities Act, the Implementation of the Measures against Market Abuse with Financial Instruments Act, the repealed Special Purpose Investment Companies Act, the Special Purpose Investment Companies and Securitization Companies Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, Regulation (EU) 2019/2033, Regulation (EU) No. 575/2013, Regulation (EU) No. 600/2014 and the statutory instruments for their implementation or of the relevant legislation of another Member State.

(2) (New, SG No. 83/2019, effective 22.10.2019) The persons possessing a qualifying holding in a company tied agent shall be of good repute.

(3) (New, SG No. 83/2019, effective 22.10.2019) Additional requirements to the tied agent, including documents to be provided for persons with a qualifying holding in a tied agent, shall be laid down in an ordinance.

Entry in the register

Article 36. (1) (Amended, SG No. 83/2019, effective 22.10.2019) For entry in the register under Article 30, paragraph 1, item 17 of the Financial Supervision Commission Act the person who/which will carry on activity as a tied agent, shall submit an application to the Commission. The application may also be filed by the investment firm on whose behalf the person will carry on activity as a tied agent.

(2) The following documents certifying the circumstances under Article 35 shall be attached to the application under paragraph 1:

1. (amended, SG No. 25/2022, effective 29.03.2022) data and documents of completed higher education;

2. curriculum vitae, declaration and other documents specified by an ordinance.

(3) (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall issue a decision on the application for entry in the register under Article 30, paragraph 1, item 17 of the Financial Supervision Commission Act within 15 days of its filing.

(4) Article 15, paragraphs 3 and 4 shall apply mutatis mutandis where irregularities have been found or additional information is needed, and the time limit for removing said irregularities or providing additional information shall not be exceed 15 days.

(5) (Repealed, SG No. 83/2019, effective 22.10.2019).

(6) (Amended, SG No. 83/2019, effective 22.10.2019) The investment firm shall conclude a contract under Article 34 with tied agents entered in the register under Article 30, paragraph 1, item 17 of the Financial Supervision Commission Act or entered in the register of another Member State.

Refusal of entry of the tied agents

Article 37. (1) (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall refuse entry in the register under Article 30, paragraph 1, item 17 of the Financial Supervision Commission Act in the event that the applicant does not comply with the requirements under Article 35 when the

details and documents are incomplete or incorrect or when the latter have not been removed within the time limit under Article 36, paragraph 4.

(2) (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission shall also refuse registration where it finds that the application for entry in the register under Article 30, paragraph 1, item 17 of the Financial Supervision Commission Act is submitted in order to avoid the more stringent requirements for tied agents in the Member State in whose territory the person intends to carry on business.

Pursuit of other commercial activity by a tied agent

Article 38. A tied agent may carry out another commercial activity in addition to the services under Article 33. The investment firm which has concluded a contract with a tied agent, shall take measures the other commercial activity not to affect negatively the services the tied agent provides on behalf and for the account of the investment firm.

Liability of the investment firm

Article 39. (1) The investment firm shall be fully and unconditionally liable for any action or inaction of the tied agent when the latter acts on behalf of the investment firm.

(2) In carrying out its activity, the tied agent expressly indicates to its clients or potential clients that it acts as a tied agent and the investment firm represented thereby.

Control of the tied agent

Article 40. (1) The investment firm shall control the activities of tied agents with which it has concluded a contract, in order to ensure compliance with the requirements of this Act and its implementing acts in carrying out the activities of a tied agent.

(2) The investment firm shall ensure that tied agents with which it has concluded a contract meet the requirements of Article 35.

(3) In the event of a change in the circumstances under Article 35 the tied agent and the investment firm shall notify the Commission within three days of occurrence or of becoming aware of the relevant circumstance.

(4) (New, SG No. 83/2019, effective 22.10.2019) The members of the management board of a company tied agent and the persons representing or managing its activities shall be subject to approval by the Commission before their entry in the commercial register. To obtain such approval, an application shall be filed to the Commission and documents under Article 36, paragraph 2 shall be attached. The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall act under the procedure of Article 36, paragraphs 3 - 4.

(5) (New, SG No. 83/2019, effective 22.10.2019) The persons who have decided to acquire a qualifying holding in company tied agent shall notify the Commission in writing before the acquisition. The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall assess the acquisition and shall issue a decision on the notification under Article 36, paragraphs 3 and 4 in accordance with the requirements of Article 35, paragraph 2 and the documents under Article 35, paragraph 3.

Grounds for deregistration from the register

Article 41. (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall issue a decision on the deregistration of the tied agent from the register under Article 30, paragraph 1, item 17 of the Financial Supervision Commission Act where:

1. an application for deregistration has been submitted by the tied agent;
2. it is established that the tied agent no longer meets the requirements under Article 35;
3. it is established that false information or forged documents have been submitted;
4. (amended, SG No. 83/2019, effective 22.10.2019) it is established that an application for

entry in the register under Article 30, paragraph 1, item 17 of the Financial Supervision Commission Act is submitted in order to avoid the more stringent requirements for tied agents in the Member State in whose territory the person carries on business;

5. a gross violation is found to have been committed by the tied agent in the performance of its contractual relationships with the investment firm;

6. with its actions endangers the interests of the investors;

7. upon death of the tied agent or a decision for dissolution of the company tied agent.

Chapter Four

CARRYING ON ACTIVITY IN ANOTHER STATE

Section I

Carrying on activity in another Member State by an investment firm with a seat in the Republic of Bulgaria

Carrying on activity under the conditions of the right of establishment

Article 42. (1) An investment firm which is licensed to provide services and perform activities covered under Article 6, paragraphs 2 and 3 herein and which plans to establish a branch in a Member State, hereinafter referred to as a "host Member State" or to carry on activity through tied agents established in a Member State other than the Republic of Bulgaria shall inform in advance the Commission thereof. The additional services under Article 6, paragraph 3 may be granted only jointly with the services under Article 6, paragraph 2.

(2) The notification referred to in paragraph 1 shall contain:

1. an indication of the Member State in which the investment firm intends to establish a branch or in which it will operate through a tied agent established within its territory;

2. a programme of the operations, setting out, inter alia, information about the services and activities covered under Article 6, paragraphs 2 and 3 herein which the investment firm is to carry on in the host Member State;

3. the organisational structure of the branch and information whether in carrying out the activities of the branch tied agents will be used, and listing of those tied agents;

4. where an investment firm will operate through tied agents in a State in which there is no established branch, the activity to be carried out by the tied agents within the organizational structure of the investment firm shall be described, including the responsibilities of the tied agent to report and its place within the organizational structure of the investment firm;

5. correspondence address of the branch or of the tied agent of the investment firm in the host country;

6. the names of the managing director of the branch, and the persons responsible for the management of the tied agent;

7. other information as defined in Commission Delegated Regulation (EU) 2017/1018 of 29 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying information to be notified by investment firms, market operators and credit institutions (OJ, L 155/1 of 17 June 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/1018".

(3) Within three months after a notification under paragraph 2 or, where additional details and documents have been requested, within three months after receipt of the said details and

documents, the Commission shall communicate to the relevant competent authority of the host Member State the information under paragraph 2, as well as information about the currently effective in the country scheme for compensation of investors in financial instruments of which the investment firm is a member. At the same time, the Commission shall notify the investment firm of the provision of the information to the relevant competent authority.

(4) Within the time limit referred to in paragraph 3, the Commission may refuse to communicate the information covered under paragraph 2 to the relevant competent authority in the host Member State by a decision, if the administrative structure or the financial circumstances of the investment firm in relation to the planned activities do not safeguard the interests of the investors, and the Commission shall forthwith notify the investment firm thereof. The Financial Supervision Commission shall provide the investment firm with the motives for its decision within three months from receipt of the full information under paragraph 2.

(5) The investment firm may establish a branch and commence the conduct of business within the territory of the host Member State upon receipt of a communication from the relevant competent authority of the host Member State or, failing such communication from the latter, at the latest after two months from the date of transmission of the communication referred to in paragraph 3 to the relevant competent authority of the host Member State.

(6) The investment firm, which has established a branch within the territory of a host State, shall notify the Commission in writing of any change in the details and documents referred to in paragraph 2 not later than one month prior to such change.

(7) The Financial Supervision Commission shall communicate the changes referred to in paragraph 6 to the relevant competent authority of the host State, as well as any change relating to the compensation scheme for investors in financial instruments which operates in Bulgaria and of which the investment firm is a member.

(8) A bank investment firm that intends to carry on business under the right of establishment through a tied agent established in a host country, shall notify the Bulgarian National Bank and shall provide it with information under the Credit Institutions Act. Within the time limit under paragraph 3, second sentence, the BNB shall inform the Commission of the provision of the information to the relevant competent authority.

(9) The notifications referred to in paragraph 2 shall be drafted according to templates and subject to Delegated Regulation (EU) 2017/1018.

Carrying on activity under conditions of freedom to provide services

Article 43. (1) An investment firm which intends to perform services and activities covered under Article 6, paragraphs 2 and 3 herein in a host State under the freedom to provide services without establishing a branch within the territory of the said State, including through a tied agent, shall give the Commission an advance notification thereof. The additional services under Article 6, paragraph 3 may be granted only jointly with the services under Article 6, paragraph 2.

(2) The notification referred to in paragraph 1 shall contain:

1. an indication of the host State wherein the investment firm plans to carry on business;
2. a programme of operations, setting out, inter alia, the services and activities covered under Article 6, paragraphs 2 and 3 herein which the investment firm is to offer in the host Member State;
3. an indication of whether the investment firm will operate through tied agents, established in the Republic of Bulgaria, and information about them;
4. other information determined by Delegated Regulation (EU) 2017/1018.

(3) Within one month after receipt of the information covered under paragraph 2, the Commission shall communicate the said information to the relevant competent authority of the

host State, notifying the investment firm thereof.

(4) The investment firm may commence to carry on business within the territory of the host State upon receipt of a notification from the Commission of the provision of the information under paragraph 3.

(5) The investment firm shall notify the Commission in writing of any change in the details and documents referred to in paragraph 2 no later than one month prior to any such change. The Financial Supervision Commission shall communicate the changes referred to in sentence one to the relevant competent authority of the host State.

(6) Where a bank investment firm intends to perform services and activities under Article 6, paragraphs 2 and 3 through tied agents, it shall notify the BNB and shall submit the notification pursuant to the Credit Institutions Act. Within the time limit under paragraph 3, the BNB shall inform the Commission of the provision of the information to the relevant competent authority.

(7) The notifications referred to in paragraph 2 shall be drafted according to templates in accordance with the procedures laid down by Delegated Regulation (EU) 2017/1018.

(8) An investment firm which intends to provide remote access to the MTF and OTF organized thereby to participants established on the territory of another Member State, shall notify the Commission in advance of the Member State wherein it intends to conduct such activity.

(9) The Financial Supervision Commission shall provide the information under paragraph 8 to the relevant competent authority of the host country within one month from receipt thereof and shall furthermore provide on request information about the participants in the multilateral trading facility organized by the investment firm.

Oversight

Article 44. (1) The Financial Supervision Commission and the Deputy Chairperson shall exercise supervision over the business of the investment firm carried on in the host State through a branch or under the conditions of the freedom to provide services.

(2) Where the relevant competent authority in the host State notifies the Commission of any violations committed by the investment firm under paragraph 1, the Deputy Chairperson shall take the appropriate measures and the Commission shall inform the competent authority in the host State thereof.

(3) In the exercise of the supervisory powers thereof, the Deputy Chairperson may carry out on-site inspections in the branch of the investment firm, after informing in advance the relevant competent authority in the host State.

Section II

Carrying on activity in the Republic of Bulgaria by an investment firms with a seat in a Member State

Carrying on activity under the conditions of the right of establishment

Article 45. (1) An investment firm which has its seat in a Member State and which has been licensed to carry on business in an investment-firm capacity in accordance with the law of the European Union by the relevant competent authority of the said Member State, hereinafter referred to as "investment firm originating in a Member State," may carry on the business for which the license has been granted thereto within the territory of the Republic of Bulgaria through a branch or through a tied agent, under the conditions of the right of establishment. The

additional services under Article 6, paragraph 3 may be granted only jointly with the services under Article 6, paragraph 2.

(2) Within two months after receipt of communication from the relevant competent authority regarding an investment firm originating in a Member State which plans to establish a branch or carry on business through a tied agent established within the territory of the Republic of Bulgaria, the Commission shall notify the said investment firm of the receipt of said communication.

(3) (Amended, SG No. 64/2020, effective 21.08.2020) The investment firm originating in a Member State may establish a branch and commence business within the territory of the Republic of Bulgaria through a tied agent upon receipt of a notification from the Commission under Paragraph 2 or, failing such notification, after the lapse of the time limit referred to in Paragraph 2.

(4) Where an investment firm operates through a branch and through a tied agent established on the territory of the Republic of Bulgaria, the tied agent shall be considered part of the branch. When carrying on business only through a tied agent established in the Republic of Bulgaria, the requirements for a branch shall apply to the tied agent.

(5) When carrying on business under this Article, the investment firm shall comply with the requirements set out in Articles 70 – 75, Articles 77 – 82, Articles 84 – 88 and in accordance with Articles 14 – 26 of Regulation (EU) No. 600/2014 and the instruments for the implementation thereof.

(6) (New, SG No. 83/2019, effective 22.10.2019) On receipt of a notification from the respective competent body of the investment firm from a Member State regarding the closing of a branch in the territory of the Republic of Bulgaria, the Deputy Chairperson shall require information proving that the relations of the branch with its clients have been settled.

Carrying on activity under the conditions of freedom to provide services

Article 46. (1) An investment firm of a Member State may carry on the services and activities under Article 6, paragraphs 2 and 3, included in the scope of the licence granted thereto, under the conditions of the freedom to provide services, without creating a branch, as well as through a tied agent established within the territory of its Member State of origin. The additional services under Article 6, paragraph 3 may be granted only jointly with the services under Article 6, paragraph 2.

(2) (Amended, SG No. 83/2019, effective 22.10.2019) The investment firm of a Member State which organises a MTF and OTF may provide a remote access to the MTF and OTF organized thereby to participants established on the territory of the Republic of Bulgaria.

(3) An investment firm of a Member State may commence to carry on business after the Commission has received information from the relevant competent body about the programme of activities of the investment firm, details of the tied agents and any other information as set out in Delegated Regulation (EU) 2017/1018.

(4) The Financial Supervision Commission shall publish the information about the tied agents that the investment firm of a Member State intends to use.

(5) The Financial Supervision Commission shall provide the information referred to in paragraph 4 to the ESMA on request and subject to the provisions of Article 35 of Regulation (EU) No. 1095/2010.

(6) The Financial Supervision Commission may request from the competent authority of the Member State of origin of the MTF the names of the remote members or participants in the MTF established in the territory of the Republic of Bulgaria.

Access to regulated market. Access to central counterparty, clearing and settlement system

and the right of choice of settlement system

Article 47. (1) An investment firm under Articles 45 and 46, which executes orders of clients or deals on its own account, has the right to access to a regulated market on the territory of the Republic of Bulgaria under the same terms and conditions as those provided to the investment firms licensed in the Republic of Bulgaria. Access shall be provided by the regulated market in one of the following ways:

1. directly through a branch within the territory of the Republic of Bulgaria;
2. on a remote basis, when the trading procedures and systems on the regulated market do not require physical presence for the conclusion of transactions on the market.

(2) (Amended, SG No. 83/2019, effective 22.10.2019) An investment firm under Articles 45 and 46 shall have the right to direct and indirect access to central counterparty and clearing and settlement systems under the same clear, non-discriminatory, transparent and objective criteria applicable to investment firms licensed in the Republic of Bulgaria, with the aim to ensure completion of transactions in financial instruments, irrespective of whether they are entered into the place of trade in the territory of the Republic of Bulgaria. The central counterparty and clearing and settlement system operators may refuse access under sentence one only if there is a legal ground therefor.

Oversight

Article 48. (1) The Financial Supervision Commission and the Deputy Chairperson shall exercise supervision and the Deputy Chairperson shall conduct checks of the branch under Article 45 for compliance with the requirements under Articles 70 – 75, 77 – 82, 84 – 88 and pursuant to Articles 14 26 of Regulation (EU) No. 600/2014 and the instruments for the implementation thereof.

(2) (New, SG No. 25/2022, effective 29.03.2022) For the purposes of supervision and, where it considers it necessary for the stability of the financial system in the Republic of Bulgaria, the Commission may carry out checks on the activities carried out by the branch referred to in Article 45 and request information on its activities from the branch concerned. (2) The Financial Supervision Commission shall, without delay, consult the competent authorities of the home Member State before carrying out the verifications referred to in the first sentence.

(3) (New, SG No. 25/2022, effective 29.03.2022) The Commission shall, as soon as possible after the completion of the verification referred to in Paragraph 2, transmit the information received to the competent authorities of the home Member State and the findings relevant for the risk assessment relating to the investment firm concerned.

(4) (Renumbered from Paragraph 2, SG No. 25/2022, effective 29.03.2022) An investment firm originating in a Member State shall submit to the Commission and shall publish in Bulgarian in the Republic of Bulgaria all documents and information according to the requirements of this Act and the instruments for the implementation thereof.

(5) (Renumbered from Paragraph 3, SG No. 25/2022, effective 29.03.2022) Upon conduct of business in the Republic of Bulgaria, any investment firm originating in a Member State may use a business name whereunder the said firm carries on business in the State in which the registered office thereof is situated, specifying the originating Member State.

(6) (Renumbered from Paragraph 4, SG No. 25/2022, effective 29.03.2022) In the exercise of the supervisory powers thereof, the competent authority in the Member State where the investment firm referred to in Article 45 herein has obtained authorisation may carry out on-site inspections in the branch of the said investment firm, after informing in advance the Commission.

(7) (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission, when it is the supervisory body of the group, shall carry out on-site inspections of investment

firms and investment holdings, mixed financial holdings and mixed-activity holdings established on the territory of the Republic of Bulgaria, as well as of third parties to whom they have assigned operational functions or activities, after notifying the relevant competent authorities in advance.

Section III

Carrying on activity in the Republic of Bulgaria by an investment firm from a third country

Application for granting a licence

Article 49. (1) An investment firm from a third country may provide services or perform activities under Article 6, paragraphs 2 and 3 for professional clients within the meaning of section II of the annex or for retail clients on the territory of the Republic of Bulgaria only through a branch and after obtaining a licence, issued by the Commission, except for in cases where the services and activities are performed at the initiative of the client.

(2) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall issue a licence under paragraph 1 on a filed application and subject to the following conditions:

1. the investment firm has obtained a licence for the services and activities under paragraph 1 and is subject to supervision by the competent authority of the third country where it is established;

2. the competent authority under paragraph 1 complies with the recommendations of the Financial Action Task Force (FATF) on the measures against money laundering and terrorism financing;

3. between the Commission and the competent authority under paragraph 1 a cooperation and information exchange agreement has been concluded to safeguard the integrity of the market and protect investors;

4. the branch has sufficient own funds in accordance with the requirements laid down by an ordinance;

5. the person or persons who manage the branch shall comply with the requirements of Articles 13 and 14;

6. the investment firm is a member of an investor-compensation system, authorised or recognised in accordance with Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes, hereinafter referred to as "Directive 97/9/EC";

7. an agreement is concluded between the Republic of Bulgaria and the third country where the investment firm is incorporated, in accordance with the standards established in Article 26 of the Model Tax Convention on Income and on Capital of the Organisation of Economic Cooperation and Development (OECD) which provides effective information exchange on tax matters.

(3) The application referred to in paragraph 2 shall contain:

1. an indication of the relevant competent authority or authorities of the third country which carry out supervision over the investment firm, as well as information on the scope of the supervision exercised;

2. the investment firm details – name, legal form, seat and registered address, information about the members of the management and supervisory bodies, about the persons who are

shareholders or partners, as well as about all persons who have the right to represent the investment firm;

3. the programme of the activity, including information about the services and activities covered under Article 6, paragraphs 2 and 3 herein, which the investment firm will carry on in the Republic of Bulgaria;

4. the organisational structure of the branch, including a description of important operational functions assigned to third parties;

5. details about the persons who manage and represent the branch, as well as evidence of compliance with the requirements of Articles 13 and 14;

6. information about the resources available to the branch;

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

(4) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall issue a license to a branch of an investment firm in accordance with Articles 18 – 20, paragraph 1 and Article 21.

(5) When carrying on activity in the territory of the Republic of Bulgaria the branch shall comply with the requirements of Article 65, Articles 69 – 74, Articles 76 – 82, Articles 84 – 87, Article 89, Articles 92 – 98, Articles 102 – 108, Articles 109 – 121 and Articles 3 – 26 of Regulation (EU) No. 600/2014 and the instruments for the implementation thereof.

(6) In the cases under Article 46, paragraph 4, subparagraph 5 of Regulation (EU) No. 600/2014 an investment firm from a third country may carry on activity in the territory of the Republic of Bulgaria in accordance with the requirements of this section.

(7) In the cases where a particular service or activity is provided at the initiative of the client by an investment firm from a third country, which has not created a branch within the territory of the Republic of Bulgaria, such investment firm may not offer such client other investment products and services categories except through a branch, licensed under paragraph 1.

(8) (New, SG No. 25/2022, effective 29.03.2022) The branch of an investment firm authorised under Paragraph 1 shall submit annually to the Commission:

1. information on the scale and scope of the services and activities that the branch performs in the Republic of Bulgaria;

2. information on the third-country investment firm, which carries out activity under Article 6, Paragraph 2, Item 3 – its monthly minimum, average and maximum exposure to counterparties from the European Union;

3. information on the third-country investment firm, which provides one or both services referred to in Article 6, Paragraph 2, Item 6 – the total value of financial instruments originating from EU counterparties underwritten or placed on a firm commitment basis over the previous 12 months;

4. information on the turnover and the aggregated value of the assets corresponding to the services and activities referred to in Item 1;

5. a detailed description of the investor protection arrangements available to the clients of the branch, including the rights of those clients resulting from the investor-compensation scheme referred to in Paragraph 2, Item 6;

6. the risk management policy and arrangements applied by the branch for the services and activities referred to in Item 1;

7. the governance arrangements, including key function holders for the activities of the branch;

8. any other information considered by the Commission to be necessary to enable comprehensive monitoring of the activities of the branch.

(9) (New, SG No. 25/2022, effective 29.03.2022) Where Article 9a, Paragraph 2 applies to a branch of an investment firm, which has been granted authorisation Paragraph 1, the branch shall submit to the Commission on at least an annual basis:

1. information on the total assets corresponding to the activities of the branch included in the authorisation;

2. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) information on the liquid assets available to the branch, in particular availability of liquid assets in EUR and other Member State currencies;

3. information on the own funds that are at the disposal of the branch;

4. the rules for risk management;

5. the governance arrangements, including key function holders for the activities of the branch;

6. the recovery plans covering the branch;

7. any other information considered by the Commission necessary to enable comprehensive monitoring of the activities of the branch.

(10) (New, SG No. 25/2022, effective 29.03.2022) Upon request, the Commission shall provide to ESMA the following information on:

1. the decisions on the authorisation of branches of a third-country investment firm and on changes to those authorisations;

2. the scale and scope of the services and activities that the branch performs in the Republic of Bulgaria;

3. on the turnover and the aggregated value of the assets corresponding to the services and activities referred to in Item 2;

4. the name of the third-country group to which the authorised branch belongs.

(11) (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervisory Commission and the Deputy Chairperson shall cooperate closely with the competent authorities of the entities belonging to the same group to which branches of investment firms authorised under Paragraph 1 belong, with the competent authorities of other Member States having authorised a branch of an investment firm from the group, and with ESMA and EBA, to ensure that all activities of the group in the European Union are subject to a thorough, coherent and effective supervision in accordance with this Act, with Directive (EU) 2019/2034, and with Regulation (EU) 2019/2033, Regulation (EU) No. 575/2013, Regulation (EU) No. 600/2014 and Directive 2013/36/EU.

(12) (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall notify ESMA on an annual basis of the list of branches of third-country investment firms active on the territory of the Republic of Bulgaria.

Refusal to issue a licence

Article 50. (1) The Financial Supervision Commission shall refuse to grant a licence where it finds that:

1. one or more of the requirements under Article 49, paragraph 2 have not been complied with and the details and documents referred to in paragraph 3 have not been submitted;

2. the interests of the investors and the stability of the market have not been sufficiently ensured;

3. the normative acts applicable in a third country and governing the activity of the investment firm or difficulties involved in their enforcement, prevent the effective exercise of the

supervisory functions of the Commission or its Deputy Chairperson, as the case may be;

4. the supervision exercised over the investment firm on a consolidated basis by the relevant competent authority in the country of its seat does not comply with the requirements set out herein and in the its implementing acts;

5. the applicant has submitted false details or documents with untrue content.

Licence withdrawal

Article 51. (1) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, may revoke the licence granted under Article 49, paragraph 1, where the investment firm:

1. does not commence performing the authorised services and activities under Article 6, paragraph 2 within 12 months from the granting of the authorisation;

2. expressly waives the authorisation granted;

3. has ceased to perform the authorised services and activities under Article 6, paragraph 2 for more than six months;

4. has provided false data which served as a ground for granting the authorisation or has used any other irregular means therefor;

5. no longer meets the conditions under which the authorisation was granted;

6. grossly or systematically violates the provisions of this Act and the applicable EU regulations governing the conditions for the pursuit of the business of investment firms and which apply to investment firms from third countries.

(2) Articles 28 – 30 and 32 shall be applied accordingly.

Equal rights and obligations

Article 52. The branch of an investment firm from a third country shall have the rights and obligations of an investment firm for which the Republic of Bulgaria is the home Member State, unless the Act provides for otherwise.

Chapter Five

QUALIFYING HOLDINGS

Notification of planned acquisition

Article 53. (1) Any natural person or legal entity, or persons acting in concert, who/which have made the decision to acquire, directly or indirectly, a qualifying holding in an investment firm, shall notify the Commission in writing prior to the acquisition.

(2) The requirement under paragraph 1 shall also apply to a natural person or legal entity, or persons acting in concert, who/which have made the decision to subsequently increase, directly or indirectly, their qualifying holding in such a way that it would reach or exceed the thresholds of twenty per cent, thirty per cent or fifty per cent of the capital or of the votes in the general meeting of an investment firm, or in such a way that as a result of the increase the investment firm becomes their subsidiary.

(3) The persons under paragraphs 1 and 2 shall submit a notification to the Commission, indicating the holding in the capital and the votes in the general meeting, respectively, which they intend to acquire, as well as the holding they will have after the acquisition. The persons shall attach to the notification other details and documents, as defined by a delegated act, which the European Commission adopts on the grounds of Article 12, paragraph 8 of Directive 2014/65/EU.

(4) The voting rights or the shares the investment firms or credit institutions hold as a result of providing the services under Article 6, paragraph 2, item 6 shall not be taken into account in

determining the amount of the qualifying holding, provided that such rights are not exercised or used in any other way to influence the management of the investment firm, and provided that these rights are transferred within one year after the acquisition.

(5) The persons referred to in paragraphs 1 and 2 may not acquire or increase directly or indirectly a qualifying holding in an investment firm before an evaluation of the acquisition in accordance with Articles 56 – 60 has been carried out.

Notification of planned transfer or reduction of the holding as a result of third party actions

Article 54. (1) Any natural person or legal entity, who/which has made a decision to transfer, directly or indirectly, his/her/ its qualifying holding in an investment firm, shall notify the Commission in writing before executing the transfer. The requirement under sentence one shall also apply to the cases where, as a result of the transfer, the voting right or the holding of such person/entity in the investment firm's capital will fall below fifty per cent, thirty per cent or twenty per cent or the investment firm will no longer be a subsidiary of such person/entity.

(2) Persons whose holding in an investment firm falls below the thresholds under paragraph 1 as a result of a third-party action or of some other circumstance, of which they were not aware and could not have been able to learn prior to seeing their holdings decreased, shall notify the Commission immediately upon becoming aware thereof.

(3) The persons shall attach to the notice under paragraph 1 and 2 details on their effective holdings before and after the transfer, as well as any other details and documents, required by an ordinance.

Confirmation of a notification made under Article 53, paragraph 3

Article 55. (1) The Deputy Chairperson, within two business days of receipt of the notification referred to in Article 53, paragraph 3, shall send the person a written confirmation of receipt of the request.

(2) In the cases where to the notification under Article 53, paragraph 3 are attached all required information and documents, in a written confirmation referred to in paragraph 1 the Deputy Chairperson shall state that the notification is complete and the date of expiry of the time limit for the Commission's issuing a decision on the notification.

(3) In the cases where not all details and documents are attached to the notification under Article 53, paragraph 3, in the written confirmation referred to in paragraph 1 the Deputy Chairperson shall notify in writing the person of the details and documents which need to be attached. On any subsequent filing of documents by the person, the first sentence shall apply accordingly, as well as paragraphs 1 and 2.

Procedure for carrying out an assessment

Article 56. (1) The Commission, on a proposal of the Deputy Chairperson, shall evaluate the acquisition based on the details in the notification, within 60 business days of the date of the written confirmation under Article 55, paragraph 1.

(2) If the documents presented are incomplete, inaccurate, not compliant with the regulatory requirements, or any additional proofs or information about the accuracy of the details presented is needed, the Commission, within the time limit for carrying out the assessment but not later than the 50th business day of this period, shall send a written notice to the person, indicating the identified deficiencies and discrepancies, or the required information and documents.

(3) The time limit under paragraph 1 for carrying out the assessment by the Commission shall be suspended for the period between the day of requesting the information and documents under paragraph 2 until receipt of reply from the person. The suspension may not last longer than 20 business days, except for the cases under Paragraph 4.

(4) The suspension of the period for assessment by the Commission may last up to 30 business days in the cases when the person under Article 53, paragraph 1:

1. has a seat and registered office or a permanent address, or is subject to regulation outside the European Union, or

2. is a natural person or legal entity, not subject to oversight under Directive 2014/65/EU, Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ, L 302/32 of 17 November 2009), hereinafter referred to as "Directive 2009/65/EC", Directive 2008/138/EC, or Directive 2002/83/EC, Directive 2013/36/EU.

(5) Except in the cases under Paragraph 2 – 4, any subsequent request to the person for additional information, related to the evaluation by the Commission, shall not result in suspension of the period.

Valuation

Article 57. (1) The Commission shall assess the acquisition or the increase of the qualified holding, respectively, in order to ensure the stable and prudent management of the investment firm.

(2) When performing the assessment, the Commission shall take into account the expected influence of the person on the investment firm and shall decide whether the person is suitable and financially stable. The evaluation shall be performed by applying the following criteria:

1. (supplemented, SG No. 84/2023) reputation of the person, including whether he meets the requirements of Article 13, Paragraph 4, Items 1 and 8, where applicable;

2. (supplemented, SG No. 84/2023) reputation and professional experience of the persons, who will manage the activities of the investment firm as a result of the acquisition, including whether they comply with the requirements of Article 13, Paragraph 4, Items 1 and 8;

3. the financial stability of the person, relevant for the types of activities the investment firm performs or intends to perform;

4. (supplemented, SG No. 25/2022, effective 29.03.2022) whether the investment firm will be capable of meeting or to keep meeting the requirements of this Act, Regulation (EU) No. 2019/2033 or Regulation (EU) No. 575/2013, Regulation (EU) No. 600/2014 and of Regulation (EU) No. 596/2014 and the instruments for the implementation thereof, of the Supplementary Supervision of Financial Conglomerates Act, and more specifically, whether the group, part of which it will become after the acquisition, has a structure allowing efficient supervision and efficient exchange of information between the competent authorities and definition and allocation of the responsibilities among them;

5. (amended, SG No. 49/2025) whether well-grounded assumptions may be made that, in relation to the acquisition, money laundering or terrorism financing is or will be performed under the Measures Against Money Laundering Act or the Act on Measures Against the Financing of Terrorism and of Proliferation of Weapons of Mass Destruction, or that the risk of such action will be increased.

(3) The Commission may not impose preconditions in connection with the amount of the holding to be acquired, nor shall it consider the acquisition from the standpoint of the economic needs of the market.

(4) In case of two or more notifications of planned acquisitions or increases of qualifying holdings in one and the same investment firm, the Commission shall treat the persons in a non-discriminatory manner.

(5) The additional requirements for the conditions and procedures for the assessment of the acquisition or the increase of the qualifying holdin, as the case may be, shall be determined by an ordinance.

(6) (New, SG No. 83/2019, effective 22.10.2019) When performing the assessment, the Commission shall furthermore comply with the rules and criteria for assessment of the Joint Guidelines on the prudential assessment of acquisitions and increases of qualifying holdings in the financial sector, issued by EBA, the European Insurance and Occupational Pensions Authority and ESMA.

Exchange of information with the competent authorities of Member States in carrying out the assessment of a qualifying holding

Article 58. (1) When carrying out an assessment of a qualifying holding the Commission shall hold preliminary consultations and shall demand information in connection with the acquisition by the relevant competent authority responsible for the supervision of the person referred to in Article 53 when the person is:

1. a credit institution licensed in the Republic of Bulgaria or in another Member State, or an insurer, a reinsurer, an investment firm or a management company licensed in another Member State;

2. a parent company of a credit institution licensed in the Republic of Bulgaria or in another Member State, or a parent company of an insurer, a reinsurer, an investment firm or a management company licensed in another Member State;

3. a natural person or a legal entity, controlling a credit institution licensed in the Republic of Bulgaria or in another Member State, an insurer, a reinsurer, an investment firm or a management company licensed in another Member State.

(2) The information received from the preliminary consultations under paragraph 1 shall be indicated in the decision of the Commission under Article 59, paragraph 1 or 7.

(3) The Financial Supervision Commission shall provide, on a request by a competent authority from another Member State, information which is essential or relevant for the assessment, when an acquisition of a qualifying holding in an investment firm is requested by:

1. an investment firm, a management company, an insurer or reinsurer having its seat in the Republic of Bulgaria;

2. a parent undertaking of a person under item 1;

3. a natural or legal person who/which controls a person under paragraph 1.

(4) In the cases referred to in paragraph 3, when a holding in an investment firm is requested by a credit institution with a seat in the Republic of Bulgaria, the Commission shall exchange information with the Bulgarian National Bank and with the competent authority under paragraph 3.

Powers of the Commission in relation to qualifying holdings

Article 59. (1) The Financial Supervision Commission may issue a ban on the acquisition under Article 53 should it find that the requirements of Article 57 have not been met or if the information provided by the person is incomplete, the applicant has submitted incorrect details or untrue documents, or if the actual owners of a shareholder with a qualifying holding cannot be identified, if the stable management and the security of the investment firm is threatened, or if the interests of the investment firm's clients are not secured in some other way.

(2) The Financial Supervision Commission shall notify the person in writing on its decision under paragraph 1 within two business days of decision-making and within the period under Article 56, paragraph 1, or under Article 56, paragraphs 2 – 5, attaching the grounds for its decision.

(3) By person's request or on Commission's initiative, the grounds for the decision under paragraph 1 shall be made public.

(4) If the Commission does not issue a ban under paragraph 1, it may set a deadline for executing the acquisition, and may also extend this deadline, as needed.

(5) If, within the deadline under Article 56, paragraph 1, respectively Article 56 paragraphs 2 – 5 the Commission does not issue a ban on the acquisition and does not notify in writing the person thereof, the person may acquire the requested holding in the investment firm.

(6) The persons who have acquired or increased their qualifying holding, before the Commission has announced its decision on the notification submitted, or, respectively, before expiration of the announcement deadline, as well as in the cases when they have not submitted a notification under Article 53 prior to acquisition, shall not be allowed to exercise their voting right in the general meeting of the investment firm.

(7) If persons who have a qualifying holding in the investment firm may harm the stable management and stability of the investment firm, the Commission may impose a ban on these persons' voting rights in the general meeting of the investment firm.

(8) The Financial Supervision Commission may bring a claim under Article 74 of the Commerce Act to cancel the decision of the general meeting when such a decision was passed with the votes of individuals who were not entitled to exercise their voting right under paragraphs 6 and 7.

Provision of information

(Title amended, SG No. 83/2019, effective 22.10.2019)

Article 60. (1) The investment firm shall notify the Commission of any acquisition or transfer of a holding in accordance with Articles 53 and 54 within one day of becoming aware thereof.

(2) The investment firm shall provide to the Commission twice a year – at 30 June and 31 December – within 10 days from the specified dates, a list of the persons holding a direct or indirect qualifying holding as well as particulars of their votes in the general meeting.

(3) (New, SG No. 83/2019, effective 22.10.2019) A person acquiring a direct or indirect holding of three or over three per cent of the capital of an investment firm other than a qualifying holding shall notify the Commission within seven days of the acquisition.

Notification of involuntary acquisition

Article 60a. (New, SG No. 83/2019, effective 22.10.2019) Where a natural or legal person in the cases referred to in Article 53, paragraphs 1 and 2 involuntarily acquires or increases directly or indirectly a qualifying holding in an investment firm, such natural or legal person shall inform the Commission on becoming aware thereof, even where the natural or legal person intends to reduce his/its holding so that it falls below the thresholds. Article 53, paragraphs 3 and 4, and Articles 55 – 59 shall apply mutatis mutandis.

Chapter Six

MANAGEMENT AND ORGANISATION OF THE ACTIVITIES OF INVESTMENT FIRMS

Section I

General provisions

Requirements to a significant investment firm

Article 61. (1) (Amended, SG No. 25/2022, effective 29.03.2022) The investment firm shall determine whether it meets the requirements for a significant investment firm on an annual basis based on the data contained in its annual financial statements on an individual basis for the previous financial year and other documents.

(2) The investment firms which are significant in view of the amount, internal organisation, nature, scope and complexity of the activity performed thereby shall:

1. set up a committee for the selection of candidates;
2. (repealed, SG No. 25/2022, effective 29.03.2022);
3. (repealed, SG No. 25/2022, effective 29.03.2022);
4. meet other requirements as laid down in an ordinance.

(3) (Amended, SG No. 83/2019, effective 22.10.2019, repealed, SG No. 25/2022, effective 29.03.2022).

(4) (New, SG No. 83/2019, effective 22.10.2019, repealed, SG No. 25/2022, effective 29.03.2022).

(5) (New, SG No. 83/2019, effective 22.10.2019, repealed, SG No. 25/2022, effective 29.03.2022).

Requirements for the setting up of a risk committee and a remuneration committee

Article 61a. (New, SG No. 25/2022, effective 29.03.2022) (1) (Amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) Investment firms whose balance sheet and off-balance sheet assets in the four years immediately before the current financial year exceed EUR 100 million on average, shall set up a risk committee and a remuneration committee.

(2) The remuneration committee may be established at the group level.

(3) The requirements to the committees under Paragraph 1 shall be specified in an ordinance.

Section II

Requirements for the management of an investment firm

Requirements for the selection and nomination of the management and supervisory bodies

Article 62. (1) The investment firm as well as the committee for the selection of candidates in the cases under Article 63 shall ensure a wide range of qualities, knowledge and skills in the selection of candidates and the nomination of the members of the management and supervisory bodies, and to this end shall apply a policy for promotion of the diversity in the management and supervisory bodies. Additional requirements for the selection and designation of the members of the management and supervisory bodies shall be laid down in an ordinance.

(2) (Supplemented, SG No. 25/2022, effective 29.03.2022) Investment firms carrying on activity on the territory of the Republic of Bulgaria shall provide to the Commission the information about the policy for promotion of diversity under Article 48, "b" of Regulation (EU) 2019/2033 or Article 435, Paragraph 2"c" of Regulation (EU) No. 575/2013 within three days from the date of disclosure thereof. The Financial Supervision Commission shall analyse the information for the purposes of comparing the practices in terms of diversity. The Financial Supervision Commission shall provide the information referred to in the first sentence to EBA.

Committee for the selection of candidates

Article 63. (1) (Amended, SG No. 83/2019, effective 22.10.2019) The selection of the candidates for the management and supervisory bodies of a significant investment firm shall be carried out by the Committee for the selection of candidates. Members of the Committee for the selection of candidates shall be only members of the control body of the significant investment firm.

(2) The Committee referred to in paragraph 1 shall nominate and recommend for approval by the management and supervisory bodies, or for approval by the general meeting candidates to fill the vacancies in the management and supervisory bodies, taking into account the knowledge, skills, diversity and experience of the members of the management and supervisory bodies, shall prepare a description of the functions and requirements for a given appointment and shall calculate the time that is expected to be devoted by the future member of the management or supervisory body.

(3) (Supplemented, SG No. 25/2022, effective 29.03.2022) The Selection Committee shall define a target level of representation of the under-represented sex in the management, respectively, in the supervisory body and shall develop policies to increase the number of representatives of the under-represented sex in the management and in the supervisory control bodies to achieve the stated objective. The target level, the policy and its implementation shall be made public in accordance with Article 48, "b" of Regulation (EU) 2019/2033 or Article 435, Paragraph 2 "c" of Regulation (EU) No. 575/2013.

(4) The Committee for the selection of candidates shall:

1. analyse at least annually the structure, the size, the composition and the performance of the management and supervisory bodies and shall make recommendations for potential changes;

2. analyse at least annually the knowledge, skills and experience of the management and supervisory bodies as a whole and of their members individually and shall report to the management and/or supervisory body;

3. periodically review the policy applied by the management and the supervisory bodies for the selection and appointment of the senior management staff, and shall make recommendations to them.

(5) In the performance of their duties, the Committee for the selection of candidates shall take into account the need to ensure that the decision-making process of the management and supervisory bodies is not affected by an individual or a small group of individuals in a way that harms the interests of the investment firm.

(6) The investment firm shall provide the to members of the Committee for the selection of candidates all the necessary resources, including financial, for the performance of the assigned functions. In the performance of its functions, the Committee for the selection of candidates may consult with external experts.

Duties and responsibilities of management and supervisory bodies

Article 64. (1) The members of the management and supervisory bodies of the investment firm shall dedicate sufficient time to ensure the proper performance of their functions.

(2) The management or the supervisory body of the investment firm, as the case may be depending on the internal allocation of functions:

1. shall be responsible for the effective and reliable management of the investment firm in accordance with statutory requirements, including the proper allocation of duties and responsibilities and duties for defining the organisational structure, for adoption of the rules under Article 69 and for controlling their implementation, as well as for prevention and detection of conflicts of interest;

2. shall approve and control the implementation of the strategic goals of the investment firm and the strategy regarding risk and internal management;

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

4. shall manage and control compliance with the requirements hereunder as regards detection and provision of information;

5. shall be responsible for the efficient control over senior management staff;

6. shall be responsible for the efficiency of the management systems in the investment firm and where necessary shall take the necessary measures for eliminating the identified inconsistencies;

7. taking into account the nature, scope and complexity of the activity carried out by the investment firm and any applicable regulations shall adopt and approve and control the implementation of:

a) the organisational structure of the investment firm to carry out the services and activities under Article 6, paragraphs 2 and 3;

b) the requirements for knowledge, skills and experience of employees in respective units;

c) (supplemented, SG No. 25/2022, effective 29.03.2022) the allocation of resources necessary for carrying out the services and activities under Article 6, Paragraphs 2 and 3 and for management of all significant risks to which the investment firm is exposed;

d) the policies, rules and procedures of the investment firm, governing the provision of services and the performance of activities under Article 6, paragraphs 2 and 3;

e) the policy on the offered or provided services, activities, products and operations in accordance with the permitted risk level for the investment firm and the characteristics and needs of the clients of the investment firm to whom they will be offered or provided, and shall perform stress tests, where necessary;

f) the remuneration policy of staff involved in the provision of services to the clients of the investment firm, which should promote responsible business conduct, fair treatment of clients, including in the event of a conflict of interest;

8. monitor and assess at least once annually:

a) the adequacy of the strategic objectives of the investment firm in terms of performing the services and activities under Article 6, paragraphs 2 and 3 and their implementation;

b) the effectiveness of the organisation and management of the investment firm;

c) the adequacy of the policies, rules and procedures of the investment firm, governing the provision of services and the performance of activities under Article 6, paragraphs 2 and 3;

9. upon infringements and discrepancies found in the cases referred to in item 8, letters "a" – "c", shall take measures for their removal.

(3) The members of the management and supervisory bodies of the investment firm shall perform their duties honestly, with integrity and independently for the purpose of making their own accurate assessment of the decisions of the employees performing management functions, and for the purpose of the exercise of effective control and monitoring on decision-making.

(4) The members of the management and the supervisory bodies of the investment firm shall possess collectively sufficient knowledge, skills and experience, as may be necessary for the management of the activities of the investment firm.

(5) The investment firm shall have the necessary human and financial resources to ensure the initial and current understanding of the members of the management and supervisory bodies with its activity, and their training.

(6) The members of the management and of the supervisory bodies shall have access to the information and documents necessary for the performance of their functions and duties.

(7) (New, SG No. 83/2019, effective 22.10.2019) The investment firm shall ensure the suitability of each member of its management or supervisory body and shall perform initial and ongoing assessments of their individual and collective suitability.

(8) (Renumbered from Paragraph 7, SG No. 83/2019, effective 22.10.2019) The additional requirements to the management of investment firms, including the assessments under paragraph 7, shall be laid down in an ordinance.

Section III

Requirements for the internal organisation of investment firms

Internal organisation of investment firms

Article 65. (1) (Amended, SG No. 25/2022, effective 29.03.2022) The investment firm shall establish and maintain an internal organization that meets at all times the requirements of this Act and its implementing acts and is in accordance with the nature, scope and complexity of the investment firm's activities, as well as with the risks inherent in the business model and activities of the investment firm, and which shall ensure:

1. an organisational structure with clearly set, transparent and consistent responsibility levels;

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

3. effective systems of internal control;

4. effective control and safeguard arrangements for information systems;

5. (supplemented, SG No. 54/2025) reliable and efficient information protection systems of information and communication technology (ICT) established and operated in accordance with Article 7 of Regulation (EU) 2022/2554, to ensure its authenticity and integrity in transfer and storage, to minimize the risks of loss, alteration and unauthorised access to the information or the risks of unauthorised dissemination of information, as well as to ensure the confidentiality of the information;

6. appropriate and proportionate resources, including qualified personnel, material, technical and software procurement, as well as systems and procedures to ensure continuous and regular provision of services and activities under Article 6, paragraphs 2 and 3, in accordance with the requirements of the law;

7. conditions to prevent and identify conflicts of interest and where such conflicts of interest arise - to ensure fair treatment of clients, disclosure of information and protection of clients' interests from being adversely affected;

8. conditions for compliance with existing rules for proprietary transactions of the investment firm;

9. (supplemented, SG No. 25/2022, effective 29.03.2022) conditions for storage of the information about services and activities performed under Article 6, paragraphs 2 and 3 and operations of the investment firm, which is necessary to establish the obligations of the investment firm in accordance with the requirements of the law, including Regulation (EU) No. 600/2014, Regulation (EU) No. 596/2014, Regulation (EU) No. 2019/2033 or Regulation (EU) No. 575/2013, the Recovery and Resolution of Credit Institutions and Investment Firms Act,

including fulfilment of obligations to clients and potential clients and obligations related to the integrity of the market;

10. conditions for compliance with the requirements of Articles 92 – 95 in the cases where the investment firm holds financial instruments and cash of clients;

11. conditions for immediate and accurate execution of client orders, for execution of identical orders in the sequence of their receipt, as well as conditions for safeguarding the client's interest in the case of aggregation of orders;

12. (supplemented, SG No. 25/2022, effective 29.03.2022) effective systems and mechanisms for identification, management, monitoring, assessment and reporting of risks to which the investment firm is or may be exposed, as well as the risks it creates or could create;

13. effective mechanisms to limit the operational risk in the assignment of the implementation of important operational functions to a third party, including for ensuring the proper internal controls for the implementation of legal requirements in relation to the investment firm;

14. (amended, SG No. 25/2022, effective 29.03.2022) the implementation of gender-neutral remuneration policies and practices of persons working for the investment firm, which shall be consistent with and promote sound and effective risk management, and the remuneration requirements, remuneration policy and its implementation and disclosure shall be set out in an ordinance;

15. (supplemented, SG No. 25/2022, effective 29.03.2022) appropriate and effective procedures for internal whistle-blowing by employees of the investment firm via a special independent channel about actual and potential violations of the investment firm, which shall ensure:

a) protection against unfair treatment of employees of the investment firm whistle-blowing about infringements;

b) (amended, SG No. 17/2019) personal data protection for the whistle-blower signalling about an infringement, and of the personal data of the persons in respect of whom the signal is whistleblowed;

c) ensuring confidentiality in all cases for the persons whistle-blowing about infringements, unless the infringement of confidentiality is required by law in case of subsequent pre-trial or trial proceedings.

(2) The requirements under paragraph 1, item 9 shall also apply to branches of investment firms operating on the territory of the Republic of Bulgaria, for transactions and operations carried out via the branch.

(3) (Supplemented, SG No. 25/2022, effective 29.03.2022) The investment firm under Article 9a, Paragraph 2 shall set appropriate ratios between the fixed and variable remunerations of the persons working for the investment firm, and the variable components of the remunerations shall not exceed 100 per cent of the fixed components.

(4) (Supplemented, SG No. 25/2022, effective 29.03.2022) The internal control systems, as well as the administrative and accounting procedures applied by the investment firm allow at any time checks on the conformity of the activities of the investment firm with the requirements of this Act and the instruments for its implementation, with the requirements of Regulation (EU) No. 600/2014, of Regulation (EU) No. 596/2014, of Regulation (EU) No. 2019/2033 or Regulation (EU) No. 575/2013 and of the instruments for implementing them, as well as with the rules adopted by the investment firm in accordance with the above statutory instruments.

(5) The systems and mechanisms for identification, assessment and management of the risks to which the investment firm is or may be exposed shall furthermore include the risks

arising from the macroeconomic environment of operation of the investment firm in the relevant stage of the economic cycle.

(6) (New, SG No. 54/2025) An investment firm shall have sound security mechanisms in place to ensure, in accordance with the requirements laid down in Regulation (EU) 2022/2554, the security and authentication of the means of transfer of information, to minimise the risk of data corruption and unauthorised access and to prevent information leakage, thereby maintaining the confidentiality of the data at all times.

Review of the systems, rules and procedures of the Commission

Article 66. (1) (Previous text of Article 66, amended and supplemented, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall review the rules, strategies, processes and mechanisms introduced by the investment firm in accordance with this Act, Regulation (EU) No. 2019/2033 or Regulation (EU) No. 575/2013, Regulation (EU) No. 600/2014, Regulation (EU) No. 596/2014 and of the instruments for implementing them, applying the principle of proportionality and taking into account the criteria for supervisory review and evaluation and assessing the risks to which the activity of the investment firm is exposed or creates. The procedure, the manner, the scope and the criteria for the review and evaluation shall be laid down in an ordinance.

(2) (New, SG No. 25/2022, effective 29.03.2022) Where the supervisory review under Paragraph 1 of an investment firm under Article 9a, Paragraph 2, and in particular the evaluation of the rules of organisation, the business model or its operations give reasonable grounds to the Commission to suspect that in connection with this investment firm money laundering or terrorist financing is being or has been committed or attempted or there is an increased risk thereof, the Commission shall immediately notify the National Security State Agency and the EBA. In case of potentially increased risk of money laundering or terrorist financing the Commission and the National Security State Agency shall cooperate with each other and shall immediately notify the EBA on their common evaluation.

Function for compliance with the regulatory requirements

Article 67. (1) The investment firm shall create and maintain a permanent compliance function, which shall operate independently and shall exercise ongoing control over the compliance of this Act and the regulatory requirements for the activity by the persons charged with the management of the investment firm and all the other persons working under contract for the investment firm.

(2) The structure, organisation, powers and relationships of the compliance function with the other bodies and persons working for the investment firm shall be set out in rules approved by the management body of the investment firm.

Other requirements to the assessment of suitability and to the internal organisation

Article 68. (Amended, SG No. 83/2019, effective 22.10.2019) (1) The investment firm under Article 10, paragraph 1 or 2 shall perform initial and ongoing assessment of the suitability of the head of the compliance function in accordance with the statutory requirements, the head of the risk management unit and the head of the internal audit unit and the persons performing the above functions accordingly.

(2) Additional requirements in relation to performance of initial and ongoing assessment of the suitability of the persons under paragraph 1 by the investment firm under Article 10, paragraph 1 or 2 or by the Deputy Chairperson, as the case may be, shall be laid down in an ordinance.

(3) Additional requirements to the internal organisation under Article 65, including internal reporting, the compliance function, risk management, internal audit, responsibilities of the senior

management staff, handling of complaints, remuneration policies and practices, personal transactions, outsourcing of important operational functions to third parties, management of conflicts of interest are determined by Delegated Regulation (EU) No. 2017/565, and with an ordinance.

Internal rules

Article 69. (1) The investment firm shall adopt and apply internal policies, rules and procedures to ensure the enforcement of the requirements established in law by the investment firm and its management and supervisory bodies, employees and tied agents. The investment firm shall adopt rules for personal transactions of the persons referred to in the first sentence.

(2) The internal organisation under Article 65 shall be laid down in rules adopted by the management body of the investment firm, whose minimum content shall be stipulated in an ordinance.

(3) The investment firm shall periodically review the rules under paragraphs 1 and 2 but at least once annually, and where necessary, within a shorter period of time.

Chapter Seven

REQUIREMENTS TO THE ACTIVITY OF INVESTMENT FIRMS AND RELATIONSHIPS WITH CLIENTS

Section I

General Requirements

General Requirements

Article 70. (1) In the performance of investment services and activities, as well as additional services for clients the investment firm shall act fairly, honestly and professionally in the best interest of the client.

(2) An investment firm that creates financial instruments for the purpose of selling them to clients, shall take action to ensure that:

1. the financial instruments were created to meet the needs of a specific target market for the relevant category of final clients;

2. the strategy for distribution of the financial instruments is adequate for the target market;

3. the financial instruments are distributed to the appropriate target group of final clients.

(3) An investment firm which offers or recommends to clients financial instruments under paragraph 2 shall:

1. understand the nature of the financial instruments offered or recommended;

2. assess whether the financial instruments continue to meet the needs of the clients to whom it provides investment services, taking into account the target group of final clients;

3. ensure that the financial instruments are offered or recommended only when it is in the interest of the client.

(4) (New, SG No. 51/2022) An investment firm shall be exempted from the requirements set out in Paragraphs 2 and 3 where the investment service it provides relates to bonds without any other embedded derivative, except for a "make-whole" clause or where financial instruments are offered or distributed exclusively to eligible counterparties.

Investigation

Article 70a. (New, SG No. 51/2022) (1) The provision of studies by third parties to investment firms providing portfolio management or other investment or ancillary services to clients shall be considered as fulfilling the obligations under Article 70, Paragraph 1, if:

1. prior to the provision of execution or research services, an agreement has been entered into between the investment firm and the research provider specifying which portions of any combined fees or co-payments for execution and research services relate to research;

2. the investment firm shall inform its clients of joint payments for execution services and for research performed to third party research providers, as well as

3. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) the research for which the combined fees are charged or the joint payment is made relates to issuers whose market capitalisation for the period of 36 months preceding the submission of the research does not exceed EUR 1 billion, on the basis of quotations at the end of the year for the years when their securities are or have been admitted to trading on a regulated market, or on the basis of own funds for the financial years when their securities are not or have not been admitted to trading on a regulated market.

(2) For the purposes of Paragraph 1 the term "research" shall cover research material or services relating to one or more financial instruments or other assets, or the issuers or potential issuers of financial instruments, or as covering research material or services closely related to a particular sector or market so as to provide opinion information about financial instruments, assets or issuers in that sector or market. Research shall also comprise material or services that explicitly or implicitly recommend or suggest an investment strategy and provide a substantiated opinion as to the present or future value or price of financial instruments or assets, or otherwise contain analysis and original insights and reach conclusions based on new or existing information that could be used to inform about an investment strategy and be relevant and capable of adding value to the investment firm's decisions on behalf of clients being charged for that research.

Provision of information to clients

Article 71. (1) The information that the firm provides to its clients, and potential clients, including in its advertising materials, shall be correct, clear and not misleading. The advertising materials of the investment firm shall be clearly designated as such.

(2) The investment firm shall provide to its clients and potential clients in a timely and appropriate manner and in compliance with the requirements of paragraph 1 the following information:

1. details about the investment firm and the services provided thereby, including whether it performs activity or deals in financial instruments on own account;

2. the financial instruments which are the subject of the investment services provided by the investment firm and the investment strategies offered;

3. the venues of execution of transactions;

4. the types of client costs and fees and their amount.

(3) An investment firm shall inform the client in good time before the provision of investment advice:

1. whether the advice is independent;

2. whether the advice is based on a wide or limited analysis of the different types of financial instruments, and in particular whether the scope is limited to financial instruments issued or offered by persons related to the investment firm or by persons who are in other legal,

economic or contractual relationships with the investment firm as a result of which there is a risk that the advice given is not independent;

3. whether the investment firm will provide the client with a periodic evaluation of whether the recommended financial instruments continue to meet the needs of the client.

(4) The information on the financial instruments and the proposed investment strategies shall include appropriate guidelines and warnings of the risks associated with investments in those instruments or in respect of particular investment strategies, as well as whether the financial instrument is intended for retail or professional clients, taking into account the target group of clients defined under Article 70, paragraphs 2 and 3.

(5) The information on the costs and fees shall include:

1. any costs and fees for investment and additional services, including for advice;
2. the costs associated with the financial instrument recommended, offered or sold to the client;

3. the method of payment of the costs and fees;

4. all payments to third parties.

(6) The investment firm shall provide to the client once annually in summary form the information under paragraph 5, including the costs and fees in connection with the investment service and the financial instrument which do not arise from occurrence of the market risk on the underlying market, in order to enable the client to understand the total costs, as well as their overall effect on the return on the investment. The investment firm shall inform the client about the possibility on request to provide a detailed breakdown of the costs.

(7) (New, SG No. 51/2022, amended, SG No. 65/2023) Where the agreement for the purchase or sale of a financial instrument is concluded by means of distance communication that prevent the prior provision of information on costs and fees, the investment firm may, after the conclusion of the transaction and without undue delay, provide this information in an electronic format or on paper, at the request of a non-professional client, if the following conditions are met:

1. the client has agreed to receive the information without undue delay after the conclusion of the transaction;

2. the investment firm has given the client the opportunity to postpone the conclusion of the transaction until receipt of information.

(8) (New, SG No. 51/2022) In addition to the requirements of Paragraph 7, the investment firm shall provide the client with the opportunity to obtain information on the costs and charges on the telephone before the conclusion of the transaction.

(9) (Renumbered from Paragraph (7), amended, SG No. 51/2022) The information under Paragraphs 2 – 8 and under Article 73, Paragraph 3 shall be provided in a way that allows clients or potential clients to understand the nature of the investment service, the type and the characteristics of the particular type of financial instrument and the specific risks associated with it, in order to take informed investment decisions. The investment firm may provide the information referred to in the first sentence in a standardised format as well.

(10) (New, SG No. 51/2022) Investment firms shall provide their clients or potential clients with all the information required under this Act in electronic format, except where the client or potential client is a retail client and has requested to receive the information on paper, in which case the information shall be provided thereto free of charge on paper.

(11) (New, SG No. 51/2022) Investment firms shall inform their retail clients or potential retail clients that they have the option to receive the information on paper.

(12) (New, SG No. 51/2022) Investment firms shall notify their existing retail clients who receive the information required under this Act on paper that they will start receiving it in

electronic format at least eight weeks before they start sending it in electronic format. Investment firms shall notify these existing retail clients that they have a choice to continue receiving the information on paper or to begin receiving it in electronic format. Investment firms shall notify their existing retail clients that if they do not request to continue receiving the information on paper within the eight-week period, it will automatically begin to be provided to them in electronic format. Investment firms may not notify their existing retail clients who already receive the information required to be provided in electronic format under this Act.

(13) (Renumbered from Paragraph 8, amended, SG No. 51/2022) The provisions of Paragraphs 1 – 9 shall not apply where the investment service is offered as part of a financial product regulated by the law of the European Union or by common European standards in relation to credit institutions or consumer credits for assessment of the risk for clients and/or the requirements for provision of information.

Obligations in providing independent investment advice

Article 72. (1) Where an investment firm informs the client that it provides an independent investment advice, an investment firm shall analyse a wide range of financial instruments available on the market and offered by a variety of issuers or suppliers of products, to ensure that the investment objectives of the client can be achieved in an appropriate manner and are not limited to financial instruments issued or offered by the investment firm itself, its related persons or by persons in other legal, economic or contractual relationships therewith, whereby a risk exists that the advice given is not independent.

(2) In the cases referred to in paragraph 1 the investment firm shall not have the right to receive remuneration, commission or any other monetary or non-monetary benefit from a third party in connection with the provision of the investment services to the client. An exception is allowed for minor non-monetary benefits that improve the quality of the services provided to the client and their provision is without prejudice to the obligation of the investment firm to act honestly, fairly and as a professional in the best interest of the client. An investment firm shall disclose the information about all minor non-monetary benefits received.

(3) The requirements under paragraph 2 shall also apply to the cases where an investment firm carries out portfolio management.

Restrictions on the provision and receipt of remunerations, commissions and non-monetary benefits of and from third parties

Article 73. (1) The investment firm shall not have the right to pay or provide or receive remuneration, commission or any other non-monetary benefit in connection with the provision of investment services or additional services to a client, with the exception of:

1. remuneration, commission or non-monetary benefit paid or provided by or to the client or his representative;

2. remuneration, commission or non-monetary benefit paid or provided by a third party or his representative, if the following conditions apply:

a) the payment or the provision of the remuneration, commission or non-monetary benefit is with a view to improving the quality of the service, and does not violate the obligation of the investment firm to act honestly, fairly and professionally and in the best interest of the client;

b) the existence, nature and amount of the remuneration, commission or non-monetary benefit are clearly indicated to the client in an accessible, correct and understandable way prior to the provision of the relevant investment or ancillary service, and where the amount cannot be determined, the method of its calculation is indicated;

3. inherent fees that provide or are necessary for the provision of the investment services, such as trust services costs, fees for settlement and currency exchange, fees for legal services and

public fees, and which by their nature do not lead to a conflict with the obligation on the investment firm to act honestly, fairly and professionally in the best interest of the client.

(2) An investment firm that provides investment services to clients, does not provide remuneration and does not assess the results of the work of its employees in a way that is contrary to its obligation to act in the best interest of its clients. The investment firm may not provide incentives to its employees for recommending to a retail client a specific financial instrument, where the investment firm may offer another financial instrument which more closely meets the needs of the client.

(3) The investment firm shall inform the client about the procedure and the manner in which the client will receive a fee, commission, a monetary or non-monetary benefit, where the investment firm has received such in relation to an investment or ancillary service for the client.

Requirements for the provision of an investment service with another service or product

Article 74. (1) Where an investment service is provided together with another service or product as part of a package or as a condition on the same contract or package, the investment firm shall inform the client whether it is possible to buy individual parts separately and shall submit information on the costs and fees for each part separately.

(2) Where there is a likelihood that the risks arising from the provision of the service with any other service or product as part of a package or as a condition on the same contract or package offered to a retail client are different from the risks associated with individual parts, the investment firm shall provide an appropriate description of the individual parts and the way in which their interaction affects the risks.

(3) Additional requirements for cross-selling practices are defined in an ordinance.

Additional requirements

Article 75. Additional requirements for the provision of information by the investment firm to clients are set out in Delegated Regulation (EU) 2017/565.

Engagement policy

Article 75a. (New, SG No. 26/2020) (1) An investment firm that provides portfolio management services for portfolios including shares in companies which have a seat in a Member State and are admitted to trading on a regulated market in a Member State, shall adopt and publish an engagement policy and information regarding the implementation of said policy.

(2) In its engagement policy, the investment firm shall describe how it integrates shareholder engagement in investee companies in its investment strategy. The investment firm shall describe the following in its engagement policy:

1. the monitoring of investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance;

2. the communication with investee companies;

3. the exercise of voting rights and other rights attached to shares, including the criteria for insignificant votes due to the subject matter of the vote or the size of the holding in the company;

4. the cooperation with other shareholders and the communication with relevant stakeholders of the investee companies;

5. the management of actual and potential conflicts of interests in relation to its shareholding in the investee company.

(3) The investment intermediary shall, on an annual basis, publicly disclose information regarding the implementation of its engagement policy, including:

1. a general description of voting behaviour;

2. an explanation of the most significant votes;

3. information regarding the use of the services of proxy advisors within the meaning of § 1(55) of the Supplementary Provisions of the Public Offering of Securities Act;

4. information about the exercise of the voting rights attached to the shares in investee companies, except where the votes are insignificant according to the criteria referred to in Item 3 of Paragraph 2.

(4) The engagement policy, including any amendments and supplements to it, shall be published within 7 days of the relevant decision.

(5) The investment firm may choose not to adopt an engagement policy and shall publish detailed reasons why this is the case within the time limit set out in Paragraph 4.

(6) The investment firm may choose not to comply with any of the requirements set out in Paragraph 2 or in Paragraph 3, respectively, and shall publish detailed reasons why this is the case within the time limit set out in Paragraph 4.

(7) The information set out in Paragraph 3 shall be published within three months of the end of the financial year in which the voting right has been exercised, and said information shall remain available until the next publication.

(8) The information set out in Paragraphs 1 to 6 shall be published on the website of the investment firm and shall be free of charge.

Transparency in the case of portfolio management arrangements

Article 75b. (New, SG No. 26/2020) (1) Investment intermediaries that have concluded portfolio management contracts with a person referred to in Article 197a(1) of the Insurance Code or with a person within the meaning of Article 2(e) of Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (OJ L 184/17 of 14.7.2007) registered or authorised in another Member State, shall be obliged to disclose to said person how their investment strategy and implementation thereof complies with that arrangement and contributes to the medium to long-term performance of the assets of said person.

(2) The information referred to in Paragraph 1 shall include reporting on the key material medium to long-term risks associated with the investments, on portfolio composition, turnover and turnover costs, on the use of proxy advisors within the meaning of § 1(55) of the Supplementary Provisions of the Public Offering of Securities Act for the purpose of engagement

activities and their policy on securities lending and how it is applied to fulfil its engagement activities if applicable, particularly at the time of the general meeting of the investee companies.

(3) The information referred to in Paragraph 1 shall also include information on whether and, if so, how, investment firms make investment decisions based on evaluation of medium to long-term performance of the investee company, including non-financial performance, and on whether and, if so, which conflicts of interests have arisen in connection with engagements activities and how the investment firms have dealt with them.

(4) The information referred to in Paragraph 1 shall be disclosed together with the annual report referred to in Article 85(1) for the year concerned.

Measures for prevention, identification and management of conflicts of interests

Article 76. (1) In the performance of investment services and activities as well as additional services the investment firm shall take the necessary measures to identify and prevent or manage conflicts of interests between:

1. the investment firm, including individuals managing the investment firm, persons working under a contract for him, tied agents or any person directly or indirectly connected with the investment firm by a control relationship, on the one hand, and its clients, on the other hand;

2. its individual clients.

(2) The investment firm shall furthermore take actions under paragraph 1 in cases where conflicts of interest may arise as a result of remuneration received by the investment firm in the case of provision of incentives by third parties or other incentive mechanisms.

(3) Where despite the application of the rules for prevention of conflicts of interest still there is a risk for the interests of the client, the investment firm may not conduct activity on behalf of a client, if it has not informed the client of the general nature and/or the sources of potential conflicts of interest and the measures taken to limit the risk for the interests of the client.

(4) For the purposes of paragraph 3 the investment firm shall provide sufficient details in a durable medium to each single client to enable him to make an informed decision about the service in respect of which a conflict of interest has arisen.

(5) Additional measures and criteria for prevention, identification and management of potential conflicts of interest in relation to the provision of different types of investment services are set out in Delegated Regulation (EU) 2017/565.

Section II

Assessment for relevance and suitability. Provision of information to clients

Requirements for knowledge and competence

Article 77. (Amended and supplemented, SG No. 83/2019, effective 22.10.2019, amended, SG No. 64/2020, effective 21.08.2020) (1) An investment firm shall ensure that the persons providing information to the client or as well as investment or additional services on behalf of the investment firm possess the necessary knowledge and competence to carry out their duties under Articles 70 – 75 and Articles 78 – 81.

(2) The services under items 4 and 5 of Article 6 (2) may be provided only through investment consultants, and the transmission of orders under item 1 of Article 6 (2), the services

and activities under item 2 of Article 6 (2) and the activities under item 3 of Article 6 (2) - only through brokers of financial instruments, with exception in the cases when the services are provided through an electronic trading platform, working in automatic mode upon transmission or execution of the order.

(3) The provision of information, the conclusion of contracts under Article 82 (1) and the receipt of orders by clients shall be conducted by:

1. persons offering financial instruments;
2. brokers of financial instruments;
3. investment consultants;
4. the managing directors, the executive members of the management body or the procurators of the investment firm.

(4) The person offering financial instruments shall:

1. hold diploma of secondary education;
2. meet the requirements set out in Article 13, Paragraph 4, Items 1 – 4, 6 and 7;
3. have fulfilled duties related to the provision of information about investment or auxiliary services at least 6 months full-time.

(5) A broker in financial instruments or an investment adviser may be a person who:

1. possesses high or higher education – for a in financial instruments or possesses higher education for an investment adviser;
2. meets the requirements set out in Article 13, Paragraph 4, Items 1 – 4, 6 and 7;
3. has acquired the right to carry out activity as a broker in financial instruments for a broker in financial instruments, as an investment adviser for an investment adviser or has been recognised as having acquired qualification for the pursuit of such activity;
4. has fulfilled duties related to the provision of information, investment advice to clients or investment or auxiliary services at least 6 months full-time.

(6) The procedures for the acquisition, recognition and withdrawal of the legal capacity of a broker in financial instruments or an investment adviser shall be laid down in an ordinance.

(7) A person meeting the requirements of Paragraph 4, items 1 and 2 or Paragraph 5, items 1 – 3, but not meeting the requirement under Paragraph 4, item 3 or Paragraph 5, item 4 may provide the relevant services only with oversight. Provision of services under supervision shall mean the provision of services to clients under the responsibility of a supervising employee of the

investment firm who meets the requirements under paragraph 4 or paragraph 5 respectively.

(8) The investment firm shall periodically evaluate the knowledge and competence of the persons referred to in paragraph 3, items 1 – 3 on the basis of the criteria laid down in an ordinance.

(9) Provision of information within the meaning of this article means the direct provision of information to clients about financial instruments, investment services or auxiliary services, or at the initiative of the investment firm, in the context of provision to the client of services and activities under Article 6, as well as the provision of information about structured deposits.

(10) Additional requirements to the persons under paragraph 3, items 1 – 3 and to the activity carried out by them shall be set out in an ordinance.

Score for relevance

Article 78. (1) When providing services under Article 6, paragraph 2, items 4 and 5 the investment firm shall require from the client or the potential client information about his knowledge and experience about the services under Article 6, paragraph 2, items 4 and 5, his financial position and capacity to suffer losses, and his investment purposes, including the acceptable level of risk.

(2) (Amended, SG No. 83/2019, effective 22.10.2019) On the basis of the information referred to in paragraph 1 the investment firm shall carry out an assessment of the relevance, including on whether the portfolio management service or the financial instruments which are the subject of investment advice correspond to the client's acceptable level of risk and his ability to suffer losses, in order to recommend him appropriate services or financial instruments.

(3) The investment firm may not perform the services under Article 6, paragraph 2, items 4 and 5 for a client who has not submitted the information under paragraph 1.

(4) Where an investment firm provides investment advice with a recommendation for sale of a package of services or products according to Article 74, each individual part, as well as the overall package must be suitable for the client.

(5) (New, SG No. 51/2022) When the investment firm provides investment advice or performs portfolio management and such services include the exchange of financial instruments, it shall obtain the necessary information about the client's investments and shall analyse the costs and benefits of the exchange of financial instruments. When providing investment advice, the investment firm shall inform the client whether the benefit of the exchange is greater than the costs associated thereof.

(6) (Renumbered from Paragraph 5, SG No. 51/2022) When providing investment advice to a client the investment firm, before the executing the order resulting from the investment advice, shall provide to the client, in a durable medium, a notification of whether the advice corresponds to the preferences, needs and other features of the retail client.

(7) (Renumbered from Paragraph 6, amended, SG No. 51/2022) Upon the provision of investment advice for the purchase or sale of a financial instrument where the transaction is concluded by means of distance communication which prevents the prior presentation of the notification under Paragraph 6, the investment firm may provide it immediately after the conclusion of the transaction, provided that the following two conditions are met:

1. the investment firm has provided the client with the possibility to postpone the transaction in order to obtain in advance the notification of compliance, and

2. (amended, SG No. 51/2022) the client has given his consent to the receipt of the

notification under Paragraph 6 promptly after the conclusion of the transaction.

(8) (Renumbered from Paragraph 7, SG No. 51/2022) Where an investment firm provides a portfolio management service or has informed the client that it will carry out periodic evaluation, the periodic report shall contain an updated statement and justification of how the investment complies with the preferences, needs and other characteristics of the retail client.

Assessment of suitability

Article 79. (1) In the provision of investment services other than those referred to in Article 6, paragraph 2, items 4 and 5, the investment firm shall demand from the client or the potential client information about his knowledge and experience in relation to the investment services relating to the specific type of product or service offered or demanded, so that the investment firm shall be able to assess whether the investment service or product envisaged is suitable for the client.

(2) Where an investment firm provides a sale of a package of services or products according to Article 74, it shall assess whether the package as a whole is suitable for the client.

(3) If on the basis of the information received under paragraph 1 the investment firm assesses that the product or service is not suitable, it shall warn the client or the potential client thereof in writing. The warning may be made in a standardised format.

(4) If the client or the potential client does not provide the information under paragraph 1 or provides insufficient information about his knowledge and experience, the investment firm shall warn the client or the potential client in writing that it cannot determine whether the investment service or product is suitable for him. The warning may be made in a standardised format.

(5) The investment firm providing investment services under Article 6, paragraph 2, item 1 and/or 2 with or without additional services, may provide such services without receiving from the client the information under paragraph 1 or without conducting the assessment of suitability, where the following conditions apply simultaneously:

1. the subject of the services shall be the following financial instruments:
 - a) shares admitted to trading on a regulated market or on an equivalent market in a third country, or in an MTF, where these are shares of companies, with the exception of shares of undertakings other than collective investment schemes, and shares including a derivative instrument;
 - b) bonds or other forms of securitised debt, admitted to trading on a regulated market or an equivalent market in a third country, or in an MTF, with the exception of those bonds or other forms of securitised debt with an embedded derivative instrument or having a structure inhibiting the client to understand the risk involved;
 - c) money market instruments, with the exception of those with an embedded derivative instrument or having a structure inhibiting the client to understand the risk involved;
 - d) shares or units of collective investment schemes, with the exception of structured collective investment undertakings referred to in Article 36, paragraph 1, second subparagraph of Regulation (EU) No. 583/2010;
 - e) structured deposits, with the exception of those having a structure inhibiting the client to understand the risk for the return or the costs of an early exit from the investment;
 - f) other simple financial instruments, similar to those in "a" – "e";
 2. the service is provided at the initiative of the client or a potential client;
 3. the client or the potential client has been notified in writing that the investment firm will not make assessment for suitability, and the notification may be in a standardised format;
 4. the investment firm complies with the requirements of Article 76.
- (6) Paragraph 5 shall not apply in the cases of granting of credits or loans under Article 6,

paragraph 3, item 2, other than existing credit limits of loans, current accounts and client overdrafts.

(7) For the purposes of paragraph 5, item 1, the market of a third country shall be considered equivalent to a regulated market, where the European Commission has taken a decision on equivalence in compliance with the requirements and procedure laid down in Article 25, paragraph 4, sub-paragraphs 3 and 4 of Directive 2014/65/EU.

(8) The Financial Supervision Commission may make a request to the European Commission for the adoption of a decision on equivalence under paragraph 7. The request shall state the reasons why the Commission considers that the legal and supervisory framework of the third country concerned are considered to be equivalent, and shall present information thereon.

(9) Within the meaning of paragraph 8, the legal and supervisory framework of a third country shall be considered as equivalent, if it meets the following conditions:

1. the markets are subject to a licensing regime and effective current supervision;
2. the markets have clear and transparent rules for the admission of securities to trading, so that the securities are traded in a proper, orderly and efficient manner and are freely transferable;
3. the issuers of securities are required to submit periodic and current information so as to ensure a high level of investor protection;
4. transparency and integrity of the market are ensured through measures for prevention of market abuse in the form of insider dealing and market manipulation.

(10) (New, SG No. 83/2019, effective 22.10.2019) The criteria for defining debt instruments under paragraph 5, item 1, "b" and "c" with embedded derivative instrument or having a structure inhibiting the client to understand the related risk involved, and the criteria for defining structured deposits under paragraph 5, item 1, "e" having a structure inhibiting the client to understand the risk of return or the costs of an early exit from the investment shall be laid down in an ordinance.

Services provided to professional clients

Article 79a. (New, SG No. 51/2022) (1) The requirements of Article 71, Paragraph 2, item 4 shall not apply to services provided to professional clients, except for investment advisory and portfolio management services.

(2) The requirements of Article 78, Paragraph 5 and Article 85, Paragraph 1 shall not apply to services provided to professional clients, unless such clients state to the investment firm in electronic format or on paper that they wish to benefit from the rights provided for in those provisions.

(3) The investment firm shall keep a register of the communications with the clients referred to in Paragraph 2.

Exceptions

Article 80. (Amended, SG No. 25/2022, effective 8.07.2022) The requirements of Articles 77, 78, 79 and 82 shall not apply in respect of an investment service provided to a consumer in connection with covered bonds linked to a credit agreement for a residential property made to the same consumer who is subject to the provisions for assessment of the creditworthiness of consumers as referred to in Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No. 1093/2010 (OJ, L 60/34 of 28 February 2014). The covered bond under the first sentence shall be issued specifically to ensure the financing of the credit agreement for residential property and shall have the same conditions as the credit agreement in order to allow the loan to be repaid, refinanced, bought back or repurchased.

Additional requirements

Article 81. (Supplemented, SG No. 83/2019, effective 22.10.2019) Additional requirements for making assessment of the relevance and suitability, as well as for provision of current and periodic information to the clients of the investment firm are set out in Delegated Regulation (EU) 2017/565 and in an ordinance.

Section III

Agreement. Execution of orders

Agreement. General terms. Tariff

Article 82. (1) The investment firm shall perform the services and activities under Article 6, paragraphs 2 and 3 on behalf of a client based on a written contract therewith. The contract shall regulate the rights and obligations of the parties, as well as other conditions under which the investment firm shall provide investment services to the client.

(2) The investment firm shall establish a record of each client, in which it shall keep the contract under paragraph 1 and all the documents relating to the investment services provided to the client.

(3) The investment firm may conclude contracts with their clients under general terms and conditions, which shall contain the basic rights and obligations of the investment firm and the client under Delegated Regulation (EU) 2017/565. The content of the general terms and conditions shall be determined on the basis of the services and activities for which a licence has been obtained, and they may contain the information that the investment firm must provide to retail clients in accordance with the requirements of this Act.

(4) The investment firm shall include in the general terms and conditions and/or in the contract with the client information about the ways for reasonable and equitable settlement of disputes.

(5) The general terms and conditions and/or the contract with the client shall indicate the procedure, the ways and time limits for settlement of relations with the client upon:

1. an order by the client for payment of funds and/or for transfer of financial instruments during the validity of the contract;
2. termination of contractual relationships.

(6) Included in the general terms and conditions and/or the contract with the client shall be the conditions for the transfer of the client financial instruments in a depository institution in accordance with the rules of the depository institution to a sub-account of client at another person designated by the client in advance or after the termination of the contractual relationship, within a time limit set out in the general terms and conditions or in the contract, or to a personal account of the client, including by opening a new account.

(7) (Amended, SG No. 24/2018, effective 16.02.2018) The investment firm shall notify the Commission of any change in its general terms and conditions under paragraph 3. Enclosed to the notification shall be the full wording of the general terms and conditions, as amended and supplemented at the relevant date, and the minutes of the management body of their adoption. Where the adopted changes do not meet the requirements herein or the instruments for its implementation, the Commission on a proposal by the Deputy Chairperson shall have the right to require removal of the deficiencies, non-conformities and discrepancies established.

(8) The investment firm shall announce in a tariff its standard commission remuneration by various types of contracts with clients, as well as the type and amount of the costs to the clients, if they are not included in the remuneration.

(9) The general terms and conditions and the tariff shall be displayed in a visible and easily accessible place in the premises where the investment firm accepts clients and shall be published on the website of the investment firm.

(10) Upon conclusion of a contract, the investment firm shall provide the client with the general terms and conditions and the tariff, and the client shall certify that he has been introduced to them and accepts them. The accepted general terms and conditions and the tariff shall form an integral part of the contract concluded between the investment firm and the client.

(11) The investment firm shall publish in a visible place on its website any amendment and supplement to the general terms and conditions and/or the tariff, containing the information about the date of their adoption and the date of their entry into force. The publication of the general terms and conditions/the tariff, as well as the amendments and supplements thereof shall be carried out within a period of not less than one month before the entry into force of the amendments and supplements. The investment firm shall include in the contract information about the manner of adopting amendments and supplements to its applicable terms and conditions and/or tariff.

(12) In case of disagreement with the amendments and supplements to the general terms and conditions and/or the tariff, the client may terminate the contract without any notice before the date of entry into force of the general terms and conditions and/or the tariff without bearing responsibility for penalties and costs, with the exception of costs relating to the assets held thereby.

(13) Upon the termination of the contract under paragraph 12 the investment firm shall settle its relations with the client within 7 days of receipt of the statement of termination.

(14) The additional requirements in connection with the conclusion of the contract shall be set out in an ordinance.

(15) The provisions of the Obligations and Contracts Act, the Commerce Act and the Consumer Protection Act shall apply to the general terms and conditions of the investment firm, unless otherwise provided for herein.

Provision of services through the mediation of another investment firm

Article 83. (1) The investment firm performing investment or other services on behalf of a client on the order of another firm shall have the right to receive the information about the client as gathered by the investment firm on whose order the services are performed.

(2) The investment firm on whose order the services under paragraph 1 are performed shall be responsible for the completeness and correctness of the information provided.

(3) An investment firm performing services under paragraph 1 on the order of another firm shall have the right to receive and refer to investment advice given to the client by the other firm in respect of the service or the transaction.

(4) The investment firm whose order services under paragraph 1 are provided shall be responsible for the relevance of the advices and for the suitability of the recommendations made to the client.

(5) The investment firm performing services under paragraph 1 in accordance with an order by another firm, shall be responsible for the execution of the service or the conclusion of the transaction based on the information and advice received under paragraphs 1 and 3 and in accordance with the requirements of Part Two, Title One.

Execution of orders under the most favourable conditions for the client

Article 84. (1) When executing client orders, the investment firm shall take all adequate steps to obtain the best possible result for the client, taking into account the price, the costs, the speed of execution of the order, the likelihood of execution and settlement, the size, nature, and

any other circumstances relating to the execution of the order. In case of specific instructions by the client the investment firm shall execute the order following such instructions.

(2) In the execution of an order made by a retail client, the best possible result shall be determined by the total value of the transaction, including the price of the financial instrument and the costs for the execution. The costs for the execution shall include all expenses directly related to the execution of the order, including fees for the execution venue, clearing and settlement fees, as well as other charges and fees paid to third parties involved in the execution of the order.

(3) In order to achieve the best possible result in cases where there are more than one competitive venues for execution of orders relating to financial instruments and for making assessment and comparison of the results that can be achieved for the retail client upon execution of the order from each of the execution venues listed in the order execution policy of the firm, which are suitable for its execution, account shall be taken of the firm's commission and the costs for the execution of the order for each of the possible execution venues.

(4) The investment firm shall not be entitled to receive a fee, discount or non-monetary benefit for the transmission of an order to a specific trading venue or for the execution of an order if in this way violates the requirements of paragraphs 1 – 3, Article 65, paragraph 1, item 7, Articles 70 – 74, Articles 76 – 82 and Article 99.

(5) Additional requirements for the execution of the client's order are laid down in Article 64 of Delegated Regulation (EU) 2017/565.

Disclosure of Information

Article 85. (1) The investment firm shall provide to the client reports on the services provided in a durable medium in accordance with Delegated Regulation (EU) No. 2017/565. The reports shall include information that is consistent with the type and complexity of the financial instruments concerned and with the nature of the service provided, as well as information on the costs associated with the transactions and services undertaken on behalf of the client.

(2) (Amended, SG No. 83/2019, effective 22.10.2019, repealed, SG No. 51/2022).

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

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

(5) The investment firm shall, at the latest within the business day following the day on which the order is fulfilled, inform the client about the venue of order execution.

(6) (Amended, SG No. 83/2019, effective 22.10.2019, SG No. 64/2020, effective 21.08.2020) An investment firm which executes orders of clients shall summarise and publish annually by 30 April information about each class of financial instruments for:

1. the first five venues for execution of orders in terms of volume of transactions, on which it performed orders of clients during the previous year, and

2. information about the quality of the execution.

(7) (Amended and supplemented, SG No. 83/2019, effective 22.10.2019, repealed, SG No. 51/2022).

(8) (Amended, SG No. 49/2025) The information stored by the investment firm about the transactions concluded in financial instruments on behalf of a client shall contain at least details about the identity of the client and of the measures taken in performance of the Measures Against Money Laundering Act and Act on Measures Against the Financing of Terrorism and of Proliferation of Weapons of Mass Destruction.

(9) (New, SG No. 25/2022, effective 29.03.2022) Additional requirements to market operators and investment firms that organize a trading venue and systematic participants regarding the disclosure of market data shall be laid down in an ordinance.

(10) (New, SG No. 51/2022, effective 1.03.2023) Any trading venue and systematic internaliser shall provide to the public free of charge information about the quality of the execution of orders in the trading venue and in the venues concluded by the investment firm as a systematic internaliser, when the subject of these transactions are financial instruments subject to the obligation for trading under Articles 23 and 28 of Regulation (EU) No. 600/2014.

(11) (New, SG No. 51/2022, effective 1.03.2023) Any trading venue shall also have the obligation under Paragraph 10 in respect of financial instruments other than those subject to the obligation for trading under Articles 23 and 28 of Regulation (EU) No. 600/2014.

(12) (New, SG No. 51/2022, effective 1.03.2023) The information referred to in Paragraph 10 shall include data about the price, costs, speed of execution and the probability of execution of individual financial instruments.

(13) (New, SG No. 51/2022, effective 1.03.2023) The content, format and frequency of the information under Paragraphs 10 – 12 shall be set out by Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards concerning the data to be published by execution venues on the quality of execution of transactions (OJ, L 87/152 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/575". The content and format of the information under Paragraph 6 shall be set out by Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution (OJ, L 87/166 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/576".

Policy on execution of client orders

Article 86. (1) The investment firm shall adopt and apply in its operations a policy on execution of client orders. The policy shall contain rules for the execution of the orders, which shall provide for the best execution of client orders in accordance with Article 84, paragraphs 1 – 3.

(2) The policy under paragraph 1 shall include in respect of each class of financial instrument information about the execution venues of client orders, advantages and disadvantages of individual execution venues (according to volume, price and execution costs) and about the venues on which the firm can achieve the best execution. Included in the policy shall be at least the execution venues which allow the investment firm to receive continuously the best possible results for the execution of its client orders.

(3) The investment firm shall provide its clients with appropriate information in writing about its policy under paragraph 1. The information shall clearly indicate in detail and intelligibly for the client the manner in which the investment firm will execute the orders of the client.

(4) The investment firm may not execute orders on behalf of clients if they have not granted their prior consent on the policy under paragraph 1.

(5) The investment firm shall execute client orders in accordance with the policy under paragraph 1 and shall inform promptly the client of any changes in such policy. Paragraphs 3 and 4 shall apply *mutatis mutandis*.

(6) Where the policy under paragraph 1 provides for the possibility that client orders may be executed outside a trading venue, orders may be executed this way provided that the clients of the investment firm have been informed in advance thereof and have given their express consent therefor. The consent referred to in the first sentence may be general or in respect of individual transactions.

(7) The investment firm shall monitor the effectiveness of the policy under paragraph 1 and in case of deficiencies it shall remove them. The investment firm shall check whether the execution venues included in the policy under paragraph 1 provide for the best possible result of the client order and whether changes are required in accordance with the terms and procedure of Delegated Regulation (EU) 2017/565.

(8) At the request of a client or the Deputy Chairperson the investment firm shall demonstrate at any time that it has executed the orders in accordance with the policy under paragraph 1.

(9) Additional requirements to the policy under paragraph 1 are laid down in Delegated Regulation (EU) 2017/565.

Rules and procedures for processing of client orders

Article 87. (1) An investment firm which performs investment services under Article 6, paragraph 2, item 2 shall adopt and apply in its activity rules and procedures that provide for immediate, fair and accurate execution of client orders, including observance of the order of receipt of identical orders.

(2) Additional requirements to the rules and procedures under paragraph 1 are laid down in Delegated Regulation (EU) 2017/565.

Publication of an outstanding limited client order

Article 88. (1) Where a limited client order in respect of shares admitted to trading on a regulated market or traded elsewhere is not executed immediately in the current market conditions, the investment firm shall take measures, unless the client expressly gives another instruction, for as quick as possible execution of such order and shall disclose publicly the client order in accordance with Article 70 of Delegated Regulation (EU) 2017/565.

(2) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, may by a decision to exempt investment firms from the obligation for public disclosure of limited orders under paragraph 1, when the order made is of large volume as compared to the normal market size set out in Article 4 of Regulation (EU) No. 600/2014.

(3) The procedure for exemption under paragraph 2 shall be determined in an ordinance.

Eligible counterparties

Article 89. (1) (Amended, SG No. 83/2019, effective 22.10.2019, SG No. 25/2022, effective 29.03.2022, amended and supplemented, SG No. 51/2022) An investment firm performing investment services under Article 6, Paragraph 2, items 1, 2 and 3 may conclude transactions with eligible counterparties without being obliged to comply with the requirements of Article 70, Paragraphs 2 and 3, Articles 71, Paragraphs 1 - 9, Articles 72 - 74, Articles 77 - 79, Article 82 and Articles 84 - 87 in respect of specific orders or in respect of any relevant additional service directly related to those orders. The investment firm in its relations with eligible counterparties shall act honestly, fairly and professionally and shall provide correct, clear and not misleading information, taking into account the nature and activities of the eligible counterparty.

(2) An eligible counterparty shall be an investment firm, credit institution, insurance company, a collective investment scheme, a management company, a pension insurance company, a pension fund, other financial institutions, which have license or are governed by the laws of the European Union and of the Member States, the national governments, public bodies that manage public debt, central banks and international institutions, as well as such persons from third countries in respect of which requirements equivalent to the requirements of the laws of the European Union apply.

(3) As eligible counterparties may also be considered other persons meeting the requirements set out in Article 71 of Delegated Regulation (EU) 2017/565, including persons

from third countries.

(4) In case of an order of a client who is a person of another jurisdiction, an investment firm shall take into account whether the client is defined as an eligible counterparty under the legislation of the state in which the client is established.

(5) Any person defined as an eligible counterparty hereunder may request expressly not to be treated as such party in general or in respect of an individual transaction.

(6) In the conclusion of a transaction with or for an eligible counterparty under paragraphs 3 and 4 the investment firm shall have the express confirmation of the person that he agrees to be treated as an eligible counterparty.

(7) In the conclusion of transactions with or eligible counterparties, the investment firm shall comply with the requirements of Article 71 of Delegated Regulation (EU) 2017/565.

Section IV

Protection of commercial secret

Obligation to protect commercial secret

Article 90. (1) In performing its activity the investment firm shall keep the commercial secret of its clients and their business reputation.

(2) The members of the management and supervisory bodies of the investment firm and the employees working under employment contract for it may not may disclose, unless authorised therefor, and use to their own benefit or to the benefit of any other persons any facts and circumstances regarding the balances and accounts for the operations in the financial instruments and funds held for clients of the investment firm, or any other facts and circumstances constituting commercial secret, which may have come to the knowledge thereof in the performance of the official and professional duties thereof.

(3) All persons under paragraph 2, upon assumption of position or commencing activity for the investment firm, shall sign a confidentiality declaration to safeguard the secret under paragraph 2.

(4) The provision of paragraph 2 shall furthermore apply to the cases where the said persons are off duty or have been suspended.

Disclosure of commercial secret

Article 91. (1) Except to the Commission, to the Deputy Chairperson and empowered officials of the administration of the Commission for the purposes of their supervisory activity and within the framework of the order for inspection, and on the regulated market of which it is a member, the investment firm may give details under Article 90, paragraph 2 only:

1. with the consent of the client thereof;
2. in accordance with Title Two, Chapter Sixteen, Section IIIa of the Tax and Social Insurance Procedure Code, or
3. in pursuance of a judgment rendered under the terms and procedure of paragraphs 2 and 3.

(2) Any court of law may order disclosure of the details covered under Article 90, paragraph 2 on the request of:

1. a public prosecutor, should there be reason to believe that a criminal offence has been committed;
2. the minister of finance or a person authorised thereby, in the cases referred to in Article 143, paragraph 4 of the Tax and Social Insurance Procedure Code;
3. the director of the territorial directorate of the National Revenue Agency where:

a) should it be proven that the person inspected has frustrated the conduct of an audit or inspection or has failed to keep accounts as required, or that there are material deficiencies in the said accounts;

b) a competent public authority has established by a written statement the occurrence of a fortuitous event which has led to the destruction of the accounting records of the person inspected;

c) (new, SG No. 66/2023, effective 5.08.2023) is requested by a public enforcement agent in connection with securing and collecting a public claim;

4. (amended, SG No. 84/2023, effective 6.10.2023) Counter-Corruption Commission and Unlawfully Acquired Assets Forfeiture Commission;

5. the director of the Public Financial Inspection Agency, where a public financial inspection agency officer has established by a written statement that:

a) the management of the organization or person inspected frustrates the conduct of a financial inspection;

b) the organization or person inspected fails to keep accounts as required, or the said accounts are deficient or false;

c) there is reason to believe that a deficiency has occurred or a criminal offence has been committed;

d) bank accounts must be distrained in order to secure any claims ascertained by the financial inspection;

e) a public authority has established by a written statement the occurrence of a fortuitous event which has led to the destruction of accounting records of the organisation or person inspected;

6. (amended, SG No. 98/2018, effective 7.01.2019) the Director of the Customs Agency and the directors of the territorial directorates in the Customs Agency, where:

a) it has been established by a written statement drawn up by the customs authorities that the person inspected has frustrated the conduct of a customs inspection and has failed to keep the required records, or the said records are deficient or false;

b) any customs violations have been established by a written statement drawn up by the customs authorities;

c) bank accounts must be distrained to secure any claims ascertained by the customs authorities and collectible thereby, as well as to secure the payment of fines, legal interest and other such;

d) a competent public authority has established by a written statement the occurrence of a fortuitous event which has led to the destruction of the accounting records of the entity inspected by the customs authorities;

7. (amended, SG No. 94/2019) the director of the Combating Organised Crime Directorate General, the director of the National Police Directorate General or to the director of the regional directorate of the Ministry of Interior, for the purposes of investigations under instituted criminal proceedings;

8. the Chairperson of the State Agency for National Security or an official duly authorised thereby where this is necessary for national security protection;

9. (amended and supplemented, SG No. 66/2023, effective 5.08.2023) the executive director of the National Revenue Agency or an official authorised thereby – in the cases under Article 143f (6), Article 269d (2), Article 269k и 269q of the Tax and Social Insurance Procedure Code.

(3) The regional judge shall rule on the request in camera by a reasoned judgment within 24

hours after filing of the said request, setting a time limit for disclosure of the information covered under Article 90, paragraph 2. Any such judgment of the court shall be unappealable.

(4) The investment firm shall provide the director of the National Investigation Service, the Chairperson of the State Agency for National Security or the Secretary General of the Ministry of Interior with information regarding balances and movements in the accounts of the companies with over 50 per cent state and/or municipal participation.

(5) Upon available details about organised criminal activity or money laundering the prosecutor general or a deputy authorised thereby may require from investment firms to provide the particulars under Article 90, paragraph 2.

(6) In addition to the cases referred to in paragraphs 1 – 5, the investment firm shall provide information on financial instruments and monetary funds of clients to receivers appointed by the Court for the purposes of performing their duties in insolvency proceedings, and to the resolution bodies under the Recovery and Resolution of Credit Institutions and Investment Firms Act. The information that may be provided for in accordance with the first sentence shall be determined in an ordinance.

Section V

Keeping of client assets

Keeping of client assets. Restrictions on use of client assets

Article 92. (1) An investment firm holding financial instruments and monetary funds of clients shall take measures to protect the rights of ownership in such assets of their clients.

(2) The investment firm shall separate its financial instruments and funds from those of its clients. The investment firm shall not be liable to its creditors with the financial instruments and funds of its clients. No enforcement on the cash and the financial instruments of clients shall be allowed for obligations of the investment firm.

(3) The investment firm may not use financial instruments of its clients for its own account, for the account of its other clients or for the account of any other person, except with the express consent of the client and under conditions laid down in an ordinance.

(4) (Amended, SG No. 83/2019, effective 22.10.2019) The investment firm may not use for own account monetary funds of clients. The requirement in the first sentence shall not apply to bank investment firms.

(5) Invalid in respect of a client shall be any set-off, any established collateral, as well as any other actions undertaken in respect of his financial instruments and/or monetary funds as a result of which a third party acquires the right to dispose of the financial instruments and/or the monetary funds of the client to meet a claim which is not associated with the client or with the services provided by the investment firm to the client. The first sentence shall not apply in cases where such actions result from the applicable legislation in a third country where the financial instruments and/or monetary funds of the client are held.

Keeping monetary funds of clients

Article 93. (1) The investment firm shall deposit the monetary funds of its clients at:

1. a central bank;
2. a credit institution licensed to carry on business in accordance with the Credit Institutions Act and in accordance with the requirements of Directive 2013/36/EU;
3. a credit institution licensed in a third country;
4. a qualified money market fund.

(2) The requirement under paragraph 1 shall not apply to bank investment firms, in

connection with deposits within the meaning of the Credit Institutions Act, set therewith.

(3) The investment firm may deposit the monetary funds of its clients at persons under paragraph 1 which are related thereto, under the terms and procedure set out in an ordinance.

(4) When a credit institution under paragraph 1, item 2 or 3 carries on activity in the territory of the Republic of Bulgaria, the investment firm shall keep the monetary funds of individual client accounts or client accounts to the account of the investment firm.

(5) Other requirements for the terms and procedure for keeping monetary funds of clients shall be determined in an ordinance.

Keeping client financial instruments

Article 94. (1) The investment firm shall keep the financial instruments of its clients in a depositary institution on client accounts to the account of the investment firm or on accounts opened to the account of a third party.

(2) Other requirements for the terms and procedure for keeping of financial instruments of clients shall be determined in an ordinance.

Restrictions on the establishment of financial collateral

Article 95. (1) The investment firm may not conclude with retail clients financial collateral contracts with transfer of ownership in the collateral in order to secure current, future, defined, contingent or expected obligations of the client.

(2) Other requirements for the terms and procedure for establishing financial collaterals shall be determined in an ordinance.

Section VI

Methods of receiving client orders. Recordings of telephone conversations and electronic communications

Methods of receiving client orders

Article 96. (1) Reception and initiation by the investment firm of phone calls and communications or conversations or of calls and communications via electronic means of communication, which concern the conclusion of transactions for own account or where the receipt, transmission and execution of orders of clients shall be carried out by technical means and equipment designated for that purpose by the investment firm and/or made available to the relevant employees or other individuals engaged in these actions for investment firm.

(2) The investment firm shall take the necessary measures in order to prevent the receipt and initiation of telephone calls and electronic communications under paragraph 1 through the use of technical means and equipment, other than those laid down for that purpose by the investment firm.

(3) The investment firm shall notify its clients that the telephone calls and electronic communications via them under paragraph 1 will be recorded. The obligation laid down in the first sentence shall be deemed to be fulfilled where the investment firm has notified the client one-off before the start of provision of investment services. An investment firm that fails to meet the requirement in the first sentence, shall not have the right to perform investment services and activities by means of telephone or other communications in accordance with paragraph 1, relating to reception, transmission and enforcement of client orders.

(4) client orders may be submitted by the clients to the investment firm also by means other than those referred to under paragraph 1, provided that they are made in a durable medium or are documented in a durable medium, when they are submitted in the presence of the client. Orders

under the first sentence shall be considered equivalent to the orders made pursuant to paragraph 1.

Records of telephone calls and electronic communications

Article 97. (1) The investment firm shall establish and keep records of all phone calls and communications or conversations and messages via electronic means of communication, which concern the conclusion of transactions for own account or the receipt, transmission and execution of client orders, regardless of whether the transaction is concluded.

(2) The documents and records made under paragraph 1 and Article 96, paragraph 3 shall be made available to the client upon request and shall be stored by the investment firm for a period of not less than 5 years of creation thereof. The Deputy Chairperson may determine under Article 276 a longer period for the storage of documents and records, which may not be longer than 7 years since their creation.

Application of the requirements to branches of investment firms

Article 98. The requirements under Articles 96 and 97 shall also apply to branches of investment firms operating on the territory of the Republic of Bulgaria, for the transactions and operations carried out through the branches.

Section VII

Creation and offering of financial instruments

Internal organisation in the creation of financial instruments

Article 99. (1) An investment firm which issues, develops or otherwise creates financial instruments for the purpose of selling them to final clients shall implement and support processes and internal organisational mechanisms for the approval of any new financial instrument or a significant change in an existing financial instrument before offering it for sale to clients.

(2) Subject to approval under paragraph 1 shall be the designation of the target group of final clients within the respective category of clients for each financial instrument, as well as the assessment of all relevant risks for that target group and the strategy for distribution of these financial instruments, which shall be consistent with the characteristics of the target client group.

(3) The financial instruments created by an investment firm shall be subject to periodic review in order to establish newly emerging circumstances that could have a significant impact on potential risks for the clients of the target group. The investment firm shall make assessment of whether the financial instrument continues to meet the needs of the target group of clients, and whether the specified dissemination strategy is adequate.

(4) The investment firm shall provide to any person who distributes financial instruments created thereby, the whole relevant information on financial instruments and on the process of approval under paragraph 1, including the designated target group of clients for the given financial instrument.

(5) (New, SG No. 51/2022) An investment firm shall be exempt from the requirements set out in Paragraphs 1 - 4, where the investment service it provides relates to bonds without any other embedded derivative, except for a "make-whole" clause or where financial instruments are offered or distributed exclusively to eligible counterparties.

Offering of financial instruments created by third parties

Article 100. When the investment firm offers or recommends financial instruments which have not been created thereby, it shall take all the necessary measures to obtain the appropriate information under Article 99, paragraph 4 and shall be duly acquainted with the characteristics of the financial instrument and with the designated target client group for that instrument.

Other requirements

Article 101. Other requirements in connection with the creation and distribution of financial instruments shall be laid down in an ordinance.

Chapter Eight TRADING SYSTEMS

Section I Requirements for algorithmic trading

Requirements for trading systems

Article 102. (1) An investment firm performing algorithmic trading shall have effective systems and mechanisms for risk control in accordance with its activity to ensure that its trading systems:

1. (supplemented, SG No. 54/2025) are steady and have the necessary capacity in accordance with the requirements of Chapter II of Regulation (EU) 2022/2554;
2. have in place certain appropriate thresholds and limits for trade;
3. do not allow submission of false orders or otherwise do not allow interference in the functioning of the market;
4. may not be used for purposes which are contrary to Regulation (EU) No 596/2014 or to the rules of the relevant trading venue with which they are associated.

(2) (Amended, SG No. 54/2025) The investment firm shall adopt and implement effective business continuity arrangements to deal with any failure of its trading systems, including ICT business continuity policy and plans and ICT response and recovery plans established in accordance with Article 11 of Regulation (EU) 2022/2554, and shall ensure its systems are fully tested and properly monitored to ensure that they meet the general requirements laid down in this paragraph and any specific requirements laid down in Chapters II and IV of Regulation (EU) 2022/2554.

Notification to the competent authority

Article 103. (1) An investment firm based in the Republic of Bulgaria, which intends to carry out algorithmic trading in another Member State, shall notify in advance the Commission and the competent authority of the trading venue where the investment firm will carry out algorithmic trading in its capacity as a member or a participant in the trading venue.

(2) An investment firm of a Member State, which intends to carry out algorithmic trading in a trading venue in the Republic of Bulgaria, shall notify in advance the Commission and the competent authority of its Member State of origin.

(3) In the cases referred to in paragraphs 1 and 2, the prior notification to the Commission shall contain the following information:

1. a description of the nature of algorithmic trading strategies;
2. data on the parameters or limits for trading embedded in the trading system;
3. data on the main risk control mechanisms and for compliance with the requirements under Article 102, and
4. detailed information about the tests conducted of the systems of the investment firm.

(4) The Financial Supervision Commission may require from the investment firm under paragraph 1 to regularly or occasionally provide the information under paragraph 3, and at any time to request from it additional information about its algorithmic trading and the systems used

to that end.

(5) At the request of the competent authority of the trading venue in which the investment firm from the Republic of Bulgaria performs algorithmic trading in its capacity as a member or a participant in the trading venue, the Commission shall make available the information referred to in paragraphs 3 and 4, received from the investment firm engaged in algorithmic trading.

Storage of information on algorithmic trading

Article 104. (1) The investment firm shall store all the information relevant to the fulfilment of the requirements under Article 103, which is necessary to verify compliance with the requirements of the law.

(2) An investment firm applying a high-frequency method for algorithmic trading shall store in a format determined by Commission Delegated Regulation (EU) 2017/589 of 19 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading (OJ, L 87/417 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017 /589", accurate information in chronological order on all submitted orders, including the cancellation of order, on executed orders and quotations in the trading venues.

(3) The investment firm shall provide, at the request of the Deputy Chairperson, the information under paragraphs 1 and 2.

Algorithmic trading following a market-making strategy

Article 105. (1) An investment firm performing algorithmic trading following a market-making strategy shall meet the following requirements:

1. shall act as a market-maker continuously during a certain interval of business hours in the trading venue (except in exceptional circumstances) to ensure regular and foreseeable liquidity in that trading venue;

2. shall have concluded a contract with the trading venue, stating at least its obligations under item 1, and

3. shall have effective control systems and mechanisms in place to ensure that it meets its obligations at any time under the contract referred to in item 2.

(2) For the purposes of this section, the investment firm shall follow a market-making strategy, when in its capacity as a member or as a participant in one or more trading venues in transactions for its own account simultaneously announces fixed "buy" and "sell" quotations for a comparable volume and at competitive prices for financial instruments in one or more trading venues, thereby providing a regular and constant liquidity to the market.

(3) Other requirements relating to the obligation of the investment firm to conclude a contract under paragraph 1, item 2 with the trading venue, the content of the contract, the cases where the trading venue is required to apply a market-making scheme, as well as the cases where exceptional circumstances under paragraph 1 exist are set out in Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying the requirements on market making agreements and schemes (OJ, L 87/183 of 31 March 2017), hereinafter referred to as "Delegated Regulation (U) 2017/578".

Obligations in providing direct electronic access to a trading venue

Article 106. (1) An investment firm which provides direct electronic access to a trading venue shall have effective control systems and mechanisms in place to ensure compliance with the following requirements:

1. assessment and regular review of the assessment of the clients is made to find out whether the service is relevant and suitable for them;

2. clients using the service may not exceed the corresponding preset thresholds for trading and credit limits;

3. the investment firm shall duly monitor the trading effected by the clients using the service;

4. the risk control mechanisms shall not allow execution of transactions that may pose risks to the investment firm, cause disturbances in the functioning of the market, or of transactions that are contrary to Regulation (EU) No. 596/2014 or to the rules of the trading venue.

(2) An investment firm failing to meet one or more of its obligations under paragraph 1 may not provide direct electronic access to a trading venue.

(3) The investment firm shall be responsible for the compliance with the legal requirements and the rules of the relevant trading venue by the clients to whom it provides the service for the provision of direct electronic access to the a trading venue. The investment firm shall monitor the transactions closed by such clients in order to establish violations of the requirements under the first sentence, any unauthorised trade or conduct which could involve market abuse and shall notify the Commission thereof.

(4) The investment firm shall provide direct electronic access of the client to the trading venue on the basis of a written contract. The contract shall establish the main rights and obligations in relation to the provision of the service, as well as the condition that the investment firm shall be responsible for the client's compliance with the legal requirements and with the rules of the trading venue.

(5) The investment firm providing direct electronic access to a trading venue shall inform the Commission thereof within three days from the granting of access, as well as the competent authority of the trading venue to which the firm provides direct electronic access. With the notification referred to in the first sentence, the investment firm shall provide the Commission with a description of the systems and control mechanisms under paragraph 1, as well as evidence of their implementation. The description and evidence under the second sentence shall be made available to the Commission on any subsequent change in systems and control mechanisms under paragraph 1 within three days of the change.

(6) At the request of the competent authority of the trading venue to which the investment firm provides direct electronic access, the Commission shall submit the information referred to in paragraph 5.

(7) The investment firm shall store all the information necessary to establish compliance with the requirements of this Article, under the conditions and within the time limits laid down in Delegated Regulation (EU) 2017/589.

Obligations in providing a clearing service

Article 107. (1) An investment firm which acts as the main clearing member for others, shall apply effective systems and control mechanisms which ensure the provision of the clearing service only to persons for whom the service is suitable and who meet certain criteria and requirements set in advance by the investment firm in order to limit the risks for the investment firm and the market.

(2) The investment firm under paragraph 1 shall conclude a written contract with the persons to whom it provides the clearing service, stipulating the rights and obligations for the provision of the service.

Other requirements in connection with algorithmic trading

Article 108. Other requirements to the internal organisation of the activities of the

investment firm in algorithmic trading, including high-frequency algorithmic trading, in providing direct access to a trading venue, requirements for sponsored access to trading venue, as well as in providing the clearing service shall be determined with the Delegated Regulation (EU) No. 2017/589 and Commission Delegated Regulation (EU) 2017/584 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying organisational requirements of trading venues (OJ, L 87/350 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/584".

Section II

Trading and completion of transactions on MTF and OTF

Additional organisational requirements

Article 109. (1) An investment firm that organises an MTF or OTF, in addition to the requirements under Article 65, Article 69, Articles 92 – 98 shall adopt and apply clear rules and procedures to ensure fair and proper trading, and shall set and apply objective criteria for the efficient execution of the orders.

(2) The investment firm under paragraph 1 shall meet the following requirements:

1. shall create conditions for proper management of the technical operations of the trading system, including adoption and implementation of a plan for the continuity of trading in order to manage the risks of failure in the system;

2. shall adopt clear rules, setting out the criteria to be met by the financial instruments to be traded on an MTF or OTF organised thereby;

3. shall take the necessary measures to ensure access to the publicly available information, when such information is available and which is necessary for making informed investment decision by participants in the trading system, according to the type of the participants and the financial instruments traded through the system;

4. shall adopt and apply clear and non-discriminatory rules, based on objective criteria, governing the access to the trading system and which shall be made available on its website;

5. shall take measures to establish and manage the potential adverse consequences for the functioning of an MTF or OTF or for the members, participants or users of the trading system, arising from conflicts of interest between the interests of the MTF or OTF, their holders or the investment firm organising the MTF or the OTF, and the proper functioning of the MTF or the OTF;

6. shall comply with the requirements of Articles 170 – 179, for the purpose of which it has taken the necessary measures and has created and maintains the necessary effective systems, procedures and mechanisms;

7. shall ensure the presence of at least three actually active members or users of MTF or OTF, and each of them may interact with the others in relation to the setting of the price of the traded financial instruments.

(3) Where transferable securities admitted to trading on a regulated market are also traded on MTFs or OTFs without the issuer's consent, the issuer may not be required to disclose initially, subsequently or accidentally information relating to the trading on the respective MTF or OTF.

Obligations in relation to the settlement of closed transactions

Article 110. (1) The investment firm shall clearly inform the members or participants of MTF or OTF organised thereby of their responsibility for the settlement of the transactions executed via the trading system.

(2) The investment firm shall take the necessary measures to facilitate the settlement of the transactions concluded via the MTF or OTF organised thereby.

Provision of information on MTF and OTF

Article 111. (1) Upon submission of a request for the granting a licence for the operation of MTF or OTF, and at the request of the Deputy Chairperson, the investment firm operating the MTF or OTF shall submit to the Commission:

1. a detailed description of the operation of the MTF or OFT, including information about any connection to or participation in a regulated market, another MTF, OTF or a systematic internaliser, owned by the same investment firm;

2. a list of the members, participants and/or users of the MTF or OTF.

(2) The Financial Supervision Commission shall notify ESMA of each licence granted for the operation of MTF or OTF.

(3) The investment firm shall notify the Commission of any change in the circumstances under paragraph 1.

(4) The Financial Supervision Commission shall provide the information under paragraphs 1 and 3 to ESMA, upon request.

(5) The content and format of the information referred to in paragraph 1, and the notification under paragraph 3 shall be determined by Implementing Regulation (EU) 2016/824.

(6) (Amended, SG No. 51/2022) With regard to the powers of the Minister for Finance under Article 17a of the Government Debt Act, being a competent authority within the meaning of Article 32, Paragraph 1 of Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ, L 86/1 of 24 March 2012), hereinafter referred to as "Regulation (EU) No. 236/2012", the Commission shall provide him/her with information on transactions concluded with government securities, received in line with Article 26 of Regulation (EU) No. 600/2014, on a regular basis or upon request, in a manner set out in a cooperation agreement between the two authorities.

Section III

Specific requirements for MTFs

Specific requirements

Article 112. (1) An investment firm operating an MTF, in addition to the requirements under Article 65, Article 69, Articles 92 – 98 and Articles 109 – 111 shall meet the following requirements:

1. shall adopt and apply the rules for access to the system for trading on an MTF under Article 109, paragraph 2, item 4, which comply with the requirements under Article 183, paragraph 1;

2. shall adopt and apply non-discretionary rules for execution of orders through the trading system, which do not allow for discretion on the part of the investment firm how to meet orders and as a result of the meeting a transaction is concluded in accordance with the rules of the MTF;

3. shall have the necessary resources to manage the risks to which the MTF is exposed, and shall implement appropriate measures and systems to identify and limit all significant risks to its operation;

4. shall apply effective measures to facilitate the smooth and timely completion of transactions which are executed through the MTF systems, and

5. shall have at any time sufficient financial resources for the proper functioning of the trading system in accordance with the nature and scope of the transactions concluded on the

MTF, and the risks to which it is exposed.

(2) The requirements of Articles 70 – 74, Articles 77 – 80, Article 82, Article 84, Article 85, paragraph 5 and Articles 86 – 88 shall not apply to transactions closed on an MTF in accordance with the rules of the system, as well as in the relationship between the participants in the system and between such persons and the operator of the MTF in connection with the use of the MTF. The participants in the facility shall not be exempt from compliance with the above requirements in the relations with their clients where they deal on their own account through such a facility.

(3) An investment firm operating an MTF, when executing orders of clients, may not deal on its own account, nor may it participate in matched principal trading.

(4) (Amended, SG No. 83/2019, effective 22.10.2019) The investment firm under paragraph 1 shall have the right to use a central counterparty, a clearing house or a settlement system of another Member State in order to provide clearing and settlement of transactions concluded through the system operated thereby, subject to a prior approval by the Commission.

(5) For issuance of approval under paragraph 4 an application shall be filed and documents and particulars shall be enclosed thereto as set out in an ordinance.

(6) The Financial Supervision Commission on a proposal by the Deputy Chairperson shall issue or shall refuse to issue approval under paragraph 4 within one month from receipt of the application, and where additional particulars and documents are requested, within one month from their receipt. Article 18, paragraph 6, second and third sentences shall apply *mutatis mutandis*.

(7) The Financial Supervision Commission shall refuse to issue approval, if the action under paragraph 4 would disturb the functioning of the multilateral trading facility operated by the investment firm, no fast and efficient settlement is provided or the technical conditions do not allow proper functioning of the system.

(8) To operate a government securities multilateral trading facility on the territory of the Republic of Bulgaria a prior approval shall be obtained from the Minister of Finance and from the Governor of the Bulgarian National Bank of the rules for admission to trading, the criteria for order execution, the registration and settlement of government securities.

(9) The approval or the refusal of the prior approval referred to in paragraph 8 shall be issued and submitted to the Commission within one month of receipt of the request by the Commission.

Section IV

Specific requirements for OTFs

Restrictions on concluding transactions on own account

Article 113. (1) An investment firm operating an OTF shall take measures to prevent the conclusion of transactions on its own account in the execution of client orders through the system, nor on account of persons that are part of the same group or the same legal person as the investment firm.

(2) The investment firm may engage in trading for its own account, bonds matched principal trading, structured financial products, emission allowances and derivatives, with the exception of derivatives that are subject to mandatory clearing under Article 5 of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ, L 201/1 of 27 July 2012), hereinafter referred to as "Regulation (EU) No. 648/2012", provided that the client has given

consent to conclude a deal this way. In this case paragraph 1 shall not apply.

(3) (Amended, SG No. 24/2018, effective 16.02.2018) The investment firm operating the OCT may conclude transactions for own account, other than matched principal trading, when the transactions have as subject public debt securities for which there is no liquid market in the meaning of § 1, item 19 of the additional provisions. In this case Paragraphs (1) and (2) shall not apply.

Restrictions when interacting with systematic internaliser, another OTF and market maker

Article 114. (1) One and the same legal entity may not operate an OTF and carry on business as a systematic internaliser.

(2) The investment firm shall not allow the OTF operated thereby:

1. to be associated with a systematic internaliser in a way that allows interaction between the orders submitted in the OTF and the orders and quotations at the systematic internaliser;

2. to be connected with another OTF so that the orders made in the two systems interact.

(3) An investment firm operating an OTF, may conclude a contract with another investment firm, which shall act as market maker of the OTF operated thereby, provided that the latter is not a related party to the investment firm operating the OTF.

Execution of orders on a discretionary basis

Article 115. (1) The investment firm operating the OTF shall provide for the execution of the orders on the OTF at its sole discretion in accordance with paragraphs 2 – 4.

(2) Discretion under paragraph 1 shall be allowed only in one or in both of the following cases:

1. whether to enter a client-submitted order for execution, and whether to fulfil a request for withdrawal of an order submitted to the OTF, and/or

2. when it decides not to meet a specific order of a client with other orders available in the system at a given time, provided that this is in accordance with the specific instructions of the client and with the requirements of Articles 84 – 86.

(3) With the OCT that meets orders of clients, an investment firm has the right to discretion whether, when and how to meet two or more orders submitted in the system.

(4) An investment firm operating an OTF via which transactions are concluded in non-equity securities, including public debt securities, may assist the parties in the conduct of negotiations leading to the conclusion of a transaction as a result of the match of two or more potentially compatible interests. The first sentence shall apply in compliance with the requirements of Articles 84 – 86, Articles 109 – 111, Article 113 and Article 114.

Provision of information about OTF

Article 116. Upon submission of an application for the granting a licence for the operation of OTF, and at the request of the Deputy Chairperson, the investment firm shall submit the following information in addition to the information under Article 111:

1. a detailed explanation of why the system does not constitute and may not act as a regulated market, an MTF or a systematic internaliser;

2. the terms and procedure for the exercise of discretion under Article 115, including the cases in which an order may be withdrawn, entered in the OTF, and when and how two or more orders of clients will meet within the OTF;

3. a description of the way in which the investment firm uses principal matching trading in the operation of the OTF.

Compliance with the requirements for the protection of investors

Article 117. The investment firm shall execute orders of clients through the OTF operated thereby subject to the requirements under Articles 70 – 74, Articles 77 – 80, Article 82 and

Section V

Control on the compliance with the rules of MTF and OTF

Monitoring and control systems and rules

Article 118. (1) The investment firm operating an MTF or OTF shall apply effective systems, rules and procedures for ongoing monitoring and control on the compliance with its rules under Article 109, paragraph 2, item 2 by the members and participants in the trading system.

(2) The investment firm shall monitor and control the orders submitted to the facility, including the cancelled orders and operations executed by the members, participants or users in the trading system, in order to establish violations of the rules under Article 109, paragraph 2, item 2, unlawful trading conditions, actions that may be indicative of prohibited behaviour under Regulation (EU) No. 596/2014, or a breakdown in the system for trading in a given financial instrument.

(3) The investment firm shall ensure the necessary resources for the effective functioning of the monitoring and control systems under paragraph 1.

Notification of violations

Article 119. (1) The investment firm shall notify the Deputy Chairperson immediately, but no later than the end of the business day, and in compliance with the requirements of Articles 81 and 82 of Delegated Regulation (EU) 2017/565 of the violations found thereby of the rules under Article 109, paragraph 2, item 2, unlawful trading conditions, actions indicative of prohibited behaviour under Regulation (EU) No. 596/2014, or a breakdown in the system for trading in a given financial instrument.

(2) In case of available data of a committed crime related to market abuse, the investment firm shall immediately inform the Prosecutor's Office.

(3) Upon receipt of information about actions that may indicate prohibited behaviour under Regulation (EU) No. 596/2014, the Deputy Chairperson shall launch an inquiry not later than the end of the next business day.

(4) The Financial Supervision Commission shall submit immediately, but no later than the end of the next business day, the information referred to in paragraph 1 to ESMA and to the competent authorities of the Member States. In case of information about actions that are indicative of prohibited behaviour under Regulation (EU) No. 596/2014, the Commission shall provide the relevant information, if the Deputy Chairperson has established the presence of such behavior as a result of the enquiry under paragraph 3.

Section VI

Suspension of trading and removal from trading on MTF and OTF

Suspension of trading in financial instruments and removal of financial instruments from trading on MTF or OTF

Article 120. (1) The investment firm may suspend or remove from trading a financial instrument which no longer complies with the rules of the MTF or OTF, unless such suspension or removal may harm substantially the interests of the investors or the smooth functioning of the

market pursuant to Article 80 of Delegated Regulation (EU) 2017/565.

(2) The investment firm shall also suspend or remove relevant derivatives under Article 4, paragraphs 4 – 10, which according to Article 1 of Delegated Regulation (EU) 2017/569 of 24 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the suspension and removal of financial instruments from trading (OJ, L 87/122 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/569", are connected with or refer to the financial instrument referred to in paragraph 1, if it is necessary for the purposes of the suspension or removal of the underlying financial instrument.

(3) The investment firm shall publish on its website the decisions to suspend, remove from trading financial instruments under paragraphs 1 and 2, and for cancellation of the suspension or removal from trading and shall notify the Commission thereof by the end of the business day and in compliance with the requirements of Delegated Regulation (EU) 2017/569.

Suspension and removal from trading other trading venues

Article 121. (1) Where the suspension or removal from trading of a financial instrument and derivative under Article 120 is due to a suspicion of market abuse, is related to a tender offer or to a violation of the requirements for disclosure of inside information as per Articles 7 and 17 of Regulation (EU) No. 596/2014, the Commission on the proposal of the Deputy Chairperson shall decide on the suspension or removal from trading of that financial instrument and relevant derivatives from all trading venues and systems of systemic internalisers operating on the territory of the Republic of Bulgaria on which such financial instruments have been admitted to trading, unless the suspension or removal may harm substantially the interests of the investors or the smooth operation of the market pursuant to Article 80 of Delegated Regulation (EU) 2017/565.

(2) The Financial Supervision Commission shall notify immediately, but not later than the end of the business day, ESMA and the competent authorities of the Member States of its decision under paragraph 1, as well as of the subsequent decision of the Commission taken on the proposal of the Deputy Chairperson e-President, to cancel the suspension or removal from trading. If the Commission does not decide on a suspension or removal, the notification shall also state reasons therefor.

(3) When the Commission receives notification from a competent authority of a Member State to suspend or remove from trading financial instruments due to the presence of the grounds referred to in paragraph 1, in the event that these financial instruments are traded in a trading venue or via a systematic internaliser acting in the territory of the Republic of Bulgaria, the Commission on a proposal of the Deputy Chairperson shall take a decision to suspend or remove from trading those financial instruments in accordance with paragraph 1. Paragraph 2 shall apply accordingly.

Section VII

Growth markets

Market growth concept

Article 122. (1) A growth market shall be an MTF for which the condition is satisfied of not less than 50 per cent of the issuers whose financial instruments are admitted to trading on such MTF to be small and medium-sized enterprises as defined in Article 77 of Delegated Regulation (EU) No. 2017/565, and which has effective systems, rules and procedures ensuring compliance with the requirements of this Act, including Delegated Regulation (EU) 2017/565.

(2) The rules and procedures referred to in paragraph 1 shall meet the requirements of Article 123.

(3) A multilateral trading system may not act as a growth market before it is registered under Article 123, and should it no longer meet the requirements under paragraph 1.

Conditions for registration of MTF as a growth market

Article 123. (1) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall decide on the registration of MTF as a growth market on the basis of an application filed by the investment firm operating the respective MTF, if the requirements for the operation of MTF hereunder are met, as well as upon compliance with at least the following requirements:

1. the MTF meets the conditions under Article 122 at the time of filing the application;
2. the rules of Article 122 meet the requirements under Article 78 of Delegated Regulation (EU) 2017/565 and include at least the following:
 - a) clear criteria for admission and subsequent trading of the financial instruments;
 - b) a requirement upon the initial admission to trading of the financial instruments the investors to have sufficient information to make an informed decision on whether to invest in the financial instrument, and in the case of public offering of securities an appropriate document has been prepared for admission to trading or a prospectus in accordance with the requirements of Chapter Six of the POSA;
 - c) a requirement for current disclosure in the market of periodic financial reports or other financial information by the issuer or on behalf of the issuer pursuant to Article 78 of Delegated Regulation (EU) No. 2017/565;
 - d) a requirement within the meaning of Article 3, paragraph 1, item 21 of Regulation (EU) No. 596/2014, whose financial instruments are traded on an MTF concerned, the persons with managerial functions under Article 3, paragraph 1, item 25 of Regulation (EU) No. 596/2014, as well as the closely related persons under Article 3, paragraph 1, item 26 of Regulation (EU) No. 596/2014 to comply with the relevant requirements of Regulation (EU) No. 596/2014;
 - e) a requirement that the relevant regulated information about issuers whose financial instruments are admitted to trading on such MTF to be stored and publicly disclosed;
3. the investment firm has created and applies effective systems and controls for the prevention and detection of market abuse on such MTF in accordance with the requirements of Regulation (EU) No. 596/2014.

(2) Compliance with the conditions under paragraph 1, item 1 shall be assessed in compliance with the requirements under Article 78, paragraph 1 of Delegated Regulation (EU) 2017/565.

(3) The investment firm may provide for additional requirements to those under paragraph 1 for admission of financial instruments to trading on MTF, registered as a growth market for growth, as well as for the functioning of the growth market.

(4) The investment firm shall submit evidence to the Commission on the compliance with the requirement under paragraph 1, item 1 for each calendar year until 31 January of the following calendar year.

Entry in the register of growth markets

Article 124. (1) (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall make a decision on the application for registration within two months of receipt thereof, together with all the documents attached thereto, as defined by an ordinance, and when additional data and documents were requested, within one month of receipt of the required documents. Article 15, paragraphs 3 and 4

shall apply mutatis mutandis.

(2) The Financial Supervision Commission shall enter the MTF in the Register of Growth Markets when the requirements under Article 123 have been complied with.

(3) The Financial Supervision Commission shall refuse to enter an MTF in the Register of Growth Markets when any of the requirements referred to in Article 123 has not been complied with.

Deregistration from the Register of Growth Markets

Article 125. (1) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall make a decision to deregister the MTF from the Register of Growth Markets where:

1. the investment firm has not fulfilled the requirement under Article 122, paragraph 1 within the time limit set by the Commission and has not submitted a plan for the implementation of the requirement for the following calendar year; or

2. the investment firm does not meet the condition under Article 122, paragraph 1 for three consecutive calendar years; or

3. the MTF no longer meets one of the other requirements under Article 123, paragraph 1, items 2 and 3;

4. the investment firm has requested deregistration of the MTF from the Register of Growth Markets.

(2) In the cases referred to in paragraph 1, item 4 the investment firm shall submit an application, applying data and documents set out in an ordinance. The Financial Supervision Commission shall decide on the application within 14 business days. The Financial Supervision Commission may refuse to deregister the MTF from the Register of Growth Markets, if this could compromise the interests of investors or the smooth operation of the market.

Trading a financial instrument on more than one growth market

Article 126. (1) Financial instruments admitted to trading on a growth market, may be traded on another growth market, where the issuer has been notified in advance thereof and has not objected within the time limit set in the notification.

(2) The admission of financial instruments to trading on another growth market under paragraph 1 shall not lead to additional obligations for the issuer on its corporate management or for a prior, current or accidental disclosure of information.

Notification of ESMA

Article 127. (Amended, SG No. 64/2020, effective 21.08.2020) The Financial Supervision Commission shall notify ESMA not later than by the end of the business day, of each entry of an MTF in the Register of under item 1 of Article 30 (1) of the Financial Supervision Commission Act and of each deregistration on an MTF from such Register.

Chapter Nine

REPORTING AND DISCLOSURE OF INFORMATION BY INVESTMENT FIRMS

Financial reporting. Capital adequacy and liquidity reporting

Article 128. (1) (Supplemented, SG No. 25/2022, effective 29.03.2022) The investment firm shall draw up capital adequacy and liquidity reports under Regulation (EU) No. 2019/2033 or Regulation (EU) No. 575/2013.

(2) The investment firm shall prepare annual financial statements in accordance with the

requirements of the International Financial Reporting Standards.

(3) The annual financial statements of an investment firm shall be certified by a registered auditor. The results of the audit of the annual financial statements as conducted by the auditor shall be shown in a separate report, compiled in a standard form endorsed by the Deputy Chairperson, which shall be included in the annual report.

(4) (*) The investment firm shall submit to the Commission the financial statements under paragraph 2 within 90 days of the end of the financial year.

(*) *Editor's Note.* According to § 46 to the Act on the Measures and Actions during the State of Emergency Declared by a Resolution of the National Assembly of 13 March 2020 (SG No. 28/2020): "In 2020, the time limits referred to in Article 128 (4) and proposition one of Article 190 (1) of the Markets in Financial Instruments Act shall be extended until the 31st day of July 2020".

(5) The investment firm shall rectify the deficiencies and any other non-conformities with the legal requirements found by the Commission, including the International Financial Reporting Standards, as may have been committed in the capital adequacy and liquidity reports, as well as in the financial statements, ledgers and other accounting records, within a reasonable time limit as shall be set by the Commission.

(6) (New, SG No. 51/2022) Additional requirements for the procedure and format in which the reports under Paragraph 1 are to be prepared shall be set out in an ordinance.

Provision of information by a registered auditor

Article 129. (1) (Amended, SG No. 25/2022, effective 29.03.2022) A registered auditor who carries out statutory financial audit of the financial statements of an investment firm, a regulated market, an approved reporting mechanism or an approved publication arrangement under Article 1, Item 3 shall notify the Commission in writing of any information found in the conduct of the statutory financial audit and which may:

1. (supplemented, SG No. 25/2022, effective 29.03.2022) constitute a material breach of the laws, regulations and administrative provisions;

2. (amended, SG No. 25/2022, effective 29.03.2022) affects the continuous functioning of the investment firm, the regulated market, the approved reporting mechanism or the approved publication arrangement under Article 1, Item 3;

3. (amended, SG No. 79/2024) constitute grounds for refusal of an auditor opinion, a negative or qualified audit opinion under Article 51, paragraph 3, item 5 of the Independent Financial Audit and Assurance of Sustainability Reporting Act.

(2) The auditor under paragraph 1 shall furthermore notify the Commission in writing of any information under paragraph 1, which was established thereby during the conduct of the statutory financial audit of a related party to the investment firm.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) The notification under Paragraphs 1 and 2 shall be carried out immediately.

(4) The good-faith notification to the Commission or the Deputy Chairperson, as the case may be, by the registered auditor of the information under paragraphs 1 and 2 shall not constitute a violation of a contractual or legal restriction on the disclosure of information.

Notification of the Commission of corporate changes

Article 130. (1) The investment firm shall notify the Commission of:

1. opening and closing of a branch;
2. change of the name specified in the granted authorisation, as well as of a change in the seat and registered address;
3. amendments and supplements in the articles of association or the memorandum of association that have served as grounds for granting the licence to the investment firm;
4. changes in the composition of the persons under Article 13;
5. other circumstances specified in an ordinance.

(2) The obligations under paragraph 1 shall be performed by the investment firm within 7 days from taking the decision, making the amendment or becoming aware of the amendment or supplement, and in the cases where the circumstance is subject to entry in the commercial register, from entry thereof.

Notification of concluded transactions in financial instruments

Article 131. The investment firm shall the Commission with information about the transactions in financial instruments concluded thereby under the conditions and within the time limits laid down in Regulation (EU) No. 600/2014.

Notification of the National Revenue Agency

Article 132. (1) The investment firm shall notify the National Revenue Agency of the revenues on the transactions for acquisition of shares in public companies from companies registered in preferential tax regime jurisdictions and their beneficial owners within the meaning of the Economic and Financial Relations with Companies Registered in Preferential Tax Regime Jurisdictions, the Persons Controlled by Them and Their Beneficial Owners Act.

(2) The obligation under paragraph 1 shall be performed by the investment firm electronically, within 7 days from the transaction conclusion.

Identification of clients of foreign persons performing investment services and activities

Article 133. Foreign persons entitled under their national law to perform the services and activities under Article 6, paragraph 2, and which have acquired financial instruments in their name but on the account of other foreign persons under the terms of Article 49 or as clients of an investment firm for which the Republic of Bulgaria is the home country, shall identify before the Commission their clients and the transactions effected on their account within three business days from the written request.

Annual disclosure of information on the activities

Article 134. (1) (Amended, SG No. 25/2022, effective 29.03.2022) An investment firm that does not meet the conditions for small and non-interconnected investment firms, as defined in Article 12, Paragraph 1 of Regulation (EU) 2019/2033, shall disclose annually, separately for the Republic of Bulgaria, for the Member States and for the third countries in which there are subsidiaries, which are financial institutions within the meaning of Article 4, Paragraph 1, Item 26 of Regulation (EU) 575/2013, or that has established branches, the following information:

1. name, description of the activities and location of each subsidiary or branch;
2. turnover amount;
3. number of full-time employees (equivalent basis);
4. pre-tax financial result from operations;
5. taxes charged on the financial result from operations;
6. state subsidies received, if any.

(2) The information under paragraph 1 shall be subject to independent financial audit and shall be published as notes to the annual financial statements on a stand-alone or on a consolidated basis, if applicable.

Chapter Ten

TRANSFORMATION, REORGANISATION AND DISSOLUTION OF AN INVESTMENT FIRM

Section I

Transformation of an investment firm

Transformation of an investment firm

Article 135. (1) An investment firm may be transformed subject to the prior approval by the Commission.

(2) To issue approval under paragraph 1 an application shall be filed to the Commission, enclosing documents and particulars as set out in an ordinance.

(3) (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission, at a proposal by the Deputy Chairperson, shall issue or refuse to issue approval under paragraph 1 within one month from receipt of the application, and where additional particulars and documents were requested, from their receipt. Article 15, paragraphs 3 and 4 shall apply mutatis mutandis.

(4) The Financial Supervision Commission shall refuse to issue approval if the reorganisation under paragraph 1 does not meet the requirements of the law, the applicant has submitted false details or documents with incorrect content or the interests of the clients of the investment firm are not protected.

(5) The Registry Agency shall enter the change under paragraph 1 in the commercial register after it is presented with the approval issued by the Commission.

Section II

Reorganisation programme. Reorganisation measures

Reorganisation programme

Article 136. An investment firm, with the exception of those referred to in Article 1, paragraph 1, item 2 of the Recovery and Resolution of Credit Institutions and Investment Firms Act, shall submit to the Commission for approval a reorganisation programme upon a significant deterioration of its financial position. The requirements to the rehabilitation programme and the procedure for its approval shall be set out in an ordinance.

Reorganisation measures

Article 137. (1) Reorganisation measures shall be measures aimed to preserve or restore the financial position of an investment firm under Article 10, paragraphs 1 and 2, and which might affect the existing rights of third parties, including measures related to the possibility of suspension of payments, suspension of enforcement actions or reduction of claims. Those measures shall furthermore include application of the recovery measures and actions and the resolution tools and exercise of the resolution powers under the Recovery and Resolution of Credit Institutions and Investment Firms Act or under the relevant applicable law of another Member State.

(2) The measures under paragraph 1 shall be those applied by the Commission or by the Deputy Chairperson, as the case may be, and by the competent authorities of another Member

State applied in their capacity as supervisory authorities and resolution authorities.

(3) In case Article 114 of the Recovery and Resolution of Credit Institutions and Investment Firms Act applies, the provisions of Article 138, paragraph 3 shall not apply.

(4) In case of application of the resolution tools under the Recovery and Resolution of Credit Institutions and Investment Firms Act, the provisions of this section shall apply to the persons under Article 1, paragraph 1, item 3 – 7 of the Recovery and Resolution of Credit Institutions and Investment Firms Act.

Application of reorganisation measures and competent authorities

Article 138. (1) The Financial Supervision Commission or its Deputy Chairperson, as the case may be, shall be the competent authorities for the application of reorganisation measures in relation to an investment firm under Articles 136 and 137, including in relation to its branches in other Member States.

(2) The terms and procedure for the application of such measures and their legal consequences shall be governed by Bulgarian law, unless otherwise provided.

(3) When the Commission applies reorganisation measures in relation to an investment firm under Article 10, paragraphs 1 and 2, which has branches in other Member States, the Commission shall notify immediately, prior to the application of the measures, the competent authorities of such Member States of its decision, and where this is not possible, simultaneously with their application. In the notification the Commission shall indicate the consequences of the application of the measure.

(4) Extracts from the acts of the Commission or the Deputy Chairperson, as the case may be, for the application of the reorganisation measures shall be published on the Commission's website and in two central dailies in the Republic of Bulgaria within two business days from the date of issue thereof.

(5) An excerpt from the acts of the Commission or the Deputy Chairperson, as the case may be, for the application of reorganisation measures, including the acts for the application of reorganisation measures in relation to a branch of an investment firm of a Member State, shall be published in the Official Journal of the European Union to ensure a possibility for appeal.

(6) The extract of the act under paragraph 4 shall contain a description of the legal and factual grounds for the issuance of the act, the name and address of the court in which the act may be appealed, as well as the timeframe for appeal.

Reorganisation measures against a branch from a third country

Article 139. Before applying reorganisation measures to a branch of an investment firm of a third country which has branches on the territory of one or more Member States, the Commission shall inform the competent authorities of those Member States of its intention to apply reorganisation measures against that branch, as well as of the consequences thereof. In cases where prior notification of the competent authorities is not possible, the Commission shall notify them immediately after the application of the measures.

Reorganisation measures against an investment firm from a Member State

Article 140. (1) The reorganisation measures taken by the competent authority of a Member State in relation to an investment firm authorised in that Member State shall be recognised directly and without formalities in the Republic of Bulgaria and of the moment they are subject to enforcement, shall have effect in relation to the branch of such investment firm carrying out activity in the Republic of Bulgaria, as well as against third parties in the Republic of Bulgaria. The legal consequences of the reorganisation measures shall be governed by the law of the Member State concerned, unless this Act provides for otherwise.

(2) The persons who administer reorganisation measures on the territory of the Republic of

Bulgaria, undertaken by the competent authority of a Member State, shall enjoy the same status and powers as they may have under the law of such Member State. Those persons shall apply the Bulgarian law in the disposal of assets of the investment firm in the territory of the Republic of Bulgaria and in the settlement of employment relationships arising within the territory of the Republic of Bulgaria.

(3) The reorganisation measures undertaken by the competent authority of a Member State in relation to a branch of an investment firm licensed in a third country shall be recognised directly and without formalities in the Republic of Bulgaria and as of the moment they are subject to enforcement, they shall have effect in relation to the third parties in the Republic of Bulgaria.

Section III

Dissolution procedures

Competent authorities and applicable law to winding-up and bankruptcy proceedings

Article 141. (1) Dissolution procedures shall be the winding-up and bankruptcy procedures for an investment firm under Article 10, paragraphs 1 and 2, including the firm's branches in other Member States, as well as any similar procedure relating to the termination of activity and collective proceedings for conversion into cash and distribution of the assets of the investment firm, openly and under the supervision of the relevant administrative or judicial authorities of a Member State, including where the proceedings end with an agreement or in any other similar way.

(2) Competent for the liquidation or for the opening of bankruptcy proceedings against an investment firm licensed in the Republic of Bulgaria shall be the Bulgarian judicial or administrative authorities. The decision of those authorities shall furthermore have effect on the investment firm's branches in other Member States.

(3) Unless otherwise provided for in this Act, in case of liquidation proceedings and bankruptcy proceedings against an investment firm licensed in the Republic of Bulgaria, the Bulgarian law shall apply, including in reference to:

1. the chattels that are subject of the proceedings and the legal regime governing the chattels acquired by the investment firm after the opening of the proceedings;
2. the investment firm's rights and the powers of its liquidator or assignee in bankruptcy, as the case may be;
3. the conditions under which set-offs are permitted;
4. the effects of the opening of the proceedings on current contracts to which the investment firm is a party;
5. the effects of the proceedings on the law suits brought by individual creditors against the investment firm;
6. the claims lodged against the investment firm, as well as their legal regime, if they arise after the opening of the proceedings;
7. the terms and requirements for lodgement and acceptance of the claims on the investment firm;
8. the rules for the allocation of funds raised from the conversion of assets into cash, the ranking of the claims of the investment firm's creditors, as well as the rights of creditors which have obtained partial satisfaction after the opening of the bankruptcy proceedings as a result of the liquidation of property collateral or through set-off;
9. the conditions for termination of the bankruptcy proceedings and the consequences thereof;

10. the creditors' rights after the termination of the proceedings;
11. the arrangements concerning the costs for the proceedings;
12. the terms and procedure for announcing the legal acts damaging the interests of the creditors null and void, voidable or unenforceable against them.

Dissolution of an investment firm with a branch in a Member State

Article 142. (1) The Financial Supervision Commission shall notify on a timely basis the competent authority of the Member States in which the investment firm carries on its activity through a branch that a compulsory liquidation has been petitioned or the opening of bankruptcy proceedings and shall inform it of the consequences arising from the proceedings.

(2) The Financial Supervision Commission shall notify the competent authority of the Member States in which the investment firm carries on its activity through a branch that a compulsory liquidation has begun or of the opening of bankruptcy proceedings and shall inform it of the consequences arising from the proceedings.

(3) The procedure for the notification under paragraphs 1 and 2 shall also apply in the cases of a dissolution of a branch of the investment firm in the Republic of Bulgaria having a seat in a third country, when the investment firm concerned has a branch in another Member State as well. In these cases, the Commission and the competent authority shall coordinate their activities within the framework of the proceedings with the competent administrative and judicial authorities of the other host Member States.

(4) The liquidator or the assignee in bankruptcy, as the case may be, of the investment firm under Article 10, paragraphs 1 and 2, with branches in other Member States, shall publish an extract from the decision to begin liquidation or open bankruptcy proceedings in the Official Journal of the European Union.

(5) The invitation of the liquidator under Article 267 of the Commerce Act shall have the heading in all official languages of the European Union "Invitation for lodgement of a claim. Timeframes to be complied with."

(6) Every creditor in the liquidation proceedings, including a public authority, shall have the right to lodge its claims or to submit an objection thereon in the official language or in one of the official languages of the Member State concerned. In this case, the lodgement of the claim shall bear the heading in Bulgarian "lodgement of claim".

(7) The liquidator or the assignee in bankruptcy shall have the right to require submission of a translation into Bulgarian of the documents under paragraph 4.

(8) Unless otherwise provided for in a law, any creditor shall send copies of the documents supporting its claim and shall specify the nature of the claim, the date on which it arose and its amount, as well as reference to a preference, the property collateral provided, or the right of lien and what assets are covered by its collateral.

(9) The claims of all creditors of the investment firm authorised under Article 10, paragraphs 1 and 2 in respect of which liquidation or bankruptcy proceedings have been opened shall be treated equally and accorded the same ranking based on identical criteria, regardless of whether they have arisen within the territory of the Republic of Bulgaria or within the territory of other Member States.

(10) The liquidator or the assignee in bankruptcy, as the case may be, shall keep the creditors of the investment firm under Article 10, paragraphs 1 and 2 regularly and duly informed, in respect of which liquidation or bankruptcy proceedings have been opened, about the progress of the proceedings.

Section IV

Legal consequences from reorganisation measures and dissolution procedures

Framework of legal consequences

Article 143. In the application of reorganisation measures or opening of dissolution procedures in respect of an investment firm under Article 10, paragraphs 1 and 2, the legal consequences shall be governed as follows:

1. for employment contracts and related relationships, by the law of the Member State applicable to the respective employment contract;
2. for contracts giving the right of use or acquisition of immovable property, by the law of the Member State in which the immovable property is located, which law shall also define which items are immovable and movable;
3. on the rights of the investment firm in relation to an immovable property, a ship or an aircraft, such rights being subject to registration in a public register, by the law of the Member State where the register is kept.

Rights arising from property collaterals

Article 144. (1) The application of reorganisation measures or the opening of dissolution procedures against an investment firm under Article 10, paragraphs 1 and 2 shall not affect the rights of creditors or third parties arising from property collateral in respect of tangible or intangible assets, including immovable or movable ones, specific or general items or sets of items that belong to the investment firm but are located on the territory of another Member State during the application of such measures or at the time of the opening of the dissolution procedure.

(2) The rights under paragraph 1 shall include the right:

1. to demand conversion into cash or to convert assets into cash and to satisfy from the liquidation proceeds, including when the assets are subject to a pledge or a mortgage;
2. to priority satisfaction, including by virtue of a pledge on a claim or by virtue of assignment of a claim as collateral;
3. of the person who has rights in an item, to require its return or recovery from whoever is in possession thereof or uses it without legal basis;
4. of usufruct of the assets provided as collateral.

(3) A right recorded in a public register and enforceable against third parties, by virtue of which a right under paragraph 1 may be acquired, shall be considered a right under paragraph 1.

(4) (Amended, SG No. 24/2018, effective 16.02.2018) The provisions of paragraphs 1 and 2 shall not preclude the possibility for requesting the declaration of voidness, voidability or unenforceability laid down in Article 141, paragraph 3, item 12 for certain legal acts.

(5) The application of reorganisation measures or the opening of a dissolution procedure for the investment firm under Article 10, paragraphs 1 and 2, which is the buyer of an item, shall not affect the seller's rights in such item under a contract for sale, with retention of title until full payment of the price, when at the time of the application of such measures or the opening of the dissolution procedure for the investment firm the item was located in the territory of another Member State.

(6) The application of reorganisation measures or the opening of a dissolution procedure for the investment firm under Article 10, paragraphs 1 and 2, which is the seller of an item under a contract under paragraph 1, shall not give grounds for termination of the contract if the item was delivered, and shall not be an obstacle to the acquisition of title in the item by the buyer, when at the time of the application of such measures or the opening of the dissolution procedure

against the investment firm the item being the object of sale was located in the territory of another Member State.

Rights of creditors to set-off

Article 145. (1) The application of reorganisation measures or the opening of a dissolution procedure for the investment firm under Article 10, paragraphs 1 and 2 shall not affect the right of its creditors to offset any of their claims against claims of the investment firm on them, when the legal conditions for such set-off are in place.

(2) The provision of paragraph 1 shall not preclude the possibility for requesting the declaration of voidness, voidability or unenforceability laid down in Article 141, paragraph 3, item 12 of certain legal acts.

Governing law for reorganisation measures and dissolution procedures

Article 146. In the application of the reorganisation measures or the opening of a dissolution procedure in respect of the investment firm under Article 10, paragraphs 1 and 2 the applicable law shall be:

1. (amended, SG No. 83/2019, effective 22.10.2019) for the right of ownership or other rights in financial instruments within the meaning of Article 4, paragraph 1 item 50, littera "b" of Regulation (EU) No. 575/2013, the existence or transfer of which entails their recording in a register, account or in a depository institution located or kept in a Member State – the law of the Member State where the relevant register, account or depository institution is located or kept;

2. for netting agreements, the law of the contract regulating such netting shall apply;

3. for repurchase agreements, the law of the repurchase agreement shall apply, provided that item 1 is not violated;

4. for transactions effected on a regulated market – the law applicable to the contract in respect of such transactions, provided that item 1 is not violated;

5. for pending court cases on items or rights of which the investment firm under Article 10, paragraphs 1 and 2 has been divested, the law of the Member State where the relevant law suit is conducted shall apply.

Registration of reorganisation measures and dissolution procedures

Article 147. (1) The persons administering reorganisation measures, the liquidator or another competent judicial or administrative authority of the home Member State shall take all the necessary measures for registration of the reorganisation measures or for opening of a dissolution procedure for an investment firm in the relevant commercial, property or another public register in the territory of the Republic of Bulgaria, where such registration is compulsory under the Bulgarian law.

(2) The costs for the registration shall be considered part of the costs for the reorganisation measures or the dissolution procedure for the investment firm.

Rules for voidness, voidability or unenforceability of detrimental acts to creditors

Article 148. (1) The provision of Article 141, paragraph 3 shall not apply to the rules for voidness, voidability or unenforceability of acts that are detrimental to all creditors, where the beneficial owner of the act provides evidence that the law of another Member State applies to the act that is detrimental to all creditors and such law does not allow the appeal of the act in the specific case.

(2) Where a reorganisation measure decided on by a judicial authority provides for rules for voidness, voidability or unenforceability of acts that are detrimental to all creditors and which acts were executed before the application of the measure, the rule under Article 140, paragraph 1, sentence two shall not apply in the cases provided for in paragraph 1.

Applicable law to an act executed after a reorganisation measure or after the opening of a

dissolution procedure

Article 149. (Amended, SG No. 83/2019, effective 22.10.2019) The validity of an act executed after the application of a reorganisation measure or after the opening of a dissolution procedure for an investment firm under Article 10, paragraphs 1 and 2, by virtue of which the investment firm disposes against consideration with an immovable property, a ship or an aircraft subject to registration in a public register, or with financial instruments within the meaning of Article 4, paragraph 1, item 50 of Regulation (EU) No. 575/2013, or rights in such instruments, the existence or transfer thereof entailing their registration in a register, account or a depository institution which is located in a Member State, shall be determined by the law of such Member State where the item is located or where the register, account or depository institution is kept/located.

Section V

Powers of administration persons and professional secret

Protection of professional secrecy

Article 150. (1) All persons who submit or receive information in connection with the notification or consultation procedures under this Chapter shall keep professional secrecy.

Powers of persons appointed to administer reorganisation measures or dissolution procedures

Article 151. (1) The decision of the competent authority in a Member State for the appointment of a person to administer the reorganisation measures or the dissolution procedures for an investment firm under licensed in a Member State shall have effect in the territory of the Republic of Bulgaria. The persons shall prove their appointment by presenting a certified copy of the act of appointment, accompanied by a translation in Bulgarian, which shall not be legalised.

(2) The persons appointed under paragraph 1, as well as the persons authorised thereby shall furthermore have the right to exercise their powers deriving from the law of the Member State in respect of a branch of the investment firm in the territory of the Republic of Bulgaria, unless such law provides for otherwise. They shall assist the creditors of the investment firm under in the Republic of Bulgaria in connection with the exercise of their rights.

(3) When exercising their powers in the territory of the Republic of Bulgaria, the persons appointed under paragraph 1 and the persons authorised thereby shall comply with the Bulgarian law, including the procedures for converting assets into cash and provision of information to employees. In the exercise of such powers they may not exercise coercion or resolve legal disputes.

TITLE TWO REGULATED MARKETS

Chapter Eleven GENERAL REQUIREMENTS

Section I General provisions

Regulated market concept. Market operator

Article 152. (1) A regulated market is a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments through the system and in accordance with its non-discretionary rules in a way that results in a contract in respect of the financial instruments admitted to trading under its rules and/or systems, and which is licensed and functions regularly in accordance with the provisions of this Act and the instruments for its application.

(2) (Supplemented, SG No. 25/2022, effective 29.03.2022) A regulated market shall furthermore be any multilateral system which is licensed and functions as regulated market in accordance with the provisions of Directive 2014/65/EU.

(3) The market operator shall be a joint stock company with seat and registered office on the territory of the Republic of Bulgaria, which organises the activities and operations on the regulated market. The market operator may be the regulated market itself.

(4) The market operator shall be responsible for compliance of the regulated market operated thereby with this Act and the instruments for its implementation. The market operator may exercise the rights relating to the regulated market.

(5) The market operator shall issue only dematerialised shares entitling to one vote.

Licence to carry on business as a regulated market

Article 153. (1) For organising and carrying on the business of a regulated market a licence from the Commission shall be required.

(2) Where government securities issued on the domestic market are to be traded on the regulated market, the Commission shall grant a licence subject to prior approval by the Minister of Finance and the Governor of the Bulgarian National Bank of the rules for trading, registration and settlement of government securities. The requirement in the first sentence shall also apply to subsequent changes in the rules.

Authorisation for operation of MTF and/or OTF by a market operator

Article 154. (1) (Amended, SG No. 83/2019, effective 22.10.2019) A market operator may operate an MTF and/or OTF when it has received authorisation from the Commission. The provisions of Article 17, paragraph 2, Articles 18 – 23 and Article 43, paragraphs 8 and 9 shall apply *mutatis mutandis*.

(2) To operate an MTF and OTF the market operator shall meet the requirements of Articles 109 – 121.

(3) (Amended and supplemented, SG No. 83/2019, effective 22.10.2019) A market operator may furthermore operate an MTF that meets the requirements for growth market. Articles 122 – 127 shall apply *mutatis mutandis*.

Operation of a trading platform for crypto-assets

Article 154a. (New, SG No. 54/2025) (1) An authorised market operator may operate a trading platform for crypto-assets if it notifies the Commission in accordance with Article 60 (6) of Regulation (EU) 2023/1114.

(2) A market operator providing crypto-asset services under Paragraph (1) shall also apply the requirements of Regulation (EU) 2023/1114, the Markets in Crypto-Assets Act and their implementing acts.

Applicable law to trade on a regulated market

Article 155. Trade in financial instruments on a regulated market licensed hereunder shall be carried out under the terms and procedure of Bulgarian law.

Capital requirements for the market operator, financial resources for the regulated market

Article 156. (1) (Amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) The market operator shall have at any time a capital of not less than EUR 2,500,000.

(2) The market operator shall ensure the necessary financial resources for the proper functioning of the regulated market operated thereby in accordance with the nature and scope of the transactions concluded through the regulated market system, and depending on the scope and the extent of the risks to which it is exposed.

(3) Additional requirements in relation to the capital adequacy of the market operator, and for the financial resources of the regulated market may be set out in an ordinance.

(4) In the cases where the regulated market and the market operator are separate legal entities, the provisions of paragraphs 1 – 3, Articles 157 and 158 shall apply to the regulated market as well.

Qualifying holding in the market operator

Article 157. (1) All persons having a qualifying holding in a market operator shall be suitable depending on the influence they may exercise over the activity of the regulated market. For persons having a qualifying holding in a market operator the requirements of Article 16 and Articles 53 – 60 shall apply.

(2) The market operator shall publish on its website information on the persons holding directly and indirectly a qualifying holding, and data about their votes in the general meeting of shareholders, as well as any change no later than the end of the next business day following knowledge thereof.

Requirements to the management and supervisory bodies of the market operator

Article 158. (1) The members of the management and supervisory bodies of the market operator, as well as the persons who manage its operations, shall be persons of good reputation, with the required knowledge, skills and qualifications and professional experience corresponding to the activities of the market operator and the main risks associated with the operation of the regulated market, and ensuring the sound and prudent management and operation of the regulated market. The persons under sentence one shall:

1. hold a university degree, qualification and professional experience of at least three years in the field of economics, law, finance, banking or IT;

2. (supplemented, SG No. 65/2023) have not been convicted of a premeditated felony, unless vindicated;

3. have not been members of a management or supervisory body or unlimited liability partners in a company dissolved by insolvency, if unsatisfied creditors have remained;

4. have not been adjudicated bankrupt, nor be the subject of bankruptcy proceedings;

5. not be related parties within the meaning of this Act;

6. be under no disqualification from occupying a position of property accountability;

7. not jeopardize in any other way the stability and prudential management and operations of the regulated market.

(2) The management or the supervisory body of the investment firm, as the case may be, depending on the internal allocation of functions, shall be responsible for:

1. the efficient and reliable management of the market operator and the regulated market operated thereby in accordance with regulatory requirements, including for the proper allocation of duties and responsibilities in defining the organisational structure;

2. the adoption of the regulations under Article 167 and for the control on its implementation;

3. the prevention and identification of conflicts of interests in a way that ensures the integrity of the market;

4. for the efficiency of the management systems of the regulated market and of the market operator, and where necessary shall take the necessary measures for eliminating identified inconsistencies.

(3) (Amended, SG No. 83/2019, effective 22.10.2019, SG No. 25/2022, effective 29.03.2022, SG No. 51/2022) For the members of the management and supervisory bodies, and for the persons who manage the operations the requirements under Article 14, Paragraph 1, Article 15, Paragraph 1 and 3 – 8, Article 62, Paragraph 1, Article 63, Paragraphs 1, 2 and 3, first sentence, Paragraphs 4 – 6, and Article 64, Paragraph 1 and Paragraphs 3 – 8 shall apply.

(4) (Amended, SG No. 25/2022, effective 29.03.2022) In the cases where a market operator is significant, the requirements for its management and supervisory bodies under Article 14, Paragraphs 1 - 5 (except in cases where a member of the management or of the supervisory body is a representative of the State), as well as the requirements of Article 63 shall apply *mutatis mutandis*.

(5) (Amended, SG No. 83/2019, effective 22.10.2019) In the cases where the market operator and regulated market are separate legal entities, the requirements under paragraphs 1 - 4 shall apply *mutatis mutandis*.

(6) (New, SG No. 51/2022) The market operator shall maintain appropriate and effective procedures for the submission of internal signals by the employees of the market operator through a dedicated and independent channel about actual or possible violations in the market operator.

Regulation and supervision

Article 159. (1) The Financial Supervision Commission and the Deputy Chairperson shall exercise supervision over the regulated markets and market operators.

(2) An ordinance may lay down additional requirements for the activity of the regulated market in order to ensure protection of the interests of investors and stability of the market, including the manner of allocation of duties under the law in regard to the activity of the regulated market between the regulated market and the market operator where they are separate legal entities.

Section II

Granting and revoking the licence to pursue the business as a regulated market

Granting of licence

Article 160. (1) To obtain a licence for the pursuit of the business as a regulated market an application shall be submitted to the Commission in a standard form determined by the Deputy Chairperson, enclosing thereto the following details and documents:

1. the articles of association of the market operator;
2. rules of procedure of the organized regulated market;
3. particulars of the paid-in capital;
4. details about the members of the management and supervisory bodies of the market operator and about all the other persons who manage the activity of the market operator, as well

as documents certifying compliance with the requirements under Article 158;

5. details about the persons who have a qualifying holding in the market operator, and documents certifying compliance with the requirements under Article 157, paragraph 1;

6. particulars of premises and technical equipment of the regulated market;

7. a programme of the operations of the regulated market, which shall contain:

a) the types of activities to be performed by the regulated market;

b) the organizational structure of the regulated market.

8. the cases wherein the regulated market is a distinct legal person from the market operator and the following particulars and documents:

a) the particulars under items 1, 4 and 5 of the regulated market;

b) the documents certifying allocation of the duties between the regulated market and the market operator, subject to the requirement of Article 152;

c) (repealed, SG No. 25/2022, effective 29.03.2022);

9. (new, SG No. 25/2022, effective 29.03.2022) other documents set out in an ordinance.

(2) If the details and documents submitted are incomplete, non-compliant or additional information or evidence of their authenticity is necessary, the Deputy Chairperson shall send a communication thereof and shall set a time limit for removal of the deficiencies and non-conformities established or for provision of the additional information and documents required, which shall not be shorter than one month and shall not exceed two months.

(3) (Amended, SG No. 25/2022, effective 29.03.2022) If the communication referred to in Paragraph (2) is not accepted at the correspondence address named by the applicant, the time limit for the submission thereof shall run from the time when the communication is made publicly available on the website of the Commission. The making of the communication publicly available shall be certified by a memorandum drawn up by officials designated by an order of the Deputy Chair.

(4) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall issue a decision on the application for granting a licence under paragraph 1 within three months from receipt thereof, and where additional details and documents have been demanded, within three months from receipt thereof or expiry of the term under paragraph 2, as the case may be.

(5) The Financial Supervision Commission shall grant a licence for the pursuit of the business as a regulated market only if the trading system and its market operator meet the requirements of this Act and the instruments for its implementation.

(6) If the Commission has decided to grant a licence, it shall notify in writing the applicant within the time limit under paragraph 4 that for the granting of the licence, within 14 days of receipt of the notification, the applicant shall certify that the required capital under Article 156 has been paid in full.

(7) The Financial Supervision Commission shall grant a licence and shall inform the applicant thereof within 14 days of receipt of the documents certifying the conformity with the requirements under paragraph 6.

(8) The regulated market and its market operator shall at any time comply with the conditions under which the licence under paragraph 1 has been granted.

(9) The market operator shall notify the Commission of amendments and supplements to documents that have served as grounds for the issuance of the licence, within 7 days, with the exception of the amendments and supplements to the regulations under paragraph 1, item 2, which shall be subject to prior approval by the Commission pursuant to Article 167. The time limit under sentence one shall be in effect from making the decision or from becoming aware of

the amendment or supplement.

Notification of the European Securities and Markets Authority

Article 161. (2) The Financial Supervision Commission shall notify ESMA of each licence granted for the operation as a regulated market.

Refusal to issue a licence

Article 162. (1) The Financial Supervision Commission shall refuse to grant a licence where it finds that:

1. the capital of the applicant does not meet the requirements under Articles 156 or has not been paid in full;

2. the persons who are members of the management or supervisory body of the market operator or who manage the operations of the market operator, have not sufficiently good reputation, do not possess sufficient knowledge, skills and experience and do not devote sufficient time to the performance of their duties, or if there are objective and visible grounds for believing that the management or supervisory body of the market operator may constitute a threat to its efficient, sound and prudent management, and for the adequate compliance with the integrity of the market or do not meet the requirements of this Act and its implementing acts or the statutes of the company;

3. the persons holding a qualifying holding in the market operator do not meet the requirements of Article 158 or may jeopardize otherwise the sound and prudential management of the regulated market;

4. the rules of procedure of the regulated market does not meet the requirements of this Act;

5. the principles or methods of trading do not afford the members or participants in the regulated market equal trading conditions;

6. the market operator or the trading system of the regulated market do not meet the requirements of law;

7. the other requirements of this Act, the instruments for its implementation and the applicable legislation of the European Union have not been complied with;

8. the origin of the funds used by the persons who/which have subscribed 10 and over 10 per cent of the capital is not clear or is not legal;

9. the beneficial owners of a shareholder with a qualifying holding cannot be identified;

10. the applicant has submitted false details or documents with contradictory content.

(2) In the cases referred to in paragraph 1, items 1 – 8, the Commission shall refuse to grant a licence only if the applicant has not removed the deficiencies and non-conformities established or has not submitted the required additional information and documents within the time limit set by it.

(3) A refusal by the Commission to issue an authorisation shall be justified in writing.

Subsequent filing of an application

Article 163. In the cases of refusal the applicant may file a new application for granting of a licence not earlier than 6 months after entry into force of the decision on the refusal.

Entry into the commercial register

Article 164. (1) The Registry Agency shall record the market operator in the commercial register, and in the cases where the regulated market and the market operator are separate legal entities, it shall also record the regulated market upon submission thereto of the licence granted by the Commission.

(2) The market operator or the regulated market, as the case may be, when they are separate legal entities, shall file an application within 7 days of receipt of the licence referred to in Article

160 for entry in the commercial register at the Registry Agency.

Restriction on the use of the designation "market operator" and "regulated market"

Article 165. (1) Persons who do not hold a licence for the pursuit of the business as a regulated market may not use in their name and in advertising or other activity the words "regulated market" or "market operator" or their derivatives in Bulgarian or in another language, or another word denoting pursuit of such business.

(2) No licence for the pursuit of the business as a market operator or a regulated market shall be granted to an applicant whose name is similar to the name of an existing market operator or a regulated market in this country.

(3) On finding violations of paragraph 1, the Deputy Chairperson may apply a measure under Article 276, paragraph 1, item 1 and/or the Commission, at the proposal of the Deputy Chairperson, may apply a measure under Article 276, paragraph 1, item 3.

Licence revocation

Article 166. (1) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, may revoke the licence granted for a regulated market, where:

1. the regulated market does not commence performing the activity within 12 months from the granting of the licence;

2. the market operator expressly requests withdrawal of the authorization;

3. the regulated market has not carried on any activity under its licence for a period of 6 months;

4. untrue details have been submitted, which have served as the basis for the granting of the license, or the regulated market has received the licence on the basis of false data, which have served as the grounds for the granting of the licence, or has used other unauthorised means to obtain the licence;

5. (supplemented, SG No. 83/2019, effective 22.10.2019, SG No. 16/2022, amended, SG No. 49/2025) the regulated market has systematically infringed the provisions of this Act and the instruments for its implementation, as well as the Implementation of the Measures Against Market Abuse with Financial Instruments Act, of the Measures Against Money Laundering Act, of the Act on Measures Against the Financing of Terrorism and of Proliferation of Weapons of Mass Destruction, of Regulation (EU) No. 596/2014, of Regulation (EU) No. 600/2014 and the instruments for their implementation;

6. the market operator or the regulated market operated by it no longer meets the provisions hereof and the instruments for its implementation for conduct of the business in a regulated market capacity;

7. the regulated market has not fulfilled a compulsory administrative measure applied hereunder.

(2) With the decision on withdrawal of the authorization the Commission shall appoint one or more conservators.

(3) No new transactions may be concluded after the notification of the decision on the revocation of the licence of the regulated market.

(4) After entry into force of the decision on revocation of the licence, the Commission shall forthwith send a copy thereof to the Registry Agency for institution of liquidation proceedings against the market operator or the regulated market, as the case may be, and shall publish it in two central daily newspapers. In these cases the Commission shall appoint a liquidator, set a time limit for execution of the liquidation and the remuneration of the liquidator.

(5) The Financial Supervision Commission shall notify ESMA of the decision on the revocation of the licence.

Chapter Twelve

REQUIREMENTS FOR THE OPERATIONS OF THE REGULATED MARKET

Section I

Organisation of the operations

Regulations for the operations of the regulated market

Article 167. (1) The regulated market shall be organised and managed in accordance with regulations for the operations of the regulated market, which shall be adopted by the management body of the market operator.

(2) The regulations under paragraph 1 shall stipulate:

1. rules for access under Article 182;
2. the terms and procedures for examination of claims against members or participants in the regulated market from arbitration;
3. other rules and procedures as provided for in this Act.

(3) Amendments and supplements to the regulations for the operations of the regulated market shall be adopted after prior approval by the Commission.

(4) The Financial Supervision Commission at a proposal of the Deputy Chairperson shall issue or refuse to issue approval under paragraph 3 within one month from receipt of the application. If there are deficiencies and non-conformities in the particulars and documents submitted or the additional information or evidence of the authenticity of details is required, the Commission shall send a communication and shall set a time limit for removal of the deficiencies and non-conformities established or submission of additional particulars and documents, which shall not be shorter than 14 days and longer than one month. Article 160, paragraphs 3 and 6 shall apply *mutatis mutandis*.

(5) The Financial Supervision Commission shall refuse to issue approval if the regulations under paragraph 1 does not satisfy the requirements of the Act, the sound and prudent management of the regulated market is jeopardized, the applicant has submitted false data or documents with incorrect content or the interests of the investors and members of the regulated market are not protected.

Other requirements to the organisation of the operations

Article 168. (1) The regulated market shall apply appropriate measures and procedures:

1. to identify, prevent and terminate potential adverse consequences for the operations of the regulated market or for its members or participants, resulting from conflicts of interests between the interest of the market operator or the regulated market, as the case may be, the persons holding a qualifying holding in the market operator or the regulated market, as the case may be, on one side, and the sound functioning of the regulated market, on the other side, and in particular where such conflicts of interest might prejudice the proper execution of the functions of the regulated market;

2. (amended, SG No. 54/2025) to manage the risks to which it is exposed, including to manage ICT risk in accordance with Chapter II of Regulation (EU) 2022/2554, to implement appropriate arrangements and systems for identifying significant risks to its operation, and to put in place effective measures to mitigate those risks;

3. (repealed, SG No. 54/2025);

4. to have transparent and non-discretionary rules that provide for fair and orderly trading and establish objective criteria for the efficient execution of orders for conclusion of transactions in financial instruments;

5. to ensure the efficient and timely finalization of the transactions concluded on the regulated market;

6. to detect and prevent manipulations on the market in financial instruments;

7. (new, SG No. 83/2019, effective 22.10.2019) for submitting internal alerts which meet the requirements of Article 65, paragraph 1, item 15.

(2) The measures and procedures referred to in paragraph 1 shall be laid down in the regulations under Article 167 and in compliance with the requirements of Delegated Regulation (EU) 2017/584.

(3) Articles 90 and 91 shall apply to regulated markets *mutatis mutandis*.

Prohibition on concluding transactions on own account

Article 169. The market operator may not execute orders submitted by clients by dealing on own account or by matched principal trading.

Section II

Requirements when carrying out trading on the regulated market

Requirements for trading systems

Article 170. (1) (Amended, SG No. 64/2020, effective 21.08.2020, supplemented, SG No. 54/2025) The regulated market shall have in place systems, mechanisms and procedures, established and operated in accordance with the requirements of Chapter II of Regulation (EU) 2022/2554, which ensure sustainability of the trading system and the necessary capacity for the processing of all orders for transactions on the regulated market, including in the most intense hours of trade, as well as in conditions of unstable market. The regulated market shall meet the requirements of Delegated Regulation (EU) No. 2017/584.

(2) (Amended, SG No. 54/2025) The systems, mechanisms and procedures under Paragraph (1) shall ensure the continuous provision of the services of the regulated market, including the ICT used by the regulated market, subject to the requirements of Regulation (EU) 2022/2554 and Commission Delegated Regulation (EU) 2017/584, and in case of failure in the trading system shall include ICT response and recovery plans drawn up in accordance with Article 11 of Regulation (EU) 2022/2554.

(3) The systems, mechanisms and procedures under paragraph 1 shall be subject to preliminary testing of the regulated market for compliance with the requirements referred to in paragraphs 1 and 2, which shall be ascertained with documents.

(4) The procedures under paragraph 1 shall be part of the regulations under Article 167.

(5) At the request of the Deputy Chairperson, the regulated market shall provide data on the log of orders entered in the trading system of the regulated market, or access to a log of orders for the purposes of trade monitoring.

Activity as a market maker on the regulated market

Article 171. (1) The activity as a market maker of the regulated market shall be subject to the requirements of Delegated Regulation (EU) No. 2017/578 and under the terms and procedure determined by the regulations under Article 167, on the basis of a written contract between the

investment firm acting as a market maker, and the market operator or the regulated market, as the case may be.

(2) Depending on the nature and extent of trading on the regulated market and subject to the requirements of Delegated Regulation (EU) No. 2017/578, the regulated market shall apply a scheme for maintenance of the required number of market makers which shall announce binding (hard) quotes at competitive prices, so as to ensure regular and predictable market liquidity.

(3) The contract under paragraph 1 shall regulate at least the following:

1. the obligations of the investment firm in connection with the provision of liquidity;
2. any incentives and rebates offered by the regulated market to an investment firm in order to ensure market liquidity on a steady and predictable basis;
3. other rights and obligations of the investment firm, stemming from its participation in the scheme under paragraph 2.

(4) The market operator shall notify the Commission of each contract concluded under paragraph 1, and of any change in the contract within 5 days from the conclusion. A certified copy of the contract shall be attached to the notification.

(5) The regulated market shall monitor the compliance with the terms of the contract under paragraph 1 and, where appropriate, shall take measures to ensure their compliance by the investment firm.

Limits and thresholds for submission of orders

Article 172. (1) The regulated market shall apply systems, mechanisms and procedures for cancellation (for decline) of orders that exceed pre-set volumes and price thresholds, or of orders which apparently deviate significantly from the current market conditions.

(2) The procedures under paragraph 1 shall form a part of the regulations under Article 167. Temporary suspension and restriction of trading

Article 173. (1) The regulated market may suspend or restrict trading in a financial instrument in case of a significant change in the price of the financial instrument on such regulated market or on a related market for a short period of time.

(2) The terms and procedure for suspension and restriction of trading on the regulated market in the cases referred to in paragraph 1 shall be determined by rules which are part of the regulations under Article 167, taking into account the level of liquidity for different classes and subclasses of assets (financial instruments), the nature of the market model and the types of users of the system, so as to avoid major disruptions in the proper execution of trading.

(3) In exceptional cases, where the circumstances under paragraph 1 exist and under conditions laid down in the regulations under Article 167, the regulated market may cancel, modify or adjust the parameters of a transaction.

(4) The Financial Supervision Commission shall notify ESMA of the grounds for trade suspension, as well as of any amendment and/or addition thereof.

(5) Where a regulated market licensed in accordance with this Act is significant for the liquidity of a financial instrument in accordance with the requirements of Commission Delegated Regulation (EU) 2017/570 of 26 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards for the determination of a material market in terms of liquidity in relation to notifications of a temporary halt in trading (OJ, L 87/124 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/570", it has the necessary systems and procedures for notifying the competent authorities of all Member States where this financial instrument is traded, when making a decision to halt trading in this financial instrument.

(6) Where the Commission receives a notification from a regulated market established in

another Member State to halt trading in a financial instrument when the regulated market is material for the liquidity of the financial instrument and such financial instrument is admitted to trading on a regulated market in the Republic of Bulgaria as well, the Commission, at the proposal of the Deputy Chairperson, may make a decision on the suspension of trading in such financial instrument on trading venues in the Republic of Bulgaria until trading on the market from which the notification is received is resumed.

Requirements for algorithmic trading on a regulated market

Article 174. (1) The regulated market shall apply effective systems and procedures to ensure compliance with the following requirements:

1. the functioning of the algorithmic trading systems does not create or does not lead to the creation of conditions in violation of the established requirements;

2. implementation of mechanisms to overcome conditions for improper market trading arising from algorithmic trading, including determination of the ratio of unfulfilled orders in relation to transactions that may be entered in the system by a member or participant;

3. a possibility of delaying the submission of orders where there is a risk of reaching the maximum volume of orders that can be processed by the trading system;

4. the ability to restrict and apply a minimum quotation step at which the orders are carried out on the regulated market.

(2) (Amended, SG No. 54/2025) To meet the requirements of items 1 and 2 of Paragraph (1), the regulated market shall require its members to apply appropriate mechanisms for testing the algorithms used in accordance with the provisions of Chapters II and IV of Regulation (EU) 2022/2554. The regulated market provides the necessary conditions and environments to facilitate the testing of algorithms. Requirements under the first sentence shall also apply in compliance with Commission Delegated Regulation (EU) 2017/584.

(3) The regulated market shall apply mechanisms and procedures that allow identification by means of designation by the members or participants of the orders generated in algorithmic trading, of the various algorithms used to create orders, and of the persons that initiated such orders. Information about the orders generated in algorithmic trading, various algorithms used to create orders, and about the persons that have initiated such orders shall be submitted at the request of the Deputy Chairperson.

(4) The procedures under paragraphs 1 and 3 shall be part of the regulations under Article 167.

Direct electronic access to the regulated market

Article 175. (1) A regulated market providing direct electronic access to its trading system shall have effective systems, procedures and rules that ensure compliance with the following requirements:

1. the service for provision of direct electronic access shall be provided solely by members or participants of the regulated market which are investment firms or bank investment firm, and

2. appropriate criteria are set which shall be complied with by the persons in order to be considered suitable to obtain direct electronic access;

3. the members or participants of the regulated market shall be responsible for the orders and trade of the persons to whom direct electronic access is provided.

(2) The regulated market under paragraph 1 shall apply appropriate systems for risk management and control, shall set thresholds for trading through direct electronic access and at any time shall be able to distinguish the orders or trade carried out by a person with direct electronic access from the orders or transactions of another member or participant, as well as to stop the orders and trade by a person using direct electronic access.

(3) The regulated market shall apply mechanisms to suspend or terminate the direct electronic access provided by its member or participant to a client in case of non-compliance with the requirements of this Article.

Co-location

Article 176. The regulated market shall provide for and apply clear, fair and non-discriminatory rules for the provision of co-location services and shall comply with the requirements of Commission Delegated Regulation (EU) 2017/573 of 6 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on requirements to ensure fair and non-discriminatory co-location services and fee structures (OJ, L 87/145 of 31 March 2017) (Delegated Regulation (EU) 2017/573). The rules shall be part of the regulations under Article 167.

Fees

Article 177. (1) The fees of the regulated market for the services provided thereby, including the fees for the execution of orders, and any surcharges and discounts from due fees shall be determined in a transparent, fair and non-discriminatory manner and in compliance with the requirements of Delegated Regulation (EU) 2017/573. The fees of the regulated market shall be determined so as not to create incentives to enter, change or cancel orders in a way that leads to unlawful trading conditions or market abuse.

(2) The regulated market shall bind the provision of discounts on due fees with the obligation to carry out the activity of a market maker in terms of individual share issues or an appropriate basket of shares in compliance with the contract under Article 171, paragraph 1.

(3) The regulated market may determine the fees for cancelled orders in accordance with the period of validity of an order before it is cancelled, as well as for individual financial instruments.

(4) In order to ensure the proper functioning of the trading system and taking into account the additional load on the system, the regulated market may set higher fees for:

1. orders that were subsequently cancelled;
2. orders of the members or participants with a high ratio of cancelled orders against executed orders, determined in compliance with the requirements of Commission Delegated Regulation (EU) 2017/566 of 18 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards for the ratio of unexecuted orders to transactions in order to prevent disorderly trading conditions (OJ, L 87/84 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/566";
3. orders of members or participants using a high-frequency method of algorithmic trading.

Requirements for determination of tick size

Article 178. (1) (Supplemented, SG No. 64/2020, effective 21.08.2020) The regulated market shall establish and apply procedures for tick size for shares, depositary receipts, exchange-traded funds, certificates, other similar financial instruments, as well as for other financial instruments pursuant to Commission Delegated Regulation (EU) No. 2017/588 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the tick size regime for shares, depositary receipts and exchange-traded funds (OJ, L 87/411 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/588". Application of the tick size shall not prevent the regulated market from comparing large-size orders against the average value of the "buy" and "sell" quotations.

(2) The tick size regimes referred to in paragraph 1:

1. shall be calibrated so as to reflect the liquidity profile of the financial instrument on different markets and the average of the difference between "sell" and "buy" quotes (spread), taking into account the interest in ensuring reasonably stable prices without excessive limiting of the narrowing of spreads;

2. shall determine an appropriate tick size for each financial instrument.

(3) The requirements under paragraphs 1 and 2 shall apply in compliance with Delegated Regulation (EU) 2017/588.

Synchronisation of the reporting time

Article 179. (1) The regulated market, all trading venues and their members and participants shall synchronise the date and time of registration of each reportable event (synchronisation of business clocks).

(2) The requirement under paragraph 1 shall apply subject to Delegated Regulation (EU) 2017/574 of 7 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the level of accuracy of business clocks (OJ, L 87/148 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/574".

Admission of financial instruments to trading

Article 180. (1) The regulated market shall adopt and apply clear and transparent rules regarding the admission of financial instruments to trading.

(2) The rules under paragraph 1 shall ensure that the financial instruments admitted to trading on a regulated market are being traded in a fair, orderly and efficient manner and in case of transferable securities, they are freely negotiable.

(3) In the case of trading in derivatives the rules under paragraph 1 shall envisage a requirement for the structure and content of the derivatives to allow their correct evaluation, as well as for the existence of conditions for effective settlement.

(4) The regulated market shall apply appropriate procedures to verify whether the issuer whose securities are admitted to trading on a regulated market complies with its obligations under the European Union law in respect of the initial, ongoing or ad hoc disclosure of information. (2) The regulated market shall provide its members and participants facilitated access to information which has become public under the European Union law.

(5) The regulated market shall conduct a regular review of the compliance with the requirements for admission to trading on the regulated market of the financial instruments admitted to trading.

(6) (Amended, SG No. 64/2020, effective 21.08.2020) Transferable securities admitted to trading on a regulated market may be admitted subsequently to trading on another regulated market without the consent of the issuer, when they meet the requirements of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ, L 168/12 of 30 June 2017) and the Public Offering of Securities Act.

(7) In the cases of paragraph 6 the regulated market on which a subsequent admission to trading has been effected shall notify the issuer of the admission of the securities to trading on that regulated market. The issuer shall not be obliged to provide, directly or indirectly, the information referred to in paragraph 4 to the regulated market on which the securities are admitted without its consent.

(8) The requirement under paragraphs 1 – 7 shall apply subject to Commission Delegated

Regulation (EU) 2017/568 of 24 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the admission of financial instruments to trading on regulated markets (OJ, L 87/117 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/568".

Section III

Suspension and removal of financial instruments from trading on a regulated market

Suspension and removal of financial instruments from trading on a regulated market.
Suspension and removal from trading from other trading venues

Article 181. (1) The market operator may suspend or remove from trading a financial instrument which no longer complies with the rules of the regulated market, unless such suspension or removal may harm substantially the interests of the investors or the smooth functioning of the market pursuant to Article 80 of Delegated Regulation (EU) 2017/565.

(2) The market operator shall suspend or remove the corresponding derivatives under Article 4, items 4 – 10, which according to Article 1 of Delegated Regulation (EU) 2017/569 are associated with or refer to the financial instrument referred to in paragraph 1, if this is necessary for the suspension or removal of the underlying financial instrument.

(3) The market operator shall publish on its website the decisions to suspend, remove from trading financial instruments under paragraphs 1 and 2, and for cancellation of the suspension or removal from trading, as the case may be, and shall notify the Commission thereof by the end of the business day and in compliance with the requirements of Delegated Regulation (EU) 2017/569.

(4) Where the suspension or removal from trading of a financial instrument and derivative is due to a suspicion of market abuse and is related to a tender offer or to a violation of the requirements for disclosure of inside information as per Articles 7 and 17 of Regulation (EU) No. 596/2014, the Commission on a proposal of the Deputy Chairperson shall decide on the suspension or removal from trading of that financial instrument and relevant derivatives from all trading venues and systems of systematic internalisers operating on the territory of the Republic of Bulgaria on which such financial instruments have been admitted to trading, unless the suspension or removal may harm substantially the interests of the investors or the smooth operation of the market pursuant to Article 80 of Delegated Regulation (EU) 2017/565.

(5) The Financial Supervision Commission shall notify immediately, but not later than by the end of the business day, ESMA and the competent authorities of the Member States of its decision under paragraph 4, as well as of a subsequent decision of the Commission taken on the proposal of the Deputy Chairperson on cancellation of the suspension or removal from trading. If the Commission does not decide on a suspension or removal, the notification shall also state reasons therefor.

(6) When the Commission receives a notification from a competent authority of a Member State on suspension or removal from trading of financial instruments due to the presence of the grounds referred to in paragraph 4, in the event that these financial instruments are traded in a trading venue or via a systematic internaliser acting in the territory of the Republic of Bulgaria, the Commission on a proposal of the Deputy Chairperson shall take a decision to suspend or remove from trading such financial instruments in accordance with paragraph 4. Paragraph 5 shall apply, *mutatis mutandis*.

Section IV

Access to a regulated market

Rules for access to a regulated market

Article 182. (1) The regulated market shall apply transparent and non-discriminatory rules, based on objective criteria, governing access to or membership of the regulated market. The rules shall be part of the regulations under Article 167.

(2) The rules under paragraph 1 shall specify the obligations for the members or participants arising from:

1. the constitution and administration of the regulated market;
2. the rules relating to transactions concluded on the regulated market;
3. professional standards to be met by the employees of the investment firms or credit institutions dealing on the regulated market;
4. the conditions to be met by members or participants of the regulated market other than investment firms or credit institutions under Article 183, paragraph 1;
5. the rules and procedures for clearing and settlement of transactions concluded on the regulated market.

Members and participants of the regulated market

Article 183. (1) The regulated market may admit for participation in trading or accept as members investment firms, credit institutions, and other persons that meet the following requirements:

1. have the required professional qualification and experience, as well as are of good repute;
2. have a sufficient level of trading ability and competence;
3. have adequate organizational structure in accordance with the activity performed by them;
4. have sufficient resources for the functions they are to perform in relation to the activity of the regulated market, taking into account different financial agreements that the regulated market is to conclude or has concluded in order to guarantee the adequate settlement of transactions.

(2) When dealing on the regulated market among themselves the participants and members of the regulated market are not obliged to comply with the requirements under Articles 84 – 88. Participants and members of the regulated market shall comply with the requirements under the first sentence in relations with their clients when, acting on behalf of clients, they execute their orders on the regulated market.

(3) Investment firms and credit institutions shall participate or be members of the regulated market directly or remotely under conditions laid down in the rules under Article 182.

(4) The market operator shall provide to the Commission information about the members or participants of the regulated market and shall notify it of any changes in such information within three days of occurrence thereof.

Access to systems for trading on a regulated market from another Member State

Article 184. (1) A regulated market authorized to conduct business by a competent authority of another Member State may conclude agreements on the territory of the Republic of Bulgaria to facilitate access to its trading systems and trading on that market by local persons in the capacity of remote members or participants of that regulated market upon receipt of a notification from the competent authority of such Member State.

(2) In regard to the exercise of its supervisory functions, the Commission may demand from the competent authority of a Member State information about the members or participants of the regulated market under paragraph 1, established in the Republic of Bulgaria.

Access by persons from another Member State to the trading systems of a regulated market in the Republic of Bulgaria

Article 185. (1) A regulated market authorised to conduct business in the Republic of Bulgaria may conclude agreements on the territory of another Member State to facilitate access to its trading systems and trading on that market by persons of the said Member State in the capacity of remote members or participants of the regulated market after notifying the Commission thereof. The notification shall specify the country on whose territory the regulated market intends to conclude agreements on facilitated access and information about the types of agreements.

(2) The Financial Supervision Commission shall provide the information contained in the notification to the relevant competent authority under paragraph 1 within one month from receipt thereof. The Financial Supervision Commission shall notify forthwith the regulated market of the information submitted.

(3) Within the time limit under paragraph 2 the Commission may refuse to provide the information contained in the notification to the relevant competent authority under paragraph 1 by a motivated decision, if the agreements provided for by the regulated market do not ensure sufficiently free access to its trading systems or the interests of the participants in trading on the regulated market are not sufficiently protected otherwise.

(4) On request from the competent authority of the other Member State the Commission shall provide it with information about the members and the participants on the regulated market established in that Member State.

Section V

Monitoring of compliance with the legal provisions and the rules of the regulated market

Control

Article 186. (1) The regulated market shall apply effective rules and procedures and shall have resources for ongoing monitoring of the compliance with its by the members or participants of the regulated market. The rules and procedures shall form part of the regulations under Article 167.

(2) The regulated market shall monitor on the basis of submitted orders, including cancelled orders, and on the basis of transactions effected by the participants or members through its trading systems, in order to establish:

1. violations of the rules of the regulated market;
2. conditions for disorderly trade;
3. behavior that may indicate prohibited behaviour under Regulation (EU) No. 596/2014, or
4. a collapse in the system in connection with the trading in a financial instrument.

(3) The market operator shall immediately inform the Commission upon establishing the circumstance referred to in paragraph 2.

(4) The market operator shall provide the relevant information without undue delay and shall provide all the necessary assistance to the Commission, the Deputy Chairperson, and to the other competent authorities in connection with the investigation and prosecution of market abuse in financial instruments arising on or through the systems of the regulated market.

(5) Upon receipt of information about actions that may indicate about prohibited behaviour under Regulation (EU) No. 596/2014, the Deputy Chairperson shall launch an inquiry not later than the end of the next business day.

(6) The Financial Supervision Commission shall submit the information referred to in paragraph 3 to ESMA and to the competent authorities of the Member States. In case of information about actions that are indicative of prohibited behaviour under Regulation (EU) No. 596/2014, the Commission shall provide the relevant information to ESMA, where the presence of such behavior has been established as a result of the enquiry under paragraph 5.

Section VI

Central counterparty and clearing and settlement arrangements. List of regulated markets

(Title amended, SG No. 83/2019, effective 22.10.2019)

Clearing and settlement systems applied by the regulated market

Article 187. (1) (Amended, SG No. 83/2019, effective 22.10.2019) The regulated market shall apply a system for clearing, including through a central counterparty or clearing houses, and for settlement of concluded transactions in financial instruments so as to ensure their efficient and timely finalisation.

(2) The regulated market shall authorise its members and participants to determine a system for settlement of transactions in financial instruments concluded on the regulated market provided the following conditions obtain:

1. have in place necessary connections and arrangements between the designated settlement system and any other system or settlement method in order to achieve efficient and economical settlement of transactions;

2. the Commission on a proposal of the Deputy Chairperson has issued approval for the settlement of transactions in financial instruments concluded on the regulated market to be effected through a settlement system other than that applied by the regulated market.

(3) Upon issue of an approval under paragraph 2, item 2, the Commission shall take into account the supervision exercised over the participants in the settlement system. The powers of the Commission for issue of approval under paragraph 2, item 2 shall not affect the supervisory functions of the relevant central bank or of another authority exercising supervision over the settlement system.

(4) The Financial Supervision Commission on a proposal of the Deputy Chairperson shall refuse to issue approval under paragraph 2, item 2 if the technical conditions for the settlement of the transactions concluded on the regulated market do not ensure smooth and orderly functioning of financial markets. Article 167, paragraphs 4 and 5 shall apply *mutatis mutandis*.

Links with clearing and settlement systems in other Member States

Article 188. (1) (Amended, SG No. 83/2019, effective 22.10.2019) The regulated market may enter into arrangements with a central counterparty or a clearing house and a settlement system in another Member State for execution of clearing and/or settlement of some or all transactions concluded by participants in the market through its trading system.

(2) The arrangement under paragraph 1 shall be subject to prior approval by the Commission. In regard to trade in government securities issued on the domestic market, the Commission shall issue such approval after obtaining a prior consent from the Minister of Finance and the Governor of the Bulgarian National Bank.

(3) The Financial Supervision Commission on a proposal of the Deputy Chairperson shall pronounce on the request for issue of approval under paragraph 2, taking into account the conditions which settlement systems shall meet under Article 187. The Financial Supervision Commission may not refuse issue of approval under paragraph 2, unless conclusion of the arrangement under paragraph 1 may jeopardise the orderly functioning of the regulated market. Article 187, paragraph 4 shall apply mutatis mutandis.

(4) In exercising its supervisory functions the Commission and the Deputy Chairperson shall take into account the supervision of the clearing and settlement system under paragraph 1, exercised by the relevant national central bank or another supervisory authority of Member States.

List of regulated markets

Article 189. (1) The Financial Supervision Commission shall compile and maintain an updated list of regulated markets for which the Republic of Bulgaria is a home country. The Financial Supervision Commission shall publish the list on its website and shall provide it to the relevant competent authorities of the other Member States and ESMA.

(2) The Financial Supervision Commission shall notify the other Member States and ESMA of any change in the list under paragraph 1.

Chapter Thirteen

REPORTING AND DISCLOSURE OF INFORMATION BY REGULATED MARKETS

Regulated market reporting

Article 190. (1) (*) The market operator shall submit to the Commission its annual report by 31 March the following year and a 6-month report by 31 August of the current year. The contents of the reports shall be set out in an ordinance.

(*) *Editor's Note.* According to § 46 to the Act on the Measures and Actions during the State of Emergency Declared by a Resolution of the National Assembly of 13 March 2020 (SG No. 28/2020): "In 2020, the time limits referred to in Article 128 (4) and proposition one of Article 190 (1) of the Markets in Financial Instruments Act shall be extended until the 31st day of July 2020".

(2) For the purposes of paragraph 1, the report shall contain the relevant information when it also refers to one or more documents submitted to the Commission.

Article 191. (Repealed, SG No. 83/2019, effective 22.10.2019).

Chapter Thirteen "a"

(New, SG No. 8/2023)

CENTRAL COUNTERPARTIES

Section I

(New, SG No. 8/2023)

General provisions

Competent Authority

Article 191a. (New, SG No. 8/2023) (1) The Financial Supervision Commission shall be the competent authority within the meaning of Item 1 of Article 22 (1) of Regulation (EU) No. 648/2012 and shall exercise the powers of a competent authority under Articles 14 - 17 and Article 20 of Regulation (EU) No. 648/2012.

(2) The Financial Supervision Commission shall be the competent body for cooperation with the other authorities under Article 23 of Regulation (EU) No. 648/2012.

(3) The Financial Supervision Commission shall exercise the powers conferred thereon as a competent authority under Regulation (EU) No. 648/2012 and shall make relevant decisions at the proposal of the Deputy Chairperson.

Licence to carry on business as a central counterparty

Article 191b. (New, SG No. 8/2023) (1) The Commission shall issue a licence to carry on business as a central counterparty to a legal person with seat and registered office in the territory of the Republic of Bulgaria which complies with the requirements of Regulation (EU) No. 648/2012 and the implementing acts thereof.

(2) When carrying out their activities, central counterparties shall also comply with the requirements of the applicable guidelines adopted by the ESMA and the EBA, where the Commission has decided to apply them pursuant to Item 26 of Article 13 (1) of the Financial Supervision Commission Act.

Section II

(New, SG No. 8/2023)

Recovery and resolution of central counterparties

Recovery Competent Authority

Article 191c. (New, SG No. 8/2023) (1) The Financial Supervision Commission shall exercise the powers of a competent authority under Article 6 (1) and (3), Article 8 (1), Article 11 (4) and (5), Article 12 (6), sub-paragraph 2, Article 13 (1), sub-paragraph 2 and (3), Article 18, Article 19, Article 20 (1), sub-paragraph 1, Article 22 (2), Article 35 (1), Article 38 (1) and (3), Article 40 (7), sub-paragraphs 2 and 8, Article 43, Article 70 (2) and (3), Article 79 (2) and (5) and Article 80 (1) of Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No. 1095/2010, (EU) No. 648/2012, (EU) No. 600/2014, (EU) No. 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OB, L 22/1 of 21 January 2021), hereinafter referred to as "Regulation (EU) 2021/23".

(2) The Financial Supervision Commission shall be the competent body for cooperation with the other authorities under Article 6 of Regulation (EU) 2021/23.

(3) The Financial Supervision Commission shall exercise the powers conferred thereon as a competent authority under Regulation (EU) 2021/23 and shall make relevant decisions at the proposal of the Deputy Chairperson.

(4) (Amended, SG No. 65/2023) The Deputy Chairperson shall exercise the powers of a competent authority under Regulation (EU) No. 2021/23, except for those conferred on the express competence of the Commission.

(5) The Financial Supervision Commission shall make the notifications to ESMA.

Resolution authority for central counterparties

Article 191d. (New, SG No. 8/2023) (1) The Financial Supervision Commission shall exercise the powers of an authority for the resolution of central counterparties established in the Republic of Bulgaria in the meaning of Regulation (EU) No. 2021/23.

(2) The decisions of the Commission as a resolution authority shall be taken on a proposal of the member of the Commission under Article 3, item 5 of the Financial Supervision Commission Act.

(3) The Financial Supervision Commission shall designate a separate structural unit to assist it and the member of the Commission under Article 3 (5) of the Financial Supervision Commission Act in the exercise of their functions under paragraphs 1 and 2, which shall be separate and independent from the functions relating to the supervision of investment activities and from the other functions of the Commission. The structure, functions and rules for the operation of the Commission shall be set out in the rules on the organisation and activity of the Commission.

Notification and participation of the Minister of Finance

Article 191e. (New, SG No. 8/2023) (1) The Minister of Finance shall be a competent authority within the meaning of Article 3 (8) of Regulation (EU) 2021/23.

(2) The Financial Supervision Commission shall immediately inform the Minister of Finance of its decisions to undertake resolution actions and to apply resolution tools in the cases set out in Regulation (EU) 2021/23.

Additional rules on resolution tools under Title V, Chapter III of Regulation (EU) 2021/23

Article 191f. (New, SG No. 8/2023) (1) All reasonable expenses incurred by the Commission in regard to the application of resolution tools or the exercise of resolution powers, and all public funds used in the application of government financial stabilisation tools shall be subject to recovery within a reasonable period as preferred claims in the manner specified in Article 27 (10), second sentence of Regulation (EU) 2021/23.

(2) Bulgarian insolvency legislation relating to the nullity of acts and transactions and the lack of enforceability of legal acts that are detrimental to creditors, including but not limited to Articles 646 and 647 of the Commerce Act, shall not apply to the transfer of assets, rights, obligations or liabilities from a central counterparty under resolution to another person through the application of a resolution tool or exercise of a resolution power, or through the use of a government financial stabilisation tool.

(3) When applying the write-down and conversion tool under Article 33 of Regulation (EU) 2021/23 the Commission shall exercise the write-down and conversion powers in respect of the central counterparty's liabilities after taking into account the exceptions under Article 33 (4) of Regulation (EU) 2021/23, regardless of whether the liabilities are governed by the legislation of the Republic of Bulgaria, another Member State or by the law of a third country, in compliance with the principles of resolution under Article 23 of Regulation (EU) 2021/23 and in accordance with the order of claims under Article 722(1) of the Commerce Act.

(4) The transfer of instruments of ownership issued by a central counterparty in resolution or of assets, rights, obligations or liabilities of a central counterparty under resolution when applying the sale of business instrument referred to in Article 40 of Regulation (EU) 2021/23 and the bridge central counterparty instrument referred to in Article 42 of that Regulation shall not require the consent of the shareholders of the central counterparty or of a third party other than the buyer. The restrictions arising from the Commerce Act or the Public Offering of Securities Act shall not apply to such transfer.

Government Stabilisation Tools

Article 191g. (New, SG No. 8/2023) (1) In case of a systemic crisis, as a last resort, if the resolution objectives for a central counterparty under resolution are not achieved, after the Commission has applied the instruments to the maximum reasonable extent in order to sustain financial stability, and if they are not likely to be achieved through other resolution actions, the Commission shall notify the Minister of Finance. The notification shall contain at least the following information:

1. the current financial position of the central counterparty;
2. the resolution plan for the central counterparty;
3. other information relevant to the case at the discretion of the Commission or at the request of the Minister of Finance.

(2) With the notification under paragraph 1 the Commission may propose to the Minister of Finance that financing be provided for a central counterparty under restructuring by using the government financial stabilisation tools under Title V, Chapter III, Section 7 of Regulation (EU) 2021/23, provided that:

1. the funding is provided in compliance with the State Aids Act and the State aid legal framework of the European Union and after a positive decision from the European Commission;
2. own funds requirements set out in Article 45 (1), points (a) – (c) of Regulation (EU) 2021/23 are complied with;

(3) On the basis of the notification referred to in paragraph 1 and the Commission's assessment of the resolution possibilities, the Minister of Finance, including after consulting the Bulgarian National Bank in the cases referred to in Article 45 (3) (a) of Regulation (EU) 2021/23, may submit a reasoned proposal to the Council of Ministers for a decision on the application of government financial stabilisation tools under Title V, Chapter III, Section 7 of Regulation (EU) 2021/23, in compliance with State aid rules, provided that the application of the other resolution tools would not be sufficient to avoid significant adverse effects on the financial system, but for the government financial stabilisation tool referred to in Article 45 (3) (c) of Regulation (EU) 2021/23, the application of the other resolution tools would not be sufficient to protect the public interest if the CCP had previously been granted public capital support through the capital support instrument referred to in Article 46 of Regulation (EU) 2021/23;

(4) The Council of Ministers shall take a decision on the proposal of the Minister of Finance under paragraph 3, which shall determine:

1. the objectives to be achieved with the implementation of the government financial stabilisation tools;
2. the specific government tool under Articles 46 and 47 of Regulation (EU) 2021/23;
3. the amount with which the government will participate in the central counterparty's capital under resolution, and the type of financial instruments against which capital support is provided;
4. other conditions to be met in the application of the relevant government financial stabilisation tool, and measures to be implemented.

(5) The minister of finance shall be responsible for the implementation of the decision of the Council of Ministers under paragraph 4.

(6) In case of application of a government financial stabilisation tool, the Minister of Finance shall have all the powers of the resolution authority under Articles 48 – 58 of Regulation (EU) 2021/23. In these cases, the minister of finance shall also be an administrator of aid within the meaning of Article 9 of the State Aids Act.

Appeal against a decision of the Council of Ministers and of the Commission

Article 191h. (New, SG No. 8/2023) (1) The decisions of the Council of Ministers under Article 191g (4) and the decisions of the Commission for the exercise of resolution powers under Regulation (EU) 2021/23 may be appealed before the Supreme Administrative Court by all affected persons.

(2) Any appeal of the decisions under paragraph (1) shall not stay the execution thereof.

(3) The decisions under paragraph (1) and the judgments of the court shall be notified to the commercial register under the record of the central counterparty under resolution.

(4) The annulment of the decisions under paragraph (1) shall not prejudice the validity of the administrative acts issued or the rights of third parties who have acted in good faith, acquired on the basis of the annulled decision or the administrative acts issued on the basis thereof, until the date of notification of the judgment in the commercial register. In this case, indemnity may be sought only for the damages sustained.

Announcement of the appointment of a special manager

Article 191i. (New, SG No. 8/2023) At the request of the Commission, the appointment of the special manager under Article 50 of Regulation (EU) 2021/23 shall be announced in the Commercial Register on the record of the central counterparty. The appointment shall also be announced on the website of the Financial Supervision Commission.

Inapplicability

Article 191j. (New, SG No. 8/2023) When applying resolution tools and exercising resolution powers in relation to central counterparties the following shall not apply: Article 72, Articles 150 – 153, Article 192 (2) and (3), Articles 192a, 193, 194, Article 196 (1), Articles 197, 199 – 202, Article 222 (3), Article 231 (3) and (4) and the provisions concerning conversion pursuant to Chapter Sixteen, Sections II and V of the Commerce Act.

Bankruptcy

Article 191k. (New, SG No. 8/2023) (1) Central counterparty insolvency proceedings shall be opened only at the request of the Commission following a decision to withdraw the authorisation on the grounds referred to in Article 20 of Regulation (EC) No. 648/2012 or after a prior consent of the Commission in the cases under paragraph 3.

(2) The court shall notify the Commission of any application to open insolvency proceedings against a central counterparty, whether or not it is under resolution.

(3) The court shall rule on the request referred to in paragraph 2 only after it has received information from the Commission that it does not intend to take resolution actions in respect of the central counterparty or where the Commission has not provided information within 7 days of receipt of the notification referred to in paragraph 2.

(4) The Commission may request the court to stay any legal action or proceeding to which the central counterparty under resolution is a party or may be a party if necessary for the purposes of the resolution.

TITLE THREE

RESTRICTIONS AND MANAGEMENT OF POSITIONS IN COMMODITY DERIVATIVES. REPORTING OF POSITIONS IN COMMODITY DERIVATIVES

Chapter Fourteen

POSITIONS LIMITS AND COMMODITY DERIVATIVES

POSITIONS MANAGEMENT

Terms and procedure for setting limits

Article 192. (1) (Amended and supplemented, SG No. 51/2022) The Financial Supervision Commission, on a proposal of the Deputy Chairperson, by a decision shall set limits on the amount of net positions in agricultural commodity derivatives and critical or significant commodity derivatives, where such derivatives are traded on trading venues, as well as in economically equivalent OTC derivatives (contracts) within the meaning of Article 6 of Commission Delegated Regulation (EU) 2017/591 of 1 December 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the application of position limits to commodity derivatives (OJ, L 87/479 of 31 March 2017), hereinafter referred to as "Delegated Regulation (EU) 2017/591", which a person may hold at any time. Commodity derivatives are considered critical or significant when the sum of all net positions of end position holders equals the size of their open positions and is at least 300,000 separate open positions on average over a one-year period.

(2) The limits under paragraph 1 shall be laid down in order to:

1. prevent market abuse;
2. provide the necessary conditions for the proper determination of prices and for the settlement of transactions, including non-admission of positions that lead to market distortion;

3. (supplemented, SG No. 51/2022) ensure (convergence of) the prices of the derivatives valid for the month of delivery and of the spot prices of the underlying asset of the derivative, without prejudice to the disclosure of prices in the market for this underlying commodity.

(3) The limits shall be determined in a clear and non-discriminatory manner, taking into account the specificities and the types of participants of the commodity derivatives market, and shall be accompanied by an explanation of how to be applied by the persons.

(4) (New, SG No. 51/2022) The limits of the items referred to in paragraph 1 shall not apply to:

1. positions held by or on behalf of a non-financial entity that are objectively measurable as reducing risks directly related to the commercial activity of that non-financial entity;

2. positions held by or on behalf of a financial entity - such entity being part of a predominantly trading group and acting on behalf of a non-financial entity of the predominantly trading group, when these positions are objectively measurable as reducing risks directly related to the trading activity of that non-financial subject;

3. positions held by financial and non-financial counterparties, which are objectively measurable as arising from transactions concluded in fulfilment of the obligations to ensure liquidity on a trading venue, as specified in Article 5, Paragraph 12, item 3;

4. any other securities within the meaning of § 1, item 1, littera "c" of the additional provisions which refer to commodity or underlying commodity, as specified in Article 4, item 10.

(5) (Renumbered from Paragraph 4, SG No. 51/2022) The limits to the positions under paragraph 1 shall be determined in accordance with the methodology laid down in Delegated Regulation (EU) 2017/591 and shall contain accurate quantitative thresholds for the maximum size of a position in a commodity derivative that may be held by a person.

(6) (Renumbered from Paragraph 5, SG No. 51/2022) In determining the limits to the positions under paragraph 1, all positions in the respective derivative held by the person and the positions held on his behalf at an aggregated group level shall be taken into account.

(7) (Renumbered from Paragraph 6, amended, SG No. 51/2022) With the decision under Paragraph 1 the Commission, subject to compliance with the requirements set out in Article 9 of Delegated Regulation (EU) 2017/591, shall set positions limits for trading in trading venues of critical or significant commodity derivatives, agricultural commodity derivatives and their economically equivalent OTC derivatives within the meaning of Article 6 of Delegated Regulation (EU) 2017/591.

(8) (Renumbered from Paragraph 7, amended and supplemented, SG No. 51/2022) The Financial Supervision Commission shall review and adjust the position limits set thereby under Paragraph 1 in case of a significant change in the market, including a significant change in the volume of commodities that may be delivered to the market in accordance with Article 10 of Delegated Regulation (EU) 2017/591, and of the open positions in derivatives on such commodities, based on its assessment of the deliverable supply and open positions and subject to the other requirements of Delegated Regulation (EU) 2017/591. The Financial Supervision Commission shall review and adjust the position limits set thereby under paragraph 1 in case of a significant change in the volume of the commodities that may be delivered to the market in accordance with Article 10 of Delegated Regulation (EU) 2017/591, and of the open positions in derivatives on such commodities, as well as in case of any other significant change on the market, based on its assessment of the deliverable supply and open positions and subject to the other requirements of Delegated Regulation (EU) 2017/591.

Opinion of ESMA on the limits set. Notification of ESMA of the applicable limits and control mechanisms in trading venues

Article 193. (1) Before making a decision under Article 192, paragraph 1, the Commission shall inform ESMA for the limits to positions it intends to set.

(2) Within two months of receipt of the ESMA opinion on the compliance of the positions limits under paragraph 1 with the requirements of Directive 2014/65/EU and with the methodology referred to in Article 9 of Delegated Regulation (EU) 2017/591, the Commission shall carry out the following:

1. shall change the positions limits in accordance with the ESMA opinion, or
2. shall provide justification to ESMA of why it believes that no change is needed in the limits set thereby.

(3) In the cases referred to in paragraph 2, item 2, the Commission shall publish on its website a communication setting out detailed reasons why it does not accept the ESMA opinion.

(4) The Financial Supervision Commission shall notify ESMA of the limits set thereby to commodity derivatives positions. The Financial Supervision Commission shall provide to ESMA a detailed description of the mechanisms for control of commodity derivatives positions in trading venues in the territory of the Republic of Bulgaria.

Exemptions from the requirement for application of positions limits

Article 194. (1) The limits set under Article 192, paragraph 1 shall not apply to positions held by or on behalf of a non-financial entity within the meaning of Article 2 of Delegated Regulation (EU) 2017/591, if the following conditions obtain:

1. these positions are designed and lead to a reduction of the risks which according to Article 7 of Delegated Regulation (EU) 2017/591 are directly related to the commercial activities of non-financial entity;
2. the Commission has authorised the application of the exemption.

(2) For the granting of the authorisation referred to in paragraph 1, item 2 the person shall submit an application to the Commission, attaching thereto the relevant details and documents pursuant to Article 8 of Delegated Regulation (EU) 2017/591. The Financial Supervision

Commission, on a proposal of the Deputy Chairperson, shall issue a decision within the time limits under Article 8 of Delegated Regulation (EU) 2017/591.

Setting limits to positions in a commodity derivative traded in trading venues in several Member States

Article 195. (Amended, SG No. 51/2022) (1) Where agricultural commodity derivatives with the same underlying commodity and characteristics are traded in significant volumes on trading venues in more than one Member State or where critical or significant commodity derivatives with the same underlying commodity and characteristics are traded on trading venues in more than one Member State and the largest volume of trading is carried out on a trading venue in the Republic of Bulgaria, the Commission shall perform the function of a central competent authority and shall set limits for a single position that must be applied when trading these derivatives.

(2) The Financial Supervision Commission, on a proposal of the Deputy Chairperson, shall set the single limit for a position in commodity derivative or shall change the limit set, as the case may be, after consultation with the competent authorities of the other Member States where the trading venues are located and on which such agricultural commodity derivatives are traded in significant volumes or on which such critical or significant commodity derivatives are traded.

(3) The Financial Supervision Commission, where it considers that a single position limit for commodity derivatives traded in a trading venue in the Republic of Bulgaria is set in violation of the requirements of Directive 2014/65/EU by the relevant central competent authority, shall provide to that authority in writing detailed reasons of its opinion.

Cooperation agreements between competent authorities

Article 196. (1) The Financial Supervision Commission shall conclude cooperation agreements with the competent authorities of Member States for exchange of relevant data in order to ensure monitoring and control of compliance with the single limits set in accordance with Article 195.

(2) (Amended, SG No. 51/2022) The requirements under Paragraph 1 shall apply in cases where a commodity derivative meeting the requirements of Article 195 is traded in a trading venue in the Republic of Bulgaria, as well as where the Commission is the competent authority for supervision under the law in force in relation to the activities of persons holding positions in such derivatives.

Setting stricter limits on positions in commodity derivatives

Article 197. (1) The Financial Supervision Commission, on a proposal of the Deputy Chairperson, with a decision may set more stringent limits on positions in derivatives of commodities set out in Article 192, where exceptional circumstances exist, taking into account the liquidity of the relevant market and provided that this will not affect its proper functioning.

(2) The additional limits under paragraph 1 shall be published on the Commission's website on the day of the decision on their setting and shall be valid for a period not exceeding 6 months from the date of the Commission's decision.

(3) The Financial Supervision Commission, on a proposal of the Deputy Chairperson, may decide on an extension of the limits under paragraph 1 for a further 6-month period. The decision shall be published on the website of the Commission.

(4) The Financial Supervision Commission shall notify ESMA of the decisions under paragraphs 2 and 3, and of the reasons for the decisions. In the event that the Commission determines the limits contrary to an ESMA opinion, it shall publish on its website a communication containing detailed reasons for that.

Management and control of positions in commodity derivatives

Article 198. (1) (Amended, SG No. 51/2022) An investment firm or a market operator operating a trading venue on which commodity derivatives are traded shall apply systems and mechanisms for management and control of positions in such derivatives, which shall enable the trading venue:

1. to monitor the open positions;
2. (supplemented, SG No. 51/2022) to access the information, including all relevant documentation related to the amount and purpose of the position or exposure formed, to the information about the beneficiaries or the ultimate holders, about any arrangements for concerted action and about related assets or liabilities of the underlying market, including where it is relevant, for positions held through members and participants in commodity derivatives with the same underlying commodity and characteristics traded on other trading venues and in economically equivalent OTC contracts;
3. (amended, SG No. 51/2022, supplemented, SG No. 65/2023) to request from a person to close or reduce a certain position, temporarily or permanently, and in the event of inaction by the person to take the necessary action to ensure the termination or reduction of the position;
4. (amended, SG No. 51/2022) in order to limit the effect of a large or dominant position in a commodity derivative, to request from a person with a position in such a derivative to provide temporary liquidity to the market at a pre-agreed price and in a pre-agreed volume.

(2) The mechanisms for management and control of positions in commodity derivatives shall be set and apply in a clear and non-discriminatory manner, taking into account the specificities and the types of participants of the commodity derivatives market.

(3) An investment firm or a market operator operating a trading venue on which commodity derivatives are traded, as the case may be, shall provide the Commission with a detailed description of the systems and mechanisms for management and control of positions in such derivatives applied thereby. The description under the first sentence shall be first submitted not later than the date on which the trading venue starts concluding transactions in commodity derivatives.

Supervisory powers in relation to positions in commodity derivatives

Article 199. (1) The Deputy Chairperson may apply the measures referred to in Article 276, paragraph 1 to any person established or resident in the territory of the Republic of Bulgaria, which holds positions in commodity derivatives in breach of the limits set under Articles 192, 195 and 197, as well as in breach of the limits set on such positions by a competent authority of a Member State.

(2) The Deputy Chairperson shall have the right to require submission of information, explanations and documentation from any person concerning the amount and purpose of the position or exposure formed through the commodity derivative, and concerning assets and liabilities on the underlying market.

Chapter Fifteen

REPORTING AND DISCLOSURE OF INFORMATION ABOUT POSITIONS IN COMMODITY DERIVATIVES, EMISSION ALLOWANCES AND EMISSION ALLOWANCE DERIVATIVES

Reporting of positions

Article 200. (1) An investment firm or a market operator operating a trading venue on which commodity derivatives, emission allowances or emission allowance derivatives are traded, as the case may be, shall submit to the Commission a report with a detailed breakdown of the positions of all persons including of members or of participants in the trading venue, as well as of their clients on a daily basis.

(2) The report referred to in paragraph 1 shall be submitted not later than the end of the next business day.

Disclosure of information about positions

Article 201. (1) The investment firm or the market operator operating a trading venue, as the case may be, shall prepare at the end of the business week a report on the positions in the financial instruments referred to in Article 200, paragraph 1, which are traded in this trading venue, with the following contents:

1. aggregate positions held by the various categories of persons, in various commodity derivatives, emission allowances or emission allowance derivatives;

2. the number of long and short positions held by the various categories of persons under Article 204;

3. changes in the data referred to in items 1 and 2 after the last prepared weekly report;

4. the percentage of total open positions presented for each category of persons;

5. the number of persons holding positions in such instruments, for each category of persons under Article 204.

(2) The report under paragraph 1 shall distinguish between the positions that in an objectively measurable way reduce the risks directly related to the commercial activities of the person and the other positions.

(3) The report under paragraph 1 shall be drawn up in the format set out in the Commission Implementing Regulation (EU) 2017/953 of 6 June 2017 laying down implementing technical standards with regard to the format and the timing of position reports by investment firms and market operators of trading venues pursuant to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (OJ, L 144/12 of 7 June 2017) (Commission Implementing Regulation (EU) 2017/953) and published on the website of the investment firm or the market operator, as the case may be, and shall be submitted to the Commission and ESMA.

(4) The requirements under paragraphs 1 and 2 shall also apply in cases where the number of persons, as well as the number of opened positions thereby exceed the minimum thresholds laid down under Article 83 of Delegated Regulation (EU) 2017/565.

(5) (New, SG No. 51/2022) The reporting under Paragraphs 1 - 4 of the positions shall not apply to any other securities within the meaning of § 1, item 1, littera "c" of the additional provisions which refer to commodity or underlying commodity, as specified in Article 4, item 10.

Reporting of transactions concluded outside the trading venue

Article 202. (1) (Amended, SG No. 51/2022, amended and supplemented, SG No. 65/2023) An investment firm that deals with commodity derivatives, emission allowances or derivatives on emission allowances outside a trading venue shall submit to the Commission, if it carries out the functions of a central competent authority or of the relevant central competent authority of another Member State, and where there is no central competent authority, to the relevant competent authority of another Member State where the instruments are traded, at least once a day, a report with a detailed breakdown of its positions in the economically equivalent OTC derivatives within the meaning of Article 6 of Delegated Regulation (EU) 2017/591, and where

appropriate, in commodity derivatives or emission allowances or their derivatives traded on a trading venue.

(2) The report referred to in paragraph 1 shall include a detailed breakdown of the positions in the said financial instruments of the clients of the investment firm, and where such clients hold the positions for their clients, the relevant information about the final client for whom the positions are held shall be provided.

(3) The report under paragraph 1 shall be prepared in a format specified by a Delegated Act adopted by the European Commission pursuant to Article 58, paragraph 5 of Directive 2014/65/EU and shall be provided in accordance with Article 26 of Regulation (EU) No. 600/2014, and in accordance with Article 8 of Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (OJ, L 326/1 of 8 December 2011), hereinafter referred to as "Regulation (EU) No. 1227/2011", where this is applicable.

Reporting positions before a trading venue

Article 203. (1) The members or participants of a trading venue shall notify the investment firm or the market operator operating the trading venue, as the case may be, for positions held by them through contracts (financial instruments) traded in such trading venue.

(2) The information referred to in paragraph 1 shall be made available on a daily basis not later than the end of the business day.

(3) The information referred to in paragraph 1 shall also include data on the positions of the clients of the respective member or participant, and where those clients hold positions for their clients, data about the final client for whom the positions are held shall be provided.

Classification of persons holding positions

Article 204. An investment firm or a market operator operating a trading venue shall classify the persons holding positions in commodity derivatives, emission allowances or emission allowance derivatives, depending on their business, including where such business is subject to licensing and supervision, as follows:

1. investment firms or credit institutions;
2. investment funds, collective investment undertakings or alternative investment fund managers within the meaning of Directive 2011/61/EU/ the Collective Investment Schemes and Other Undertakings for Collective Investments Act (CISOU CIA);
3. other financial institutions, including insurance and reinsurance companies and pension insurance companies, or
4. commercial enterprises;
5. in the case of emission allowances and emission allowance derivatives – operators that are required to comply with the requirements of Directive 2003/87/EU.

TITLE FOUR

(Repealed, new, SG No. 25/2022, effective 29.03.2022)

APPROVED REPORTING MECHANISMS AND APPROVED PUBLICATION ARRANGEMENTS

Chapter Sixteen

(Repealed, SG No. 25/2022, effective 29.03.2022)

GENERAL REQUIREMENTS

General provisions

Article 205. (Supplemented, SG No. 83/2019, effective 22.10.2019, repealed, new, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission shall exercise the powers of a competent body under Article 27a of Regulation (EU) No. 600/2014 and shall make relevant decisions at the proposal of the Deputy Chairperson.

(2) The authorisation and supervision of the approved reporting mechanisms and the approved publication arrangements referred to in Article 1, Item 3 shall be carried out in accordance with Regulation (EU) No. 600/2014, this Act and the instruments for their implementation.

(3) The Financial Supervision shall notify ESMA and relevant competent authorities as laid down in Regulation (EU) No. 600/2014.

Organisational requirements

Article 206. (Repealed, new, SG No. 25/2022, effective 29.03.2022) The organisational requirements to the approved publication arrangements and the approved reporting mechanisms referred to in Article 1, Item 3 shall be in accordance with Regulation (EU) No. 600/2014 and the instruments for its implementation.

Chapter Seventeen

(Repealed, SG No. 25/2022, effective 29.03.2022)

MANAGEMENT OF DATA REPORTING SERVICES PROVIDER

Additional requirements

Article 207. (Repealed, new, SG No. 25/2022, effective 29.03.2022) (1) The approved publication arrangements and the approved reporting mechanisms referred to in Article 1, Item 3 shall maintain appropriate and effective procedures for the submission of internal alerts by their staff via a dedicated and independent channel for actual or potential breaches in the relevant approved publication arrangement or the approved reporting mechanism.

(2) Additional requirements to the approved publication arrangements referred to in Article 1, Item 3 regarding the disclosure of market data shall be laid down in an ordinance.

Provision of data reporting services by an investment firm or a market operator

Article 208. (Repealed, new, SG No. 25/2022, effective 29.03.2022) (1) An investment firm or a market operator operating a trading venue may provide data reporting services as approved publication arrangement or approved reporting mechanism under Article 1, Item 3, if these services are included in the authorisation granted thereto.

(2) Where the investment firm or a market operator operating a trading venue wishes to perform services under Paragraph 1 which are not covered by its authorisation, it shall submit an application to the Commission for extension of the scope of its authorisation, enclosing data and documents set out in Regulation (EU) No. 600/2014, the instruments for its implementation and in an ordinance. The Financial Supervision Commission shall consider the application under the terms and conditions of Regulation (EU) No. 600/2014 and the instruments for its implementation.

(3) Before granting the authorisation under Paragraph 1 or extending the scope of the

granted authorisation under Paragraph 2, the Commission shall check whether the investment firm or the market operator has created conditions for compliance with the requirements of Regulation (EU) No. 600/2014 and the instruments for its implementation.

Entry in the Commercial Register and the Register of Non-Profit Legal Persons

Article 209. (Repealed, new, SG No. 25/2022, effective 29.03.2022) (1) A person authorised under Article 208 shall submit an application for entry in the commercial register and the register of non-profit legal entities kept by the Registry Agency within 7 days of receipt of the authorisation.

(2) The Registry Agency shall enter in the register the company or the right to perform data reporting services in its subject of activity upon presentation of the licence granted by the Commission.

Chapter Eighteen

(Repealed, SG No. 25/2022, effective 29.03.2022)

GRANTING AND WITHDRAWAL OF LICENCE

Article 210. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 211. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 212. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 213. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 214. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 215. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 216. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 217. (Repealed, SG No. 25/2022, effective 29.03.2022).

Chapter Nineteen

(Repealed, SG No. 25/2022, effective 29.03.2022)

ORGANISATIONAL REQUIREMENTS TO APA

Article 218. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 219. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 220. (Repealed, SG No. 25/2022, effective 29.03.2022).

Chapter Twenty

(Repealed, SG No. 25/2022, effective 29.03.2022)

ORGANISATIONAL REQUIREMENTS TO CTP

Article 221. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 222. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 223. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 224. (Repealed, SG No. 25/2022, effective 29.03.2022).

Chapter Twenty One

(Repealed, SG No. 25/2022, effective 29.03.2022)

ORGANISATIONAL REQUIREMENTS TO ARM

Article 225. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 226. (Repealed, SG No. 25/2022, effective 29.03.2022).

Article 227. (Amended, SG No. 24/2018, effective 16.02.2018, repealed, SG No. 25/2022, effective 29.03.2022).

TITLE FIVE

(New, SG No. 83/2019, effective 22.10.2019)

SETTLEMENT OF SECURITIES TRANSACTIONS AND CENTRAL SECURITIES DEPOSITORIES

Chapter Twenty One "a"

(New, SG No. 83/2019, effective 22.10.2019)

SECURITIES SETTLEMENT FINALITY SYSTEMS

Settlement finality systems

Article 227a. (New, SG No. 83/2019, effective 22.10.2019) (1) For the settlement of securities transactions central securities depositories shall establish and operate settlement finality systems under Article 128 of the Payment Services and Payment Systems Act, hereinafter referred to as "settlement systems".

(2) The rules of operation of the settlement system shall be determined by the participants in the settlement system.

(3) The rules of operation of the settlement system shall define the moment after which the order for transfer accepted by the system cannot be cancelled by a system participant or by a third party, nor can the execution of any such order be otherwise frustrated.

(4) The rules of operation of the settlement system shall define the terms and procedure for compliance with the requirements of Article 5 of Regulation (EU) No. 909/2014.

(5) The provisions of Chapter Eight, section I of the Payment Services and Payment Systems Act shall apply, mutatis mutandis, to the settlement systems.

(6) The building, organising and functioning of the system for registration and servicing of the trade in government securities and the settlement system for government securities issued in the Republic of Bulgaria shall be laid down by a separate statutory instrument.

Settlement of Transactions in Financial Instruments Admitted

Article 227b. (New, SG No. 83/2019, effective 22.10.2019) (1) The acquisition of financial instruments admitted to trading on trading venues by a bona fide party shall be valid regardless of whether the transferor owns them.

(2) Transactions in financial instruments concluded and accepted for execution in the settlement system managed by a central securities depository shall be finalized according to the rules of the central securities depository, irrespective of any contestations and presented claims. Exceptions shall be admissible in the cases specified in an ordinance.

Measures to prevent settlement fails

Article 227c. (New, SG No. 83/2019, effective 22.10.2019) (1) Investment firms and market operators shall lay down in the rules of the trading venues organised thereby the terms and procedure for compliance with the requirements under Article 5, paragraph 2 and Article 6,

paragraph 1 of Regulation (EU) No. 909/2014. Investment firms shall take the necessary measures to ensure compliance with Article 6, paragraph 2 of Regulation (EU) No. 909/2014.

(2) Central securities depositories shall ensure compliance with the requirements of Article 6, paragraph 2 of Regulation (EU) No. 909/2014 as regards settlement fails and under Article 7 of Regulation (EU) No. 909/2014 to address settlement fails.

(3) Central counterparties and market operators and investment firms organising trading venues shall ensure compliance with the relevant requirements of Article 7, paragraphs 9 - 13 of Regulation (EU) No. 909/2014.

Settlement internalisers

Article 227d. (New, SG No. 83/2019, effective 22.10.2019) (1) Settlement internalisers under Article 2, paragraph 1, item 11 of Regulation (EU) No. 909/2014 shall report the relevant information and data under Article 9, paragraph 1 of Regulation (EU) No. 909/2014 to the Commission.

(2) Additional requirements in relation to the reporting under paragraph 1 shall be defined by 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 internalised settlements (OJ, L 65/44 of 10 March 2017) and by an ordinance.

(3) The Financial Supervision Commission shall submit to ESMA the information referred to in Article 9, paragraph 1, item 2 of Regulation (EU) No. 909/2014.

Chapter Twenty One "b"

(New, SG No. 83/2019, effective 22.10.2019) CENTRAL SECURITIES DEPOSITORIES

Section I

(New, SG No. 83/2019, effective 22.10.2019)

General provisions

Oversight

Article 227e. (New, SG No. 83/2019, effective 22.10.2019) (1) The Financial Supervision Commission shall exercise the powers of the competent authority under Article 12, paragraph 1 "a", Article 16, Article 18, paragraph 3, Article 19, Article 20, Article 23, Article 25, paragraph 6, subparagraph 3, Article 27, paragraph 7 "b" and paragraph 8, Article 30, paragraph 4, Article 48, paragraph 2, Article 54, paragraph 2 and paragraph 6, Article 56 and Article 57 of Regulation (EU) No. 909/2014.

(2) The Financial Supervision Commission shall exercise supervision on compliance with the requirements of Article 3 of Regulation (EU) No. 909/2014 in accordance with the terms of Article 4 of the same Regulation, under Articles 6 and 7 in accordance with the terms of Article 8 of the same Regulation, under Article 9 and Article 38 of Regulation (EU) No. 909/2014.

(3) The Financial Supervision Commission shall be the competent body for cooperation with the other bodies under Article 11, paragraph 1, sub-paragraph 2 of Regulation (EU) No. 909/2014.

(4) The Financial Supervision Commission shall exercise the powers of the competent authority for examination of complaints under Article 33, paragraph 3, Article 49, paragraph 4,

Article 52, paragraph 2 and Article 53, paragraph 3 of Regulation (EU) No. 909/2014 in the cases of denied access of a participant or a central securities depository to a central securities depository whose country of origin is the Republic of Bulgaria, denial to provide services to an issuer by a central securities depository whose country of origin is the Republic of Bulgaria, or denied access between a central securities depository and a central counterparty or a trading venue when the Republic of Bulgaria is the country of origin of the party issuing the denial.

(5) The Financial Supervision Commission shall exercise the powers conferred thereon under Regulation (EU) No. 909/2014 and shall make relevant decisions at the proposal of the Deputy Chairperson.

(6) The Deputy Chairperson shall exercise the powers of a competent authority under Regulation (EU) No. 909/2014, except for those expressly conferred on the Commission or on the Bulgarian National Bank.

(7) The Financial Supervision and the Deputy Chairperson respectively shall notify ESMA and relevant competent authorities as laid down in Regulation (EU) No. 909/2014.

Issuance of authorisations under Article 18, paragraph 3 of Regulation (EU) No. 909/2014

Article 227f. (New, SG No. 83/2019, effective 22.10.2019) (1) To issue authorisation for acquisition of a participation under Article 18, paragraph 3 of Regulation (EU) No. 909/2014 an application and documents shall be submitted to the Commission, proving compliance with the requirements of Regulation (EU) No. 909/2014 and Article 39 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 authorisation, 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) The Financial Supervision Commission, at the proposal of the Deputy Chairperson, shall issue a decision on the application under the procedure of Article 15, paragraphs 3 - 5.

Provision of investment services and performance of investment activities by a central securities depository

Article 227g. (New, SG No. 83/2019, effective 22.10.2019) In the cases where a central securities depository provides one or more investment services or performs one or more investment activities under Article 6 in addition to the activities referred to in Section A and Section B of the Annex to Regulation (EU) No. 909/2014, the requirements of Regulation (EU) No. 600/2014 and of this Act shall apply, with the exception of Chapter Two and Chapter Three.

Provision of ancillary banking services by central securities depositories

Article 227h. (New, SG No. 83/2019, effective 22.10.2019) (1) To issue authorisation for the provision of ancillary banking services to a central securities depository under Article 54, paragraph 2 of Regulation (EU) No. 909/2014 or for extension of the scope of the issued authorisation under Article 56 of Regulation (EU) No. 909/2014, an application shall be filed to the Commission in accordance with Article 55 of Regulation (EU) No. 909/2014.

(2) The Financial Supervision Commission shall issue a decision based on a proposal of the Deputy Chairperson in compliance with the requirements of Article 55 of Regulation (EU) No. 909/2014.

(3) The Financial Supervision Commission, at a proposal of the Deputy Chairperson, may revoke the authorisation for the provision of ancillary banking services of a central securities depository for which the Republic of Bulgaria is the country of origin, should any of the circumstances under Article 57 of Regulation (EU) No. 909/2014 apply.

(4) The relevant body under Article 12 of Regulation (EU) No. 909/2014 shall submit to the Commission the opinion under paragraph 5 within 30 days of receipt of a request for

consultations under Article 57, paragraph 2 of Regulation (EU) No. 909/2014.

Provision of crypto-asset services

Article 227h1. (New, SG No. 54/2025) (1) A central securities depository may provide custody and administration of crypto-assets on behalf of clients shall provide their clients if it notifies the Commission in accordance with Article 60 (2) of Regulation (EU) 2023/1114.

(2) The central securities depository providing the services referred to in Paragraph (1) shall also apply the requirements of Regulation (EU) 2023/1114, the Markets in Crypto-Assets Act and their implementing acts.

Other requirements to activities

Article 227i. (New, SG No. 83/2019, effective 22.10.2019) (1) Requirements for the rules and procedures of central securities depositories for every securities settlement system managed thereby in cases of failures by one or more participants therein shall be laid down in an ordinance.

(2) The risks reported in accordance with Article 53, paragraph 3 of Regulation (EU) No. 909/2014, when performing a full risk assessment upon a request of a central securities depository for access to a central counterparty or to a trading venue or in case of examination of complaints under Article 53, paragraph 3 of Regulation (EU) No. 909/2014 in case of denied access, shall be determined in accordance with Delegated Regulation (EU) 2017/392, Commission Delegated Regulation (EU) 2017/394 of 11 November 2016 laying down implementing technical standards with regard to standard forms, templates and procedures for authorisation, review and evaluation of central securities depositories, for the cooperation between authorities of the home Member State and the host Member State, for the consultation of authorities involved in the authorisation to provide banking-type ancillary services, for access involving central securities depositories, and with regard to the format of the records to be maintained by central securities depositories in accordance with Regulation (EU) No. 909/2014 of the European Parliament and of the Council (OJ, L 65/145 of 10 March 2017) and in accordance with an ordinance.

(3) Additional requirements in regard to the provision of the services according to the Annex to Regulation (EU) No. 909/2014 shall be laid down in an ordinance.

Right of access to information related to transactions in financial instruments

Article 227j. (New, SG No. 83/2019, effective 22.10.2019) (1) Any investor shall be entitled to access to information related to transactions in financial instruments to which it is a party, through a participant in the settlement system of a central securities depository.

(2) In the rules under Article 227i, paragraph 1, central securities depositories shall lay down the procedure and manner of access under paragraph 1.

Exclusion from the scope

Article 227k. (New, SG No. 83/2019, effective 22.10.2019) The provisions of this Chapter shall apply mutatis mutandis to central securities depositories and government securities settlement systems under Article 1, paragraph 4 of Regulation (EU) No. 909/2014.

Section II

(New, SG No. 83/2019, effective 22.10.2019)

Recovery and resolution of central securities depositories

Recovery and resolution of central securities depositories authority

Article 227l. (New, SG No. 83/2019, effective 22.10.2019) (1) The Financial Supervision

Commission shall be the resolution authority of central securities depositories established in the Republic of Bulgaria. The decisions of the Commission as a resolution authority shall be taken on a proposal of the member of the Commission under Article 3, item 5 of the Financial Supervision Commission Act.

(2) The rules of the Commission shall determine the structural unit assisting the Commission and the member of the Commission under Article 3, item 5 of the Financial Supervision Commission Act in the exercise of their functions under paragraph 1.

(3) The rules of the Commission shall establish rules for the operation of the unit under paragraph 2, including the preservation of professional secrecy and exchanges of information with other structural units of the Commission and with other bodies.

Recovery plan

Article 227m. (New, SG No. 83/2019, effective 22.10.2019) (1) The central securities depository shall draw up and update a recovery plan with content under Article 8, paragraph 3 of Delegated Regulation (EU) 2017/392.

(2) The central securities depository shall review and update the recovery plan at least once annually or following a change in the legal form, in the management structure or in its organisational structure, in its business activity or financial condition, which may have a significant impact on the recovery plan or impose a change therein.

(3) The Deputy Chairperson may require from the central securities depository to update the recovery plan more often than the time limit set out in paragraph 2 or to include additional information in the recovery plan.

(4) The managing authority of the central securities depository shall approve the recovery plan and after that the plan shall be submitted to the Commission.

(5) Within six months of submission of the recovery plan and following a consultation with the bodies under Article 12 of Regulation (EU) No. 909/2014, the Commission shall review and evaluate the recovery plan.

(6) The Financial Supervision Commission shall notify the central securities depository about the evaluation under paragraph 5 and when the recovery plan has serious deficiencies or serious obstacles to its application exist, the Commission shall require from the central securities depository to submit a revised recovery plan within two months.

(7) The Financial Supervision Commission may demand from the central securities depository to make specific changes in the revised recovery plan should it consider that the deficiencies and obstacles have not been rectified in an appropriate way.

(8) If the central securities depository fails to submit a revised recovery plan under paragraph 7 or if the Commission considers that the deficiencies and obstacles have not been rectified in an appropriate way in the revised plan and there is no possibility to be rectified pursuant to paragraph 7, the Commission shall require, within a period specified thereby, from the central securities depository to plan changes in its activities so as to rectify the deficiencies in the recovery plan or the obstacles to its implementation.

Resolution plan

Article 227n. (New, SG No. 83/2019, effective 22.10.2019) (1) The Financial Supervision Commission, at the proposal of the member of the Commission under Article 3, item 5 of the Financial Supervision Commission Act shall adopt a resolution plan for each central securities depository established in the Republic of Bulgaria.

(2) The resolution plan under paragraph 1 shall be drawn up following a consultation with the bodies under Article 12 of Regulation (EU) No. 909/2014.

(3) When drawing up the resolution plan, any significant obstacles to the resolvability shall

be identified and, where necessary and justified, actions to overcome them shall be specified.

(4) The resolution plan shall set out a range of scenarios, including those in which non-compliance with obligations arises only from the position of the specific central securities depository or is a manifestation of the financial instability at system level.

(5) The central securities depository shall assist the Commission in the preparation and update of the resolution plan.

(6) The Financial Supervision Commission shall review and update the resolution plan at least once annually or after any significant change in the legal form, the management structure, the organisational structure, the business or the financial position of the central securities depository, which could have significant effects on the efficiency of the plan or may require its review.

(7) For the purposes of the review under paragraph 6 the central securities depository shall inform the Commission without delay of any change that requires a review of the plan. Upon established changes in the activities or financial position of the central securities depository, which could have significant effects on the efficiency of the plan, the Deputy Chairperson shall inform the unit under Article 227l, paragraph 2.

(8) The information included in the resolution plan of a central securities depository shall be laid down in an ordinance.

Conditions for resolution of central securities depositories

Article 227o. (New, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission, at the proposal of the member of the Commission under Article 3, item 5 of the Financial Supervision Commission Act shall issue a decision on taking actions for resolution of a central securities depository where the following conditions apply simultaneously:

1. a finding is made that the central securities depository experiences serious difficulties or it is likely for it to experience serious difficulties in a joint report of the Investment Supervision Division of the Commission and the unit under Article 227l, paragraph 2;

2. in view of the emergency and other significant circumstances there is not a real likelihood other measures taken in respect of the central securities depository to prevent non-performance of its obligations within a reasonable period of time;

3. the resolution is necessary in the public interest and the resolution objectives cannot be achieved to the same extent in insolvency proceedings.

Other requirements

Article 227p. (New, SG No. 83/2019, effective 22.10.2019) Other requirements in regard to the recovery and resolution of central securities depositories, including resolution tools, shall be laid down in an ordinance.

TITLE SIX

(New, SG No. 64/2020, effective 21.08.2020)

BENCHMARKS ADMINISTRATORS

Benchmarks administrators

Article 227q. (New, SG No. 64/2020, effective 21.08.2020) (1) (Amended, SG No. 8/2023) In order to act as a benchmark administrator a person whose registered office is situated in the territory of the Republic of Bulgaria must be licensed or registered by the Commission in accordance with Article 34 of Regulation (EU) 2016/1011, with the exception of the cases in which it is subject to licensing or registration by the ESMA or by the Bulgarian National Bank.

(2) The additional requirements to be met by non-significant benchmark administrators regarding the oversight function referred to in Article 5 of Regulation (EU) 2016/1011, the input data under Article 11 of Regulation (EU) 2016/1011, the transparency of the methodology under Article 13 of Regulation (EU) 2016/1011 and the governance and control requirements for supervised contributors of input data under Article 16 of Regulation (EU) 2016/1011 shall be laid down in an ordinance.

TITLE SEVEN
(New, SG No. 65/2023)
MARKET INFRASTRUCTURES BASED ON THE
DISTRIBUTED LEDGER TECHNOLOGY. DIGITAL
OPERATIONAL RESILIENCE
(Title supplemented, SG No. 54/2025)

Chapter Twenty One "c"
(New, SG No. 65/2023)
MARKET INFRASTRUCTURES BASED ON THE
DISTRIBUTED LEDGER TECHNOLOGY

Section I
(New, SG No. 65/2023)
General Provisions

General Provisions

Article 227r. (New, SG No. 65/2023) (1) Market infrastructures based on distributed ledger technology, as defined in Article 2 (5) of Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No. 600/2014 and (EU) No. 909/2014 and Directive 2014/65/EU (OJ, L 151/1 of 2 June 2022), hereinafter referred to as "Regulation (EU) 2022/858", admit to trading and/or register in settlement systems only financial instruments based on the distributed ledger technology, subject to the restrictions provided for in Article 3 of the said Regulation.

(2) The special permissions and exemptions issued by the Commission pursuant to this Title shall be valid on the territory of the European Union for a period of up to 6 years from the date of issuance of the relevant special permission or exemption under Article 8 (11), Article 9 (11) and Article 10 (11) of Regulation (EU) 2022/858 and only for the term of the pilot regime under the said Regulation.

Competent Authority

Article 227s. (New, SG No. 65/2023) (1) The Financial Supervision Commission shall be a competent authority within the meaning of Article 12 of Regulation (EU) 2022/858.

(2) The Financial Supervision Commission shall exercise the powers of the competent authority under Article 3 (6), Article 4 (2) and (3), Article 5 (2) - (9), Article 6, Article 7 (4), sub-paragraph 3, (6), sub-paragraph 3 and (7), sub-paragraph 3, last sentence, Articles 8 - 10 and Article 11 (2) and (3) of Regulation (EU) 2022/858.

(3) The Financial Supervision Commission shall exercise the powers conferred thereon as a competent authority under Regulation (EU) 2022/858 and shall make relevant decisions at the proposal of the Deputy Chairperson.

(4) The Deputy Chairperson shall exercise all powers of a competent authority under Regulation (EU) No. 2022/858, except for those conferred on the express competence of the Commission.

(5) The Financial Supervision Commission shall be the competent body for cooperation with the other competent authorities under Regulation (EU) 2022/858.

Section II

(New, SG No. 65/2023)

Specific permissions, requirements and exemptions under Article 8 (11), Article 9 (11) and Article 10 (11) of Regulation (EU) 2022/858

Specific permissions and pursuit of business

Article 227t. (New, SG No. 65/2023) (1) The Financial Supervision Commission shall issue, refuse to issue, amend and withdraw a specific permission for operation of a multilateral trading facility based on distributed ledger technology, a specific permission for operation of a settlement system based on distributed ledger technology, a specific permission for operation of trading and settlement systems based on distributed ledger technology to a legal person with head office and registered address in the territory of the Republic of Bulgaria, which complies with the requirements of Regulation (EU) 2022/858 and its implementing acts. The specific permission shall specify the exemptions granted, the compensatory measures and any lower thresholds established by the Commission pursuant to Article 3 (6) of Regulation (EU) 2022/858.

(2) The exemptions under Paragraph 1 shall not apply to market infrastructure based on distributed ledger technology operating outside the pilot regime under Regulation (EU) 2022/858.

(3) The Financial Supervision Commission shall notify ESMA as laid down in the provisions of Regulation (EU) 2022/858.

Requirements to the pursuit of business

Article 227u. (New, SG No. 65/2023) In the pursuit of their business, market infrastructures based on distributed ledger technology that have been granted specific permissions under Article 227t (1) shall comply with the requirements of this Act, Regulation (EU) 2022/858 and its implementing acts, the guidelines adopted by ESMA for the application of which the Commission has taken an implementing decision pursuant to Item 26 of Article 13 (1) of the Financial Supervision Commission Act, as well as the other legislation applicable to their activities.

Chapter Twenty-One "d"

(New, SG No. 54/2025)

DIGITAL OPERATIONAL RESILIENCE

Article 227v. (New, SG No. 54/2025) (1) The Commission, on a proposal by the Deputy Chairperson, shall, in accordance with the requirements of Regulation (EU) 2022/2554 and its implementing acts, make decisions to designate investment firms, central securities depositories, central counterparties, trading venues, approved publication arrangements and approved reporting mechanisms referred to in item 3 of Article 1 and administrators of critical benchmarks to perform threat-led penetration testing, to confirm the scope of the testing and to approve the use of in-house testers, as well as to require a change, if necessary, in the frequency of the testing.

(2) The Commission shall, on a proposal by the Deputy Chairperson, make a decision that the testing referred to in Paragraph (1) has been performed in accordance with the requirements of Regulation (EU) 2022/2554, its implementing acts and the documentation on the testing, and shall issue an attestation confirming the testing or shall order a retesting.

(3) The Commission shall adopt an ordinance on the application of this article.

PART THREE SUPERVISION

TITLE ONE SUPERVISION ON A CONSOLIDATED BASIS

Chapter Twenty Two SUPERVISION ON A CONSOLIDATED BASIS OF GROUPS OF INVESTMENT FIRMS UNDER ARTICLE 9A, PARAGRAPH 1 AND SUPERVISORY POWERS IN RESPECT OF INVESTMENT HOLDINGS, MIXED FINANCIAL HOLDINGS AND MIXED-ACTIVITY HOLDINGS IN WHICH THESE FIRMS PARTICIPATE (Title amended, SG No. 25/2022, effective 29.03.2022)

Designation of a competent authority for supervision on a consolidated basis of groups of investment firms and supervision for compliance with the group capital test

Article 228. (Amended, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission shall supervise on a consolidated basis under Article 7 of Regulation (EU) 2019/2033 or supervision for compliance with a group capital test in cases where:

1. a group of investment firms has a parent investment firm from the Union, authorised in the Republic of Bulgaria;
2. the parent undertaking of an investment firm authorised in the Republic of Bulgaria is a Union parent investment holding company or a Union parent mixed financial holding company;
3. the parent undertaking of two or more investment firms authorised in two or more Member States is the same Union parent investment holding company established in the Republic of Bulgaria or a Union parent mixed financial holding company established in the Republic of

Bulgaria;

4. parent undertaking of one or more investment firms authorised in the Republic of Bulgaria and of one or more investment firms authorised in one or more Member States cover more than one investment holding company or mixed financial holding company with head offices in different Member States and in each of these countries there is an investment firm and the investment firm authorised in the Republic of Bulgaria has the largest balance sheet number;

5. the parent undertaking of one or more investment firms authorised in the Republic of Bulgaria and of one or more investment firms authorised in one or more Member States is the same Union parent investment holding company or a Union mixed parent financial holding company and none of these investment firms has been granted authorisation in the Member State in which the investment holding company or the mixed financial holding company is established, and the investment firm authorised in the Republic of Bulgaria has the largest balance sheet number.

(2) The Financial Supervision Commission shall not apply Paragraph 1, Items 3 – 5 when it reaches an agreement with the competent authorities of the respective Member States that the application of Paragraph 1, Items 3 – 5 is inappropriate for the implementation of effective supervision on a consolidated basis or supervision for compliance with the group capital test, given the relevant investment firms and the scale of their activities in the Member State concerned, and shall decide on another competent authority for supervision on a consolidated basis or for supervision for compliance with the group capital test. Before making the decision under sentence one, the Commission shall give an opportunity to the Union parent investment firm authorised in the Republic of Bulgaria, respectively to the Union parent investment holding company established in the Republic of Bulgaria or the Union mixed financial holding company established in the Republic of Bulgaria, or to the investment firm authorised in the Republic of Bulgaria and with the largest balance number, to express its opinion on the envisaged decision within a time-limit set thereby.

(3) On a request from a competent authority of another Member State the Commission shall participate in consultations and take decision on the designation of a competent authority that will exercise supervision on a consolidated basis or supervision for compliance with the group capital test. With the decision under sentence one, the Commission may be designated as a competent authority.

(4) The Financial Supervision Commission shall inform the European Commission and the EBA about the decisions taken under Paragraphs 2 and 3.

Requirements to management and supervisory bodies

Article 228a. (New, SG No. 25/2022, effective 29.03.2022) (1) The persons elected as members of the management or supervisory body of an investment holding company or a mixed financial holding company shall have good reputation and possess the knowledge, skills and professional experience necessary to manage the holding's activities, taking into account the specific role of the respective holding.

(2) Additional requirements to the persons under Paragraph 1 shall be set out in an ordinance.

Informing EBA in emergency situations

Article 228b. (New, SG No. 25/2022, effective 29.03.2022) If an emergency situation arises, including the cases under Article 18 referred to in Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OB, L 331/12 of 15 December 2010) hereinafter

referred to as "Regulation (EU) No. 1093/2010", or in case of adverse market developments which may jeopardise the market liquidity and the stability of the financial system in the Republic of Bulgaria or in another Member State in which companies from the group of investment firms are authorised, the Commission, where it is a consolidating supervisor, shall immediately inform the EBA and the authorities under Article 25, Paragraph 1, item 5 and Paragraph 10 of the Financial Supervision Commission Act, providing them all the information which is relevant to the fulfilment of their functions.

Supervisory colleges established by the Commission

Article 228c. (New, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission, where it is a consolidating supervisor under Article 228, may establish supervisory colleges of the competent authorities to facilitate the implementation of the functions under this Article and to ensure coordination and cooperation with the relevant supervisory authorities of third countries, as well as when this is necessary for the purposes of application of Article 23, Paragraph 1, subparagraph 1, point "c" and Article 23, Paragraph 2 of Regulation (EU) 2019/2033 on exchange and update of relevant information with the supervisory authorities of qualified central counterparties regarding the margin model.

(2) If necessary, a supervisory college may be set up with the participation of the relevant competent authorities of third country subsidiaries of a group of investment firms, with a Union parent investment firm, with a Union parent investment holding company or with a Union parent mixed financial holding company.

(3) The Financial Supervision Commission may participate in the supervisory colleges set up by other competent authorities where these are consolidating supervisors under Directive (EU) 2019/2034 and Regulation (EU) No. 2019/2033.

(4) For the purposes of setting up and operation of the supervisory colleges the Commission shall, following consultations with the other competent authorities, enter into written agreements with them.

(5) The supervisory colleges referred to in Paragraphs 1 and 2 shall establish the necessary conditions and procedures for the supervisory authority of the group of investment firms, the EBA and other competent authorities to carry out the following tasks:

1. under Article 228b;
2. exchange of information between the competent authorities and the EBA in accordance with Article 21 of Regulation (EU) No. 1093/2010, as well as with the ESMA in accordance with Article 21 of Regulation (EU) No. 1095/2010;
3. coordinating requests for information, when this is necessary to facilitate supervision on a consolidated basis, in accordance with Article 7 of Regulation (EU) 2019/2033;
4. coordinating requests for information in cases where several competent authorities of investment firms that are part of the same group of investment firms need to request from the competent authority of the clearing member's home Member State or from the competent authority of the qualified central counterparty information on the margin model and the parameters used to calculate the margin requirement of the relevant investment firm;
5. increasing the efficiency of supervision by removing unnecessary duplication of supervisory requirements;
6. reaching an agreement on the voluntary delegation between competent authorities of tasks and responsibilities, where appropriate.

(6) The members of the supervisory colleges under Paragraphs 1 and 2 shall be:

1. (2) the competent authorities responsible for the supervision of subsidiaries of an investment firm group headed by Union parent investment firm, Union parent investment holding

company or Union parent mixed financial holding company;

2. the supervisory authorities of a third country where confidentiality requirements are met which, in the opinion of all competent authorities, are considered equivalent to the confidentiality requirements of Member States under their national law.

(7) The setting up and activity of the supervisory college shall not affect the powers of the Commission, the Deputy Chairperson accordingly, under this Act, the Financial Supervision Commission Act and Regulation (EU) 2019/2033.

Meetings of the supervisory colleges

Article 228d. (New, SG No. 25/2022, effective 29.03.2022) (1) In the cases where the Commission is a consolidating supervisor, it shall chair the meetings of the supervisory college and shall designate the competent authorities which will participate in each meeting or activity of the college, taking into account the significance of the supervisory college's activity which is to be planned and coordinated by the members of the supervisory college.

(2) As a consolidating supervisor, the Commission shall provide in advance to all members of the supervisory college information about the organisation of the meeting, the main issues and actions to be discussed. The Financial Supervision Commission shall furthermore provide on a timely basis to all members of the supervisory college all the information about the decisions adopted at such meetings and the measures taken.

Referring an issue for assistance to EBA

Article 228e. (New, SG No. 25/2022, effective 29.03.2022) Where the Commission does not agree with a decision taken by the supervisory body of the group of investment firms regarding the work of a supervisory college, it may refer the matter to the EBA and request its assistance in accordance with Article 19 of Regulation (EU) No. 1093/2010.

Provision of information to competent authorities

Article 228f. (New, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission shall, at its initiative or at the request of a member of the supervisory college, provide to the relevant members of the supervisory college all the necessary information relating to:

1. the establishment of the legal, management and organisational structure of the group of investment firms, including regulated and unregulated entities, unregulated subsidiaries and parent undertakings, as well as the establishment of the competent authorities supervising the regulated entities in the group;

2. procedures for gathering and verification of information from the investment firms in a group of investment firms;

3. difficulties in the activity of the investment firm or in the activity of other companies in the group of investment firms, which could seriously affect the activity of the investment firms;

4. all significant administrative penalties and supervisory measures imposed by the Commission or the Deputy Chairperson under this Act, including the imposition of additional capital requirements.

(2) The Financial Supervision Commission shall cooperate with EBA and shall provide all the necessary information for the performance of its obligations under the terms and procedure of Regulation (EU) No. 1093/2010.

Consultation with other competent authorities

Article 228g. (New, SG No. 25/2022, effective 29.03.2022) (1) Before taking a decision which is relevant to the activities of another competent authority, the Commission shall consult it when the decision concerns:

1. changes in the shareholder, organisational or management structure of investment firms

from a given group of investment firms, which require the approval or authorisation of the Commission;

2. significant administrative penalties and supervisory measures imposed by the Commission or the Deputy Chairperson;

3. additional capital requirements imposed by the Commission.

(2) In the cases referred to in Paragraph 1, Item 2, the Commission shall also consult the consolidating supervisor.

(3) The requirements under Paragraphs 1 and 2 shall not apply where it is necessary for the Commission to make a decision immediately and where the consultations may hamper or block the efficiency of the respective decision. In this case the Commission shall notify the competent authorities at the earliest opportunity for its decision not to consult.

Consultations with EBA

Article 228h. (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission may refer the issue for consideration to the EBA under Article 19, Paragraph 1 of Regulation (EU) No. 1093/2010 where:

1. the competent authority has not provided it with the necessary information in a timely manner as required in Article 228f, Paragraph 1;

2. the request for exchange of information is denied or is not fulfilled within a reasonable time limit.

Verifications on the initiative of another competent authority

Article 228i. (New, SG No. 25/2022, effective 29.03.2022) (1) Where it is necessary for the Commission to verify the information on the investment firms, investment holding companies, mixed financial holding companies, financial institutions, ancillary services companies, mixed-activity financial holding companies or subsidiaries located in another Member State, including subsidiaries which are insurers or re-insurers, it shall make a request to that effect to the relevant competent authorities of the other Member State.

(2) Where it is necessary for a competent authority of a Member State to verify the information on the persons referred to in Paragraph 1 and makes a request to the Commission to that effect, the Commission shall take any of the following actions:

1. carries out the verification or assigns to the relevant Deputy Chairperson its performance in view of their powers;

2. enables the requesting competent authority to carry out the verification;

3. instructs an auditor or expert to carry out the verification impartially and report immediately on the results.

(3) The competent authority having made the request under Paragraph 2 may participate in the verifications under Paragraph 2, Items 1 and 3.

Other requirements

Article 228j. (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall supervise the investment holding company and the mixed financial holding company when the group capital test is applied.

Request for information from a mixed holding company

Article 228k. (New, SG No. 25/2022, effective 29.03.2022) (1) Where a mixed holding company is a parent undertaking of one or more investment firms authorised in the Republic of Bulgaria, the Commission may require from the holding company and from its subsidiaries information which is necessary for the purposes of supervision of the investment firm subsidiaries.

(2) The Financial Supervision Commission may perform itself or with the assistance of

persons appointed for that purpose on-site verification of the information received under Paragraph 1.

General supervision of a mixed holding company and its subsidiaries

Article 228l. (New, SG No. 25/2022, effective 29.03.2022) (1) Where a mixed holding company is a parent undertaking of one or more investment firms authorised in the Republic of Bulgaria, the Commission shall exercise common supervision of the transactions between such investment firms and the holding company and of the transactions between the investment firms and the other subsidiaries of the holding company.

(2) Investment firms under Paragraph 1 shall implement adequate risk management processes and internal control mechanisms, including reliable procedures for reporting and accounting, in order to measure, monitor and control in a suitable manner the transactions with the mixed holding company and with its subsidiaries.

(3) The procedures and transactions under Paragraph 2 shall be subject to supervision by the Commission.

Assistance to competent authorities of other Member States in the consolidated supervision over subsidiaries subject to licensing by the Commission

Article 228m. (New, SG No. 25/2022, effective 29.03.2022) (1) Where an investment firm authorised in the Republic of Bulgaria is a subsidiary of a parent undertaking having its seat in another Member State and no supervision on a consolidated basis is exercised of that investment firm by the Commission or by another competent authority, the Commission shall check whether the investment firm is covered by supervision on a consolidated basis, equivalent to the requirements of this Act and the first part of Regulation (EU) 2019/2033.

(2) Where it finds that supervision on a consolidated basis is not exercised or that the supervision exercised does not comply with the requirements of this Act and Regulation (EU) 2019/2033, the Commission shall, if it were the supervisory authority of the investment firm group, if the parent undertaking is established in the Union, may apply to the subsidiary investment firm under Paragraph 1 appropriate supervisory measures to achieve the objectives of the supervision on a consolidated basis on it in accordance with Article 7 or 8 of Regulation (EU) 2019/2033. The Financial Supervision Commission shall apply such supervisory measures after consultations with the relevant competent authorities, including those in the third country, and shall notify them to the other competent authorities, the EBA and the European Commission.

(3) In the cases of Paragraph 2, the Commission may request the incorporation of a Union investment holding company or a Union mixed financial holding company and the requirements for the supervision on a consolidated basis set out in this Act shall apply to it and in compliance with Articles 7 and 8 of Regulation (EU) 2019/2033.

(4) The Financial Supervision Commission may make a request to the European Commission to provide the Council with recommendations for the negotiation of agreements with one or more third countries regarding the means of exercising supervision for compliance with group capital test for the following investment firms:

1. investment firms the parent undertaking of which has its head office in a third country;
2. investment firms in third countries the parent undertaking of which has its head office in the Union.

Chapter Twenty Two "a"

SUPERVISION ON A CONSOLIDATED BASIS OF THE INVESTMENT FIRMS UNDER ARTICLE 9A,

PARAGRAPH 2 AND SUPERVISORY POWERS IN RESPECT OF FINANCIAL HOLDING COMPANIES AND MIXED-ACTIVITY FINANCIAL HOLDING COMPANIES IN WHICH THESE FIRMS PARTICIPATE (Title new, SG No. 25/2022, effective 29.03.2022)

General Requirements

Article 229. (Amended, SG No. 25/2022, effective 29.03.2022) (1) For the purposes of this Chapter, the concepts of Regulation (EU) № 575/2013 shall apply.

(2) For the purposes of Articles 229a - 229c, Articles 230 and 231, the terms "investment firm", "parent institution in a Member State", "parent institution of the European Union" and "parent undertaking" shall also include:

1. financial holding company and mixed financial holding company which have been granted approval under Article 229a;

2. an investment firm controlled by a European Union parent financial holding company, a European Union parent mixed-activity financial holding company, a parent financial holding company in a Member State or a mixed-activity parent financial holding company in a Member State where the relevant parent holding company is not subject to approval in accordance with Article 229c;

3. a financial holding company, a mixed-activity financial holding company or an investment firm, when supervisory measures are taken to temporarily designate another financial holding company, mixed-activity financial holding company or institution within the group as responsible for compliance with the requirements set out in this Act, Regulation (EU) No. 575/2013 and their implementing acts, on a consolidated basis.

(3) Within the meaning of this Chapter:

1. "group" shall be a concept within the meaning of Article 4, paragraph 1, item 138 of Regulation (EU) No. 575/2013.

2. "Third country group" shall be a group whose parent undertaking is in a third country.

Approval of a financial holding company and a mixed-activity financial holding company

Article 229a. (New, SG No. 25/2022, effective 29.03.2022) (1) The parent financial holding company in a Member State, the parent mixed activity financial holding company in a Member State, the parent financial holding company of the European Union and the parent mixed-activity financial holding company from the European Union, in respect of which the Commission is a consolidating supervisor under Article 230 shall be subject to approval for a financial holding company or a mixed-activity financial holding company.

(2) Paragraph 1 shall also apply to financial holding companies and mixed-activity financial holding companies other than those referred to in Paragraph 1, which the Commission supervises on a consolidated basis.

(3) To issue approval under Paragraph 1 an application shall be filed to the Commission, enclosing data and documents:

1. description of the organisational structure of the group, of which the financial holding company or the mixed-activity financial holding company is part, with a clear indication of its subsidiaries and, where applicable, parent undertakings, and the location and the type of activity undertaken by each entity within the group;

2. information regarding the appointment of at least two persons who manage and represent the financial holding company or the mixed-activity financial holding company, and the compliance with the requirements of Article 232, Paragraph 1;

3. description of the internal organisation and distribution of activities within the group;

4. any other information as may be necessary to carry out the assessments under Articles 229b and 229c.

(4) The data and documents referred to in Paragraph 3 shall be submitted to the Commission and, where a financial holding company or a mixed-activity financial holding company has its seat in the Republic of Bulgaria, in respect whereof the Commission is not a consolidating supervisor.

(5) Where the approval under Paragraph 1 of a financial holding company or a mixed-activity financial holding company is carried out at the same time as the assessment referred to in Article 57 and the financial holding company or the mixed-activity financial holding company is established in another Member State, the Commission shall coordinate with the competent authority in the Member State where the financial holding company or the mixed-activity financial holding company is established. In this case, the term under Article 56, Paragraph 1 shall be suspended for a period of 30 business days until the approval proceedings are closed.

Conditions for granting approval

Article 229b. (New, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission, when it is a consolidating supervisor, shall issue an approval under Article 229a, Paragraph 1 where:

1. the internal arrangements and allocation of activities within the group are adequate in order to ensure compliance with the requirements of this Act, Regulation (EU) No. 575/2013 and the instruments for their implementation on a consolidated basis or sub-consolidated basis and, in particular, are effective in order to:

a) coordinate all the subsidiaries of a financial holding company or a mixed-activity financial holding company, including, if necessary, through an adequate distribution of tasks among subsidiary institutions;

b) prevent or manage intra-group conflicts; and

c) enforce group-wide policies, adopted by the parent financial holding company or parent mixed-activity financial holding company within the group;

2. the organisation structure of the group, of which the financial holding company or mixed-activity financial holding company is part, does not obstruct or otherwise prevent the effective supervision of subsidiary institutions or parent institutions regarding the performance of their obligations in respect of the individual, consolidated or sub-consolidated requirements applicable to them, taking into account at least the following in the assessment:

a) the position of the financial holding company or the mixed financial holding company in a multi-layered group;

b) the shareholder structure;

c) the role of the financial holding company or of the mixed-activity financial holding company within the group;

3. the requirements set out in Article 232, Paragraph 1 have been met.

(2) The Financial Supervision Commission, where it is a consolidating supervisor, shall issue a decision on the application for approval under Article 229a, Paragraph 1 within 4 months from receipt thereof, and where additional details and documents have been demanded, within 4 months from receipt thereof but not later than 6 months from receipt of the application.

Exemption from obtaining approval

Article 229c. (New, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission shall exempt from the obligation to obtain approval under Article 229a, Paragraph 1 the parent financial holding company in a Member State, the parent mixed-activity financial holding company in a Member State, the European Union parent financial holding company and the European Union mixed-activity financial holding company in respect of which the Commission is a consolidating supervisor where:

1. the financial holding company's principal activity is to acquire holdings in subsidiaries or, in the case of a mixed-activity financial holding company, its principal activity with respect to investment firms or financial institutions is to acquire holdings in subsidiaries;

2. the financial holding company or the mixed-activity financial holding company has not been designated as a resolution entity in any of the group's resolution groups in accordance with the resolution strategy determined by the Commission;

3. the financial holding company or the mixed-activity financial holding company does not engage in taking management, operational or financial decisions affecting the group or its subsidiaries that are investment firms or financial institutions;

4. there is no impediment to the effective supervision of the group on a consolidated basis.

(2) The financial holding company or the mixed-activity financial holding company under Paragraph 1 shall not be excluded from the scope of consolidation as laid down in Regulation (EU) No. 575/2013, this Act and the instruments for their implementation.

(3) Where as a result of the supervision exercised under Article 230 the Commission has established that the conditions set out in Paragraph 1 are no longer met, the Commission shall inform the financial holding company or the mixed-activity financial holding company and shall set a time-limit in which the latter shall submit an application for approval under Article 229a, Paragraph 1. Financial holding companies and mixed financial holding companies shall provide the Commission with the information required to monitor on an ongoing basis the structural organisation of the group and compliance with the conditions referred to in Article 229b, Paragraph 1.

(4) The Financial Supervision Commission, where it is a consolidating supervisor, shall provide the information under Paragraph 3 to the competent authority in the Member State where the financial holding company or the mixed-activity financial holding company is established.

Other requirements

Article 229d. (New, SG No. 25/2022, effective 29.03.2022) Articles 229a – 229c shall apply on a sub-consolidated basis to the financial holding company or the mixed-activity financial holding company under Article 229a, Paragraph 2.

Reaching a joint decision with other competent authorities

Article 229e. (New, SG No. 25/2022, effective 29.03.2022) (1) In the cases where pursuant to Articles 230 and 231 the Commission is a consolidating supervisor or where it is not but within the supervision on a consolidated basis falls an investment firm authorised in the Republic of Bulgaria which is a subsidiary of a financial holding company or a mixed-activity financial holding company, the Commission shall take appropriate actions within its powers to reach a joint decision with the other competent authorities on the approval under Article 229a or on the exemption under Article 229c within two months from the assessment under Paragraph 2.

(2) The Financial Supervision Commission, where it is a consolidating supervisor under Articles 230 and 231, shall prepare an assessment on the approval under Article 229a or the exemption under Article 229c and shall send it to the other competent authorities.

(3) The decision under Paragraph 1 shall be prepared in writing, shall be motivated in detail

and shall be submitted by the Commission, where it is a consolidating supervisor, to the competent authority in the Member State where the financial holding company or the mixed-activity financial holding company is established. The Financial Supervision Commission shall notify the financial holding company or the mixed-activity financial holding company of the decision taken.

(4) In case of disagreement the Commission shall refer the matter to the EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010 unless the term under Paragraph 1 has expired or a joint decision has been taken.

(5) The Financial Supervision Commission and the other competent authorities concerned shall adopt a joint decision in accordance with the EBA decision.

Cases in which the consent of the coordinator of the mixed-activity financial holding company is required

Article 229f. (New, SG No. 25/2022, effective 29.03.2022) (1) In the cases where pursuant to Articles 230 and 231 the Commission is a consolidating supervisor or where it is not but within the supervision on a consolidated basis falls an investment firm authorised in the Republic of Bulgaria which is a subsidiary of a mixed-activity financial holding company and the Commission is not a coordinator within the meaning of Article 14 of the Supplementary Supervision of Financial Conglomerates Act, the consent of the coordinator of the mixed-activity financial holding company is required for the approval under Article 229a or the exemption under Article 229c.

(2) In case of disagreement, the Commission shall refer the matter to the relevant European supervisory authority – the EBA, the European Insurance and Occupational Pensions Authority or the European Securities and Markets Authority.

(3) The decisions under Paragraph 1 shall not affect the obligations under the Supplementary Supervision of Financial Conglomerates Act or the Insurance Code.

Supervision on a consolidated basis exercised by the Commission

Article 230. (Amended, SG No. 25/2022, effective 29.03.2022) The Commission shall exercise supervision on a consolidated basis over investment firms, groups, financial holding companies or mixed financial holding companies having as subsidiary an investment firm authorised in the Republic of Bulgaria, unless otherwise provided in a law.

(2) (Amended, SG No. 12/2021, effective 12.02.2021, repealed, SG No. 25/2022, effective 29.03.2022).

(3) Included in the scope of supervision on a consolidated basis under this Section shall also be the persons managing alternative investment funds and the management companies in the manner and to the extent provided for financial institutions.

(4) (Amended and supplemented, SG No. 25/2022, effective 29.03.2022) Financial holding companies and mixed-activity financial holding companies subject to supervision on a consolidated basis by the Commission shall implement internal rules, procedures and mechanisms for compliance with the requirements of Article 13, Paragraph 1, Article 14, Paragraph 2, Article 61, Article 62, Paragraph 2, Article 64, Paragraphs 1 and 2, Article 65, Paragraph 1, items 1, 2, 4, 12 - 14 and Paragraph 5 and Article 136 also in their subsidiaries, including in those which are not covered by this Act. The rules, procedures and mechanisms shall be consistent and well integrated and shall allow the subsidiaries to prepare any details and information of relevance for the purposes of supervision, including when established in preferential jurisdictions. Subsidiaries which do not fall within the scope of this Act shall comply with sector-specific requirements on an individual basis.

(5) Financial holding companies and mixed financial holding companies shall submit all

the necessary information to the Commission for ascertainment of the compliance with the requirements of this Act and the statutory instruments for its implementation and with Regulation (EU) No. 575/2013, as well as for investigation of breaches of the said requirements.

(6) Where an investment firm which is an EU parent institution or an investment firm controlled by an EU parent financial holding company or an EU parent mixed financial holding company proves before the Commission that the application of the requirements for implementation of the rules, procedures and mechanisms under paragraph 5 is not lawful under the laws of the third country in which the relevant subsidiary is established, such requirements shall not apply to that subsidiary.

(7) (New, SG No. 25/2022, effective 29.03.2022) Where the Commission is a consolidating supervisor in respect of a parent mixed-activity financial holding company but is different from the coordinator under Article 14 of the Supplementary Supervision of Conglomerates Act, the Commission shall cooperate with the coordinator for the purpose of applying this Act and Regulation (EU) No. 575/2013. In order to establish effective cooperation, the Commission shall sign a written agreement with the coordinator.

Determination of the competent authority to exercise supervision on a consolidated basis

Article 231. (1) (Supplemented, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall supervise on a consolidated basis the investment firms under Article 9a, Paragraph 2, authorised in the Republic of Bulgaria, where:

1. (supplemented, SG No. 12/2021, effective 12.02.2021, amended, SG No. 54/2025) an investment firm authorised in the Republic of Bulgaria shall be a parent investment firm in a Member State or an EU parent investment firm and none of its subsidiaries is a credit institution;

2. (supplemented, SG No. 12/2021, effective 12.02.2021, amended, SG No. 25/2022, effective 29.03.2022, SG No. 54/2025) the parent undertaking of an investment firm licensed in the Republic of Bulgaria is a parent financial holding company in a Member State, an EU parent financial holding company, an EU parent mixed financial holding company or a parent mixed financial holding company in a Member State, and there are No. other investment firms or credit institutions in the group;

3. (amended, SG No. 12/2021, effective 12.02.2021) the parent undertaking of two or more investment firms licensed in the Republic of Bulgaria and in one or more other Member States is the same parent financial holding company in a Member State, an EU parent financial holding company, an EU parent mixed financial holding company or a parent mixed financial holding company in a Member State, in the group no credit institution is licensed in a Member State and the investment firm which appears to be the institution with the highest total assets in the group is the one licensed in the Republic of Bulgaria;

4. (new, SG No. 12/2021, effective 12.02.2021, supplemented, SG No. 54/2025) consolidation has been required in accordance with Article 18, Paragraphs 3 or 6 of Regulation (EU) No. 575/2013 of the Commission and the investment firm licensed in the Republic of Bulgaria appears to have higher total assets than other investment firms and there is No. credit institution in the group.

(2) (Amended, SG No. 12/2021, effective 12.02.2021, SG No. 25/2022, effective 29.03.2022) By agreement with the competent authorities of the relevant Member States the Commission may waive application of Paragraphs 1 – 2 if such application is inappropriate in view of the participating institutions and the relative importance of their activity in individual countries or the need to ensure continuity of supervision on a consolidated basis. The agreement shall designate a competent authority that will exercise supervision on a consolidated basis. Before entering into the agreement the Commission shall enable the investment firm which is an

EU parent undertaking, EU parent financial holding company or an EU parent mixed financial holding company, or an investment firm which appears to be the institution with the highest total assets, to express its opinion within a time limit set by the Commission.

(3) (Repealed, SG No. 12/2021, effective 12.02.2021).

(4) (Repealed, SG No. 12/2021, effective 12.02.2021).

(5) (Amended and supplemented, SG No. 12/2021, effective 12.02.2021, amended, SG No. 25/2022, effective 29.03.2022, amended and supplemented, SG No. 54/2025) By agreement with the competent authorities of the relevant Member States the Commission may waive application of Paragraph 1, Items 1, 3 and 4 if such application is inappropriate in view of the participating institutions and the relative importance of their activity in individual countries or the need to ensure continuity of supervision on a consolidated basis. The agreement shall designate a competent authority that will exercise supervision on a consolidated basis. Before entering into the agreement the Commission shall enable the investment firm which is an EU parent undertaking, EU parent financial holding company or an EU parent mixed financial holding company, or the credit institution, or an investment firm which appears to be the institution with the highest total assets, to express its opinion within a time limit set by the Commission.

(6) (Amended, SG No. 12/2021, effective 12.02.2021) On request from a competent authority the Commission may participate in consultations and sign agreements designating an authority that will exercise supervision on a consolidated basis under Paragraph 5. In this case the Commission may begin exercising supervision on a consolidated basis even if the requirements under Paragraphs 1 and 2 are not in place.

(7) (Amended and supplemented, SG No. 54/2025) The Financial Supervision Commission shall notify immediately the European Commission and EBA of the agreements concluded under Paragraph 6.

Requirements to management and supervisory bodies

Article 232. (1) (Previous Article 232, SG No. 83/2019, effective 22.10.2019) Persons elected members of the management or supervisory body of a financial holding company or a mixed financial holding company shall be of good repute and shall have professional experience necessary for managing the activity of the holding company. Article 64, paragraph 1 shall apply *mutatis mutandis*.

(2) (New, SG No. 83/2019, effective 22.10.2019) Additional requirements to the persons under paragraph 1 shall be set out in an ordinance.

Obligations of the consolidating supervisor

Article 233. (1) In the cases where it is a consolidating supervisor under this Section, in addition to the obligations under Regulation (EU) No. 575/2013 the Commission shall:

1. coordinate the gathering and circulation of relevant or significant information in the conditions of a going concern and in emergency situations;

2. plan and coordinate the supervisory activity in cooperation with the relevant competent authorities, and where necessary, with the central banks as well, in the preparation of actions in case of an emergency situation, including adverse developments in the status of financial markets and, where possible, shall use defined channels of communication in crisis management.

(2) The planning under paragraph 1, item 2 shall include the measures under Article 243, paragraph 2, item 4 and Article 244, paragraph 1, preparation of joint evaluations, implementation of contingency plans and informing the public.

(3) In the cases where the competent authorities do not cooperate to the Commission to the extent necessary for the fulfilment of its obligations under paragraph 1, it may refer the matter for consideration to EBA.

Action in relation to supervision on a consolidated basis and joint decisions of the competent authorities

Article 234. Outside the cases of Articles 230 and 231, where an investment firm licensed in the Republic of Bulgaria falls within the scope of supervision on a consolidated basis and the competent authority exercising supervision on a consolidated basis fails to fulfil provisions of its national law introducing the requirements of Article 112, paragraph 1 of Directive 2013/36/EU, the Commission may refer the matter for consideration to EBA.

A joint decision with other competent authorities

Article 235. (1) In the cases where pursuant to Articles 230 and 231 the Commission is a consolidating supervisor or where it is not but within the supervision on a consolidated basis falls an investment firm licensed in the Republic of Bulgaria which is a subsidiary of an EU parent institution, of an EU parent financial holding company or an EU parent mixed financial holding company, the Commission shall take appropriate actions within its powers to reach a common decision with the other competent authorities on the following:

1. application of the legal requirements for determination of the adequacy of the own funds of the group of institutions on a consolidated basis in respect of the financial status and risk profile of the group and of the required level of own funds for the application of Article 276, paragraph 1, item 11 to any person within the group of institutions and on a consolidated basis; in this case the decision shall be adopted within 4 months after the Commission, where it is a consolidating supervisor, submits to the other competent authorities concerned a report on the assessment of the risk of the group of institutions, or within 4 months after the relevant competent authority exercising supervision on a consolidated basis submits such information;

2. (amended, SG No. 25/2022, effective 29.03.2022) the measures for treatment of all major issues and significant findings related to the liquidity supervision and to the adequacy of the organisation, and treatment of risks and in respect of the specific liquidity requirements for the concrete institution; in this case the decision shall be adopted within 4 months after the Commission, where it is the authority exercising supervision on a consolidated basis, submits a report with assessment of the liquidity risk profile of the group of institutions, or within 4 months after the relevant consolidating supervisor submits such information respectively;

3. (new, SG No. 25/2022, effective 29.03.2022) on a possible recommendation for additional own funds, in which case the decision shall be taken within 4 months after the Commission, where it is the consolidating supervisor, has submitted to the other competent authorities concerned a report containing a risk assessment of the group of institutions within 4 months after the relevant competent authority exercising supervision on a consolidated basis has provided such information.

(2) In taking the decision under paragraph 1, the risk assessment of the subsidiaries, performed by the competent authorities, shall be taken into account.

(3) The decision under paragraph 1 shall be made in writing, shall be reasoned in detail and shall be submitted by the Commission, where it is the consolidating supervisor, to the competent authority exercising supervision over the EU parent institution. In case of disagreement, at the request of any of the other competent authorities concerned, the Commission shall consult EBA. The Financial supervision Commission may consult EBA at its initiative as well.

An individual decision of the consolidating supervisor

Article 236. (1) In case the competent authorities fail to reach a joint decision within the time limits under Article 235, the decision shall be made on a consolidated basis by the Commission, where it is the consolidating supervisor, taking into account the risk assessment of

the subsidiaries made by the competent authorities. If any of the competent authorities has referred the matter to EBA within the time limits under Article 235, paragraph 1, the Commission shall adopt its decision in accordance with the decision of EBA under Article 19, paragraph 3 of Regulation (EU) No. 1093/2010.

(2) In the cases where the Commission exercises supervision on a stand-alone basis or on a sub-consolidated basis over subsidiaries of an EU parent institution or an EU parent financial holding company or an EU parent mixed financial holding company, in adopting decisions under paragraph 1 it shall take into account the opinions and recommendations made by the consolidating supervisor and the decision of EBA under Article 19, paragraph 3 of Regulation (EU) No. 1093/2010.

(3) The decisions under paragraphs 1 and 2 shall be made in writing, shall be reasoned in detail, taking into account the risk assessment, the opinions and the qualifications of the other competent authorities. The Financial Supervision Commission shall submit the decision under paragraph 1 to the relevant competent authorities and to the EU parent institution.

Application and review of the decisions of the consolidating supervisor

Article 237. (1) The Financial Supervision Commission shall apply the joint decisions under Article 235 and the decisions of the other competent authorities equivalent to the decisions under Article 236.

(2) The decisions under Articles 235 and 236 shall be reviewed either annually or in emergency circumstances if a competent authority responsible for the supervision of subsidiaries of an EU parent institution or an EU parent financial holding company or an EU parent mixed financial holding company files a written and reasoned request to the Commission for updating the decision under paragraph 1. In this case the review shall be performed jointly with the competent authority which has filed the request.

Informing EBA in emergency situations

Article 238. (1) (Amended, SG No. 25/2022, effective 29.03.2022) If an emergency situation arises, including the cases under Article 18 of Regulation (EU) No. 1093/2010, or in case of adverse market developments which may jeopardise the market liquidity and the stability of the financial system in the Republic of Bulgaria or in another Member State in which companies from the group are licensed or significant branches are established, the Commission, where it is a consolidating supervisor, shall inform immediately EBA and the authorities under Article 25, Paragraph 1, items 3 and 4 and Paragraph 11 of the Financial Supervision Commission Act, providing them with all the information which is relevant to the fulfilment of their functions.

(2) If information, which has already been provided to another competent authority, is necessary for the purposes of supervision on a consolidated basis, the Commission shall require it from the relevant competent authority, where possible, in order to prevent its repeated submission to the competent authorities concerned.

Coordination and cooperation agreements

Article 239. (1) (Amended, SG No. 25/2022, effective 29.03.2022) For the purposes of supervision on a consolidated basis the Commission shall enter into agreements on coordination and cooperation with the competent supervisory authorities in the relevant Member States. The agreements may provide for additional supervisory tasks to the consolidating supervisor, as well as for decision-making procedures and cooperation with other competent authorities.

(2) Where an investment firm licensed in the Republic of Bulgaria is a subsidiary of an institution in a Member State, the Commission may, pursuant to an agreement under Article 28 of Regulation (EU) No. 1093/2010 with the competent authority of the EU parent institution,

delegate to it the responsibility for the supervision of the subsidiary investment firm.

(3) Where an investment firm licensed in the Republic of Bulgaria is a parent company of an institution in a Member State, the Commission may, pursuant to an agreement under Article 28 of Regulation (EU) No. 1093/2010 with the competent authority, assume responsibility for the supervision of the subsidiary institution.

(4) The Financial Supervision Commission shall notify EBA of the closing and contents of the agreements under paragraphs 2 and 3.

(5) (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall sign written agreements under Paragraph 1 also for the purposes of the supervision on a consolidated basis in respect of a financial holding company or a mixed-activity financial holding company with:

1. the competent authority of the Member State in which the holding company has its seat, when it is not in the Republic of Bulgaria and the Commission is the consolidating supervisor;
2. the consolidating supervisor, when the seat of the holding company is in the Republic of Bulgaria and falls within the scope of supervision on an individual basis of the Commission, but the latter is not the consolidating supervisor.

Supervisory colleges established by the Commission

Article 240. (1) The Financial Supervision Commission shall, where it is a consolidating supervisor, set up supervisory colleges of the competent authorities to facilitate performance of the functions under Articles 233 – 237 and shall ensure adequate level of coordination and cooperation, and where necessary, participation of the relevant competent authorities of third countries, if this is reasonable, subject to compliance with the confidentiality requirements and the European Union law. Competent authorities responsible for the supervision of subsidiaries of an EU parent institution, of an EU parent financial holding company financial holding or an EU mixed parent financial holding company, the competent authorities of the host Member State in which significant branches are established, and where necessary, the central banks in the European System of Central Banks (ESCB) may participate in the supervisory colleges.

(2) (Supplemented, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission may participate in the supervisory colleges set up by other competent authorities where these are consolidating supervisors under Directive 2013/36/EU and Regulation (EU) No. 575/2013. The Financial Supervision Commission as a body that has issued approval under Article 229a to a financial holding company or a mixed-activity financial holding company, may participate in the respective supervisory college.

(3) For the purposes of setting up and operation of the supervisory colleges the Commission shall, following consultations with the other competent authorities, enter into written agreements with them under Article 239.

(4) The supervisory colleges under paragraph 1 shall create the necessary conditions and the procedure for:

1. exchange of information between the competent authorities and EBA in accordance with Article 21 of Regulation (EU) No. 1093/2010;
2. reaching agreement on assignment of tasks and delegation of authorities on a voluntary basis;
3. defining a plan for the execution of supervisory inspections based on assessment of the group risk;
4. increasing the efficiency of supervision by removing unnecessary duplication of supervisory requirements, including in regard to the requests for information under Article 238 and Article 243, paragraph 5;

5. consistent application of the requirements for prudential supervision over companies in the group set out herein, Regulation (EU) No. 575/2013 and the statutory instruments for their application, without affecting the possibilities and the right of judgement laid down in the European Union law;

6. application of Article 233, paragraph 1, item 3, taking into account the activity of other supervisory colleges or groups, as may be set up in this area.

(5) The Financial Supervision Commission shall cooperate with EBA and with the other competent authorities where it participates in supervisory colleges. The confidentiality requirements shall not prevent the exchange of confidential information.

(6) The setting up and activity of the supervisory college shall not affect the powers of the Commission, the Deputy Chairperson accordingly, under this Act, the Financial Supervision Commission Act and Regulation (EU) No. 575/2013.

(7) (New, SG No. 25/2022, effective 29.03.2022) In order to facilitate the performance of the functions referred to in Articles 233, Paragraph 1, Article 238, Paragraph 1, and Article 239, Paragraph 1 the Commission shall, when it is the consolidating supervisor, also establish colleges of supervisors in cases where all cross-border subsidiaries of an EU parent institution, an EU parent financial holding company or an EU parent mixed-activity financial holding company have their head office in third countries, provided that the supervisory authorities of the third countries are subject to confidentiality requirements that are considered equivalent to the confidentiality requirements under this Act and the Financial Supervision Commission Act.

Meetings of the supervisory colleges

Article 241. (1) In the cases where the Commission is a consolidating supervisor, it shall chair the meetings of the supervisory college and shall designate the competent authorities which will participate in each meeting or activity of the Commission, taking into account the significance of the supervisory authorities' activity which is to be planned and coordinated, including the potential impact on the financial stability in the relevant Member States and the obligations in regard to the supervision of significant branches.

(2) As a consolidating supervisor, the Commission shall provide in advance to all members of the supervisory college information about the organisation of the meeting, the main issues and actions to be discussed. The Financial Supervision Commission shall furthermore provide on a timely basis to all members of the supervisory college all the information about the decisions adopted at such meetings and the measures taken.

(3) The Financial Supervision Commission shall, acting in the capacity as a consolidating supervisor and subject to compliance with the confidentiality requirements, inform EBA about the activity of the supervisory colleges managed thereby, including in emergency situations, and shall provide it with all the information of significant importance for the convergence of supervisory practices.

Referring an issue for assistance to EBA

Article 242. In case of disagreement between the competent authorities participating in the supervisory college, the Commission may, as its member, refer the issue concerned to EBA and may request its assistance in accordance with Article 19 of Regulation (EU) No. 1093/2010.

Provision of information to competent authorities

Article 243. (1) The Financial Supervision Commission shall, at its initiative, provide to the relevant competent authorities the information which is significant and/or relevant to the exercise of their supervisory functions for the purposes of application of Directive 2013/36/EU and Regulation (EU) No. 575/2013.

(2) For the purposes of paragraph 1, significant is any information which could affect the

assessment of the financial stability of an institution or a financial institution of the respective Member State and it shall include the following:

1. description of the legal, management and organisational structure of the group, including all regulated entities and unregulated subsidiaries, significant branches and parent companies in the group, and specifying the competent authorities exercising supervision of regulated entities in the group;

2. procedures for gathering and verification of information from the institutions in the group;

3. difficulties in the activity of institutions or in the activity of other companies in the group, which could seriously affect the activity of the institutions;

4. administrative sanctions and supervisory measures imposed by the Commission in accordance with this Act, including the imposition of additional capital requirements or limitations on the use of the Advanced Measurement Approach for the calculation of the own funds requirements under Article 312, paragraph 2 of Regulation (EU) No. 575/2013.

(3) At the request of the competent authority of a Member State exercising supervision over the subsidiaries of EU parent companies or institutions controlled by EU parent financial holding companies or by EU parent mixed financial holding companies in respect whereof the Commission is the consolidating supervisor, the Commission shall provide the information relevant for the exercise of their supervisory functions.

(4) The Financial Supervision Commission shall cooperate with EBA and shall provide all the necessary information for the performance of its obligations under the terms and procedure of Regulation (EU) No. 1093/2010.

(5) In the cases where the Commission exercises supervision over an investment firm controlled by an EU parent undertaking, where information is required on the application of approaches and methods under Directive 2013/36/EU and Regulation (EU) No. 575/2013, the Commission shall contact the consolidating supervisor in the relevant Member State should it be likely that said supervisor may have the necessary information.

Consultation with other competent authorities

Article 244. (1) Before adopting a decision which is important for the activity of another competent authority as well, the Commission shall make consultations with it and with the consolidating supervisor, if the decision refers to significant supervisory measures and administrative sanctions imposed by the Commission, the Deputy Chairperson, as the case may be, including imposition of additional capital requirements or limitations for use of internal operational risk models in the calculation of own funds for supervisory purposes pursuant to Article 312, paragraph 2 of Regulation (EU) No. 575/2013.

(2) The requirement under paragraph 1 shall not apply where it is necessary for the Commission to make a decision immediately and where the consultations may hamper or block the efficiency of the respective decision. In this case the Commission shall notify the competent authorities as soon as possible.

Consultations with EBA

Article 245. The Financial Supervision Commission may refer the issue for consideration to EBA under Article 19 of Regulation (EU) No. 1093/2010 where:

1. (amended, SG No. 24/2018, effective 16.02.2018, SG No. 25/2022, effective 29.03.2022) a competent authority has not provided it with the necessary information in a timely manner as required in Article 243, Paragraph 1;

2. the request for exchange of information is denied or is not fulfilled within a reasonable time limit.

Cooperation with the National Security State Agency

Article 245a. (New, SG No. 25/2022, effective 29.03.2022, amended, SG No. 49/2025) The The Financial Supervision Commission and the National Security State Agency shall cooperate with each other within the remit of their competence and shall provide each other with information necessary to exercise their powers under this Act, Regulation (EU) No. 575/2013, the Measures against Money Laundering Act and the Act on Measures Against the Financing of Terrorism and of Proliferation of Weapons of Mass Destruction provided that such cooperation and information exchange do not impinge on an on-going inquiry, investigation or proceedings in accordance with applicable legislation.

Verifications on the initiative of another competent authority

Article 246. (1) At the request of a competent authority the Commission shall verify particular information about an investment firm, a financial holding company, a mixed financial holding company, a financial institution, an ancillary services undertaking, a mixed holding company, subsidiaries carrying on activity in the territory of the Republic of Bulgaria, in respect whereof the Commission exercises supervision.

(2) The Financial Supervision Commission may delegate to the competent authority requesting the information or an external auditor or an expert to perform the verification.

(3) Where an investment firm, a financial holding company, a mixed financial holding company, an ancillary services undertaking, a mixed holding company or a subsidiary over which the Commission exercises supervision carries on activity in another Member State, the Commission may request from the relevant competent authority to verify particular information about such entity. In this case the Commission may wish to perform the verification itself as well or to participate in its execution.

Inclusion of holding companies in the consolidated supervision and request of information from the parent undertaking of an investment firm

(Title amended, SG No. 25/2022, effective 29.03.2022)

Article 247. (1) (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall take all necessary measures for inclusion of the approved under Article 229a financial holding companies and mixed-activity financial holding companies in the consolidated supervision.

(2) (Renumbered from Paragraph 1, SG No. 25/2022, effective 29.03.2022) Where a competent authority has not included in the supervision on a consolidated basis an investment firm licensed in the Republic of Bulgaria, the Commission may request from the parent undertaking information which may facilitate supervision over such investment firm.

(3) (Renumbered from Paragraph 2, SG No. 25/2022, effective 29.03.2022) Where the Commission exercises supervision on a consolidated basis pursuant to this Act, it may require the information under Article 248 from the subsidiaries of investment firms licensed in the Republic of Bulgaria, of a financial holding company, or of a mixed financial holding company where such subsidiaries are not included in the supervision on a consolidated basis. In this case the procedure for provision and verification of the information under Article 248 shall apply.

Request for information from a mixed holding company

Article 248. (1) (Amended, SG No. 25/2022, effective 29.03.2022) Where a mixed holding company is a parent undertaking of one or more investment firms licensed in the Republic of Bulgaria, the Commission may request from the holding company and from its subsidiaries information which is relevant for the purposes of supervision over subsidiaries which are investment firms.

(2) The Financial Supervision Commission may perform itself or with the assistance of

persons appointed for that purpose on-site verification of the information received under paragraph 1.

(3) If the mixed holding company or one of its subsidiaries is an insurer, the Commission may verify the information received under paragraph 1 under the terms and procedure of Article 231 as well.

(4) (Amended, SG No. 25/2022, effective 29.03.2022) If a mixed holding company or one of its subsidiaries is not set up in the Republic of Bulgaria, the information received under Paragraph 1 may furthermore be verified in accordance with the procedure laid down in Article 246.

General supervision of a mixed holding company and its subsidiaries

Article 249. (1) Where a mixed holding company is a parent undertaking of one or more investment firms licensed in the Republic of Bulgaria, the Commission shall exercise common supervision over the transactions between such investment firms and the holding company and over the transactions between the investment firms and the other subsidiaries of the holding company, without prejudice to the requirements of Part Four of Regulation (EU) No. 575/2013.

(2) Investment firms under paragraph 1 shall implement adequate risk management processes and internal control mechanisms, including reliable procedures for reporting and accounting, in order to measure, monitor and control in a suitable manner the transactions with the mixed holding company and with its subsidiaries.

(3) The investment firms under paragraph 1 shall inform the Commission of any significant transaction with the mixed holding company and with its subsidiaries, other than the transactions under Article 394 of Regulation (EU) No. 575/2013.

(4) The procedures and transactions under paragraphs 2 and 3 shall be subject to supervision by the Commission. The requirements to be met for the transactions to be considered significant shall be laid down in an ordinance.

Cooperation with competent authorities of other Member States

Article 250. (1) Where a parent undertaking and one of its subsidiaries – institutions, one of which is an investment firm licensed in the Republic of Bulgaria, are established in different Member States, the Commission shall cooperate and shall exchange information with the relevant competent authorities in order to allow or support the exercise of supervision on a consolidated basis.

(2) Where the parent undertaking is incorporated in the Republic of Bulgaria but the Commission does not exercise supervision on a consolidated basis under Article 251, at the request of the consolidating supervisor the Commission may require from the parent undertaking the information which would be necessary for the supervision on a consolidated basis, providing it to the said competent authority.

(3) The powers of the Commission for gathering information under paragraph 2 shall not create an obligation for the Commission to exercise supervision on a stand-alone basis over the parent undertaking, where it is a financial holding company, a mixed financial holding company, a financial institution or an ancillary services undertaking.

(4) The powers of the Commission for gathering information under Article 248 shall not create obligations for supervision on a stand-alone basis over the mixed holding company and its subsidiaries which are not investment firms and are excluded from the scope of supervision on a consolidated basis.

Assistance to competent authorities of other Member States in the consolidated supervision over subsidiaries subject to licensing by the Commission

Article 251. (1) (Amended, SG No. 25/2022, effective 29.03.2022) Where the Commission

exercises supervision on a consolidated basis over an investment firm a financial holding company or a mixed financial holding company controlling one or more subsidiaries which are insurers or other undertakings providing investment services which are subject to licensing by the Commission, the Commission shall cooperate and exchange information with the relevant competent authorities in order to facilitate the exercise of supervision over the activity and overall financial status of the persons subject to supervision.

(2) (New, SG No. 25/2022, effective 29.03.2022) Where the Commission is a consolidating supervisor in respect of a parent mixed-activity financial holding company but is different from the coordinator under Article 14 of the Supplementary Supervision of Conglomerates Act, the Commission shall cooperate with the coordinator for the purpose of applying this Act and Regulation (EU) No. 575/2013. In order to establish effective cooperation, the Commission shall sign a written agreement with the coordinator.

(3) (Renumbered from Paragraph 2, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall maintain a list of financial holding companies and of mixed financial holding companies over which it shall exercise supervision on a consolidated basis. The Financial Supervision Commission shall submit the list to the other competent authorities, to the European Commission and to EBA and shall notify them of any change therein.

(4) (Renumbered from Paragraph 3, SG No. 25/2022, effective 29.03.2022) Where an investment firm licensed in the Republic of Bulgaria is a subsidiary of an institution, a financial holding company or a mixed financial holding company from a third country and no supervision on a consolidated basis is exercised over that investment firm by the Commission or by another competent authority, the Commission shall check whether the investment firm is covered by supervision on a consolidated basis, equivalent to the requirements of this Act and Regulation (EU) No. 575/2013. The Financial Supervision Commission shall check at its initiative or at the request of the parent undertaking or the subsidiary subject to licensing and supervision in a Member State and shall make consultations with the relevant competent authority.

(5) (Renumbered from Paragraph 4, amended, SG No. 25/2022, effective 29.03.2022) When performing the check under Paragraph 4 the Commission shall take into account the opinion of the European Banking Committee on whether the rules for supervision on a consolidated basis of the relevant third country would achieve the purposes of the supervision on a consolidated basis under Articles 111 - 127 of Directive 2013/36/EU. After completing the check and before adopting a decision the Commission shall consult EBA as well.

(6) (Renumbered from Paragraph 5, amended, SG No. 25/2022, effective 29.03.2022) Should it establish that no supervision on a consolidated basis is exercised or that the exercised supervision does not meet the requirements of this Act and Regulation (EU) No. 575/2013, the Commission may apply appropriate supervisory measures to the subsidiary investment firm under Paragraph 4 for achieving the purposes of supervision on a consolidated basis over it. The Financial Supervision Commission shall apply such supervisory measures after consultations with the relevant competent authorities, including those in the third country.

(7) (Renumbered from Paragraph 6, amended, SG No. 25/2022, effective 29.03.2022) In the cases of Paragraph 6 the Commission may request the incorporation of a financial holding company or a mixed financial holding company with registered office on the territory of a Member State and the application of the requirements for supervision on a consolidated basis over it, as established herein.

Intermediate undertaking

Article 251a. (New, SG No. 25/2022, effective 29.03.2022) (1) Where two or more institutions in Member States, one of which is an investment firm authorised in the Republic of

Bulgaria, are part of the same third-country group, whose total value of assets in the European Union is more than EUR 40 billion, those institutions shall have a single intermediate EU parent undertaking.

(2) The Financial Supervision Commission jointly with the other competent authorities of institutions under Paragraph 1 may allow the institutions to have two intermediate EU parent undertakings where they determine that the establishment of a single intermediate EU parent undertaking will:

1. be incompatible with a requirement for separation of activities imposed by the legislation or the supervisory authorities of the third country where the ultimate parent undertaking of the third-country group has its head office, or

2. render resolvability less efficient than in the case of two intermediate EU parent undertakings according to an assessment carried out by the relevant resolution authority of the intermediate EU parent undertaking.

(3) Where the Commission is a consolidating supervisor, the intermediate EU parent undertaking may be a financial holding company or a mixed-activity financial holding company that has been granted approval in accordance with Article 229b. Where none of the institutions under Paragraph 1 is a credit institution or where a second intermediate EU parent undertaking is to be established in connection with the investment activities, the intermediate EU parent undertaking or the second EU parent intermediate undertaking may be an investment firm authorised under Article 17.

(4) The total value of assets in the European Union of the third-country group shall be the sum of:

1. the total value of assets of each institution in the group in a Member State, as stated in its consolidated balance sheet or in its individual balance sheet, where an institution's balance sheet is not consolidated, and

2. the total value of assets of each branch of an institution licensed to conduct operations in a Member State through a branch that is part of the group.

(5) The Financial Supervision Commission shall provide the EBA with the following information on each third-country group under Paragraph 1:

1. the name and the total value of the assets of the investment firm authorised in the Republic of Bulgaria, which is part of the group under Paragraph 1;

2. the names and the total value of the assets corresponding to the branches of the investment firm authorised to conduct operations in the Republic of Bulgaria, as well as the types of activities that they are authorised to carry out;

3. the name and the type of the intermediate EU parent undertaking under Paragraph 3, where it is established in the Republic of Bulgaria and the name of the third-country group of which it is part.

(6) Each investment firm authorised in the Republic of Bulgaria and which is part of a third-country group shall meet one of the following conditions:

1. it has an intermediate EU parent undertaking;
2. it is an intermediate EU parent undertaking;
3. it is the only institution in the European Union of this group;
4. it is part of a third-country group with a total value of assets in the European Union of less than EUR 40 billion.

(7) For the purposes of this Article, the concept "institution" shall also include an investment firm.

Applicable law

Article 251b. (New, SG No. 25/2022, effective 29.03.2022) Where the Financial Supervision Commission exercises supervision on a consolidated basis under Article 231 of a mixed-activity financial holding company subject to equivalent provisions under this Act, the Insurance Code or the relevant legislation of a Member State, in particular risk-based supervision, it shall apply to that mixed-activity financial holding company only the provisions of the law relating to the most significant financial sector as defined in Article 3, Paragraph 4 of the Supplementary Supervision of Conglomerates Act.

TITLE TWO

INTERACTION WITH COMPETENT AUTHORITIES OF MEMBER STATES, THE EUROPEAN COMMISSION, THE EUROPEAN SECURITIES AND MARKETS AUTHORITY AND THE EUROPEAN BANKING AUTHORITY

(Title amended, SG No. 25/2022, effective 29.03.2022)

Chapter Twenty Three

COOPERATION AND EXCHANGE OF INFORMATION WITH COMPETENT AUTHORITIES OF MEMBER STATES, THE EUROPEAN COMMISSION, THE EUROPEAN SECURITIES AND MARKETS AUTHORITY AND THE EUROPEAN BANKING AUTHORITY

(Title amended, SG No. 25/2022, effective 29.03.2022)

Section I

Cooperation with competent authorities of Member States, the European Commission, the European Securities and Markets Authority and the European Banking Authority

(Title amended, SG No. 25/2022, effective 29.03.2022)

Competent Authority

Article 252. (1) Whenever necessary for the purpose of carrying out its supervisory functions under this Act and the statutory instruments for its application the Commission shall provide information and shall cooperate with the relevant competent authorities of the other Member States. Cooperation could include the facilitation of activities for the collection of fines, financial penalties and other activities related to supervision and prosecution.

(2) The Financial Supervision Commission shall be the competent authority for the exchange of information and cooperation within the meaning of Article 79 of Directive

2014/65/EU. The Financial Supervision Commission shall designate contact persons through whom requests for provision of information or cooperation shall be received and shall notify the European Commission, ESMA and the competent authorities of the other Member States thereof.

(3) For the purposes of paragraph 1 the Commission shall make use of the powers set out to it in law in the cases where the action which is the subject of investigation by the competent authorities of other Member States does not constitute violation of the laws of the Republic of Bulgaria.

Cooperation measures

Article 253. (1) Where the activity of a trading venue in a Member State on the territory of the Republic of Bulgaria through a branch is of significant importance for the functioning of the securities markets and protection of the interests of investors in the Republic of Bulgaria, the Commission shall take the necessary measures for cooperation with the relevant competent authority of the Member State.

(2) The measures under paragraph 1 shall also be taken in the cases where a trading venue licensed or authorised by the Commission, as the case may be, carries on business on the territory of another Member State and such business is of essential importance for the functioning of the securities markets and the protection of the interests of investors in that Member State.

(3) The cases in which the trading venue under paragraphs 1 and 2 is of essential importance for the functioning of the securities markets and the protection of investor interests are laid down in Commission Implementing Regulation (EU) 2017/988 of 6 June 2017 laying down implementing technical standards with regard to standard forms, templates and procedures for cooperation arrangements in respect of a trading venue whose operations are of substantial importance in a host Member State (OJ, L 149/3 of 13 June 2017), hereinafter referred to as "Implementing Regulation (EU) 2017/988".

Notification of violations

Article 254. (1) Where the Commission has good reasons to suspect that a person over whose activity it does not have supervisory powers acts or has acted contrary to the provisions of Directive 2014/65/EU of the European Parliament and of the Council or of Regulation (EU) No. 600/2014 on the territory of another Member State, it shall notify the competent authority of that Member State thereof and ESMA.

(2) In the cases where the Commission has been notified by a competent authority of a Member State that a person not subject to its supervision carries on acts in the territory of the Republic of Bulgaria contrary to the provisions of Directive 2014/65/EU of the European Parliament and of the Council or of Regulation (EU) No. 600/2014, it shall take the required measures and shall notify the relevant competent authority of that Member State and ESMA of the results thereof.

Actions in relation to the measures under Article 278

(Title amended, SG No. 83/2019, effective 22.10.2019)

Article 255. (1) (Amended, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission shall notify ESMA and other competent authorities of the measures implemented under Article 278.

(2) (Amended, SG No. 83/2019, effective 22.10.2019) The notification under paragraph 1 shall include detailed information on the measure implemented under Article 278, including details of the persons to whom it has been applied, and the reasons for its application, the scope of the restrictions, the persons and the financial instruments concerned thereby, any limits on the amount of positions that the person may hold at any time, any exceptions to the limitations provided in accordance with Article 192, and the reasons for them.

(3) The notification shall be made not later than 24 hours prior to the planned actions or measures to take effect. In exceptional circumstances the Commission may make the notification referred to in the first sentence later.

(4) (Amended, SG No. 83/2019, effective 22.10.2019) Where the Commission receives a notification under paragraph 1 from a competent authority of a Member State, it shall apply a measure under Article 278, if the measure is necessary to enable the other competent authority to accomplish its goal. In the event that the Commission plans to take measures, it shall make the notification referred to in paragraphs 1 and 2.

(5) Where the measures referred to in paragraphs 1 – 4 refer to wholesale energy products, the Commission shall notify the Agency for the Cooperation of Energy Regulators established by Regulation (EC) No. 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators (OJ, L 211/1 of 14 August 2009).

(6) Where the measures referred to in paragraphs 1 – 4 refer to emission allowances, the Commission shall cooperate with the public authorities competent for the oversight of spot and auction markets and competent authorities, registry administrators and other public bodies charged with the supervision of compliance under Directive 2003/87/EC in order to ensure that they can acquire a consolidated overview of emission allowances markets.

(7) Where the measures referred to in paragraphs 1 – 4 refer to agricultural commodity derivatives, the Commission shall report and cooperate with the public authorities competent for the oversight, administration and regulation of the physical agricultural markets under Regulation (EU) No. 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council

Regulations (EEC) No. 922/72, (EEC) No. 234/79, (EC) No. 1037/2001 and (EC) No. 1234/2007 (OJ, L 347/671 of 20 December 2013), hereinafter referred to as "Regulation (EU) No. 1308/2013".

Assistance with on-the-spot verifications

Article 256. (1) When exercising its supervisory functions, in conducting on-the-spot verifications or investigations, the Commission may request assistance from the relevant competent authority of another Member State.

(2) In the cases under paragraph 1 concerning investment firms which are remote members of a regulated market in the Republic of Bulgaria, the Commission may exercise its powers in respect of them by directly notifying the competent authority of the home Member State thereof.

(3) Where the Commission receives a request for cooperation with respect to an on-the-spot verification or an investigation by a competent authority of another Member State, it shall, within its powers:

1. carry out the verification or investigation itself;
2. allow the requesting competent authority of that Member State to carry out the verification or investigation;
3. allow auditors or experts to carry out the verification or investigation.

(4) The exchange of information between competent authorities during assistance, on-the-spot verifications and investigations shall be carried out in compliance with the requirements of Commission Delegated Regulation (EU) 2017/586 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the exchange of information between competent authorities when cooperating in supervisory activities, on-the-spot verifications and investigations (OJ, L

87/382 of 31 March 2017) hereinafter referred to as "Delegated Regulation (EU) 2017/586".

Section II

Exchange of information with the competent authorities of Member States

Providing information to a competent authority of a Member State

Article 257. (1) The Financial Supervision Commission shall provide promptly the necessary information to the competent authority of a Member State for the purposes of carrying out its duties, as laid down in Directive 2014/65/EU or Regulation (EU) No. 600/2014. To receive the information necessary for carrying out the functions of the Commission, the latter shall submit a request to the contact persons of the competent authority of a Member State.

(2) Upon receipt of a request for information, the Commission shall submit to the competent authority of the Member State the information required for the performance of its supervisory functions. In providing the information the Commission may require the information not to be disclosed to third parties without its express consent.

Provision of information to the Bulgarian National Bank

Article 258. (1) The contact persons under Article 252, paragraph 2 may transmit to the Bulgarian National Bank under the terms and procedure set out in a joint instruction of the Commission and the Bulgarian National Bank the information received under Article 129 and Article 257, paragraph 1, and the information received from the relevant competent authority of a third country.

(2) The Financial Supervision Commission may not provide the information under paragraph 1, under Article 129, as well as other information received from competent authorities of third countries to other authorities or natural and legal persons without the express consent of the competent authorities that have disclosed it and solely for the purposes for which they have given their consent, except in duly justified circumstances whereof the Commission shall immediately inform the competent authorities that have provided the information.

(3) The Financial Supervision Commission, the Deputy Chairperson, the Bulgarian National Bank, as well as other authorities or natural and legal persons that have been provided with information received under the terms of Article 129 and Article 107, paragraph 1 and information received from the relevant competent authority of a third country may use it only in connection with the execution of their duties:

1. (amended, SG No. 25/2022, effective 29.03.2022) to check compliance with the requirements for granting an authorisation for the conduct of business in investment firm capacity and to facilitate supervision of the conduct of such business, of the administrative and accounting procedures and internal control mechanisms;

2. to monitor the proper functioning of trading venues;

3. to impose enforcement administrative measures and administrative sanctions;

4. (amended, SG No. 12/2021, effective 12.02.2021) in administrative and court appeals against acts of the Commission and of the Deputy Chairperson, as well as the acts of the Bulgarian National Bank under Article 16, paragraph 2, and Article 103, paragraph 10 of the Credit Institutions Act;

5. in extra-judicial mechanisms for settlement of consumer disputes regarding investment services and activities provided to investment firms.

Article 259. (Repealed, SG No. 25/2022, effective 29.03.2022).

Notification of ESMA

Article 260. The Financial Supervision Commission may notify ESMA of cases of rejection or of failure to act within a reasonable time on a request made for carrying out supervisory activity, on-the-spot verification or an investigation under Article 106 or on a request for exchange of information under Articles 257 – 258.

Rendering assistance

Article 261. (1) (Amended, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission may refuse assistance in carrying out an on-the-spot verification, investigation or supervisory activity as provided for in Article 262, or for the provision of information under Articles 257 and 258, where:

1. judicial proceedings have been already initiated before the judicial authorities of the Republic of Bulgaria in respect of the same actions and the same persons whereof cooperation was requested;

2. final judgement has already been delivered in the Republic of Bulgaria in respect of the same actions and the same persons whereof cooperation was requested.

(2) In the cases of paragraph 1 the Commission shall inform the requesting authority and ESMA and shall provide them with detailed information about the reasons for the refusal.

Holding of consultations

Article 262. (1) The Financial Supervision Commission shall hold consultations with the relevant competent authority of another Member State prior to pronouncing on the application for granting a licence, where the applicant is:

1. a subsidiary of another investment firm, a market operator or a credit institution authorised to conduct business by the competent authority of another Member State;

2. a subsidiary of a parent undertaking of another investment firm or credit institution authorised to conduct business by the competent authority of another Member State;

3. a person controlled by the same natural or legal person that controls an investment firm or a credit institution authorised to conduct business by the competent authority of another Member State.

(2) The Financial Supervision Commission shall consult the Bulgarian National Bank before pronouncing on the application, where the applicant is:

1. a subsidiary of a credit institution authorised to conduct business under the Credit Institutions Act;

2. a subsidiary of a parent undertaking of a credit institution authorised to conduct business under the Credit Institutions Act;

3. controlled by the same person, whether natural or legal, who controls a credit institution authorised to conduct business under the Credit Institutions Act.

(3) The Financial Supervision Commission shall also hold consultations with the relevant competent authorities under paragraphs 1 and 2 when assessing the appropriateness of the shareholders or members and the reputation and experience of the persons who will represent and manage the investment firm if they participate in the actual management and of another person in the group.

(4) The Financial Supervision Commission shall hold preliminary consultations and shall cooperate with the relevant competent authority if the person under Articles 53 and 54 is:

1. a parent company of a credit institution, an insurer, a reinsurer, an investment firm, or a management company, licensed in another Member State, or a credit institution, an insurer, or a reinsurer, licensed in the Republic of Bulgaria;

2. a parent company of a credit institution, an insurer, a reinsurer, an investment firm, or a

management company, licensed in another Member State, or a credit institution, an insurer, or a reinsurer, licensed in the Republic of Bulgaria;

3. a natural person or a legal entity, controlling a credit institution, an insurer, a reinsurer, an investment firm, or a management company, licensed in another Member State, or a credit institution, an insurer, or a reinsurer, licensed in the Republic of Bulgaria.

(5) The Financial Supervision Commission shall provide information to the relevant competent authority of a Member State in connection with the granting of authorisation to conduct business as investment firm to:

1. a subsidiary of an investment firm licensed to conduct business under this Act, or an insurance company licensed to conduct business under the Insurance Code;

2. a subsidiary of a parent undertaking of an investment firm licensed to conduct business under this Act, or an insurance company licensed to conduct business under the Insurance Code;

3. a person controlled by a natural or legal person controlling an investment firm licensed to conduct business under this Act, or an insurance company licensed to conduct business under the Insurance Code.

(6) The Financial Supervision Commission shall consult the relevant competent authority of a Member State when assessing the reputation and experience of persons who will represent and manage the investment firm, if they participate in the actual management of an investment firm licensed to conduct business under this Act.

(7) Upon acquisition of a qualifying holding in an investment firm or in a credit institution or in a credit institution, licensed in a Member State, the Commission shall submit in due course, upon request by the relevant competent authority, any information about an investment firm which is licensed to conduct business under this Act, which is material or relevant for the performance of an evaluation of the person, acquiring a qualifying holding. The Financial Supervision Commission shall submit on its own initiative the material information for performing the evaluation to the relevant competent authority.

Day-to-Day Provision of Information

Article 263. (1) The Commission may, for statistical purposes, require from all investment firms from a Member State, which conduct business on the territory of the Republic of Bulgaria through a branch, to submit periodically reports, the format and content of which shall be set out in an ordinance.

(2) In discharging its duties the Commission shall require from the investment firms of a Member State, which conduct business on the territory of the Republic of Bulgaria through a branch, to provide information necessary for exercising supervision over their obligations under Article 48, which shall not be stricter than the obligations set for investment firms licensed to conduct business under this Act.

Notification of violations

Article 264. (1) Where data exists that an investment firm from a Member State, which conducts business through a branch or under the freedom to provide services on the territory of the Republic of Bulgaria, is in breach of the obligations arising from the provisions of Directive 2014/65/EU over which the Commission or the Deputy Chairperson, as the case may be, do not have supervisory powers, the Commission shall notify the competent authority of the home Member State thereof.

(2) If, despite the measures taken by the competent authority of the home Member State or where such measures proved insufficient or inadequate and the investment firm persists in committing acts prejudicing the interests of the investors or the orderly functioning of the capital markets on the territory of the Republic of Bulgaria, the Commission or the Deputy Chairperson,

as the case may be, may:

1. after the Commission notifies the competent authority of the home Member State, take all the necessary measures to protect investors and ensure the orderly functioning of the capital markets, and, where necessary, prohibit the investment firm to conduct business on the territory of the Republic of Bulgaria; the Financial Supervision Commission shall notify forthwith ESMA and the European Commission of the measures undertaken;

2. refer the matter to ESMA.

Supervisory powers

Article 265. (1) Where the Commission or the Deputy Chairperson establishes that an investment firm from a Member State, which conducts business through a branch on the territory of the Republic of Bulgaria is in breach of the provisions of Article 45, paragraph 5, the Commission shall order it in writing to end and rectify the breaches and the adverse consequences therefrom.

(2) If the investment firm fails to fulfill the order under paragraph 1, the Commission shall take all the necessary measures to end the breaches and shall notify the competent authority of the home Member State of the nature of such measures.

(3) If, despite the measures taken under paragraph 2, the investment firm persists the breach referred to in paragraph 1:

1. the Commission or the Deputy Chairperson, as the case may be, after the Commission informs the competent authority of the home Member State, shall take the necessary measures to prevent or penalise the offender and, where necessary, shall prohibit the investment firm to conduct business within the territory of the Republic of Bulgaria; the Financial Supervision Commission shall notify forthwith ESMA and the European Commission of the measures undertaken;

2. the Commission shall refer the matter to ESMA.

Notification of violations

Article 266. (1) Where the Commission has clear and demonstrable grounds to believe that a regulated market, an MTF or an OTF from a Member State infringes the provisions of Directive 2014/65/EU, it shall notify the competent authority of the home Member State.

(2) If, despite the measures taken by the competent authority of the home Member State or because such measures prove insufficient or inadequate, and the regulated market, the MTF or the OTF persists in acting in a manner that is prejudicial to the interests of the investors or the orderly functioning of the capital markets on the territory of the Republic of Bulgaria, the Commission may:

1. after informing the competent authority of the home Member State, take the appropriate measures needed in order to protect investors and ensure the orderly functioning of the capital markets, including the possibility for preventing the provision of the systems on such regulated market, or MTF or OTF to remote members or participants established in the Republic of Bulgaria, and, where necessary, prohibit the regulated market or the MTF or the OTF to conduct business on the territory of the Republic of Bulgaria; the Financial Supervision Commission shall notify forthwith ESMA and the European Commission of the measures undertaken;

2. refer the matter to ESMA.

Statement of reasons for the measures

Article 267. The measures taken by the Commission or the Deputy Chairperson under Articles 264 – 266, including sanctions or restrictions on the business of the investment firm or the regulated market, MTF or OTF shall be properly justified and communicated to the investment firm or the regulated market, as the case may be.

Section III
(New, SG No. 25/2022, effective 29.03.2022)
Exchange of information with other competent authorities
and the European Banking Authority in the prudential
supervision of investment firms under Article 9a, Paragraph
1

Cooperation

Article 267a. (New, SG No. 25/2022, effective 29.03.2022) (1) In exercising its supervisory powers over the prudential supervision of investment firms under this Act and Regulation (EU) 2019/2033, the Financial Supervision Commission shall cooperate closely with the relevant competent authorities of the Member States and shall immediately exchange information, including about the following:

1. the management structure and holding share of the investment firm;
2. the management structure and holding of the investment firm;
3. compliance with the concentration risk requirements and liquidity requirements of the investment firm;
4. the administrative and accounting procedures and the internal control mechanisms of the investment firm;
5. any other relevant factors that may influence the risk posed by the investment firm.

(2) The Financial Supervision Commission shall immediately provide the competent authorities of the host Member State with any information and findings on potential problems and risks posed by the investment firm to protect clients or the stability of the financial system in the host Member State and which have been established by the Commission and the Deputy chairperson in the supervision of the activity of the investment firm.

(3) The Financial Supervision Commission shall act on the basis of the information provided by the competent authorities of the host Member State, taking all the necessary measures to prevent or eliminate the potential problems and risks referred to in Paragraph 2. Upon request, the Commission shall explain in detail to the competent authorities of the host Member State how it has taken into account the information and findings provided by them.

(4) Where the Republic of Bulgaria is a host Member State, the Commission, after receiving the information and findings referred to in Paragraph 2, considers that the competent authorities of the home Member State have not taken the necessary measures under Paragraph 3, may, after informing the competent authorities of the home Member State, EBA and ESMA, take appropriate measures to protect the customers to whom services are provided or the stability of the financial system.

(5) The Financial Supervision Commission may refer to EBA cases where a request for cooperation, in particular a request for the exchange of information, has been rejected or has not been acted upon within a reasonable time.

(6) Where the Commission does not agree with the measures the competent authorities of the host Member State, it may refer the issue to EBA to take a decision under Article 19 of Regulation (EU) No. 1093/2010.

(7) For the purposes of the assessment of the condition set out in Article 23, Paragraph 1, subparagraph 1, point (c) of Regulation (EU) 2019/2033, the Commission may request the

competent authority of the clearing member's home Member State to provide information on the margin model and the parameters used to calculate the margin requirement of the investment firm concerned, which has been authorised by the Commission.

Section IIIa

(Renumbered from Section III, SG No. 25/2022, effective 29.03.2022)

Exchange of information with other competent authorities and the European Banking Authority in the prudential supervision of investment firms under Article 9a, Paragraph 2

(Title amended, SG No. 25/2022, effective 29.03.2022)

Cooperation

Article 268. (1) (Amended, SG No. 25/2022, effective 29.03.2022) In the exercise of its supervisory powers regarding the prudential supervision of investment firms under Article 9a, Paragraph 2, the Financial Supervision Commission shall cooperate with relevant competent authorities where an investment firm authorised in the Republic of Bulgaria carries on business through a branch in another Member State or where an investment firm from another Member State carries on business through a branch in the Republic of Bulgaria.

(2) When performing the cooperation under paragraph 1 the Commission shall exchange with the competent authorities information and documents:

1. about the management and ownership of the investment firms, as may be necessary for the supervision or verification of the conditions for their licensing;

2. necessary for exercising supervision over investment firms on a stand-alone and on a consolidated bases, including their liquidity, solvency, restrictions on large exposures, other factors that might affect the systemic risk arising from the investment firm business, administrative and accounting procedures and internal control mechanisms.

(3) At the request of a competent authority of a host Member State the Commission shall provide clarifications about the method of taking into consideration the information and findings provided under paragraph 2.

(4) In the cases where an investment firm licensed in another Member State carries on business in the Republic of Bulgaria through a branch the Commission may file a request to the competent authorities of the home Member State for clarifications about the method of taking into account the information and findings provided thereby.

(5) Should the Commission consider that the information provided thereby under paragraph 2 has not resulted in the taking of appropriate measures, the Commission shall, after informing the competent authorities of the home Member State and EBA, take appropriate measures for preventing further breaches in order to safeguard the interests of the users of services or the stability of the financial system.

(6) When the Commission does not agree with the measures that the competent authority of the home Member State intends to take based on the information and clarifications provided by the Commission, it may refer the issue to EBA pursuant to Article 19 of Regulation (EC) No. 1093/2010.

Provision of information

Article 269. (1) Where a bank authorised in the Republic of Bulgaria conducts business through a branch in other Member States, the Commission shall immediately send to the competent authorities of the host Member States the information and findings received in relation to liquidity supervision in accordance with Part Six of Regulation (EU) No. 575/2013 and with the supervision on a consolidated basis insofar as such information and findings are important for the protection of investors in the respective host Member State.

(2) Where reasonable suspicions arise or where there are reasonable grounds to consider that liquidity difficulties may arise in respect of an investment firm licensed in the Republic of Bulgaria carrying on its business in one or more Member States through a branch, the Commission shall notify without delay the competent authorities of all host Member States thereof, including of the preparation and implementation of a recovery plan and the supervisory measures undertaken.

Referral for consideration by EBA

Article 270. In the cases where a competent authority of a Member State has not submitted relevant information to the Commission or a request by the Commission for exchange of appropriate information is declined or is not fulfilled in a reasonable time limit, the Commission may refer the matter for consideration to EBA under Article 19 of Regulation (EU) No. 1093/2010.

Verifications

Article 271. (1) In the cases where an investment firm licensed in another Member State carries on business in the Republic of Bulgaria through a branch, the competent authorities of the home Member State, subject to prior notification of the Commission, may themselves or by means of authorised persons therefor conduct on-the-spot verification of the information under Article 268, paragraph 2. The competent authorities of the home Member State may, for the purposes of on-the-spot verification, refer to one or more of the verifications under Article 246.

(2) The Financial Supervision Commission may, having notified the competent authorities of the host Member State in advance, conduct on-the-spot verifications in a branch of an investment firm licensed in the Republic of Bulgaria and carrying on its business on the territory of the host Member State through a branch. In these cases the law of the respective Member State shall apply.

(3) The Financial Supervision Commission may, for the purposes of on-the-spot verification of a branch of an investment firm licensed in the Republic of Bulgaria, apply one or more of the verifications under Article 246.

On-the-Spot Inspections

Article 272. (1) The Deputy Chairperson may make on-the-spot verification in a branch of an investment firm carrying on its activity in the territory of the Republic of Bulgaria and require information about the activity of the branch and for supervisory purposes, where the information is relevant to the retention of the stability of the financial system in the Republic of Bulgaria.

(2) Before making the verification, the Commission shall hold consultations with the competent authorities of the home Member State. After completing the verification the Commission shall submit to the competent authorities of the home Member State the information received and the findings made, which are relevant to the risk assessment of the investment firm or to the stability of the financial system of the Republic of Bulgaria.

(3) In preparing the plan for supervisory checks the Commission shall take into account the information and the findings received from the competent authority of the home Member State, based on the on-the-spot checks in a branch of an investment firm licensed in the Republic of

Bulgaria, including in regard to the stability of the financial system of the host Member State.

Section IV

Provision of information to the European Commission

Notification to the European Commission and ESMA

Article 273. (1) The Financial Supervision Commission shall notify the European Commission and ESMA of significant difficulties faced by investment firms for which the Republic of Bulgaria is a home Member State upon their incorporation or when providing the services and activities under Article 6, paragraphs 2 and 3 in a third country.

(2) On request from the European Commission the Commission shall restrict or suspend for a period of three months the granting of licences for conduct of business on the territory of the Republic of Bulgaria by an investment firm from a third country, as well as proceedings relating to acquisition of a holding from a parent undertaking which is regulated by the law of that third country. By a decision of the Council of the European Union such time limit may be extended.

(3) Paragraph 2 shall not apply in respect of a subsidiary of an investment firm authorised to conduct business within the European Union or a subsidiary of such subsidiary.

(4) On a request from the European Commission, in the cases where a third country does not allow investment firms from a Member State to conduct business under market conditions equivalent to those afforded by the Community law to the investment firms of the said third country or where the third country does not afford national treatment regime for the conduct of business on its territory by investment firms from a Member State, the Commission shall notify the European Commission of any submitted:

1. application for granting a licence to an investment firm which is, directly or indirectly, a subsidiary of a parent undertaking, which is regulated by the law of that third country;

2. notification from a parent undertaking which is governed by the law of that third country and intends to acquire a holding in an investment firm for which the Republic of Bulgaria is a home Member State as a result of which the investment firm becomes a subsidiary of that parent undertaking.

(5) The notification under paragraph 4 shall be discontinued upon reaching an agreement between the European Union and the third country on the provision by the third country of conditions for conduct of business by investment firms from the European Community equivalent to the conditions afforded by Community law to investment firms from said third country on the provision of national treatment regime, or after expiry of the time limit under paragraph 2.

Section V

Disclosure of information by the Commission in regard to capital adequacy and liquidity requirements

Disclosure of Information

Article 274. (1) The Financial Supervision Commission shall disclose the following information:

1. the provisions of the laws, by-laws, administrative rules and general guidelines adopted in the Republic of Bulgaria in the field of prudential regulation of investment firms;

2. the method of application of the right of choice and the right of judgement, granted by the European Union law, and applicable to investment firms;

3. (amended, SG No. 25/2022, effective 29.03.2022) the general criteria and methodologies used by the Commission in the supervisory review and evaluation;

4. summarised statistics on key aspects of the application of the prudential framework of investment firms in the Republic of Bulgaria and the number and type of supervisory measures taken in respect of the application of the capital adequacy and liquidity requirements, and the administrative penalties imposed.

(2) (Amended, SG No. 25/2022, effective 29.03.2022) The information under Paragraph 1 shall be sufficiently comprehensive and accurate to allow a thorough comparison of the approaches adopted by the Commission and the other competent authorities.

(3) (New, SG No. 25/2022, effective 29.03.2022) The information under Paragraph 1 shall be published in a generally accepted format in an appropriate manner on the Commission's website and shall be updated regularly.

Publishing of Information

Article 275. (1) (Repealed, SG No. 25/2022, effective 29.03.2022).

(2) In case the Commission waives an investment firm from applying Article 6, paragraph 1 of Regulation (EU) No. 575/2013 in accordance with Article 7, paragraph 3 of Regulation (EU) No. 575/2013, the Commission shall publish the following information:

1. the criteria applied by the Commission in determining that there are no or there will be no practical or legal substantial impediments to the fast transfer of own funds or for the repayment of obligations;

2. the number of firms enjoying the waiver under Article 7, paragraph 3 of Regulation (EU) No. 575/2013 and the number of those having subsidiaries in a third country;

3. summarised information about:

a) the amount of own funds on a consolidated basis of the investment firm enjoying the waiver under Article 7, paragraph 3 of Regulation (EU) No. 575/2013, held in subsidiaries in a third country;

b) the percentage of the total own funds on a consolidated basis of the investment firms enjoying the waiver under Article 7, paragraph 3 of Regulation (EU) No. 575/2013, being the own funds held in subsidiaries in a third country;

c) the percentage of the total own funds required under Article 92 of Regulation (EU) No. 575/2013 on a consolidated basis of parent investment firms enjoying the waiver under Article 6, paragraph 1 of Regulation (EU) No. 575/2013 in accordance with Article 7, paragraph 3 of Regulation (EU) No. 575/2013, being the own funds held in subsidiaries in a third country.

(3) If the Commission waives an investment firm from the application of Article 6, paragraph 1 of Regulation (EU) No. 575/2013 in accordance with Article 9, paragraph 1 of Regulation (EU) No. 575/2013, it shall publish:

1. the criteria applied by the Commission in determining that there are no or there will be no practical or legal substantial impediments to the fast transfer of own funds or for the repayment of obligations;

2. the number of investment firms enjoying the waiver from the application of Article 6, paragraph 1 of Regulation (EU) No. 575/2013 in accordance with Article 9, paragraph 1 of Regulation (EU) No. 575/2013, and the number of parent investment firms which have subsidiaries in a third country;

3. summarised information about:

a) the amount of own funds of the investment firm enjoying the waiver under Article 6, paragraph 1 of Regulation (EU) No. 575/2013 in accordance with Article 9, paragraph 1 of Regulation (EU) No. 575/2013, held in subsidiaries in a third country;

b) the percentage of the total own funds of the investment firms enjoying the waiver under Article 6, paragraph 1 of Regulation (EU) No. 575/2013 in accordance with Article 9, paragraph 1 of Regulation (EU) No. 575/2013, being the own funds held in subsidiaries in a third country;

c) the percentage of the minimum capital requirements under Article 92 of Regulation (EU) No. 575/2013 for investment firms enjoying the waiver under Article 6, paragraph 1 of Regulation (EU) No. 575/2013 in accordance with Article 9, paragraph 1 of Regulation (EU) No. 575/2013, being the own funds held in subsidiaries in a third country.

TITLE THREE

COERCIVE ADMINISTRATIVE MEASURES ADMINISTRATIVE PENAL LIABILITY AND PECUNIARY SANCTIONS

Chapter Twenty Four

COERCIVE ADMINISTRATIVE MEASURES

Coercive Administrative Measures

Article 276. (1) (Supplemented, SG No. 16/2022, amended, SG No. 25/2022, effective 29.03.2022, SG No. 85/2023, effective 10.10.2023) Where it finds that an investment firm, a tied agent, a regulated market, an approved reporting mechanism or an approved publication mechanism under Article 1, Item 3, its employees, a member of the management or the supervisory body of the investment firm, of the tied agent, of the regulated market or of the approved reporting mechanism or the approved publication mechanism under Article 1, Item 3, persons who perform contract management functions, persons who enter into transactions for the account of the investment firm, as well as persons having a qualifying holding have committed or are committing activities in violation of this Act, of the instruments for its implementation, of the applicable European Union acts, including Regulation (EU) No. 2019/2033, Regulation (EU) No. 575/2013, Regulation (EU) No. 600/2014, Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352/1 of 9 December 2014), (Regulation (EU) No. 1286/2014), Regulation (EU) 648/2012, Regulation (EU) 2019/1238, Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317/1 of 9 December 2019) (hereinafter referred to as "Regulation (EU) 2019/2088", and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198/13 of 22 June 2020), hereinafter referred to as "Regulation (EU) 2020/852", of the instruments for their implementation, of internal acts of trading venues approved by the Commission, of decisions of the Commission or the Deputy Chairperson, as well as when the exercise of oversight by the Commission or the Deputy Chairperson is prevented or the investors' interests are jeopardised, the Commission or the Deputy Chairperson, as the case may be, may:

1. oblige any such person to take specific action as may be necessary for prevention and rectification of the violations, of the prejudicial consequences of the said violations or of the jeopardy to the interests of investors within a time limit as the Commission shall set;

2. convene a general meeting with a set agenda and/or schedule a meeting of the

management or supervisory bodies of the controlled persons for making decisions on the measures which must be taken;

3. inform the public of any activities jeopardizing the interests of investors;

4. discontinue trade in particular financial instruments;

5. (supplemented, SG No. 25/2022, effective 29.03.2022) order in writing a supervised person to remove one or more persons authorized to manage and represent the said person, and divest any such person or persons of the managerial and representative powers held thereby until removal, including impose a temporary ban on the person or persons holding positions in investment firms;

6. appoint conservators in the cases prescribed by this Act;

7. appoint a registered auditor to conduct a financial or other examination of the supervised person according to requirements as established by the Commission;

8. (supplemented, SG No. 83/2019, effective 22.10.2019) stop the offering or sale of financial instruments and structured deposits in the cases of Articles 40, 41 and 42 of Regulation (EU) No. 600/2014;

9. remove financial instruments from trading on a regulated market or from another trading system;

10. (supplemented, SG No. 83/2019, effective 22.10.2019) stop the offering or sale of financial instrument and structured deposits, where the investment firm has not developed or has not applied an effective process of approval of the product, or otherwise does not comply with the requirements of Article 65, paragraph 3, and Article 99;

11. (amended, SG No. 25/2022, effective 29.03.2022) oblige an investment firm:

a) under Article 9a, Paragraph 1 to hold own funds exceeding the requirements set out in the ordinance under Article 11, Paragraph 7 and in Article 11 of Regulation (EU) No. 2019/2033 under the conditions of Article 276a or to adjust the required own funds and liquid assets in case of significant changes in the activity of the investment firm, or to give him a recommendation for additional own funds under Article 276b;

b) under Article 9a, Paragraph 2 to hold additional own funds exceeding the requirements set out in the ordinance under Article 11, Paragraph 7 and in Regulation (EU) No. 575/2013, under the conditions of Article 276c, or to give him a recommendation for additional own funds under Article 276d;

12. (amended, SG No. 25/2022, effective 29.03.2022) oblige the investment firm to improve its rules, processes, mechanisms and strategies;

13. (amended, SG No. 25/2022, effective 29.03.2022) oblige the investment firm:

a) under Article 9a, Paragraph 1 to submit a plan for bringing the activity in compliance with the legal requirements within one year, to set a time-limit for its implementation and to require improvement of the plan in regard to its scope and time-limit;

b) under Article 9a, Paragraph 2 to submit a plan for bringing the activity in compliance with the legal requirements, to set a time-limit for its implementation and to require improvement of the plan in regard to its scope and time-limit;

14. (amended, SG No. 25/2022, effective 29.03.2022) oblige the investment firm to apply special policy for provisioning or treatment of assets through the capital requirements;

15. (amended, SG No. 25/2022, effective 29.03.2022) restrict the activity, operations or network of an investment firm or to require exemption from activities that pose an excessive risk to its financial stability;

16. prohibit the pursuit of activity of an investment firm through a branch or through the free provision of services and oblige the investment firm to submit to the Commission a plan for

settling relations with its clients and pieces of evidence of the settled relations;

17. (supplemented, SG No. 25/2022, effective 29.03.2022) order the investment firm to take actions for reducing the risk inherent to its activity, to the products and systems of the investment firm, including the risk in case of outsourced activities;

18. order restriction of the operating costs of the investment firm, including variable remunerations as a percentage of the total net income, where this is inconsistent with the maintenance of sufficient own funds, and/or prohibit payment thereof;

19. order the investment firm to use its net profit to increase its own funds or prohibit it:

a) to pay dividends or distribute capital in any other form, or

b) to pay interest to the shareholders or holders of instruments of the supplementary tier-one capital, and compliance with such prohibition shall not constitute a default on the instruments by the investment firm;

20. (amended, SG No. 25/2022, effective 29.03.2022) require from the investment firm:

a) under Article 9a, Paragraph 1 additional or more frequent submission of information than is required under this Act or Regulation (EU) 2019/2033, including about the capital adequacy and liquidity, in accordance with Article 276e;

b) under Article 9a, Paragraph 2 additional or more frequent reporting, including on its own funds, liquidity and leverage, in accordance with Article 276f;

21. (amended, SG No. 25/2022, effective 29.03.2022) impose on an investment firm:

a) under Article 9a, Paragraph 1 specific liquidity requirements in accordance with Article 276g;

b) under Article 9a, Paragraph 2 special liquidity requirements, including restrictions on maturity mismatches between assets and liabilities, in accordance with Article 276h;

22. to require public disclosure of additional information from the investment firm;

23. to request existing records of phone calls, other forms of electronic communication and exchange of information held by the firm, including a bank investment firm, as well as from any other person required to comply with the requirements of this Act and Regulation (EU) No. 600/2014;

24. (amended, SG No. 85/2023, effective 10.10.2023) apply for violations of Regulation (EU) No. 1286/2014, in addition to the measures under Item 1, the measures set out in Article 24, Paragraph 2, points (a) - (d) of the same Regulation;

25. (new, SG No. 25/2022, effective 29.03.2022) require the investment firm to reduce the security risks of its networks and information systems in order to ensure the confidentiality, integrity and availability of its processes, data and assets;

26. (new, SG No. 25/2022, effective 29.03.2022) order the replacement of a registered auditor who performs a mandatory financial audit of the financial statements of an investment firm and fails to fulfill its obligations under Article 129;

27. (new, SG No. 85/2023, effective 10.10.2023) apply for violations of Regulation (EU) 2019/1238, in addition to the measures under Item 1, the measures set out in Article 67, Paragraph 3, points (a) - (c) of the same Regulation.

(2) (Supplemented, SG No. 83/2019, effective 22.10.2019, amended, SG No. 49/2025) Where it is established that an investment firm, as well as a member of a management or supervisory body of an investment firm have performed or perform a violation of the Measures against Money Laundering Act, the Act on Measures Against the Financing of Terrorism and of Proliferation of Weapons of Mass Destruction and the statutory instruments for their implementation, the Commission or the Deputy Chairperson, as the case may be, may impose a measure under Paragraph 1. The Commission or the Deputy Chairperson, as the case may be,

shall notify the State Agency for National Security of the institution of the proceedings for enforcement of the enforcement administrative measure.

(3) (Repealed, SG No. 25/2022, effective 29.03.2022).

(4) (Repealed, SG No. 25/2022, effective 29.03.2022).

(5) In the cases under paragraph 1, item 16, where a permanent prohibition for the pursuit of activity by a branch of an investment firm is imposed, the relevant body of the investment firm shall take a decision on termination of the activity of the branch, on settling of relations with clients and on its deregistration from the relevant commercial register.

(6) (Amended, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission or the Deputy Chairperson respectively shall furthermore apply the measures under Paragraph 1 where:

1. the investment firm does not meet the requirements of this Act, Regulation (EU) 2019/2033 or Regulation (EU) 575/2013 and the statutory instruments for application thereof.

2. based on the evidence gathered it can be reasonably assumed that the investment firm, in the next 12 months, will violate the provisions of this Act, Regulation (EU) No. 2019/2033 or Regulation (EU) No. 575/2013 or the statutory instruments for application thereof.

(7) (Repealed, SG No. 25/2022, effective 29.03.2022).

(8) In the cases under paragraphs 1 and 2 the Commission or the Deputy Chairperson, as the case may be, may order publication of information about the natural person through whose action or inaction the violation has been committed, the investment firm which has committed the violation and the type of the violation.

(9) Upon request from the Commission or the Deputy Chairperson, as the case may be, the Registry Agency shall enter the circumstances or disclose the acts, as the case may be, pursuant to paragraphs 1 – 8 in the commercial register.

(10) With a view to preventing and terminating a violation of Regulation (EU) No. 1031/2010 by the persons authorised under Article 24, as well as in cases where the controlling functions of the Commission or of the Deputy Chairperson are hindered, the Commission, respectively the Deputy Chairperson, shall take the steps referred to in paragraphs 1 and 9.

(11) Where the Commission has applied the measures referred to in paragraph 1, item 24 or the Deputy Chairperson has imposed an administrative penalty under Article 290, paragraph 1, item 11, paragraph 2, item 8 or paragraph 9, item 8, the Commission or the Deputy Chairperson of the Commission, as the case may be, may require from the person on whom a coercive administrative measure has been imposed, to send a notification to the investor, providing therewith information about the coercive administrative measure or the administrative penalty imposed thereon, and shall inform him/it where to lodge a complaint or a claim for damages.

(12) When determining the type of coercive measure under paragraph 1, item 24, the Commission shall take into account the circumstances under Article 25 of Regulation (EU) No. 1286/2014.

(13) The measures referred to in paragraph 1, item 24 shall not apply to persons having a qualifying holding.

(14) (Amended, SG No. 64/2020, effective 21.08.2020) Where it finds that a person has carried on or is carrying on business in conflict with Regulation (EU) 2016/1011 and of its implementing instruments, the Deputy Chairperson may apply the measures referred to in Article 41, Paragraph 1, letters (h) and (j), and Article 42, Paragraph 2, letters "a" and "c" of Regulation (EU) 2016/1011.

(15) (Supplemented, SG No. 51/2022) Where it finds that an investment firm, central counterparty, central securities depository or non-financial counterparty under Article 3, item 4 of

Regulation (EU) 2015/2365 has carried on or is carrying on business in conflict with Regulation (EU) 2015/2365 or of its implementing instruments, the Deputy Chairperson may apply the measures referred to in Article 22, Paragraph 4, litterae "a", "b" and "d" of Regulation (EU) 2015/2365.

(16) The coercive administrative measures referred to in paragraph 1, items 1 and 3 may furthermore apply to persons carrying on business without a licence or authorisation, which are required under this Act.

(17) The provisions of paragraphs 1 – 13 shall furthermore apply to financial holding companies and mixed financial holding companies in respect whereof the Commission exercises supervision in accordance with the applicable law.

(18) (New, SG No. 25/2022, effective 29.03.2022) The provisions of Paragraphs 1 - 6 and 8 - 13 shall furthermore apply to investment holding companies, mixed financial holding companies and mixed-activity financial holding companies in respect whereof the Commission exercises supervision in accordance with the applicable law.

(19) (New, SG No. 85/2023, effective 10.10.2023) When determining the type of coercive measure under Paragraph 1, Item 27, the Commission shall take into account the circumstances under Article 68, Paragraph 2 of Regulation (EU) 2019/1238.

(20) (New, SG No. 49/2025) In determining the type of the coercive measure under Paragraph 2, the Commission or the Deputy Chairperson, as the case may be, shall take into account the circumstances referred to in Article 123a(1) and (3) of the Measures Against Money Laundering Act.

(21) (New, SG No. 49/2025) The Commission or the Deputy Chairperson, as the case may be, shall disclose on the website of the Commission any coercive administrative measure imposed under Paragraph 2, in compliance with Article 122 of the Measures Against Money Laundering Act.

Requirements for the application of enforcement administrative measure under Article 276, Paragraph 1, Item 11, point (a)

Article 276a. (New, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission may impose a requirement for additional own funds under Article 276, Paragraph 1, Item 11, point (a) only when it establishes during the supervisory review and assessment and current review for the use of internal models any of the following cases:

1. the investment firm is exposed to risks or elements thereof or poses risks to others, these risks being significant and not covered or insufficiently covered by capital requirements, including requirements based on the K factors set out in Part Three or Four of Regulation (EU) 2019/2033;

2. the investment firm does not meet the requirements for internal capital and liquidity and internal management and it is unlikely that other supervisory measures will sufficiently improve the rules, processes, mechanisms and strategies in a timely manner;

3. the adjustments to the valuation of the trading book made for the purposes of determining capital requirements do not sufficiently allow the investment firm to sell or hedge its positions in the short term without incurring significant losses under normal market conditions;

4. the current review of the use of internal models shows that non-compliance with the requirements for the application of approved internal models is likely to lead to inadequate capital;

5. the investment firm repeatedly does not determine or does not maintain an adequate amount of additional own funds in accordance with Article 276b.

(2) The risks or their elements under Paragraph 1, Item 1 shall be considered uncovered or

insufficiently covered by the capital requirements set out in Part Three and Part Four of Regulation (EU) 2019/2033 only when the amount, type and distribution of capital deemed adequate by the Deputy Chairperson as a result of the supervisory review of the investment firm's internal capital assessment are higher than the investment firm's capital requirement determined in accordance with Part Three or Part Four of Regulation (EU) 2019/2033.

(3) The Deputy Chairperson during the performance of the supervisory review under Paragraph 2 or the investment firm during the internal capital assessment may include risks or elements thereof that are explicitly excluded from the capital requirement set out in Part Three or Part Four of Regulation (EU) 2019/2033.

(4) The amount of additional own funds referred to in Article 276, Paragraph 1, Item 11, point (a) shall be defined as the difference between the capital assessed as adequate as a result of the supervisory review under Paragraph 2 and the capital requirements set out in Part Three or Part Four of Regulation (EU) 2019/2033.

(5) The investment firm shall meet the requirement for additional own funds under Article 276, Paragraph 1, Item 11, point (a) through own funds under the following conditions:

1. at least three quarters of the additional own funds requirement shall be met with Tier 1 capital;

2. at least three quarters of Tier 1 capital referred to in Item 1 shall be composed of Common Equity Tier 1 capital;

3. such own funds are not used to meet any of the capital requirements specified in Article 11, Paragraph 1), points (a) – (c) of Regulation (EU) No. 2019/2033.

(6) The decision on the application of enforcement administrative measure under Article 276, Paragraph 1, Item 11, point (a) shall describe in full the overall assessment of the relevant elements referred to in Paragraphs 1 – 5. In the case referred to in Paragraph 1, Item 4, the decision shall contain an indication of specific reasons why the amount of capital under Article 276b, Paragraph 1 is no longer considered sufficient.

Recommendation for additional own funds of an investment firm under Article 9a, Paragraph 1

Article 276b. (New, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission may oblige an investment firm to hold additional own funds in addition to the own funds maintained to cover the capital requirement under Regulation (EU) 2019/2033, as well as the requirement to maintain additional own funds under Article 276, Paragraph 1, Item 11, point (a) in order to ensure that the cyclical economic fluctuations do not lead to violation of these requirements or do not endanger the ability of the investment firm to gradually close and terminate its activities in due course.

(2) When applying the enforcement administrative measure under Paragraph 1 the Commission shall take into account the principle of proportionality and the size, the systemic significance, the nature, the scale and the complexity of the activities of the investment firm.

(3) Where necessary, the Deputy Chairperson shall conduct a review in accordance with Paragraphs 1 and 2 of the amount of the own funds determined by each investment firm and upon its proposal the Commission shall decide to request adjustments of the amount of the own funds, setting the date by which the adjustments shall be made.

(4) The decision on the application of the enforcement administrative measure under Paragraph 3 shall contain the results of the review.

(5) The enforcement administrative measures under Paragraphs 1 and 3 shall be applied to investment firms, which do not meet the conditions for small and non-interconnected investment firms, as defined in Article 12, Paragraph 1 of Regulation (EU) 2019/2033.

Requirements for the application of enforcement administrative measure under Article 276, Paragraph 1, Item 11, point (b)

Article 276c. (New, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission shall impose capital add-on under Article 276, Paragraph 1, Item 11, point (b) only when it establishes during the supervisory review and assessment and the current review of the use of internal models any of the following cases:

1. that the investment firm is exposed to risks or elements thereof that are not covered or not sufficiently covered by the capital requirements set out in Parts Three, Four and Seven of Regulation (EU) No. 575/2013 and in Chapter 2 of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) 1060/2009 and (EU) No 648/2012 (OB, L 347/35 of 28 December 2017), hereinafter referred to as "Regulation (EU) 2017/2402";

2. the investment firm does not meet the requirements for internal capital, internal management and recovery and resolution plans or the requirements set out in Article 393 of Regulation (EU) No. 575/2013, and other supervisory measures are unlikely to be sufficient to ensure that these requirements can be met in a timely manner;

3. the adjustments made to the amount referred to in Article 105 of Regulation (EU) No. 575/2013 are insufficient to enable the investment firm to sell or hedge out its positions within a short period without incurring material losses under normal market conditions;

4. the current review of the use of internal approaches reveals that non-compliance with the requirements for the application of the authorized approach is likely to lead to inadequate capital requirements;

5. the investment firm repeatedly fails to establish or does not maintain an adequate level of additional own funds to cover the total level of own funds in accordance with the recommendation for additional own funds under Article 276d;

6. other circumstances relevant to the investment firm which, in the opinion of the Commission, give rise to serious supervisory concerns.

(2) The Financial Supervision Commission shall only impose the additional own funds requirement referred to in Article 276, Paragraph 1, Item 11, point (b) to cover the risks related to the investment firm's activities, including those reflecting the impact of economic and market developments on the risk profile of the investment firm.

(3) The risks or their elements under Paragraph 1, Item 1 shall be considered uncovered or insufficiently covered by the capital requirements set out in Part Three, Part Four and Part Seven of Regulation (EU) No. 575/2013 and under Chapter 2 of Regulation (EU) 2017/2402 only when the amount, type and distribution of capital deemed adequate by the Deputy Chairperson as a result of the supervisory review of the investment firm's internal capital assessment are higher than the capital requirement set out in Part Three, Part Four and Part Seven of Regulation (EU) No. 575/2013 and in Chapter 2 of Regulation (EU) 2017/2402.

(4) For the purposes of Paragraph 3 the Deputy Chairperson shall assess, taking into account the risk profile of the investment firm, the risks to which the investment firm is exposed, including:

1. investment firm-specific risks or elements thereof that are explicitly excluded from or not explicitly covered by the capital requirements set out in Part Three, Part Four and Part Seven of Regulation (EU) No. 575/2013 and in Chapter 2 of Regulation (EU) 2017/2402;

2. investment firm-specific risks or elements thereof that are likely to be underestimated

despite compliance with the applicable requirements set out in Part Three, Part Four and Part Seven of Regulation (EU) No. 575/2013 and in Chapter 2 of Regulation (EU) 2017/2402.

(5) For the purposes of Paragraph 4, Item 2 excluded shall be risks or elements thereof, which are subject to transitional provisions under this Act or under Regulation (EU) No. 575/2013.

(6) For the purposes of Paragraph 3 the capital shall be considered adequate where it covers all risks or elements of risks identified as material pursuant to the assessment laid down in Paragraph 4.

(7) Interest rate risk arising from non-trading book activities may be considered material unless the Deputy Chairperson in performing the review and evaluation concludes that the investment firm's management of interest rate risk arising from non-trading book activities is adequate and that the investment firm is not excessively exposed to interest rate risk arising from non-trading book activities.

(8) The Financial Supervision Commission shall determine the level of the additional own funds for risks other than the risk of excessive leverage, which are not sufficiently covered pursuant to Article 92 (1)(c) of Regulation (EU) No. 575/2013, as the difference between the capital considered adequate under Paragraph 3 and the relevant own funds requirements set out in Parts Three and Four of Regulation (EU) No. 575/2013 and in Chapter 2 of Regulation (EU) 2017/2402.

(9) The Financial Supervision Commission shall determine the level of the additional own funds for the risk of excessive leverage, which is not sufficiently covered pursuant to Article 92, Paragraph 1, point (d) of Regulation (EU) No. 575/2013, as the difference between the capital considered adequate under Paragraph 3 and the relevant own funds requirements set out in Parts Three and Seven of Regulation (EU) No. 575/2013.

(10) The investment firm shall meet the additional own funds requirement imposed for risks other than the risk of excessive leverage with own funds that satisfy the following conditions:

1. at least three quarters of the additional own funds requirement shall be met with Tier 1 capital;
2. at least three quarters of the Tier 1 capital referred to in Item 1 shall be composed of Common Equity Tier 1 capital.

(11) The Financial Supervision Commission may require the investment firm to meet its additional own funds requirement with a higher portion of Tier 1 capital or Common Equity Tier 1 capital, where necessary and having regard to the specific circumstances of the investment firm.

(12) The own funds used to meet the additional capital requirement under Article 276, Paragraph 1, Item 11, point (b) imposed by the Commission due to risks other than the risk of excessive leverage shall not be used to cover:

1. own funds requirements set out in Article 92, Paragraph 1, points (a) - (c) of Regulation (EU) No. 575/2013;
2. the buffer requirements;
3. the recommendation for additional own funds referred to in Article 276d where the recommendation addresses risks other than the risk of excessive leverage.

(13) The own funds used to meet the additional own funds requirement under Article 276, Paragraph 1, Item 11, point (b) imposed by the Commission due to risks other than the risk of excessive leverage, insufficiently covered under Article 92, Paragraph 1, point (d) of Regulation (EU) No. 575/2013, shall not be used to cover:

1. the own funds requirement under Article 92 (1)(c) of Regulation (EU) No. 575/2013;

2. the leverage ratio buffer requirement referred to in Article 92 (1)(a) of Regulation (EU) No. 575/2013;

3. the recommendation for additional own funds referred to in Article 276d where that recommendation addresses the risk of excessive leverage.

(14) The decision on the application of enforcement administrative measure under Article 276, Paragraph 1, Item 11, point (b) shall describe in full the overall assessment of the relevant elements referred to in Paragraphs 1 – 13. In the case under Item 5 of Paragraph 1, the decision shall include a specific statement of the reasons for which the application of recommendation for additional own funds is no longer considered sufficient.

Recommendation for additional own funds of an investment firm under Article 9a, Paragraph 2

Article 276d. (New, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission shall regularly review the level of the internal capital set by each investment firm under Article 9a, Paragraph 2 in accordance with Article 11, Paragraph 8 as part of the supervisory review and evaluation and the current review of the use of internal approaches, including the results of the stress tests for supervisory purposes. Based on the review the Commission shall determine for each investment firm under Article 9a, Paragraph 2 the overall level of own funds, which it considers appropriate.

(2) The Financial Supervision Commission shall notify each investment firm under Article 9a, Paragraph 2 of its recommendation for additional own funds required to reach the overall level of own funds under Paragraph 1.

(3) The recommendation for additional own funds shall represent own funds in excess of the amount of own funds required under Parts Three, Four and Seven of Regulation (EU) No 575/2013, Chapter 2 of Regulation (EU) 2017/2402, Article 276, Paragraph 1, Item 11, point (b) or the combined buffer requirement under Article 92, Paragraph 1a of Regulation (EU) No. 575/2013, which is necessary to reach the overall level of own funds that the Commission considers appropriate under Paragraph 1.

(4) The recommendation for additional own funds shall be specific for each investment firm under Article 9a, Paragraph 2. The recommendation may cover the risks to which the additional capital requirement imposed pursuant to Article 276, Paragraph 1, Item 11, point (b) applies only to the extent that it covers aspects of those risks which are not already covered by that requirement.

(5) The own funds used to meet the recommendation for additional own funds imposed by the Commission due to risks other than the risk of excessive leverage shall not be used to cover:

1. own funds requirements set out in Article 92, Paragraph 1, points (a) – (c) of Regulation (EU) No. 575/2013;

2. the requirement under Article 276, Paragraph 1, Item 11, point (b) imposed by the Commission due to risks other than the risk of excessive leverage and the combined buffer requirement.

(6) The own funds used to meet the recommendation for additional own funds imposed by the Commission due to the risk of excessive leverage shall not be used for compliance with the capital requirement referred to in Article 92, Paragraph 1, point (d) of Regulation (EU) No. 575/2013, or the requirement under Article 276, Paragraph 1, Item 11, point (b) imposed by the Commission due to the risk of excessive leverage, or to the leverage ratio buffer requirement set out in Article 92, Paragraph 1a of Regulation (EU) No. 575/2013.

(7) Failure to comply with the recommendation for additional own funds, when the investment firm under Article 9a, Paragraph 2 complies with the relevant capital requirements

under the Parts Three, Four and Seven of Regulation (EU) № 575/2013 and in Chapter 2 of Regulation (EU) 2017/2402, the relevant additional own funds requirement under Article 276, Paragraph 1, Item 11, point (b) and, where applicable, the combined buffer requirement or the leverage ratio buffer requirement under Article 92, Paragraph 1a of Regulation (EU) No. 575/2013, does not trigger restrictions on distributions in relation to Common Equity Tier 1 capital and restrictions on distributions in the event of non-compliance with the leverage ratio buffer requirement.

Requirements in the application of enforcement administrative measure under Article 276, Paragraph 1, Item 20, point (a)

Article 276e. (New, SG No. 25/2022, effective 29.03.2022) (1) Pursuant to Article 276, Paragraph 1, Item 20, point (a) the Financial Supervision Commission may impose additional or more frequent reporting requirements on investment firms under Article 9a, Paragraph 1 where the information to be reported is not duplicative and one of the following conditions is met:

1. one of the cases referred to in Article 276, Paragraph 6 is in place;
2. The Commission considers it necessary to collect the evidence referred to in Article 276, Paragraph 6, Item 2, and it is likely that the investment firm within the next 12 months will infringe provisions of this Act, Regulation (EU) No. 2019/2033 or the statutory instruments for application thereof;
3. (2) the additional information is required for the purpose of the supervisory review and evaluation process.

(2) For the purposes of Paragraph 1, the information is duplicative where the same or substantially the same information has already been submitted to the Commission and the Commission may draw up the same or substantially the same information as the additional information it would receive.

(3) The Financial Supervision Commission shall not request additional information where such information has already been provided to the Commission in different formats or at different levels of detail, with the same quality and reliability and the Commission may prepare information with the same level of detail, quality and reliability as the information, which would be obtained as additional.

Requirements in the application of enforcement administrative measure under Article 276, Paragraph 1, Item 20, point (b)

Article 276f. (New, SG No. 25/2022, effective 29.03.2022) Pursuant to Article 276, Paragraph 1, Item 20, point (b) the Financial Supervision Commission may impose additional or more frequent reporting requirements on investment firms under Article 9a, Paragraph 2 where the relevant requirement is appropriate and proportionate to the purpose for which additional information is required and the requested information is not duplicative. Article 276e, Paragraphs 2 and 3 shall apply accordingly to the additional information.

Requirements in the application of enforcement administrative measure under Article 276, Paragraph 1, Item 21, point (a)

Article 276g. (New, SG No. 25/2022, effective 29.03.2022) (1) The Financial Supervision Commission, when during the supervisory review and assessment and the current review of the use of internal models establishes that an investment firm does not meet the conditions specified in Article 12, Paragraph 1 of Regulation (EU) 2019/2033, or that it meets these conditions, but is not exempt from the liquidity requirement in accordance with Article 43, Paragraph 1 of Regulation (EU) 2019/2033, may pursuant to Article 276, Paragraph 1, Item 21, point (a) impose on the investment firm under Article 9a, Paragraph 2 special liquidity requirements in any of the following cases:

1. the investment firm is exposed to liquidity risk or elements thereof, which are material and are not covered or are insufficiently covered by the liquidity requirement set out in Part Five of Regulation (EU) 2019/2033;

2. the investment firm does not meet the requirements for internal capital and liquidity and for internal management and it is unlikely that other supervisory measures will sufficiently improve the rules, processes, mechanisms and strategies in an appropriate time-limit.

(2) The liquidity risk or its elements under Paragraph 1 are considered uncovered or insufficiently covered by the liquidity requirement set out in Part Five of Regulation (EU) 2019/2033 only when the amount and type of liquidity deemed adequate by the Deputy Chairperson as a result of the supervisory review of the investment firm's assessment of the internal capital are higher than the liquidity requirement of the investment firm set in accordance with Part Three or Part Four of Regulation (EU) 2019/2033.

(3) The amount of the special liquidity requirements under Article 276, Paragraph 1, Item 21, point (a) shall be defined as the difference between the liquidity assessed as adequate under Paragraph 2 and the liquidity requirements set out in Part Five of Regulation (EU) 2019/2033.

(4) The investment firm shall meet the special liquidity requirements under Article 276, Paragraph 1, Item 21, point (a) with liquid assets in accordance with Article 43 of Regulation (EU) 2019/2033.

(5) The decision on the application of enforcement administrative measure under Article 276, Paragraph 1, Item 21, point (a) shall describe in full the overall assessment of the relevant elements referred to in Paragraphs 1 - 3.

Requirements in the application of enforcement administrative measure under Article 276, Paragraph 1, Item 21, point (b)

Article 276h. (New, SG No. 25/2022, effective 29.03.2022) Pursuant to Article 276, Paragraph 1, Item 21, point (b) the Financial Supervision Commission shall impose specific liquidity requirements if, based on the supervisory review and the assessment performed, considers that not all liquidity-related risks to which the investment firm under Article 9a, Paragraph 2 is or might be exposed are captured, taking into account:

1. the business model of the investment firm;
2. the investment firm's liquidity management rules;
3. the results of the supervisory review and the assessment under Article 66.

Cooperation in regard to resolution

Article 276i. (New, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall notify the unit under Article 3, Paragraph 2 of the Recovery and Resolution of Credit Institutions and Investment Firms Act of the enforcement administrative measures imposed under Article 276, Paragraph 1, Item 11.

Coercive administrative measures against bank investment firms

Article 277. (1) (Supplemented, SG No. 16/2022, SG No. 85/2023, effective 10.10.2023) Should the Commission establish that any bank acting as investment firm carries on the business thereof in violation of this Act, of Regulation (EU) No. 600/2014, of Regulation (EU) No. 648/2012, of Regulation (EU) No. 1031/2010, of Regulation (EU) No. 1286/2014, Regulation (EU) 2019/2088, Regulation (EU) 2020/852 and of the instruments for the implementation thereof, the Deputy Chairperson may apply the measures under Article 276, Paragraph 1, item 1 and/or propose to the Bulgarian National Bank to apply the measures under Article 103, Paragraph 2 of the Credit Institutions Act. The Bulgarian National Bank shall notify the Deputy Chairperson of the decision thereof within one month after the date of receipt of the said Deputy Chairperson's proposal.

(2) The Deputy Chairperson may propose to the Bulgarian National Bank to withdraw the licence of a bank only if the person concerned systematically violates the provisions of this Act and the instruments for implementation thereof.

Coercive administrative measures against central securities depositories, their employees, members of management or supervisory bodies of central securities depositories

Article 277a. (New, SG No. 83/2019, effective 22.10.2019) (1) Where it is found that a central securities depository, its employees, members of management or supervisory body of a central securities depository have performed or perform activity in violation of this Act, of Regulation (EU) No. 909/2014 and of the implementing instruments thereof:

1. the Deputy Chairperson may apply the measures under Article 276, paragraph 1, item 1;
2. the Commission may apply the measures under Article 276, paragraph 1, items 3, 5, 12, 13 and 15 - 17.

(2) When determining the type of coercive measure, the Commission shall take into account the circumstances under Article 64 of Regulation (EU) No. 909/2014.

Coercive administrative measures against central counterparties, their employees, members of management or supervisory bodies of central counterparties

Article 277b. (New, SG No. 8/2023) (1) Where it is found that a central counterparty, its employees, members of management or supervisory body of a central counterparty have performed or perform activity in violation of this Act, of Regulation (EU) 2021/23 and of the implementing instruments thereof:

1. the Deputy Chairperson may apply the measures under Article 276, Paragraph 1, item 1;
2. the Commission may apply the measures under Article 276, Paragraph 1, items 3 and 5.
3. The Commission may make a public statement indicating the natural or legal person responsible and the nature of the infringement.

(2) When determining the type of coercive measure, the Commission shall take into account the circumstances under Article 85 of Regulation (EU) No. 2021/23.

Coercive administrative measures against persons who have been granted specific permissions for operation of market infrastructures based on distributed ledger technology, their staff and members of their management or control bodies

Article 277c. (New, SG No. 65/2023) (1) When it finds out that a person who has been granted a specific permission to operate a market infrastructure based on distributed ledger technology, its employees or members of a management or control body of a person who has been granted a specific permission to operate a market infrastructure based on distributed ledger technology, have carried out or carry out activities in violation of this Act, of Regulation (EU) 2022/858 and its implementing acts, as well as when the interests of investors, the integrity of the market or the financial system are threatened:

1. the Deputy Chairperson may apply the measure under Article 276, Paragraph 1, item 1;
2. the Financial Supervision Commission may:
 - a) apply the compensatory measures, including those referred to in the ESMA guidelines under Article 4 (6) and Article 5 (12) of Regulation (EU) 2022/858;
 - b) to require corrective measures under the first sentence of Article 11 (3) of Regulation (EU) 2022/858;
 - c) appoint an independent auditor to carry out an independent audit of the IT and cybersecurity procedures of a market infrastructure based on distributed ledger technology, at the expense of the audited entity;
 - d) apply the measure under Article 276 (1), item 3.

(2) The Financial Supervision Commission and the Deputy Chairperson may also apply the

measures referred to in Article 276 (1), items 1 and 3 to a person operating as a market infrastructure based on distributed ledger technology without a specific permission under Article 227t.

Coercive administrative measures under Regulation (EU) 2022/2554

Article 277d. (New, SG No. 54/2025) (1) Where they find that an investment firm, central securities depository, central counterparty, regulated market, approved reporting mechanism or approved publication arrangement under Article 1 (3), their employees, members of their management or supervisory bodies have carried out or are carrying out activities in breach of Regulation (EU) 2022/2554 or its implementing acts:

1. the Deputy Chairperson may apply the measure under Article 276, Paragraph 1, item 1;
2. the Commission may impose the measure referred to in Article 50(4)(e) of said Regulation.

Regulation.

(2) When determining the type of coercive measure under Paragraph 1, the Deputy Chairperson and the Commission shall take into account the circumstances under Article 51 (2) of Regulation (EU) 2022/2554.

Other measures

Article 278. When it finds a violation of this Act, of Regulation (EU) No. 600/2014 or of the instruments for implementation thereof, as well as when the investors' interests are jeopardised, the Commission may order any person:

1. to take action to reduce the size of the position or exposure;
2. to limit the conclusion of contracts for commodity derivatives, including to limit the size of an exposure in connection with Article 192.

Proceedings for enforcement of coercive administrative measures

Article 279. (1) (Amended and supplemented, SG No. 83/2019, effective 22.10.2019, SG No. 64/2020, effective 21.08.2020, amended, SG No. 25/2022, effective 29.03.2022, amended and supplemented, SG No. 8/2023, SG No. 65/2023, amended, SG No. 85/2023, effective 10.10.2023, SG No. 54/2025) The proceedings for enforcement of the coercive administrative measures under Article 276, Paragraph 1, items 1 and 20, Paragraphs 14 and 15, Article 277, Paragraph 1, Article 277a, Paragraph 1, item 1, Article 277b, Paragraph 1, Item 1, Article 277c, Paragraph 1, item 1 and Article 277d shall be initiated at the initiative of the Deputy Chairperson, and in the cases under Article 276, Paragraph 1, items 2 - 19, 21 - 27, Article 277a, Paragraph 1, item 2, Article 277b, Paragraph 1, item 2 and Article 277c, Paragraph 1, Item 2 and Article 278 - at the initiative of the Commission.

(2) (Amended, SG No. 94/2019) The notifications and communications in the procedure under Paragraph 1 shall be made according to the procedure of Article 61 of the Administrative Procedures Code.

(3) (Amended and supplemented, SG No. 83/2019, effective 22.10.2019, SG No. 64/2020, effective 21.08.2020, amended, SG No. 25/2022, effective 29.03.2022, amended and supplemented, SG No. 8/2023, SG No. 65/2023, amended, SG No. 85/2023, effective 10.10.2023, SG No. 54/2025) If the notifications and communications in the proceedings under Paragraph 1 are not received under the procedure of Paragraph 2, they shall be deemed delivered upon publishing them on the website of the Commission. The notification shall be ascertained in the cases under Article 276, Paragraph 1, items 1 and 20, Paragraphs 14 and 15, Article 277, Paragraph 1, Article 277a, Paragraph 1, Item 1, Article 277b, Paragraph 1, item 1, Article 277c, Paragraph 1, item 1 and Article 277d by a protocol drawn up by officials designated by an order of the Deputy Chairperson of the Commission, and in the cases of Article 276, Paragraph 1, items 2 - 19, 21 - 27, Article 277a, Paragraph 1, item 2, Article 277b, Paragraph 1, item 2, Article 277c,

Paragraph 1, item 2 and Article 278 they shall be designated by an order of the Chairperson of the Commission.

(4) (Amended and supplemented, SG No. 83/2019, effective 22.10.2019, SG No. 64/2020, effective 21.08.2020, amended, SG No. 25/2022, effective 29.03.2022, amended and supplemented, SG No. 8/2023, SG No. 65/2023, amended, SG No. 85/2023, effective 10.10.2023, SG No. 54/2025) The coercive administrative measures under Article 276, Paragraph 1, items 1 and 20, Paragraphs 14 and 15, Article 277, Paragraph 1, Article 277a, Paragraph 1, item 1, Article 277b, Paragraph 1, item 1, Article 277c, Paragraph 1, item 1 and Article 277d shall be imposed with a reasoned decision in writing of the Deputy Chairperson, and the coercive administrative measures referred to in Article 276, Paragraph 1, items 2 - 19, 21 - 27, Article 277a, Paragraph 1, item 2, Article 277b, Paragraph 1, item 2, Article 277c, Paragraph 1, item 2 and Article 278 with a written reasoned decision of the Commission, which shall be notified to the party concerned within 7 days from being issued in accordance with Paragraphs 2 and 3.

Imposition of attachment and seizure

Article 280. (1) In the cases of Article 276, paragraph 1, where immediate, effective protection of the interests of investors or taking of urgent action to prevent or suspend the execution of violations hereunder are required, the Commission may request from the competent court to order attachment or seizure on the property of legal persons under Article 276, paragraph 1.

(2) The Commission's decision and the application for admission shall be examined by the court immediately, on the day of its filing.

(3) The court shall issue a ruling, indicating also the period for which the attachment is imposed.

(4) On the basis of the ruling of the court, upholding the application, an order for the attachment shall be issued.

(5) The imposition of attachment and/or seizure shall be carried out immediately by the bailiff in accordance with Article 400 of the Code of Civil Procedure.

(6) In the event of duly justified reasons, at the request of the Commission, the period referred to in paragraph 3 may be extended. The application shall be submitted before the expiry of the originally set period.

Disclosure of websites

Article 281. (1) By a decision of the Commission, on a proposal of the Deputy Chairperson, websites shall be disclosed via which the provision of investment services is offered by persons which are not authorised to provide such services on the territory of the Republic of Bulgaria. An updated list of the websites under the first sentence shall be maintained on the Commission's website in order to stop the violation of this Act.

(2) The decisions referred to in paragraph 1 shall be published on the Commission's website on the day of their adoption. The persons to whom these decisions apply shall be deemed notified on the day of publication and shall stop the provision of investment services from said websites.

(3) If, within three days from the date of publication of the decision referred to in paragraph 2, the person does not stop the violation for which the decision was taken, the Commission shall submit a request to the President of the Sofia District Court to order all undertakings providing public electronic communications networks and/or services to stop the access to these websites.

(4) The President of the Sofia District Court or a Deputy President authorised thereby shall decide on the request within 72 hours of receipt thereof.

(5) The order issued by the court shall be published on the Commission's website on the day of its receipt. The undertakings providing public electronic communication networks and/or

services shall block the access to the websites concerned within 24 hours from the publication of the court's order.

Immediate Enforcement

Article 282. Any decision on application of an enforcement administrative measure shall be subject to immediate execution, regardless of whether appealed against.

Subsidiary Application

Article 283. Save insofar as any special rules are provided for in this Chapter, the provisions of the Administrative Procedure Code shall apply accordingly.

Chapter Twenty Five MYSTERY SHOPPER

Mystery shopper

Article 284. (1) For the purposes of the exercise of supervision over compliance with the provisions of this Act and its implementing instruments, the Commission may entrust to a third party to perform specific actions as a mystery shopper. Articles 23 – 25 of the Financial Supervision Commission Act shall apply to the person pursuing the activity of a mystery shopper.

(2) The relations between the Commission and the person referred to in paragraph 1 shall be governed by a contract, and the contract shall be signed by the Chairperson of the Commission.

(3) The contract shall indicate the specific actions which the person referred to in paragraph 1 agrees to perform as a mystery shopper, the time limit for performance of the contract, evidence of the actions performed out and the results thereof.

(4) The costs relating to the implementation of the activities referred to in paragraph 1 shall be borne by the Commission.

Chapter Twenty Six CONSERVATOR

Appointment of conservator and termination of his powers

Article 285. (1) The Commission may appoint one or several conservators:

1. of a regulated market in the case referred to in Article 166, paragraph 2;
2. of an investment firm in the cases where the investment firm does not fall within the scope of Article 1, paragraph 1, item 2 of the Recovery and Resolution of Credit Institutions and Investment Firms Act or where the conditions for the appointment of a temporary manager under Article 46 of the same Act are not in place:

a) by making a decision to impose a measure under Article 276, paragraph 1, items 1, 5, 10, 13, 15 or 16 herein, for a period not exceeding three months, or

b) (amended, SG No. 24/2018, effective 16.02.2018) by making a decision under Article 77b, paragraph 1, item 3 of the Public Offering of Securities Act, or

c) upon withdrawal of a licence for pursuit of business, until appointment, at the request of the Commission, of a liquidator by the Registry Agency or an assignee in bankruptcy by the court, as the case may be.

(2) Where the licence for conduct of business of the investment firm is not withdrawn upon the lapse of the three-month period referred to in paragraph 1, item 2, letter "a", the powers of the conservator shall be terminated and the rights of the bodies of the company shall be restored.

(3) The Financial Supervision Commission may at any time terminate the powers of any

conservator and appoint a replacement. Any such act shall be unappealable.

Requirements to the conservator

Article 286. (1) The conservator shall be a natural person.

(2) (Amended, SG No. 83/2019, effective 22.10.2019) Any conservator must meet the requirements covered under Article 13, paragraphs 2 - 4 and:

1. (supplemented, SG No. 8/2023) not be a spouse, or relative, in direct or lateral lineage up to the sixth degree inclusive, or by marriage up to the third degree, to a member of a managing body of the person under Article 285, Paragraph 1, whose powers are terminated with the act of appointment of the receiver, and shall not be in de facto cohabitation with such a person;

2. shall not be in a relationship with the person referred to in Article 285, paragraph 1 herein or with any debtor thereof, which raises a reasonable doubt about the impartiality of the said person.

(3) Any conservator shall declare in writing to the Commission the circumstances covered under paragraph 2. Any conservator shall notify the Commission forthwith of any change in any such circumstances.

Actions after the appointment of a conservator

Article 287. (1) After the issue of the act of appointment of a conservator the Commission shall serve it immediately to the person under Article 285, paragraph 1.

(2) Upon appointment of a conservator, all powers vested in the supervisory and management boards or in the board of directors, as the case may be, of the person referred to in Article 285, paragraph 1 herein shall be suspended and shall be exercised by the conservator, unless the act of appointment thereof provides for any limitations. The conservator shall take all the necessary measures to protect the interests of investors.

(3) After the appointment of a conservator, the general meeting of shareholders may be convened solely by the conservator and may pass resolutions on the agenda announced thereby. The conservator may suspend the execution of decisions made by the general meeting or by the management bodies of the investment firm, including decisions on distribution of dividends or other form of capital and remunerations.

(4) Any acts and transactions performed by third parties on behalf and for the account of the person referred to in Article 285, paragraph 1 herein without prior authorisation by the conservator, shall be void.

(5) Should two or more conservators be appointed, they shall make decisions unanimously and shall exercise the powers thereof jointly, unless the Commission determines otherwise.

(6) The Financial Supervision Commission may issue mandatory directions to the conservators in connection with the operation thereof.

(7) Any conservator shall be accountable for the operation thereof solely to the Commission and, upon request, shall forthwith submit thereto a report on the performance thereof.

Access and assistance

Article 288. (1) The conservator shall have unlimited access to, and control over, the premises of the person referred to in Article 285, paragraph 1 herein, the accounting records and other documents, and the property thereof.

(2) At the conservator's request, the prosecuting magistracy and the authorities of the Ministry of the Interior shall be obliged to render assistance for the exercise of the conservator's powers covered under paragraph 1.

Other requirements

Article 289. (1) Any conservator shall exercise the powers thereof with the care of sound

stewardship. Any conservator shall be liable solely for any detriment inflicted wilfully or by gross negligence.

(2) All employees of the person referred to in Article 285, paragraph 1 herein shall assist the conservator in the exercise of the powers thereof.

(3) Any conservator shall receive for the service thereof a remuneration for the account of the person referred to in Article 285, paragraph 1 herein, to an amount fixed by the Commission.

Chapter Twenty Seven

ADMINISTRATIVE PENAL LIABILITY AND PECUNIARY SANCTIONS

Liability for a committed violation

Article 290. (1) Any person who shall commit or who shall suffer another to commit a violation of:

1. (Supplemented, SG No. 83/2019, effective 22.10.2019, amended, SG No. 51/2022, amended and supplemented, SG No. 65/2023) Article 14, Paragraph 2, Article 63, Paragraph 4, Article 68, Paragraph 1, Articles 71, Paragraphs 1 - 12, Articles 72 - 74, Article 78, Article 79, Article 79a, Paragraph 3, Article 80, Articles 89, Paragraph 6, Article 130, Article 133, Article 160, Paragraph 9, Articles 200 - 204 or the implementing instruments thereof shall be liable to a fine from BGN 500 to BGN 2000;

2. (Amended, SG No. 24/2018, effective 16.02.2018, SG No. 83/2019, effective 22.10.2019, supplemented, SG No. 25/2022, effective 29.03.2022, amended and supplemented, SG No. 65/2023) Article 25, Paragraph 1, Article 32, Paragraph 3, Article 33, Paragraph 2, Article 34, Article 36, Paragraphs 1 and 6, Article 38, second sentence, Articles 39, 40, Article 42, Paragraphs 1, 2, 5 and 6, Article 43, Paragraphs 1, 2, 4 and Paragraph 5, first sentence and Paragraph 8, Article 45, Paragraphs 3 and 5, Article 46, Paragraph 3, Article 47, Article 53, Paragraphs 1 and 2, Article 54, Paragraphs 1 and 2, Article 69, Paragraph 3, Article 82, 85, Article 86, Paragraphs 1 - 4 and 6 - 9, Article 88, Paragraph 1, Article 90, Paragraph 3, Article 112, Paragraphs 1, 3 and 4, Article 129, Paragraphs 1 - 3, Article 134, 136, Article 157, Paragraph 2, Article 165, Paragraph 1, Article 168, Paragraph 3 in connection with Article 90, Paragraph 3, Article 180, Paragraph 7, Article 181, Paragraphs 1 - 3, Article 190, Paragraph 1, Article 229a, Article 229c, Paragraphs 2 and 3, Article 229d and Article 230, Paragraphs 4 and 5, shall be liable to a fine from BGN 1,000 to BGN 3,000;

3. (Amended, SG No. 65/2023) Article 3, Paragraphs 1 and 3, Article 6, Article 7, Paragraph 1, Item 1, Article 8, Paragraphs 1, 3 and 4, Article 10, Article 11, Paragraph 1, Item 3, first sentence, Paragraph 3, Item. 3, Article 12, Paragraph 1, Article 13, Paragraph 1, Article 14, Paragraph 1, Paragraph 2, first sentence, Paragraph 3, second, third and fourth sentences, Article 15, Paragraph 1, Item 1 and Item 2, first and third sentences, Paragraph 2, Paragraph 4, second sentence, Article 17, Paragraph 1, second sentence, Article 18, Paragraphs 1 and 2, Paragraph 4, first sentence, Paragraph 5, first sentence, Paragraph 6, Item 1, Paragraphs 8 and 9, Article 20, Paragraph 1 and Paragraph 2, first sentence, Article 21, Paragraphs 1, 2 and 3, Article 22, Paragraph 2, Article 23, Paragraphs 1 and 2, Article 31, Paragraphs 2 and 3 of Regulation (EU) No. 600/2014 shall be liable to a fine from BGN 1,000 to BGN 3,000;

4. (Amended, SG No. 83/2019, effective 22.10.2019, supplemented, SG No. 26/2020, amended, SG No. 64/2020, effective 21.08.2020, amended and supplemented, SG No. 25/2022, effective 29.03.2022, amended, SG No. 51/2022, amended and supplemented, SG No. 65/2023, SG No. 54/2025) Article 5, Paragraph 7, Article 9, Paragraphs 1, 2, 4, 7 and 9, first sentence, Article 12, Article 13, Article 14, Paragraphs 1 and 5, Article 15, Paragraph 1, Article 19, Paragraph 2, Article 60, Article 64, Paragraphs 2 and 6, Articles 65, 67, 69, Paragraphs 1 and 2, Article 70, 75a, 75b, 77, Article 83, Paragraphs 2 - 5, Article 84, Article 86, Paragraph 5, Article 87, Article 90, Paragraph 1, Article 91, Paragraph 1, Article 93, Paragraph 1, Article 94, Paragraph 1, Article 95, Paragraph 1, Articles 96, 97, Article 99, Paragraphs 1 - 4, Articles 100, 102 - 107, 109, 110, Article 111, Paragraph 1, second hypothesis and Paragraph 3, Articles 113 - 115, Article 116, second hypothesis, Articles 117, 118, Article 119, Paragraphs 1 and 2, Article 120, Article 122, Paragraphs 1 and 3, Article 128, Article 152, Paragraph 4, Article 153, Paragraph 1, Article 154, Paragraphs 1 and 3, Article 154a, Paragraph 1, Article 156, Paragraphs 1 and 2, Article 158, Article 160, Paragraph 8, Article 167, Paragraph 3, Article 168, Paragraph 1, Articles 170 - 172, Article 173, Paragraphs 1 - 3 and 5, Articles 174 - 178, Article 179, Article 180, Paragraphs 1 - 4 and 8, Article 182, Article 183, Paragraphs 1 and 4, Article 184, Paragraph 1, Article 185, Paragraph 1, Article 186, Paragraphs 1 - 5, Article 187, Paragraph 2, Article 198, Paragraphs 1 and 3, Article 207, Paragraph 1, Article 227c, Article 227d, Paragraph 1 and Article 227h1, shall be liable to a fine from BGN 2,000 to BGN 5,000;

5. (Supplemented, SG No. 16/2022, SG No. 25/2022, effective 29.03.2022, amended, SG No. 85/2023, effective 10.10.2023) Article 4, Paragraph 3, subparagraph 1, Article 26, Paragraph 1, subparagraph 1, Article 26, Paragraphs 2 - 5, Article 26, Paragraph 6, subparagraph 1, Article 26, Paragraph 7, subparagraphs 1 - 5 to 8, Article 27, Paragraph 1, Article 27f, Paragraphs 1 - 3, Article 27g, Paragraphs 1 - 5, Article 27i, Paragraphs 1 - 4, Article 28, Paragraph 1, Article 28, Paragraph 2, subparagraph 1, Article 29, Paragraphs 1 and 2, Article 30, Paragraph 1, Article 35, Paragraphs 1 - 3, Article 36, Paragraphs 1 - 3, Article 37, Paragraphs 1 and 3 of Regulation (EU) No. 600/2014 and Regulation (EU) 2019/2088 and Regulation (EU) 2020/852, shall be liable to a fine from BGN 2,000 to BGN 5,000;

6. (Supplemented, SG No. 83/2019, effective 22.10.2019, SG No. 25/2022, effective 29.03.2022) Article 11, paragraphs 1, 2 and 6, Article 28, paragraphs 1 and 2, Article 29, paragraphs 1, 2 and 4, Article 59, paragraph 6, Article 61, paragraph 2, Article 61a, Article 76, paragraphs 1 - 4, Article 92, Article 135, paragraph 1, and Article 188, paragraph 2 or submits documents with untrue content, unless the act constitutes a criminal offence, shall be liable to a fine from BGN 5,000 to BGN 10,000;

7. Article 25, paragraphs 1 and 2 and Articles 40 - 42 of Regulation (EU) No. 600/2014 shall be liable to a fine from BGN 5,000 to BGN 10,000;

8. (Amended, SG No. 51/2022) Article 6, paragraph 1 of Regulation (EU) No. 236/2012, shall be liable to a fine of BGN 2000 or exceeding this amount but not exceeding BGN 10,000;

9. Article 5, paragraph 1, Article 7, paragraph 1, Articles 8, 9 and 15 of Regulation (EU) No. 236/2012, shall be liable to a fine of BGN 15 or exceeding this amount but not exceeding BGN 5,000 to BGN 20,000;

10. Article 12, paragraph 1 of Regulation (EU) No. 236/2012, shall be liable to a fine of BGN 5,000 to BGN 50,000;

11. Article 230, sub-paragraphs 4 and 5, Article 249, sub-paragraph 2 herein, Article 28, Article 99, paragraph 1, Articles 101, 394, 395, 405, 412, 415, 430, 431 and 451 of Regulation (EU) No. 575/2013 and its implementing instruments, shall be liable to a fine of BGN 1,000 to BGN 5,000,000;

12. Article 4, Articles 5 – 10, Article 11, paragraph 1, letters "a", "b", "c" and "d", Article 11, paragraphs 2 and 3, and Articles 12 – 16, 21, 23 – 29 and 34 of Regulation (EU) 2016/1011, shall be liable to a fine of BGN 2,500 to BGN 5,000;

13. Article 11, paragraph 1, letter "d", and Article 11, paragraph 4 of Regulation (EU) No. 2016/1011, shall be liable to a fine of BGN 1,500 to BGN 100,000;

14. (Amended, SG No. 24/2018, effective 16.02.2018) Article 53, paragraph 5 shall be liable to a fine from BGN 10,000 to BGN 20,000;

15. (Repealed, SG No. 25/2022, effective 29.03.2022);

16. (amended, SG No. 65/2023) for violation of applicable requirements of a regulation of the European Union, unless otherwise provided for by law, from BGN 2,000 to BGN 500,000.

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

1. for any violations under paragraph 1, item 4: from BGN 1,000 to BGN 10,000,000;
2. for any violations under paragraph 1, items 2 and 3: from BGN 2,000 to BGN 10,000,000;
3. for any violations under paragraph 1, items 4 and 5: from BGN 5,000 to BGN 10,000,000;
4. for any violations under paragraph 1, items 6 and 74: from BGN 10,000 to BGN 10,000,000;
5. for any violations under paragraph 1, item 8: from BGN 5,000 to BGN 20,000;
6. for any violations under paragraph 1, item 9: from BGN 10,000 to BGN 40,000;
7. for any violations under paragraph 1, item 10: from BGN 10,000 to BGN 100,000;
8. for any violations under paragraph 1, item 11: from BGN 2,000 to BGN 10,000,000;
9. for any violations under paragraph 1, item 12: from BGN 5,000 to BGN 1,000,000;
10. for any violations under paragraph 1, item 13: from BGN 3,000 to BGN 200,000;
11. for any violations under paragraph 1, item 14: from BGN 20,000 to BGN 40,000;
12. for any violations under paragraph 1, item 15: from BGN 20,000 to BGN 40,000;
13. (amended, SG No. 65/2023) for violations under Paragraph 1, Item 16 – from BGN 4,000 to BGN 1,000,000.

(3) (Amended, SG No. 25/2022, effective 29.03.2022, supplemented, SG No. 65/2023) Any person who performs or allows the performance by regular occupation of investment services and activities or services as an approved reporting mechanism or an approved

publication arrangement under Article 1, Item 3 without being authorised under the terms and according to the procedure established by this Act, shall be liable to a fine of BGN 20,000 to BGN 50,000, unless the act shall constitute a criminal offence.

(4) (Amended and supplemented, SG No. 65/2023) Any person who commits or tolerates the commission of a violation of Article 7 (1), sub-paragraph 3 or Article 11 (1) of Regulation (EU) No. 600/2014 shall be liable to a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 100,000, and a repeated infringement shall be punishable by a fine of BGN 10,000 or exceeding this amount but not exceeding BGN 200,000.

(5) Any person who fails to comply with an obligation under this Act, except in the cases referred to in paragraphs 1, 3 and 4, shall be liable to a fine from BGN 500 to BGN 1,000 for the first violation, and from BGN 1,000 to BGN 2,000 in the event of a repeated violation.

(6) Any person who fails to comply with a decision of the Commission or the Deputy Chairperson under this Act, except for in the cases referred to in paragraph 7, shall be liable to a fine or pecuniary sanction from BGN 1,000 to BGN 5,000, and to a fine or pecuniary sanction from BGN 5,000 to BGN 10,000 in the event of a repeated violation.

(7) In the event of non-compliance with a coercive administrative measure applied under:

1. (Supplemented, SG No. 83/2019, effective 22.10.2019, amended and supplemented, SG No. 8/2023) Article 276, Paragraph 1, items 1 – 9, Article 277a, Paragraph 1, item 1, Article 277a, Paragraph 1, item 2 in connection with Article 276, Paragraph 1, items 3 and 5, Article 277b, Paragraph 1, item 1 and Article 277b, Paragraph 1, item 2 in connection with Article 276, Paragraph 1, items 3 and 5 – the offenders and the sufferers shall be liable to a fine from BGN 5,000 to BGN 20,000;

2. (Amended, SG No. 83/2019, effective 22.10.2019, amended and supplemented, SG No. 25/2022, effective 29.03.2022) Article 276, Paragraph 1, items 10 – 26, Paragraphs 14 and 15, under Article 277a, Paragraph 1, item 2 in connection with Article 276, Paragraph 1, items 12, 13 and 15 – 17 and under Article 278 – the offenders and the sufferers shall be liable to a fine from BGN 2,000 to BGN 10,000,000;

3. Articles 18, 19, 20 and 23 of Regulation (EU) No. 236/2012 – the offenders and the sufferers shall be liable to a fine from BGN 10,000 to BGN 100,000.

(8) In the cases under paragraphs 3 and 7 the abettors, aiders and harbourers shall likewise be penalized, with due consideration for the nature and degree of the participation thereof.

(9) For any violation under paragraph 1 and paragraphs 3 – 7 legal entities and sole traders shall be liable to a pecuniary sanction in amounts as follows:

1. for any violations under paragraph 1, items 1 – 3: from BGN 1,000 to BGN 5,000, and, for a repeated violation, from BGN 2,000 to BGN 10,000,000;

2. for any violations under paragraph 1, items 4 and 5: from BGN 5,000 to BGN 10,000 and, for a repeated violation, from BGN 10,000 to BGN 10,000,000;

3. for any violations under paragraph 1, items 6 and 7: from BGN 10,000 to BGN 20,000, and, for a repeated violation, from BGN 20,000 to BGN 10,000,000;

4. for any violations under paragraph 1, item 8: from BGN 5,000 to BGN 20,000, and, for a repeated violation, from BGN 10,000 to BGN 40,000;

5. for any violations under paragraph 1, item 9: from BGN 10,000 to BGN 40,000 and, for a repeated violation, from BGN 20,000 to BGN 80,000;

6. for any violations under paragraph 1, item 10: from BGN 10,000 to BGN 100,000 and, for a repeated violation, from BGN 20,000 to BGN 200,000;

7. for violations under paragraph 1, item 11: from BGN 5,000 to 5 per cent of the total annual net operating income, taking into account in the calculation the gross income from interest

and other similar payments, the earnings per share, and other variable and fixed payments on securities, as well as commissions and fees under Article 316 of Regulation (EU) No. 575/2013 for the previous financial year, but not less than BGN 5,000, and in case of a repeated violation: from BGN 10,000 to 10 per cent of the value of the total net operating income according to sentence one, but not less than BGN 10,000; where the person is a subsidiary, the respective gross income is the gross income from the consolidated report of the ultimate parent undertaking for the previous year;

8. for violations under paragraph 1, item 12: from BGN 20,000 to BGN 1,000,000, and for a repeated violation: from BGN 40,000 to the higher amount of BGN 2,000,000 and 10 per cent of the total annual turnover according to the latest available reports, approved by the management bodies of the person;

9. for violations under paragraph 1, item 13: from BGN 10,000 to BGN 250,000, and for a repeated violation: from BGN 20,000 to the higher amount of BGN 500,000 and 10 per cent of the total annual turnover according to the latest available reports, approved by the management bodies of the person;

10. for any violations under paragraph 1, item 14: from BGN 20,000 to BGN 40,000 and, for a repeated violation, from BGN 40,000 to BGN 80,000;

11. for any violations under paragraph 1, item 15: from BGN 20,000 to BGN 40,000 and, for a repeated violation, from BGN 40,000 to BGN 80,000;

12. (amended, SG No. 65/2023) for any violations covered under Paragraphs 3 and 4: BGN 25,000 or more but not exceeding BGN 100,000 and, for a repeated violation, BGN 50,000 or more but not exceeding BGN 10,000,000;

13. for any violations under paragraphs 5 and 6: from BGN 5,000 to BGN 10,000 and, for a repeated violation, from BGN 10,000 to BGN 50,000;

14. (amended, SG No. 83/2019, effective 22.10.2019) for any violations covered under paragraph 7, item 1: BGN 10,000 or exceeding this amount but not exceeding BGN 50,000, and for any violations covered under paragraph 7, item 3: BGN 20,000 or exceeding this amount but not exceeding BGN 200,000;

15. for violations under paragraph 7, item 2: from BGN 5,000 to 5 per cent of the total annual net operating income, taking into account in the calculation the gross income from interest and other similar payments, the earnings per share, and other variable and fixed payments on securities, as well as commissions and fees under Article 316 of Regulation (EU) No. 575/2013 for the previous financial year, but not less than BGN 5,000; in case of a repeated violation: from BGN 10,000 to 10 per cent of the value of the total net operating income according to sentence one, but not less than BGN 10,000; where the person is a subsidiary, the respective gross income is the gross income from the consolidated report of the ultimate parent undertaking for the previous year;

16. (amended, SG No. 65/2023) for any violations covered under Item 16 of Paragraph 1: BGN 4,000 or more but not exceeding BGN 1,000,000 and, for a repeated violation, BGN 8,000 or more but not exceeding BGN 2,000,000.

(10) (New, SG No. 102/2019) Any undertaking providing public electronic communication networks and/or services that fails to comply with an obligation under Article 281, paragraph 5 shall be liable to a pecuniary sanction from BGN 10,000 to BGN 50,000, and, for a repeated violation, from BGN 20,000 to BGN 100,000.

(11) (Renumbered from Paragraph 10, SG No. 102/2019) The proceeds from any unlawfully performed activities shall be confiscated in favour of the State to the extent to which the said proceeds cannot be restored to the person aggrieved.

(12) (Renumbered from Paragraph 11, SG No. 102/2019) Where the value of the acquired income or the value of prevented losses as a result of the violation under paragraph 1, item 9 may be determined, the natural person shall be liable to a fine in the double amount of the said amount but not less than BGN 1,000, and in case of a repeated violation, to not less than BGN 2,000, and the legal entity shall be liable to a pecuniary sanction in the double amount of such amount but not less than BGN 5,000 and in case of a repeated violation, not less than BGN 10,000.

(13) (Renumbered from Paragraph 12, SG No. 102/2019) When determining the type of administrative punishment under paragraph 1, items 12 and 13, paragraph 2, items 9 and 10, and paragraph 9, items 8 and 9, the Deputy Chairperson shall take into account the circumstances referred to in Article 43 of Regulation (EU) No. 2016/1011.

Liability for violation of Regulation (EU) 2019/2033

Article 290a. (New, SG No. 25/2022, effective 29.03.2022) (1) Any person who fails to provide information to the Commission or the Deputy Chairperson, as the case may be, regarding the obligation for compliance with the capital requirements set out in Article 11 of Regulation (EU) 2019/2033 in violation of Article 54, Paragraph 1, point (b) of that Regulation, shall be liable to a fine from BGN 1,000 to BGN 100,000.

(2) Any person who fails to provide information to the Commission or the Deputy Chairperson, as the case may be, in violation of Article 54, Paragraph 1, point (e) of Regulation (EU) 2019/2033 about the concentration risk or provides incomplete or inaccurate information, shall be liable to a fine from BGN 1,000 to BGN 100,000.

(3) Any person who assumes concentration risk exceeding the limits set out in Article 37 of Regulation (EU) No. 2019/2033, without prejudice to Articles 38 and 39 of that Regulation, shall be liable to a fine from BGN 1,000 to BGN 100,000, if the act does not constitute a crime.

(4) Any person who fails to disclose information or provides incomplete or inaccurate information in breach of the provisions of Part Six of Regulation (EU) No. 2019/2033, shall be liable to a fine from BGN 1,000 to BGN 100,000.

(5) Any person making payments to holders of instruments included in the investment firm's own funds in breach of the prohibitions for making payments to holders of such instruments included in the own funds, as set out in Articles 28, 52 or 63 of Regulation (EU) No. 575/2013, shall be liable to a fine from BGN 1,000 to BGN 100,000.

(6) Any person who in violation of Article 43 of Regulation (EU) 2019/2033 fails to maintain liquid assets, without prejudice to Article 44 of that Regulation, shall be liable to a fine from BGN 1,000 to BGN 100,000.

(7) In case of a repeated violation under Paragraphs 1 - 6, the offender shall be liable to a fine from BGN 100,000 to BGN 10,000,000.

(8) For violations under Paragraphs 1 - 6 legal entities shall be imposed a pecuniary sanction in the amount of BGN 50,000 up to 5 per cent of the total annual net turnover, including gross income, consisting of interest receivables and other similar income, income from shares and other securities with variable or fixed yield, as well as commissions or fees charged to the person for the previous financial year, and in case of repeated violation a pecuniary sanction of BGN 100,000 up to 10 per cent of the total annual net turnover, including gross income consisting of interest receivables and other similar income, income from shares and other securities with variable or fixed yield, as well as commissions or fees charged to the entity for the previous financial year.

(9) Where the person under Paragraph 8 is a subsidiary, the gross income shall be the gross income according to the consolidated financial statements of the ultimate parent undertaking for the previous financial year.

(10) Where the value of the acquired profit or the losses avoided as a result of violation under Paragraphs 1 - 6 can be determined, the legal entity shall be imposed a pecuniary sanction up to twice the amount of the acquired profit or the losses avoided as a result of the violation, but not less than BGN 5,000, and in case of repeated violation, not less than BGN 10,000.

(11) When determining the administrative punishment under Paragraphs 1 – 8 and 10, the Deputy Chairperson shall take into account the circumstances referred to in Article 296 and potential systemic consequences of the breach.

Liability for violations under Article 13, paragraph 3 of Regulation (EU) No. 1031/2010

Article 291. (1) A representative, an employee or a member of the management bodies of an entity which was granted an authorisation pursuant to Article 9, paragraph 2, who violates or allows another to violate Article 13, paragraph 3 of Regulation (EU) No. 1031/2010, shall be liable to a fine from BGN 1,000 to BGN 10,000, and in case of a repeated violation, from BGN 2,000 to BGN 20,000.

(2) In the cases under Paragraph 1 the legal persons referred to in Paragraph 1 shall be sanctioned by a pecuniary penalty amounting between BGN 10,000 and BGN 100,000; in case of a repeated violation the penalty will be in an amount between BGN 20,000 and BGN 200,000.

Liability for violation of Regulation (EU) No. 648/2012

Article 292. (1) (Amended, SG No. 24/2018, effective 16.02.2018) A person holding a management position in an investment firm or in another financial counterparty under Article 15, paragraph 1, item 17, letter "a" of the Financial Supervision Commission Act, or in a non-financial counterparty under Article 15, paragraph 1, item 17, letter "b" of the Financial Supervision Commission Act, who commits or allows the commitment of a violation of the second title of Regulation (EU) No. 648/2012 shall be liable to a fine from BGN 5,000 to BGN 20,000, and for a repeated violation, from BGN 10,000 to BGN 40,000.

(1) (Amended, SG No. 24/2018, effective 16.02.2018) An investment firm or another financial counterparty under Article 15, paragraph 1, item 17, letter "a" of the Financial Supervision Commission Act, or a non-financial counterparty under Article 15, paragraph 1, item 17, letter "b" of the Financial Supervision Commission Act, who commits or allows the commitment of a violation of the second title of Regulation (EU) No. 648/2012 shall be liable to a pecuniary sanction from BGN 10,000 to BGN 40,000, and for a repeated violation, from BGN 20,000 to BGN 80,000.

Liability for violation of Regulation (EU) No. 1286/2014

Article 293. (1) A person holding a management position in an investment firm, including a bank investment firm, who commits or allows the commitment of a violation of Article 5, paragraph 1, Articles 6, 7, Article 8, Article 1, paragraphs 1 – 3, Article 10, paragraph 1, Article 13, paragraph 1, 3 and 4, Articles 14 and 19 of Regulation (EU) No. 1286/2014 shall be liable to a fine from BGN 2,500 to BGN 1,400,000, and for a repeated violation, from BGN 5,000 to BGN 2,800,000.

(1) A person holding a managerial position in an investment firm, including a bank investment firm, who commits or allows the commitment of a violation of Regulation (EU) No. 1286/2014, except for the cases under paragraph 1 or an implementing instrument thereof, shall be liable to a fine from BGN 1,500 to BGN 700,000, and for a repeated violation, from BGN 3,000 to BGN 1,400,000.

(3) An investment firm, including a bank investment firm, which commits or allows the commitment of a violation of Article 5, paragraph 1, Articles 6, 7, Article 8, Article 1, paragraphs 1 – 3, Article 9, Article 10, paragraph 1, Article 13, paragraph 1, 3 and 4, Articles 14 and 19 of Regulation (EU) No. 1286/2014 shall be liable to a pecuniary sanction from BGN 20,000 to BGN

10,000,000, and for a repeated violation, from BGN 40,000 to BGN 20,000,000.

(3) An investment firm, including a bank investment firm, which commits or allows the commitment of a violation of Regulation (EU) No. 1286/2014, except for the cases under paragraph 3 or an implementing instrument thereof, shall be liable to a pecuniary sanction from BGN 10,000 to BGN 5,000,000, and for a repeated violation, from BGN 20,000 to BGN 10,000,000.

(5) When determining the administrative punishment the Deputy Chairperson shall take into account the circumstances referred to in Article 25 of Regulation (EU) No. 1286/2014.

Liability for violation of Regulation (EU) 2015/2365

Article 294. (1) (Amended, SG No. 51/2022) A person holding a management position in an investment firm, central counterparty, central securities depository or non-financial counterparty under Article 3, item 4 of Regulation (EU) 2015/2365, who commits or allows the commitment of a violation of Article 4 or Article 15 of Regulation (EU) 2015/2365 shall be liable to a fine from BGN 5,000 to BGN 5,000,000, and for a repeated violation, from BGN 10,000 to BGN 10,000,000.

(2) (Amended, SG No. 64/2020, effective 21.08.2020, SG No. 51/2022) An investment firm, central counterparty, central securities depository or non-financial counterparty under Article 3, Paragraph 4 of Regulation (EU) 2015/2365, which commits or allows the commitment of a violation of Article 4 of Regulation (EU) 2015/2365 shall be liable to a pecuniary sanction from BGN 10,000 to BGN 40,000, and for a repeated violation, from BGN 20,000 to BGN 10,000,000.

(3) (Amended, SG No. 64/2020, effective 21.08.2020, SG No. 51/2022) An investment firm, central counterparty, central securities depository or non-financial counterparty under Article 3, Paragraph 4 of Regulation (EU) 2015/2365, which commits or allows the commitment of a violation of Article 15 of Regulation (EU) 2015/2365 shall be liable to a pecuniary sanction from BGN 20,000 to BGN 80,000, and for a repeated violation, from BGN 40,000 to BGN 30,000,000.

(4) (New, SG No. 51/2022) When determining the type of administrative punishment the Deputy Chairperson shall take into account the circumstances referred to in Article 23 of Regulation (EU) No. 2015/2365.

Responsibility for violation of Regulation (EU) 909/2014

Article 294a. (New, SG No. 83/2019, effective 22.10.2019) (1) Any person who provides or allows the provision of services under sections A, B or C of the annex to Regulation (EU) 909/2014 in violation of Article 16, 25 or 54 of Regulation (EU) 909/2014 shall be liable to a fine from BGN 20,000 to BGN 50,000, unless the act shall constitute a criminal offence.

(2) Any person who performs or allows the performance of activities in violation of Articles 26 – 35 of Regulation (EU) No. 909/2014, shall be liable to a fine from BGN 5,000 to BGN 50,000.

(3) Any person who commits or allows the commitment of a violation of the provisions of Articles 37 – 41 or Article 43 – 53 of Regulation (EU) No. 909/2014, shall be liable to a fine from BGN 10,000 to BGN 100,000.

(4) Any person who commits or allows the commitment of a violation of the provisions of Article 59, paragraph 3 or paragraph 4 of Regulation (EU) No. 909/2014, shall be liable to a fine from BGN 15,000 to BGN 150,000.

(5) In the event of a repeated violation under paragraphs 1 - 4, the offender shall be liable to a fine in an amount as follows:

1. for violations under paragraph 1: from BGN 30,000 or exceeding this amount but not

exceeding BGN 10,000,000;

2. for violations under paragraph 2: from BGN 10,000 or exceeding this amount but not exceeding BGN 10,000,000;

3. for violations under paragraph 3: from BGN 15,000 or exceeding this amount but not exceeding BGN 10,000,000;

4. for violations under paragraph 4: from BGN 20,000 or exceeding this amount but not exceeding BGN 10,000,000.

(6) For violations under paragraphs 1 – 5 any legal person shall be liable to pecuniary penalty in the following amounts:

1. for violations under paragraph 1: from BGN 50,000 to the higher of BGN 20,000,000 and 5 per cent of the annual turnover of the person according to its latest statements approved by the management body, and for a repeated violation, from BGN 100,000 to the higher of BGN 40,000,000 and 10 per cent of the annual turnover of the person according to its latest statements approved by the management body;

2. for violations under paragraph 2: from BGN 15,000 to the higher of BGN 20,000,000 and 5 per cent of the annual turnover of the person according to its latest statements approved by the management body, and for a repeated violation, from BGN 30,000 to the higher of BGN 40,000,000 and 10 per cent of the annual turnover of the person according to its latest statements approved by the management body;

3. for violations under paragraph 3: from BGN 20,000 to the higher of BGN 20,000,000 and 5 per cent of the annual turnover of the person according to its latest statements approved by the management body, and for a repeated violation, from BGN 40,000 to the higher of BGN 40,000,000 and up to 10 per cent of the annual turnover of the person according to its latest statements approved by the management body;

4. for violations under paragraph 4: from BGN 25,000 to the higher of BGN 20,000,000 and 5 per cent of the annual turnover of the person according to its latest statements approved by the management body, and for a repeated violation, from BGN 50,000 to the higher of BGN 40,000,000 and up to 10 per cent of the annual turnover of the person according to its latest statements approved by the management body.

(7) Where the person under paragraph 6 is a parent company or a subsidiary, the relevant annual turnover under paragraph 6 shall be the total annual turnover in the consolidated statements of the ultimate parent company for the previous year.

(8) Where the value of the acquired profit as a result of the violation under paragraphs 1 – 6 may be determined, the natural person shall be liable to a fine in the said amount but not less than BGN 1,000, and in case of repeated violation, to not less than BGN 2,000, and the legal entity shall be liable to a financial fine in the double amount of the acquired profit but not less than BGN 5,000, and in case of repeated violation, not less than BGN 10,000.

(9) When determining the type of administrative punishment under paragraphs 1 – 8, the administrative supervision body shall take into account the circumstances referred to in Article 64 of Regulation (EU) No. 909/2014.

Liability for violation of Regulation (EU) 2021/23

Article 294b. (New, SG No. 8/2023) (1) Any person who commits or allows the commitment of a violation of the provisions of Article 9, Article 13, and Article 70, Paragraph 1 of Regulation (EU) No. 2021/23, shall be liable to a fine from BGN 5,000 to BGN 5,000,000.

(2) In case of a repeated violation under the foregoing paragraph, the offender shall be liable to a fine from BGN 10,000 to BGN 10,000,000.

(3) For violations under Paragraph 1, legal entities shall be subject to a pecuniary penalty in

the amount of up to 5 per cent of the total annual turnover of the legal entity for the previous financial year, and in case of repeated violation – up to 10 per cent of the total annual turnover of the legal entity for the previous financial year.

(4) Where the person under Paragraph 3 is a subsidiary, the relevant annual turnover under Paragraph 3 shall be the total annual turnover in the consolidated statements of the ultimate parent company for the previous financial year.

(5) Where the value of the acquired profit as a result of the violation under Paragraphs 1 – 3 may be determined, the natural person shall be liable to a fine in the said amount but not less than BGN 1000, and in case of repeated violation, to not less than BGN 2000, and the legal entity shall be liable to a financial fine in the double amount of the acquired profit but not less than BGN 5000, and in case of repeated violation, not less than BGN 10,000.

(6) When determining the type of administrative punishment under Paragraphs 1 – 5, the administrative supervision body shall take into account the circumstances referred to in Article 85 of Regulation (EU) No. 2021/23.

Liability for violation of Regulation (EU) 2022/858

Article 294c. (New, SG No. 65/2023) (1) Any person who commits or allows the commitment of a violation of the provisions of Article 3 (5), Article 4 (3), sub-paragraph 2, Article 7, (1) – (3), (4), sub-paragraphs 1 and 2, (5), (6), sub-paragraphs 1 and 2, (7), Article 11 (1), sub-paragraphs 2 and 3, (2) and (4) of Regulation (EU) 2022/858, shall be liable to a fine from BGN 1,000 to BGN 10,000.

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

(3) For any infringements under Paragraph (1), legal persons shall be liable to a pecuniary penalty of BGN 2,000 or exceeding this amount but not exceeding BGN 20,000, and a repeated infringement shall be punishable by a pecuniary penalty of BGN 4,000 or exceeding this amount but not exceeding BGN 40,000.

(4) Any person operating as a market infrastructure based on distributed ledger technology without a specific permission under Article 227t shall be liable to a fine of BGN 20,000 to BGN 50,000, and in the event of a repeated infringement shall be punishable to a fine of BGN 40,000 to BGN 100,000.

(5) For violation under Paragraph 4 committed by legal entities a financial sanction shall be imposed, ranging from BGN 50,000 to BGN 100,000, and for repeated violation, from BGN 100,000 to BGN 10,000,000.

Liability for violation of Regulation (EU) 2019/1238

Article 294d. (New, SG No. 85/2023, effective 10.10.2023) (1) An investment firm that provides the portfolio management service and that is granted a PEPP registration through false or misleading statements or any other unlawful means in breach of Articles 6 and 7 of Regulation (EU) 2019/1238, shall be liable to a pecuniary penalty of BGN 10,000 to BGN 5,000,000, but not more than 5 per cent of the entity's annual turnover according to its last annual financial statements accepted by the management body.

(2) An investment firm that provides the portfolio management service and that provides or distributes products under the designation "pan-European pension product" or "PEPP", and that is not registered under Regulation (EU) 2019/1238, shall be liable to a pecuniary penalty of BGN 10,000 to BGN 5,000,000, but not more than 5 per cent of the entity's annual turnover according to its last annual financial statements accepted by the management body.

(3) An investment firm that provides the portfolio management service and is a PEPP provider fails to provide the portability service in breach of Articles 18 or 19 of Regulation (EU)

2019/1238 or the information on that service required under Articles 20 and 21 of that Regulation, or fails to comply with the requirements or obligations laid down in Chapters IV and V, Article 50 and Chapter VII of the Regulation, shall be liable to a pecuniary penalty of BGN 10,000 to BGN 5,000,000, but not more than 5 per cent of the entity's annual turnover according to its last annual financial statements accepted by the management body.

(4) In case of a repeated violation under Paragraphs 1 - 3, the offender shall be liable to a pecuniary penalty of BGN 500,000 to BGN 10,000,000, but not more than 10 per cent of the entity's annual turnover according to its last annual financial statements accepted by the management body, but not less than BGN 5,000,000 and not more than BGN 10,000,000.

(5) Where the person under Paragraphs 1 – 4 is a parent company or a subsidiary, the relevant annual turnover under Paragraphs 1 – 4 shall be the total annual turnover in the consolidated statements of the ultimate parent company for the previous year.

(6) Any person who commits a violation of Regulation (EU) 2019/1238, unless otherwise provided by this Act, shall be liable to a fine of BGN 2,000 to BGN 20,000, and in the event of a repeated violation – a fine of BGN 20,000 to BGN 1,400,000.

(7) Where the amount of the profit earned or loss avoided as a result of the infringement under Paragraphs 1 – 4 and 6 can be determined, the person shall be sanctioned with a fine or a pecuniary penalty, up to the double amount of the profit gained, regardless of whether the maximum amount under Paragraphs 1 – 4 and 6 is exceeded.

(8) When determining the administrative punishment under this Article, the Deputy Chairperson shall take into account the circumstances referred to in Article 68, Paragraph 2 of Regulation (EU) 2019/1238.

Liability for violation of Chapter Twenty-Eight "a" of the Social Insurance Code

Article 294e. (New, SG No. 85/2023, effective 10.10.2023) (1) A person holding a management position in an investment firm under Article 6, Paragraph 1, point "d" (d) of Regulation (EU) 2019/1238, who commits or allows to be committed a violation of Articles 259a, 259b and 259c of the Social Insurance Code, shall be punishable by a fine of BGN 1,500 to BGN 20,000, and in the event of a repeated violation – from BGN 4,000 to BGN 40,000.

(2) For any infringements under Article 6, Paragraph 1, point "d" (d) of Regulation (EU) 2019/1238, legal persons shall be liable to a pecuniary penalty of BGN 20,000 or exceeding this amount but not exceeding BGN 100,000, and a repeated infringement shall be punishable by a pecuniary penalty of BGN 40,000 or exceeding this amount but not exceeding BGN 200,000.

(3) When determining the administrative punishment under this Article, the Deputy Chairperson shall take into account the circumstances referred to in Article 68, Paragraph 2 of Regulation (EU) No. 2019/1238.

Liability for violations of Regulation (EU) 2022/2554

Article 294f. (New, SG No. 54/2025) (1) A person holding a management position in an investment firm, a central securities depository, a central counterparty, a regulated market, an approved reporting mechanism or an approved publication arrangement under Article 1 (3), who commits or allows the commitment of a violation of Articles 5 to 14, 16 to 19 and 24 to 30 of Regulation (EU) 2022/2554 shall be liable to a fine from of BGN 10,000 to BGN 20,000, and, for a repeated violation, from BGN 20,000 to BGN 40,000.

(2) An investment firm, a central securities depository, a central counterparty, a regulated market, an approved reporting mechanism or an approved publication arrangement under Article 1(3), who commits a violation of Articles 5 to 14, 16 to 19 and 24 to 30 of Regulation (EU) 2022/2554 shall be liable to a pecuniary sanction from of BGN 20 000 to BGN 40 000, and, for a repeated violation, from BGN 40 000 to BGN 100 000.

(3) When determining the administrative punishment under this Article, the Deputy Chairperson shall take into account the circumstances referred to in Article 51 (2) of Regulation (EU) No. 2022/2554.

Competence. Applicable law

Article 295. (1) (Amended, SG No. 8/2023, SG No. 65/2023, supplemented, SG No. 54/2025) The written statements of ascertainment of violations under Articles 290 - 294a and Article 294b regarding violations of Article 9, Article 13 (3) and Article 70 (1) of Regulation (EU) 2021/23 and under Articles 294c - 294f shall be drawn up by officials authorised by the Deputy Chairperson, and the penalty decrees shall be issued by the Deputy Chairperson.

(2) (New, SG No. 8/2023) The written statements of ascertainment of violations under Article 294b regarding violations of Article 13 (1) and (2) of Regulation (EU) 2021/23 shall be drawn up by officials authorised by the Chairperson of the Commission, and the penalty decrees shall be issued by the Chairperson of the Commission or by persons authorised thereby.

(3) (Renumbered from Paragraph 2, SG No. 8/2023) The ascertainment of violations, the issue, appeal against and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

Reporting of circumstances

Article 296. (1) When deciding on the type and magnitude of administrative penalties, the Deputy Chairperson shall take into account all the relevant circumstances, including the following, where applicable:

1. the gravity and length of the violation;
2. the degree of responsibility of the natural person or of the legal entity;
3. the financial condition of the natural person or of the legal entity, determined based on the total financial turnover of the legal entity or based on the annual income of the natural person;
4. the amount of the profit realised or of the loss avoided by the natural person or the legal entity, to the extent to which this amount can be determined;
5. the amount of the losses sustained by third persons as a result of the violation, to the extent to which this amount can be determined;
6. the level of cooperation, rendered by the natural person or by the legal entity to the Deputy Chairperson of the Commission;
7. previous violations of the natural person or of the legal entity.

(2) (Supplemented, SG No. 49/2025) For the purposes of Paragraph 1, as well as when determining the type of the coercive administrative measure, the Deputy Chairperson shall have right of access to tax and social security information.

Interest

Article 297. A person who within a month from entry into force of a penal decree fails to pay the financial sanction imposed thereon, shall be charged interest in the amount of the legal interest for the period from the date following the day of expiry of the one-month time limit until the date of the payment.

Disclosure of coercive administrative measures and penal decrees issued

Article 298. (1) (Amended and supplemented, SG No. 83/2019, effective 22.10.2019, supplemented, SG No. 25/2022, effective 29.03.2022, SG No. 8/2023, SG No. 65/2023) The Financial Supervision Commission or the Deputy Chairperson respectively shall disclose on the website of the Commission any coercive administrative measure imposed and any penal decree issued for violating the provisions of this Act, of Regulation (EU) No. 2019/2033, of Regulation (EU) No. 575/2013, of Regulation (EU) No. 600/2014, of Regulation (EU) No. 909/2014, of Regulation (EU) 2021/23, of Regulation (EU) 2022/858 and their implementing instruments,

including information about the type and nature of the violation, the identity of the natural person or details about the legal entity on which the measure or the penalty is imposed. Disclosure under the first sentence shall be carried out after the service of the decision on the enforcement of the coercive administrative measure or of the penal decree on the person concerned.

(2) (Supplemented, SG No. 83/2019, effective 22.10.2019, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission or the Deputy Chairperson respectively, having assessed on a case-by-case basis whether the disclosure of personal data of the natural person or identification details of the legal entity might cause him/it any damages or cause damages to affected natural persons that are incompatible with the violation committed and whether the publication of the information would endanger seriously the stability of the financial markets, may:

1. postpone the disclosure of information under Paragraph 1;
2. disclose the information under Paragraph 1 without providing details about the person on whom the measure or the penalty has been imposed;
3. not to publish the information referred to in Paragraph 1.

(3) (Supplemented, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission or the Deputy Chairperson respectively shall take a decision under paragraph 2, item 3, when the disclosure of information under paragraph 2, item 1 or 2 would put the stability of the financial markets under threat.

(4) (Supplemented, SG No. 83/2019, effective 22.10.2019) In the event the grounds under paragraph 2 lapse the Commission or the Deputy Chairperson respectively shall disclose the information referred to in paragraph 1 in full.

(5) (Supplemented, SG No. 83/2019, effective 22.10.2019) The Financial Supervision Commission or the Deputy Chairperson respectively shall furthermore apply paragraph 2 in case of opened criminal proceedings.

(6) (Amended and supplemented, SG No. 83/2019, effective 22.10.2019) The Deputy Chairperson shall disclose any information relating to the appeal of coercive administrative measures and penal decrees. Subject to disclosure shall be also the decisions repealing the disclosed coercive administrative measures or penal decrees.

(7) (Amended, SG No. 17/2019) The Commission shall create conditions for the information under paragraphs 6 - 5 to remain available on its website for a period of no less than 5 years, subject to compliance with the requirements for the protection of personal data.

(8) (Supplemented, SG No. 83/2019, effective 22.10.2019) When the Commission or the Deputy Chairperson respectively discloses a measure taken or a penalty imposed, it/he shall simultaneously notify ESMA thereof.

(9) The Financial Supervision Commission shall submit annually to ESMA summarised information on the measures taken or penalties imposed for breaching the provisions of this Act and the instruments for its implementation.

(10) (Amended, SG No. 83/2019, effective 22.10.2019) The Deputy Chairperson shall inform EBA of all administrative penalties imposed under Article 290, paragraph 1, item 10, paragraph 2, item 7, paragraph 7, item 2, and paragraph 9, items 7 and 10, including any appeal and the results thereof.

Disclosure of coercive administrative measures and penal decrees issued in relation to Regulation (EU) 2019/1238

Article 299. (New, SG No. 85/2023, effective 10.10.2023) (1) The Commission or the Deputy Chairperson, as the case may be, shall disclose on the Commission's website any enforcement administrative measure imposed and any penal decree issued for violating the

provisions of Regulation (EU) 2019/1238, and for violating the provisions of Article 294e in compliance with Article 69 of the same Regulation.

(2) The Commission or the Deputy Chairperson, as the case may be, shall notify the European Insurance and Occupational Pensions Authority (EIOPA) of the enforcement administrative measures applied and the penalties imposed for violating the provisions of Regulation (EU) 2019/1238, and for violating the provisions of Article 294e in compliance with Article 70, Paragraphs 1 and 4 of the same Regulation.

(3) The Commission or the Deputy Chairperson, as the case may be, shall notify the EIOPA of the enforcement administrative measures applied and the penalties imposed for violating the provisions of Regulation (EU) 2019/1238, and for violating the provisions of Article 294e in compliance with Article 70, Paragraph 2 of the same Regulation.

Disclosure of the administrative penalties imposed in connection with the implementation of Regulation (EU) 2022/2554

Article 300. (New, SG No. 54/2025) The Deputy Chairperson shall publish on the Commission's website any administrative penalty imposed for violation of the provisions of Regulation (EU) 2022/2554, subject to Article 54 of said Regulation.

ADDITIONAL PROVISIONS

§ 1. (1) (Previous text of § 1, SG No. 25/2022, effective 29.03.2022) Within the meaning given by this Act:

1. "Transferable securities" means securities classes registered in accounts at the central securities depository, which may be traded in the capital market, with the exception of payment instruments, such as:

a) shares in companies and other securities equivalent to shares in capital companies, partnerships or other legal persons, as well as depository receipts in respect of shares;

b) bonds and other forms of securitised debt, including depository receipts in respect of such securities;

c) any other securities giving the right to acquire or sell such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or indicators.

2. "Central securities depository" is a central depository within the meaning of Article 2, paragraph 1, item 1 of Regulation (EU) No. 909/2014.

3. "Investment advice" means the provision of personal recommendations to a client, either upon its request or at the initiative of the investment firm, in respect of one or more transactions relating to financial instruments.

4. "Personal recommendation" is a recommendation within the meaning of Article 9 of Delegated Regulation (EU) 2017/565.

5. "Execution of orders on behalf of clients" means carrying out actions aimed at concluding contracts for the purchase or sale of one or more financial instruments on behalf and for the account of a client, including the conclusion of contracts for the sale of financial instruments issued by an investment firm or a credit institution at the time of their issuance.

6. "Dealing on own account" means trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments.

7. "Market maker" means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against proprietary capital at prices defined thereby.

8. "Portfolio management" means managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments.

9. "Client" means any natural or legal person who/which makes use of investment and/or ancillary services provided by the investment firm.

10. "Professional client" means a client possessing the experience, knowledge and skills to take independent investment decisions and adequately assess risks relating to investment, and who meets the criteria laid down in the appendix.

11. "Retail client" means a client who is not designated as a professional client or as an eligible counterparty.

12. (Amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) "Small and medium-sized enterprises (SMEs)" for the purposes of this Act are companies whose average market capitalisation is less than EUR 200,000,000, determined on the basis of the prices for the last day of trading in each of the three previous calendar years.

13. "Limit order" means an order to buy or sell a financial instrument at a specified price limit or better and for a specific size.

14. "C6 energy derivative contracts" are options, futures, swaps, and other derivative contracts under Article 4, paragraph 1, item 6, determined in accordance with Article 6, paragraphs 1 and 2 of Delegated Regulation (EU) 2017/565 relating to coal or liquid fuels traded on OTF and which must be physically settled.

15. "Money-market instruments" means instruments normally traded on the money market such as short-term government securities (treasury bills), certificates of deposit and commercial papers which have the properties under Article 11 of Delegated Regulation (EU) No. 2017/565, and excluding instruments of payment.

16. "Systematic internaliser" means an investment firm which without operating a multilateral system in an orderly, regular and systematic manner, in accordance with the criteria under Articles 12 – 17 of Delegated Regulation (EU) 2017/565 carries out a significant amount of trade for its own account in financial instruments, executing client orders outside a regulated market, MTF or OTF when the following criteria are present simultaneously or when the investment firm elects to apply the regime governing the activities of systematic internalisers.

17. "Multilateral system" means a system or facility in which multiple third-party buying and selling trading interests in financial instruments are able to interact in the system.

18. "Trading venue" means a regulated market, MTF or OTF, where:

a) "Multilateral trading facility" or "MTF" means a multilateral system operated by an investment firm or market operator, which brings together multiple third-party buying and selling interests in financial instruments in the system, in accordance with non-discretionary rules, in a way that results in a contract in accordance with Chapters Two – Nine;

b) "Organised trading facility" or "OTF" is a multilateral system, which is not a regulated market or MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emissions allowances or derivatives are able to interact in the system in a way which results in a contract in accordance with Part Two.

19. "Liquid market" is any market for a financial instrument or a class of financial instruments in which constantly present are buyers and sellers with the intent to trade and which

meets the following criteria, taking into account the specific features of the specific financial instrument or the specific class of financial instruments:

a) frequency and volume of transactions under certain market conditions, having regard to the nature and the life cycle of the products within the class of financial instruments;

b) number and type of market participants, including the proportion of participants in the market relative to traded financial instruments for a specific product;

c) average size of spreads, where such information is available.

20. "Credit institution" means a credit institution as defined in Article, paragraph 1, item 1 of Regulation (EU) No. 575/2013.

21. "Management company of collective investment scheme" means a management company within the meaning of the the Collective Investment Schemes and Other Undertakings for Collective Investments Act as well as a management company of a collective investment scheme as defined in Article 2, paragraph 1, letter "b" of Directive 2009/65/EC of the European Parliament and of the Council.

22. "Branch" of an investment firm means a place of business other than the head office, which is part of an investment firm and which has no legal personality and through which the investment firm provides investment services and/or carries on investment activities and ancillary services for which the investment firm has been licensed; All the places of business set up in the same Member State by an investment firm with management of the business in another Member State shall be regarded as a branch.

23. "Qualifying holding" means any direct or indirect holding, which represents 10 per cent or more of the capital or of the voting rights in the general meeting, as set out in Articles 145 and 146 of the Public Offering of Securities Act, taking into account the conditions for their aggregation or which makes it possible to exercise a significant influence over the management of the company.

24. "Parent undertaking" means a parent undertaking within the meaning of § 1, Item 18 of the additional provisions of the Accountancy Act.

25. "Subsidiary" means a subsidiary within the meaning of § 1, Item 4 of the additional provisions of the Accountancy Act.

26. "Group" means a group of enterprises, within the meaning of § 1, Item 2 of the Accountancy Act.

27. "Close links" means a situation in which two or more natural or legal persons are linked by:

a) participation which means the ownership, direct or by way of control, of 20% or more of the voting rights or capital of a company (undertaking);

b) control exercised by a parent undertaking over a subsidiary under the Accountancy Act or a similar relationship between a natural or legal person and a company (undertaking); and any subsidiary of a subsidiary is also considered a subsidiary of its parent undertaking which is at the head of the group of those subsidiaries;

c) a permanent link of the two persons or all of them with one and the same person by a control relationship.

28. (Supplemented, SG No. 25/2022, effective 29.03.2022, amended and supplemented, SG No. 65/2023) "Senior management" means natural persons with executive functions within an investment firm, a market operator or a data reporting service provider within the meaning of Article 2 (1), item 36a of Regulation (EU) No. 600/2014 and who are responsible and accountable to the management body for the operational management of the company, including for the implementation of policies regarding the offering of services and products to customers by

the company and its staff.

29. "Matched principal tradings" is a transaction whereby the facilitator interposes between the buyer and seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction and both sides are executed simultaneously and the transaction is concluded at a price where the facilitator makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction.

30. "Algorithmic trading" is trading in financial instruments, whereby the individual parameters of the orders are determined automatically by a computer algorithm, including whether to initiate the order, the time limit, the price or quantity of the order or the mode of management of the order after its filing under limited or without human intervention, as defined in Article 18 of Delegated Regulation (EU) 2017/565. Algorithmic trading does not include systems that are used solely for the purpose of transmitting orders to one or more trading venues or for the processing of orders, without setting any parameters, or to confirm the orders, or for the processing of transactions after their conclusion.

31. "High-frequency method for algorithmic trading" is a technique for algorithmic trading, which is characterised by:

a) infrastructure designed to minimise network and other types of delays, which includes at least one of the following items for submission of algorithmic order: shared use, hosting a short distance or high-speed direct electronic access;

b) determination by the system of the initiation, generation, targeting or performance of an order without human intervention for individual transactions or orders, as well as

c) in a large number of messages throughout the day, which represent orders, quotations or cancel orders, determined in accordance with Article 19 of Delegated Regulation (EU) 2017/565.

32. "Direct electronic access" is an arrangement in which a member or participant, or a client of a trading venue allows a person to use his code for trading, to enable the person to send electronically orders relating to a financial instrument directly to the trading venue, and which covers: agreements, which include the use by a person of the infrastructure of a member or participant or client or any connecting system provided by the member or participant, or client, for submission of orders (direct access to the market), or arrangements that do not involve direct use of this infrastructure (sponsored access) by the person. There is no direct electronic access in the cases under Article 20 of Delegated Regulation (EU) 2017/565.

33. "The practice of cross-selling" is the offering of an investment service together with another service or product as part of a package or as a condition on the same contract or package.

34. "Structured deposit" is a deposit within the meaning of § 1, item 1 of the additional provisions of the Bank Deposits Guarantee Act, payable in full at maturity, subject to the conditions under which the payment of interest or premium depends on:

a) an index or a combination of indices, excluding deposits with variable rates, whose return is directly linked to an interest rate index such as "Euribor" or "Libor";

b) a financial instrument or a combination of financial instruments;

c) a commodity or a combination of commodities or other tangible or intangible non-fungible assets;

d) an exchange rate or a combination of exchange rates, or

e) other similar factors.

35. (Amended, SG No. 54/2025) "Depository receipts" means those securities which are negotiable on the capital market and which represent ownership of the securities of a non-domiciled issuer while being able to be admitted to trading on a regulated market and traded independently of the securities of the non-domiciled issuer.

36. "Certificates" means certificates within the meaning of Article 2, paragraph 1, sub-paragraph 27 of Regulation (EU) No. 600/2014.

37. "Structured financial products" are structured financial products within the meaning of Article 2, paragraph 1, sub-paragraph 28 of Regulation (EU) No. 600/2014.

38. "Derivatives" means derivatives within the meaning of Article 2, paragraph 1, sub-paragraph 29 of Regulation (EU) No. 600/2014.

39. "Commodity derivatives" means commodity derivatives within the meaning of Article 2, paragraph 1, sub-paragraph 30 of Regulation (EU) No. 600/2014.

40. "Central counterparty" (CCP) is a central counterparty within the meaning of Article 2, sub-paragraph 1 of Regulation (EU) No. 648/2012.

41. (Amended, SG No. 25/2022, effective 29.03.2022) "Approved publication arrangement" shall be a concept within the meaning of Item 34 of Article 2, Paragraph 1 of Regulation (EU) No. 600/2014.

42. (Repealed, SG No. 25/2022, effective 29.03.2022).

43. (Amended, SG No. 25/2022, effective 29.03.2022) "Approved reporting mechanism" is a concept within the meaning of Item 36 of Article 2, Paragraph 1 of Regulation (EU) No. 600/2014.

44. "Home Member State" means:

a) for an investment firm:

aa) if the investment firm is a natural person, the Member State in which its head office is situated;

bb) if the investment firm is a legal entity, the Member State in which its seat is situated and, if under its national law it has no registered seat and registered office, the Member State in which its head office is situated;

b) in case of a regulated market, the Member State in which the regulated market is registered and, if under the law of that Member State, it has no registered office, the Member State in which the head office of the regulated market is situated;

c) (repealed, SG No. 25/2022, effective 29.03.2022).

45. "Host Member State" means a Member State, other than the home Member State, in which an investment firm has a branch or performs investment services and/or investment activities or the Member State in which a regulated market carries on business by providing facilitated access to its trading system for its remote members or for participants from that same Member State.

46. "An investment firm from a third country" means a credit institution which provides investment services or investment activities or an investment firm whose head office or seat is located outside the EU.

47. "Wholesale energy products" are wholesale energy products within the meaning of Article 2, item 4 of Regulation (EU) No. 1227/2011.

48. (Amended, SG No. 51/2022) "Agricultural commodity derivatives" are derivative contracts relating to products listed in Article 1 and Annex I, Part I – XX and Part XXIV/I to Regulation (EU) No. 1308/2013, as well as to products listed in Annex I to Regulation (EU) No. 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No. 1184/2006 and (EC) No. 1224/2009 and repealing Council Regulation (EC) No. 104/2000 (OJ, L 354/1 of 28 December 2013).

49. "National issuer" means any of the following issuers when issuing debt financial instruments:

- a) the European Council;
- b) a Member State, including a public authority, agency or special purpose company of the Member State;
- c) in case of a federal state – a member of the Federation;
- d) a special purpose company created by several Member States;
- e) an international financial institution established by two or more Member States, whose purpose is to collect funds and to provide financial assistance for the benefit of its members, which have or are at risk of serious financial problems, or
- f) the European Central Bank.

50. "Government debt securities" are debt financial instruments issued by a national issuer.

51. "Durable medium" means any device that satisfies the conditions laid down in Article 3 of Delegated Regulation (EU) No. 2017/565 and which enables the client to store information addressed personally to him in a way accessible for future use and for a period corresponding to the purposes for which information is provided, as well as allowing unaltered reproduction of the information stored.

52. "Financial holding company" means a financial holding company as defined in Article 4, paragraph 1, item 20 of Regulation (EU) No. 575/2013.

53. "Parent financial holding company in a Member State" is a term within the meaning of Article 4, paragraph 1, item 30 of Regulation (EU) No. 575/2013.

54. "EU parent financial holding company" is a term within the meaning of Article 4, paragraph 1, item 31 of Regulation (EU) No. 575/2013.

55. "Mixed financial holding company" is a term within the meaning of Article 4, paragraph 1, item 21 of Regulation (EU) No. 575/2013.

56. "Parent undertaking in a Member State" is term within the meaning of Article 4, paragraph 1, item 28 of Regulation (EU) No. 575/2013.

57. "Institution" is a term within the meaning of Article 4, paragraph 1, item 3 of Regulation (EU) No. 575/2013.

58. "EU parent undertaking" is a term within the meaning of Article 4, paragraph 1, item 29 of Regulation (EU) No. 575/2013.

59. "Consolidating supervisor" is a term within the meaning of Article 4, paragraph 1, item 41 of Regulation (EU) No. 575/2013.

60. "Parent mixed financial holding company in a Member State" is a term within the meaning of Article 4, paragraph 1, item 32 of Regulation (EU) No. 575/2013.

61. "EU parent mixed financial holding company" is an EU parent mixed financial holding company in accordance with the definition set out in Article 4, paragraph 1, item 33 of Regulation (EU) No. 575/2013.

62. "Systematic violation" shall be in effect where three or more administrative violations of the Act, of the EU law or of the instruments for implementation thereof have been committed within a single year.

63. "Repeated violation" shall be any violation which shall be committed within one year after the entry into force of a penalty decree whereby the offender was penalized for a violation of the same kind.

64. "Persons acting in concert" means two or more persons, exercising their share-based voting rights under an express consent between them, as well as persons, of whom it may be reasonably assumed that they exercise or will exercise in the same way any voting rights they hold, due to the nature of their relationships, their market behaviour, or the agreements executed between them.

65. "Systemic risk" is the risk of disturbances in the financial system, which is likely to cause serious adverse consequences for the financial system and the real economy.

66. "On a consolidated basis" is term within the meaning of Article 4, paragraph 1, item 48 of Regulation (EU) No. 575/2013.

67. "ESCB central banks" is a term within the meaning of Article 4, paragraph 1, item 45 of Regulation (EU) No. 575/2013.

68. (Amended, SG No. 25/2022, effective 29.03.2022) "Mixed-activity holding company" is a parent undertaking which is not a financial holding company, nor an investment holding company, nor a credit institution, nor an investment firm, nor a mixed financial holding company within the meaning of Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council, hereinafter referred to as "Directive 2002/87/EC" and at least one of its subsidiaries is an investment firm.

69. "Own funds" is a term within the meaning of Article 4, paragraph 1, item 118 of Regulation (EU) No. 575/2013.

70. (Amended, SG No. 25/2022, effective 29.03.2022) "Ancillary services undertaking" means an undertaking, the principal activity of which consists of owning or managing property, managing data-processing services, or a similar activity which is ancillary to the principal activity of one or more investment firms.

71. "Trading book" is a term within the meaning of Article 4, paragraph 1, item 86 of Regulation (EU) No. 575/2013.

72. (Amended, SG No. 25/2022, effective 29.03.2022) "Financial institution" is a term within the meaning of Article 4, paragraph 1, item 14 of Regulation (EU) 2019/2033.

73. "Securities financing transaction" is a concept within the meaning of Article 3, item 11 of Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse.

74. "Significant investment firm" is an investment firm that meets at least two of the following requirements:

- a) the average staff headcount for the year exceeds 50 members of staff;
- b) the carrying amount of own assets exceeds BGN 10,000,000;
- c) the value of client assets exceeds BGN 500,000,000.

75. "Significant market operator" is a market operator, where for the trading venues operated thereby in the territory of the Republic of Bulgaria at least two of the following requirements are met on an annual basis:

a) members or participants of these trading venues are more than 50 per cent of the investment firms operating on the territory of the Republic of Bulgaria, including bank investment firms;

b) the transactions concluded in these trading venues account for more than 50 per cent of transactions concluded in the trading venues in the Republic of Bulgaria;

c) more than 50 per cent of the financial instruments issued on the Bulgarian market are traded in these trading venues.

76. (Amended, SG No. 8/2023) "Supervisory authority" depending on the legal form is: a supervisory board, members of the management body without executive functions, a controller or other persons specifically designated by the general meeting and compliant with the requirements of Article 13. The supervisory authority shall control and monitor decision-making at the management level.

77. "Qualifying money market fund" is a collective investment scheme authorised to conduct business in accordance with Directive 2009/65/EC or any other collective investment undertaking that is subject to supervision by a competent supervisory authority in a Member State, provided that it satisfies the following conditions:

a) its main investment purpose is to maintain a constant net asset value of the fund by the issue of its units (without yield) or equal to the capital attracted by investors plus earnings;

b) invests in order to achieve the main investment purpose exclusively in high-quality money market instruments whose maturity or residual maturity does not exceed 397 days or whose yield is adjusted on a regular basis in accordance with such term to maturity, and the weighted average term to maturity is 60 days; this objective may be achieved through additional investment of cash in deposits with credit institutions;

c) ensures same day liquidity or next day settlement.

78. "High-quality money market instruments" for the purposes of item 77, letter "b" are money market instruments for which the investment firm/management company performs its own documented assessment of the credit quality of the money market instruments, on the basis of which it assumes that a money market instrument is of high quality. When one or more credit rating agencies, registered and controlled by ESMA, have assigned a rating to the instrument, the internal assessment of the investment firm/management company shall take into account the credit ratings assigned.

79. "Depository institution" means:

a) in respect of funds, a person under Article 93;

b) in respect of financial instruments, a person conducting activity of registration of financial instruments and transfer of such instruments by opening and keeping accounts of their issuers and/or holders.

80. "Exchange traded fund" is an exchange traded fund within the meaning of § 1, item 25 of the additional provisions of the Collective Investment Schemes and Other Undertakings for Collective Investments Act.

81. "Non-banking financial sector undertakings" are:

a) regulated markets, market operators, central depositories, investment firms, clearing and settlement systems, national investment funds, multilateral trading facilities, investment companies, alternative investment funds, management companies or persons managing alternative investment funds;

b) an insurer, a captive insurance joint-stock company, a reinsurer or a captive reinsurer or an insurance holding company under Article 233, paragraph 8 of the Insurance Code;

c) the companies carrying on business for the provision of supplementary social insurance;

d) (amended, SG No. 25/2022, effective 29.03.2022) foreign persons which according to the legislation of the State concerned have the status of persons under letters "a" – "c".

82. (New, SG No. 83/2019, effective 22.10.2019) "Settlement system participant" is a participant within the meaning of Article 2, paragraph 1, item 19 of Regulation (EU) No. 909/2014.

83. (New, SG No. 25/2022, effective 29.03.2022) "Commodity and emission allowance dealer" is a concept within the meaning of Item 150 of Article 4, Paragraph 1 of Regulation (EU) No. 575/2013.

84. (New, SG No. 25/2022, effective 29.03.2022) "Control" means the relationship between a parent undertaking and a subsidiary, as defined in Article 22 of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending

Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OB, L 182/19 of 29 June 2013), or the accounting standards to which an investment firm is subject under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, or a similar relationship between any natural or legal person and an undertaking.

85. (New, SG No. 25/2022, effective 29.03.2022) "Compliance with the group capital test" means compliance by a parent undertaking in an investment firm group with the requirements of Article 8 of Regulation (EU) 2019/2033.

86. (New, SG No. 25/2022, effective 29.03.2022) "Gender-neutral remuneration policy" shall be a remuneration policy based on equal pay for male and female workers for equal work or work of equal value.

87. (New, SG No. 25/2022, effective 29.03.2022) "Consolidated situation" shall be a concept within the meaning of Item 11 of Article 4, Paragraph 1 of Regulation (EU) 2019/2033.

88. (New, SG No. 25/2022, effective 29.03.2022) "Investment firm group" shall be a concept within the meaning of Item 25 of Article 4, Paragraph 1 of Regulation (EU) 2019/2033.

89. (New, SG No. 25/2022, effective 29.03.2022) "Investment holding company" is a term within the meaning of Item 23 of Article 4, Paragraph 1 of Regulation (EU) 2019/2033.

90. (New, SG No. 25/2022, effective 29.03.2022) "Mixed financial holding company" is a term within the meaning of Item 15 of Article 2, Paragraph 1 of Directive 2002/87/EC.

91. (New, SG No. 25/2022, effective 29.03.2022) "Union parent investment firm" shall be a concept within the meaning of Item 56 of Article 4, Paragraph 1 of Regulation (EU) 2019/2033.

92. (New, SG No. 25/2022, effective 29.03.2022) "Union parent investment holding company" shall be a concept within the meaning of Item 57 of Article 4, Paragraph 1 of Regulation (EU) 2019/2033.

93. (New, SG No. 25/2022, effective 29.03.2022) "Union parent mixed financial holding company" shall be a concept within the meaning of Item 58 of Article 4, Paragraph 1 of Regulation (EU) 2019/2033.

94. (New, SG No. 25/2022, effective 29.03.2022) "Resolution authority" shall be a concept within the meaning of § 1, Item 42 of the Additional Provisions of the Recovery and Resolution of Credit Institutions and Investment Firms Act.

95. (New, SG No. 51/2022) "Exchange of financial instruments" means the sale of a financial instrument and the purchase of another financial instrument or the exercise of the right to change an existing financial instrument.

96. (New, SG No. 51/2022) "Make-whole clause" means a clause intended to protect the investor by ensuring that, in the event of an early redemption of a bond, the issuer is required to pay the investor holding the bond an amount equal to the sum of the net present value of the remaining coupon payments to maturity and the principal amount of the bond to be repurchased.

97. (New, SG No. 51/2022) "Electronic format" means any non-paper durable medium.

98. (New, SG No. 51/2022) "Predominantly trading group" means any group whose main business is not the provision of investment services within the meaning of this Act, nor the performance of any of the activities listed in Annex I to Directive 2013/36/EU, nor functioning as a market maker in respect of the commodity derivatives.

99. (New, SG No. 8/2023) "Management and supervisory body (management body)" depending on the legal form is a management board and a supervisory board, a board of directors or any other authority appointed in accordance with national legislation that has the power to determine the strategy, objectives and overall direction of the institution or entity under Article 1

items 1 – 3, 5 – 7 and that exercises control and supervision over decision-making at management level and includes the persons who carry out the actual management of its activities.

100. (New, SG No. 65/2023) "Distributed ledger technology" is a concept within the meaning of Article 2, item 1 of Regulation (EU) 2022/858.

101. (New, SG No. 65/2023) "Distributed ledger" is a concept within the meaning of Article 2, item 2 of Regulation (EU) 2022/858.

102. (New, SG No. 65/2023) "Market infrastructure based on the distributed ledger technology" is a concept within the meaning of Article 2, item 5 of Regulation (EU) 2022/858.

103. (New, SG No. 65/2023) "Multilateral trading facility based on the distributed ledger technology" is a concept within the meaning of Article 2, item 6 of Regulation (EU) 2022/858.

104. (New, SG No. 65/2023) "Settlement system based on the distributed ledger technology" is a concept within the meaning of Article 2, item 7 of Regulation (EU) 2022/858.

105. (New, SG No. 65/2023) "Trading and settlement system based on the distributed ledger technology" is a concept within the meaning of Article 2, item 10 of Regulation (EU) 2022/858.

106. (New, SG No. 65/2023) "Financial instruments based on the distributed ledger technology" is a concept within the meaning of Article 2, item 11 of Regulation (EU) 2022/858.

107. (New, SG No. 84/2023) "Related parties" shall be:

- a) the persons who are members of a management body of the same legal entity;
- b) the legal entity and its beneficial owner;
- c) a person who is a member of a management body of the legal entity, and the beneficial owner of the legal entity;
- d) natural persons who are joint beneficial owners of a legal person;
- e) spouses, lineal relatives up to any degree, collateral relatives up to the third degree of consanguinity inclusive and relatives by marriage up to the third degree of affinity inclusive, as well as all other natural persons who are in close business relationships.

A beneficial owner under points (b) - (d) shall have the meaning assigned to it in § 2, Paragraph 1 of the Supplementary Provisions of the Measures Against Money Laundering Act.

(2) (New, SG No. 25/2022, effective 29.03.2022) In respect of investment firms under Article 9a, Paragraph 2, besides the concepts referred to in Paragraph 1, Items 1 – 25, 27 – 67, 69, 71, 73 – 82, 86, 94, Article 229, the following concepts shall apply:

1. "Mixed financial holding company" is a term within the meaning of Article 4, Paragraph 1, item 22 of Regulation (EU) No. 575/2013.

2. "Ancillary services company" is a term within the meaning of Article 4, Paragraph 1, item 18 of Regulation (EU) No. 575/2013.

3. "Financial institution" is a term within the meaning of Article 4, Paragraph 1, item 26 of Regulation (EU) No. 575/2013.

§ 2. (1) This Act shall introduce the requirements of:

1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

2. Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits.

3. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and

investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

4. Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions.

5. (New, SG No. 26/2020) Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (OJ L 132/1 of 20.5.2017).

6. (New, SG No. 25/2022, effective 29.03.2022) Directive (EU) 2019/2177 of the European Parliament and of the Council of 18 December 2019 amending Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Directive 2014/65/EU on markets in financial instruments and Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money-laundering or terrorist financing (OJ L 334/155 of 27 December 2019).

7. (New, SG No. 25/2022, effective 29.03.2022) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (OJ, L 150/253 of 7 June 2019).

8. (New, SG No. 25/2022, effective 29.03.2022) Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ, L 314/64 of 5 December 2019).

9. (New, SG No. 16/2022, renumbered from Item 6, SG No. 25/2022, effective 29.03.2022) Directive (EU) 2020/1504 of the European Parliament and of the Council of 7 October 2020 amending Directive 2014/65/EU on markets in financial instruments (OJ, L 347/50 of 20 October 2020).

10. (New, SG No. 51/2022) Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 amending Directive 2014/65/EU as regards information requirements, product governance and position limits, and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms, to help the recovery from the COVID-19 crisis (OJ, L 68/14 of 26 February 2021).

11. (New, SG No. 54/2025) Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 as regards digital operational resilience for the financial sector (OJ L 333/153 of 27 December 2022).

(2) This Act provides measures for enforcement of:

1. Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012.

2. Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012.

3. Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

4. Regulation No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs).

5. Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June

2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014.

6. Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012.

7. (New, SG No. 83/2019, effective 22.10.2019) 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.

8. (New, SG No. 16/2022) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

9. (New, SG No. 25/2022, effective 29.03.2022) Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014 (OJ, L 314/1 of 5 December 2019).

10. (New, SG No. 8/2023) Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No. 1095/2010, (EU) No. 648/2012, (EU) No. 600/2014, (EU) No. 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132.

11. (New, SG No. 65/2023) Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No. 600/2014 and (EU) No. 909/2014 and Directive 2014/65/EU.

12. (New, SG No. 85/2023, effective 10.10.2023) Regulation (EU) 2019/1238 of the European Parliament of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP).

13. (New, SG No. 85/2023, effective 10.10.2023) Regulation (EU) 2020/852 of the European Parliament of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

14. (New, SG No. 54/2025) Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No. 1060/2009, (EU) No. 648/2012, (EU) No. 600/2014, (EU) No. 909/2014 and (EU) 2016/1011(OJ L 333/1 of 27 December 2022).

§ 3. (1) The Financial Supervision Commission shall take a decision on the application in its supervisory practice of guidelines adopted by EBA pursuant to Article 16 of Regulation (EU) No. 1093/2010 and based on warnings made by the European Systemic Risk Board pursuant to Article 16 of Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ, L 331/1 of 15 December 2010).

(2) (Supplemented, SG No. 25/2022, effective 29.03.2022) With regard to the investment firms under Article 9a, Paragraph 2 the supervisory review and evaluations under this Act and the instruments for its implementation, as well as the administrative measures and sanctions shall be applied by the Commission or by the Deputy Chairperson, as the case may be, depending on the level of application of the provisions of Part One, Title Two of Regulation (EU) No. 575/2013. In

the cases where the Commission issues an approval for a waiver of the requirement for maintenance of own funds on a consolidated basis under Article 15 of Regulation (EU) No. 575/2013, Article 66 shall apply to investment firms under Article 9a, Paragraph 2 on a stand-alone basis.

§ 4. (1) (Amended, SG No. 83/2019, effective 22.10.2019) The provisions of Article 5, paragraph 4, Article 19, paragraph 2, Articles 33 – 41, Article 45, paragraph 5, Article 47, Article 48, paragraph 1, Article 64, paragraph 2, items 1, 7 and 8, Article 65, paragraph 1, items 1 – 13 and 15, and paragraph 2, Article 69, paragraph 1, Articles 70 – 89, Article 92, paragraph 1 – 3, Article 95, paragraph 1, Articles 96 – 100, Articles 102 – 107, Article 109, Article 110, Article 111, paragraphs 1 – 5, Articles 112 – 115, Article 117, Articles 118 – 127, Article 187, paragraphs 2 – 4, Article 256, Articles 263 – 267 shall also apply to credit institutions when providing one or more investment services and/or performing investment activities.

(2) (Amended, SG No. 16/2022) The provisions of Article 16, Articles 53 – 60a, Article 70, Paragraph 1, Articles 90, 91, Article 128, Paragraph 3, Articles 129 and 130 shall apply accordingly for management companies.

(3) (Amended and supplemented, SG No. 83/2019, effective 22.10.2019, SG No. 16/2022) The provisions of Article 5, Paragraph 4, Article 64, Paragraph 2, Article 65, Paragraphs 1, 2 and 5, Article 67, Article 69, Paragraphs 2 and 3, Articles 71, 72, 73, Article 76, Articles 77, Article 78, 81, Paragraph 82, Article 85, Paragraphs 1 and 8, Articles 86, 92, Article 93, Paragraphs 1, 3, 4 and 5, and Article 94 and the instruments for their implementation, as well as the provisions referred to in Article 1 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 organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ, L 86/1 of 31 March 2017), hereinafter referred to as "Regulation (EU) No. 2017/565", shall apply accordingly for management companies that provide services under Article 86, Paragraph 2, Items 2 – 4 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act and for persons managing alternative investment funds providing services under Article 198, Paragraph 5 of the same act.

(4) (New, SG No. 83/2019, effective 22.10.2019) Investment firms and banks when selling (offering) structured deposits or advising clients in reference to structured deposits shall apply the provisions of Articles 33 – 41, Article 64, paragraph 2, items 7 – 9 and paragraph 6, Article 65, paragraph 1, items 1, 7 and 9, Article 69, paragraph 1, Articles 70 – 83, Article 85, paragraph 1, Article 87, Articles 88 – 100.

(5) (New, SG No. 85/2023, effective 10.10.2023) Where investment firms authorised to carry out investment activities under Article 6, Paragraph 2, Item 5 distribute PEPPs pursuant to Regulation (EU) No. 1238/2019, they shall apply the provisions of Article 65, Paragraph 1, Item 7, Article 69, Paragraph 2, Article 70, Paragraph 1, Articles 71, 72, Article 73, Paragraph 1, Item 1, Item 2, points (a) and (b), and Item 3, Article 73, Paragraphs 2 and 3, Article 74, Paragraphs 1 and 2, Article 76, Paragraphs 1 - 4, Article 77, Paragraph 1, Article 78, Paragraphs 1, 2 and 4 - 7, Article 81, Article 82, Paragraphs 1 and 2, Article 85, Paragraph 1, Articles 99 and 100, and the statutory instruments implementing those provisions, as well as the provisions of Delegated Regulation (EU) 2017/565.

(6) (New, SG No. 85/2023, effective 10.10.2023) PEPP providers under Article 6, Paragraph 1, points (a), (e) and (f) of Regulation (EU) 1238/2019, when distributing PEPPs under the same Regulation, shall apply the provisions of Article 65, Paragraph 1, Item 7, Article 69, Paragraph 2, Article 70, Paragraph 1, Articles 71, 72, Article 73, Paragraph 1, Item 1, Item 2, points (a) and (b) and Item 3, Article 73, Paragraphs 2 and 3, Article 74, Paragraphs 1 and 2,

Article 76, Paragraphs 1 - 4, Article 77, Paragraph 1, Article 78, Paragraphs 5 - 7, Article 81, Article 82, Paragraphs 1 and 2, Article 85, Paragraph 1, Articles 99 and 100, and the statutory instruments implementing those provisions.

(7) (Renumbered from Paragraph (4), amended, SG No. 83/2019, effective 22.10.2019, renumbered from Paragraph (5), amended, SG No. 85/2023, effective 10.10.2023) For violation of the provisions under Paragraphs 2 – 6, the Commission or the Deputy Chairperson, as the case may be, may apply the relevant coercive administrative measures provided for in this Act. Articles 279 – 289 shall apply *mutatis mutandis*.

(8) (Renumbered from Paragraph (5), amended, SG No. 83/2019, effective 22.10.2019, renumbered from Paragraph (6), amended, SG No. 85/2023, effective 10.10.2023) For violation of the provisions under Paragraphs 1 – 6 the Deputy Chairperson shall impose fines and sanctions as laid down in this Act. Articles 295 – 298 shall apply *mutatis mutandis*.

(9) (Renumbered from Paragraph (6), SG No. 83/2019, effective 22.10.2019, renumbered from Paragraph (7), SG No. 85/2023, effective 10.10.2023) The fines and sanctions set out herein for violations of Regulation (EU) No. 600/2014, Regulation (EU) No. 648/2012, Regulation (EU) No. 2015/2365, Regulation (EU) No. 2016/1011 shall apply, unless otherwise provided for by law.

§ 5. (1) (Supplemented, SG No. 25/2022, effective 29.03.2022) Investment firms shall carry on their business in compliance with Regulation (EU) 2019/2033 or Regulation (EU) No. 575/2013, Regulation (EU) No. 600/2014, Directive (EU) 2019/2034 or Directive 2013/36/EU, Directive 2014/65/EU and the instruments for their implementation.

(2) (Supplemented, SG No. 25/2022, effective 29.03.2022) The Financial Supervision Commission shall determine by an ordinance the procedures for granting authorisations and approvals under Regulation (EU) 2019/2033, Regulation (EU) No. 575/2013, Regulation (EU) No. 600/2014, Regulation (EU) No. 648/2012, the instruments for their implementation, as well as the acts for the implementation of Directive 2013/36/EU and Directive 2014/65/EU.

(3) The Financial Supervision Commission shall determine by an ordinance a list of the information needed for assessment of the acquisitions and increases of qualifying holdings under Article 57.

TRANSITIONAL AND CONCLUDING PROVISIONS

§ 6. (1) An investment firm which on an organised, frequent and systematic basis, undertakes a substantial amount of trades on own account by executing client orders outside a regulated market, MTF or OTF (executing orders of client executes orders outside a regulated market, an MTF or OTF (systematic internaliser), shall comply with the requirements of Title III of Regulation (EU) No. 600/2014.

(2) For all transactions in financial instruments traded on a regulated market, an MTF, an OTF or via a systematic internaliser, which are not concluded via an MTF, an OTF or a systematic internaliser, the relevant provisions of Title III of Regulation (EU) No. 600/2014 shall apply.

§ 7. Investment firms, bank investment firms, regulated markets and market operators shall bring their activities in accordance with the requirements of this Act within three months of its entry into force.

§ 8. (1) The persons which until the date of entry into force of this Act organise an OTF shall submit an application for obtaining a licence, an authorisation, respectively, in accordance with this Act within three months of its entry into force.

(2) The persons referred to in paragraph 1 may not operate as OTF until obtaining a license for carrying out the activities under Article 6, paragraph 2, item 9.

(3) Investment firms and bank investment firms which until the entry into force of this Act carry out algorithmic trading, shall bring their activities in line with it and shall provide evidence thereof to the Commission within three months of its entry into force.

§ 9. The Markets in Financial Instruments Act (promulgated, State Gazette No. 52/2007; amended and supplemented, No. 109/2007, No. 69/2008, Nos 24, 93 and 95/2009, No. 43 of 2010, No. 77 of 2011, Nos 21, 38 and 103/2012, Nos 70 and 109/2013, Nos 22 and 53/2014, Nos 14, 34, 62 and 94/2015, and No. 42, 48, 76/2016, Nos 62, 95 and 103/2017 and No. 7/2018) shall be repealed.

§ 10. Until the entry into force of this Act, the incumbent proceedings under Articles 26 – 26e of the repealed Markets in Financial Instruments Act shall be completed in accordance with the hitherto existing procedure.

§ 11. Within three months from the entry into force of this Act, the Financial Supervision Commission shall adopt the implementing ordinances thereof.

§ 12. The adopted regulations on the application of repealed Markets in Financial Instruments Act shall continue to have effect insofar as they do not contravene this Act and European Union law.

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

1. Item 8 in Article 122f, paragraph 2 shall be created:

"8. the company has committed or has allowed the commitment of gross or systematic violations of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012 (OJ, L 337/1 of 23 December 2015), hereinafter referred to as "Regulation (EU) 2015/2365"."

2. In Article 123c, paragraph 4 the words "Article 12" shall be replaced by "Article 77, paragraph 3".

3. In Article 123d, paragraph 17, the words "Deputy Chairperson of" shall be deleted.

4. In Article 139, paragraph 1, item 1, the words "after acquiring the right to retirement pension for contributory service and age under Part One" shall be replaced by the words "under the terms of Article 167".

5. In Article 229c, paragraph 6 the words "periodically provide to him" shall be replaced by "periodically provide to her".

6. In Article 229d, paragraph 4, the words "Deputy Chairperson of the Commission, respectively" shall be deleted.

7. In Article 344:

a) In paragraph 1:

aa) in the text preceding item 1, after the words "this Code" the words "Regulation (EU) 2015/2365" and the words "its implementation" shall be replaced by "their implementation" shall be added;

bb) items 18 and 19 shall be repealed;

b) Item 20 in paragraph 2 shall be repealed;

c) a second sentence shall be created in paragraph 4: "The measures referred to in paragraph 1, item 1 may furthermore apply to persons carrying on business without a licence or authorisation, which are required under this Code."

8. Article 344a shall be created:

"Coercive administrative measures for violations relating to key information documents for packaged retail investment products

Article 344a. (1) In order to prevent and cease violations of Article 5, paragraph 1, Articles 6 and 7, Article 8, paragraphs 1 – 3, Article 9, Article 10, paragraph 1, Article 13, paragraphs 1, 3 and 4, Articles 14 and 19 of Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ, L 352/1 of 9 December 2014), hereinafter referred to as "Regulation (EU) No. 1286/2014", and of the instruments for its implementation, as well as in order to prevent and eliminate the harmful effects arising therefrom, the Commission may apply the following coercive administrative measures:

1. prohibit the conclusion of social insurance contracts;

2. prohibit the conclusion of social insurance contracts for a specific period of time;

3. prohibit the provision of a key information document, which does not comply with the requirements of Articles 6, 7, 8 or 10 of Regulation (EU) No. 1286/2014, and request the issue of a new version of the key information document;

4. issue mandatory prescriptions for taking other specific measures within a time limit set thereby.

(2) The measures referred to in paragraph 1 shall apply to social insurance companies for unemployment and/or vocational training, their employees, individuals who perform managerial functions in companies and persons authorised to conclude social insurance contracts.

(3) Where the Commission has applied the measures referred to in paragraph 1 or the Deputy Chairperson of the Commission has imposed an administrative penalty under Article 351a, the Commission, the Deputy Chairperson of the Commission respectively, may require from the person referred to in paragraph 2 to send a notification to the insured person or the insurer concerned, providing information about the coercive administrative measure applied or the administrative penalty imposed thereon, and shall inform him/it where to lodge a complaint or a claim for damages.

(4) The Commission may publish a warning stating the person committing a violation of Regulation (EU) No. 1286/2014 or an implementing instrument thereof.

(5) When determining the type of coercive measure, the Commission shall take into account the circumstances under Article 25 of Regulation (EU) No. 1286/2014.

(6) When applying coercive administrative measures under paragraph 1, the provisions of the Administrative Procedure Code regarding explanations and objections of the parties concerned shall not apply.

9. In Article 345:

a) in paragraph 1 the words "Article 346a, paragraph 1" shall be deleted;

b) in paragraph 2, after the words "under Article 344, paragraph 2" the words "Article 344a,

paragraph 1, and Article 346a, paragraphs 1 and 2" shall be added.

10. Articles 351a – 351c shall be created:

"Responsibility for violations of Regulation (EU) No. 1286/2014 and its implementing instruments

Article 351a. (1) A person who performs management functions in an insurance company for unemployment and/or vocational training, an employee of the company and a person authorised to enter into social insurance contracts, who commits or allows the commitment of violation of:

1. Article 5, paragraph 1, Articles 6 and 7, Article 8, paragraphs 1 – 3, Article 9, Article 10, paragraph 1, Article 13, paragraphs 1, 3 and 4, Article 14 or Article 19 of Regulation (EU) No. 1286/2014, shall be liable to a fine of BGN 2,500 or exceeding this amount but not exceeding BGN 1,400,000;

2. Regulation (EU) No. 1286/2014, except in the cases referred to in item 1, or of its implementing instrument, shall be liable to a fine of BGN 1,500 or exceeding this amount but not exceeding BGN 700,000.

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

1. for violations under paragraph 1, item 1: from BGN 5,000 or exceeding this amount but not exceeding BGN 2,800,000;

2. for violations under paragraph 1, item 2: from BGN 3,000 or exceeding this amount but not exceeding BGN 1,400,000;

(3) For violations under paragraph 1 by an insurance company for unemployment and/or vocational training it shall be subject to pecuniary sanction as follows:

1. for violations under paragraph 1, item 1: from BGN 20,000 or exceeding this amount but not exceeding BGN 10,000,000 and for a repeated violation, from BGN 40,000 or exceeding this amount but not exceeding BGN 20,000,000;

2. for violations under paragraph 1, item 2: from BGN 10,000 or exceeding this amount but not exceeding BGN 5,000,000 and for a repeated violation, from BGN 20,000 or exceeding this amount but not exceeding BGN 10,000,000.

(4) When determining the type of administrative punishment the Deputy Chairperson of the Commission shall take into account the circumstances referred to in Article 25 of Regulation (EU) No. 1286/2014.

(5) The proceeds from the illegally performed activities shall be confiscated in favour of the state to the extent the said proceeds cannot be refunded to the persons aggrieved.

Responsibility for violation of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ, L 201/1 of 27 July 2012) (Regulation (EU) No. 648/2012) and its implementing instruments

Article 351b. (1) A person holding a management position in a pension insurance company or an employee of the company who commits or allows commitment of violation of Title Two of Regulation (EU) No. 648/2012, shall be punishable by a fine of up to BGN 5,000 but not exceeding BGN 20,000, and for a repeated violation, from BGN 10,000 or exceeding this amount but not exceeding BGN 40,000.

(2) A pension insurance company which commits violation of Title Two of Regulation (EU) No. 648/2012, shall be punishable by a pecuniary sanction of up to BGN 10,000 but not exceeding BGN 40,000, and for a repeated violation, from BGN 20,000 or exceeding this amount but not exceeding BGN 80,000.

Liability for violation of Regulation (EU) 2015/2365

Article 351c. (1) A person holding a management position in a pension insurance company who commits or allows the commitment of a violation of Article 4 or Article 15 of Regulation (EU) 2015/2365, shall be punishable by a fine of up to BGN 5,000 but not exceeding BGN 5,000,000, and for a repeated violation, from BGN 10,000 but not exceeding BGN 10,000,000.

(2) A pension insurance company which commits a violation of Article 4 of Regulation (EU) 2015/2365 shall be punishable by a pecuniary sanction from BGN 10,000 but not exceeding BGN 40,000, and for a repeated violation, from BGN 20,000 but not exceeding BGN 10,000,000.

(2) A pension insurance company which commits a violation of Article 15 of Regulation (EU) 2015/2365 shall be punishable by a pecuniary sanction from BGN 20,000 but not exceeding BGN 80,000, and for a repeated violation, from BGN 40,000 but not exceeding BGN 30,000,000."

11. In Article 354, paragraph 1, after the words "this Code" a comma shall be inserted and "of Regulation (EU) No. 1286/2014, Regulation (EU) No. 648/2012, Regulation (EC) 2015/2365 and the implementing instruments thereof" shall be added.

12. In the supplementary provisions:

a) In § 1:

aa) In item 4 the words "Article 5, paragraph 2, item 6" shall be replaced by "Article 6, Paragraph 2, Item 6";

bb) In item 32 the words "Article 73" shall be replaced by "Article 152, paragraphs 1 and 2";

b) In § 1a:

aa) the existing text shall become paragraph 1;

bb) paragraph 2 shall be created:

"(2) This Code provides for measures for the implementation of Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012."

13. The transitional and concluding provisions of the Act Amending and Supplementing the Social Insurance Code (SG No. 92/2017) shall be amended and supplemented as follows:

a) (effective 1.01.2018 - corrected, SG No. 16/2018) in § 154, paragraph 6, second sentence, the words "from its closing date" shall be deleted;

b) (effective 21.11.2017 - corrected, SG No. 16/2018) in § 163, paragraph 3, before the words "§ 24 and 25" the words "§ 18, item 1, § 21, item 2, § 22, items 2, 4 and 5" shall be added, the words "item 2, letter "d" shall be replaced by the conjunction "and" and the words "§ 158" shall be deleted.

§ 14. The Insurance Code (promulgated, SG No. 102/2015; amended, SG Nos. 62, 95 and 103/2016; Nos. 8, 62, 63, 85, 92, 95 and 103/2017 and No. 7/2018) shall be amended and supplemented:

1. Item 11 shall be created in Article 40, paragraph 2:

"11. the insurer or the reinsurer has committed or has allowed the commitment of gross or systematic violations of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse

and amending Regulation (EU) No. 648/2012 (OJ, L 337/1 of 23 December 2015), hereinafter referred to as "Regulation (EU) 2015/2365".

2. In Article 68, paragraph 6 the words "Article 5, paragraph 2, item 6" shall be replaced by "Article 6, paragraph 2, item 6".

3. In Article 587:

a) in paragraph 3:

aa) in item 6 a comma shall be inserted at the end and added shall be the words "and in the cases under Article 24, paragraph 1 of Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ, L 352/1 of 9 December 2014), hereinafter referred to as "Regulation (EU) No. 1286/2014", issue a temporary or permanent ban on the trading of a packaged retail investment product and investment-based insurance product;"

bb) Items 12 and 13 shall be created:

"12. prohibit the provision of a key information document, which does not comply with the requirements of Articles 6, 7, 8 or 10 of Regulation (EU) No. 1286/2014, and request the issue of a new version of the key information document;

13. publish a warning stating the person committing a violation of Regulation (EU) No. 1286/2014 or an implementing instrument thereof.;"

b) in paragraph 6 the words "paragraph 3, items 3, 5 and 6" shall be replaced by "paragraph 3, items 3, 5, 6, 12 and 13";

c) in paragraph 7 the words "paragraph 3, items 1 and 8" shall be replaced by "paragraph 3, items 1, 6, 8, 12 and 13", then a comma shall be inserted and added shall be the words "and the coercive administrative measures referred to in paragraph 2, item 1 may apply only to persons carrying out activities without a licence or authorisation which is required by this Code";

d) paragraphs 10 – 12 shall be created:

"(10) When determining the type of coercive measures under paragraph 3, items 6, 12 and 13, the Commission shall take into account the circumstances under Article 25 of Regulation (EU) No. 1286/2014.

(11) The measures referred to in paragraph 3, item 6, proposal two, items 12 and 13 shall not apply to shareholders or cooperative members holding directly jointly with or through related parties 10 or more than 10 per cent of the votes in the General Meeting or of the capital of the insurer or reinsurer.

(12) Where the Commission has applied the measures referred to in paragraph 3 or the Deputy Chairperson has imposed an administrative penalty under Article 646a, the Commission, the Deputy Chairperson of the Commission respectively, may require from the person on whom a coercive administrative measure has been imposed, to send a notification directly to the insured person concerned, providing information about the coercive administrative measure applied or the administrative penalty imposed thereon, and shall inform him/it where to lodge a complaint or a claim for damages."

4. Articles 646a – 646c shall be created:

"Responsibility for violation of Regulation (EU) 1286/2014

Article 646a. (1) For violation of Article 5, paragraph 1, Articles 6 and 7, Article 8, paragraphs 1 – 3, Article 9, Article 10, paragraph 1, Article 13, paragraphs 1, 3 and 4, Article 14 or Article 19 of Regulation (EU) No. 1286/2014 the following penalties shall be imposed:

1. a fine ranging from BGN 2,500 to BGN 1,400,000 on natural persons;

2. a pecuniary sanction ranging from BGN 20,000 to BGN 10,000,000 on legal persons and sole traders.

(2) For violation of Regulation (EU) No. 1286/2014, except for the cases referred to in item 1, or of its implementing instrument, the following penalties shall be imposed:

1. a fine ranging from BGN 1,500 to BGN 700,000 on natural persons;
2. a pecuniary sanction amounting from BGN 10,000 to BGN 5,000,000 on legal persons and sole traders.

(3) In cases of repeated violation under paragraphs 1 and 2 the sanction shall be as follows:

1. for violations under paragraph 1, item 1: from BGN 5,000 or exceeding this amount but not exceeding BGN 2,800,000;
2. for violations under paragraph 1, item 2: from BGN 40,000 or exceeding this amount but not exceeding BGN 20,000,000;
3. for violations under paragraph 2, item 1: from BGN 3,000 or exceeding this amount but not exceeding BGN 1,400,000;
4. for violations under paragraph 2, item 2: from BGN 20,000 or exceeding this amount but not exceeding BGN 10,000,000.

(4) When determining the type of administrative punishment the Deputy Chairperson shall take into account the circumstances referred to in Article 25 of Regulation (EU) No. 1286/2014.

Responsibility for violation of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ, L 201/1 of 27 July 2012) (Regulation (EU) No. 648/2012) and its implementing instruments

Article 646b. (1) A person holding a management position in an insurance company, reinsurance company or an insurance firm, or an employee of an insurance company, reinsurance company or an insurance firm, who commits or allows the commitment of a violation of Title Two of Regulation (EU) No. 648/2012 shall be liable to a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 20,000, and for a repeated violation the fine shall be BGN 10,000 or exceeding this amount but not exceeding BGN 40,000.

(2) An insurance company, a reinsurance company or an insurance firm which commits violation of Title Two of Regulation (EU) No. 648/2012, shall be liable to a pecuniary sanction from BGN 10,000 but not exceeding BGN 40,000, and for a repeated violation, from BGN 20,000 or exceeding this amount but not exceeding BGN 80,000.

Liability for violation of Regulation (EU) 2015/2365

Article 646c. (1) A person holding a management position in an insurance or reinsurance company, who commits or allows the commitment of a violation of Article 4 or Article 15 of Regulation (EU) 2015/2365, shall be liable to a fine of BGN 5,000 but not exceeding BGN 5,000,000, and for a repeated violation, from BGN 10,000 but not exceeding BGN 10,000,000.

(2) An insurance or reinsurance company which violates Article 4 of Regulation (EU) 2015/2365, shall be liable to a pecuniary sanction amounting from BGN 10,000 to BGN 40,000, and for a repeated violation, from BGN 20,000 but not exceeding BGN 10,000,000.

(3) An insurance or reinsurance company which violates Article 15 of Regulation (EU) 2015/2365, shall be liable to a pecuniary sanction amounting from BGN 20,000 to BGN 80,000, and for a repeated violation, from BGN 40,000 but not exceeding BGN 30,000,000."

5. In the additional provisions:

a) in § 1, item 30:
aa) in letter "a" the words "Article 73" shall be replaced by the words "Article 152, paragraphs 1 and 2";

bb) in letters "b", "aa" the words "Directive 2004/39/EC" shall be replaced by "Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in

financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ, L 173/349 of 12 June 2014)";

b) in § 7:

aa) the existing text shall become paragraph 1;

bb) paragraph 2 shall be created:

"(2) This Code provides for measures for the implementation of Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012."

§ 15. Article 187, paragraph 2 of the Labour Code (promulgated in the State Gazette Nos. 26 and 27/1986; amended in No. 6/1988, Nos. 21, 30 and 94/1990, Nos. 27, 32 and 104/1991, Nos. 23, 26, 88 and 100/1992; Constitutional Court Decision No. 12 of 1995, SG No. 69/1995; amended, SG No. 87/1995, Nos. 2, 12 and 28/1996, No. 124/1997, No. 22/1998; Constitutional Court Decision No. 11 of 1998, SG No. 52/1998; amended, SG Nos. 56, 83, 108 and 133/1998, Nos. 51, 67 and 110/1999, No. 25/2001, Nos. 1, 105 and 120/2002, Nos. 18, 86 and 95/2003, No. 52/2004, Nos. 19, 27, 46, 76, 83 and 105/2005, Nos. 24, 30, 48, 57, 68, 75, 102 and 105/2006, Nos. 40, 46, 59, 64 and 104/2007, Nos. 43, 94, 108 and 109/2008, Nos. 35, 41 and 103/2009, Nos. 15, 46, 58 and 77/2010; Constitutional Court Decision No. 12 of 2010, SG No. 91/2010; amended, SG Nos. 100 and 101/2010, Nos. 18, 33, 61 and 82/2011, Nos. 7, 15, 20 and 38/2012; Constitutional Court Decision No. 7 of 2012, SG No. 49/2012; amended, SG Nos. 77 and 82/2012, Nos. 15 and 104/2013, Nos. 1, 27 and 61/2014, Nos. 54, 61, 79 and 98/2015, Nos. 8, 57, 59, 98 and 105/2016, Nos. 85, 86, 96 and 102/2017, and No. 7/2018) shall be amended as follows:

"(2) The filing of a complaint, a signal or a notification to the Financial Supervision Commission for violation of the Measures against Market Abuse with Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Markets in Financial Instruments Act, of the Insurance Code, of the Social Insurance Code, of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ, L 173/1 of 12 June 2014), of 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,) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (OJ, L 176/1 of 27 June 2013), of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (OJ, L 173/84 of 12 June 2014) or of their implementing instruments, by an employee shall not be a violation under paragraph 1, item 8, except for the cases where the employee intentionally reports false information. The first sentence shall apply accordingly to an employee against whom a notification of violation has been submitted."

§ 16. The Financial Supervision Commission Act (promulgated in the State Gazette No. 8/2003; amended, SG Nos. 31, 67 and 112/2003, SG No. 85/2004, SG Nos. 39, 103 and

105/2005, SG Nos. 30, 56, 59 and 84/2006, SG Nos. 52, 97 and 109/2007, SG No. 6/2008, SG Nos. 24 and 42/2009, SG Nos. 43 and 97/2010, SG No. 77/2011, SG Nos. 21, 38, 60, 102 and 103/2012, SG Nos. 15 and 109/2013, SG Nos. 34, 62 and 102/2015, SG Nos. 42 and 76/2016; Constitutional Court Decision No. 10 of 2017, SG No. 57 of 2017; amended, SG Nos. 62, 92, 95 and 103/2017, and SG No. 7/2018) shall be amended and supplemented as follows:

1. In Article 1, paragraph 2, item 1, after the words "investment firms" the words "tied agents" shall be added.

2. In Article 12(1):

a) in item 7 the words "in the cases provided for in this Act" shall be added;

b) a new item 15 shall be created:

"15. is the competent authority for the application of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (OJ, L 173/84 of 12 June 2014), hereinafter referred to as "Regulation (EU) No. 600/2014", in respect of the financial instruments;"

c) items 16 – 18 shall be created:

"16. is the competent authority for the application of Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ, L 352/1 of 9 December 2014), hereinafter referred to as "Regulation (EU) No. 1286/2014", in respect of packaged retail and insurance-based investment products, created, sold and recommended by Commission regulated persons;

17. is the competent authority for the application of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014 (OJ, L 171/1 of 29 June 2016), hereinafter referred to as "Regulation (EU) 2016/1011", with the exception of the cases subject to the express competence of the Bulgarian National Bank, and shall also be an authority responsible for coordinating the cooperation and exchange of information pursuant to Article 40, paragraph 2 of Regulation (EU) 2016/1011;

18. is the competent authority for the application of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012 (OJ, L 337/1 of 23 December 2015), hereinafter referred to as "Regulation (EU) 2015/2365", in the cases set out herein;"

d) the present item 15 shall become item 19.

3. New Items 31 – 33 shall be created in Article 13, paragraph 1:

"31. on the proposal of the responsible Deputy Chairperson, shall exercise the powers of the competent authority under Article 5, paragraph 1, Article 11, paragraph 11, Article 12, paragraph 2, Articles 14 – 20, Article 21, paragraph 4 and Article 22, paragraph 1, first sub-paragraph (in the part for the authorisation of a central counterparty) and second sub-paragraph, Article 24, Articles 30 – 32, Article 41, paragraph 2, Article 48, paragraph 3, Article 49, paragraph 1 and Article 54 of Regulation 648/2012;

32. on the proposal of the responsible Deputy Chairperson, shall exercise the powers referred to in Article 17 of Regulation (EU) No. 1286/2014 and shall apply the coercive administrative measures set out in Regulation (EU) N 1286/2014;

33. on the proposal of the responsible Deputy Chairperson, shall issue, refuse to issue, revoke, recognise, deregister and suspend the validity of the licences, approvals and registrations

set out in Regulation (EU) 2016/1011;

4. In Article 15, paragraph 1:

a) in item 1 the words "and 31 – 33" shall be added at the end;

b) in item 4 the words "Part Four, Chapter One" shall be replaced by "Title Three, Chapter Twenty-Four";

c) in items 6 and 7, after the words "Regulation (EU) 2015/760" the words "Regulation (EU) No. 1286/2014, Regulation (EU) No. 600/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365" shall be added;

c) in item 16, after the words "Regulation (EU) 2015/760" the words "Regulation (EU) No. 1286/2014, Regulation (EU) No. 600/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365" shall be added;

d) items 17, 18 and 19 shall be created:

"17. exercise the powers of the competent authority under Article 4, paragraph 2, Article 10, paragraph 1 and paragraph 5, Article 11, paragraphs 6 – 10, Article 21, paragraphs 1 – 3 and paragraph 5, Article 22, first sub-paragraph 1 (in the part about the oversight of a central counterparty), Article 35, Article 38, paragraph 3 of the Regulation 648/2012:

a) on the financial counterparties under Article 2, paragraph 8 of Regulation 648/2012, which are persons under Article 1, paragraph 2, item 1;

b) on non-financial counterparties under Article 2, paragraph 9 of Regulation 648/2012;

18. exercise the powers of the competent authority under Regulation (EU) 2015/2365 on counterparties under Article 3, item 2 of Regulation (EU) 2015/2365, which are persons referred to in item 17, letters "a" and "b";

19. exercise the powers of the competent authority within the meaning of Article 4, paragraph 8 of Regulation (EU) No. 1286/2014 on packaged retail and insurance-based investment products, created, distributed or recommended by investment firms, bank investment firms, management companies, investment companies, alternative investment fund managers, which are not subject to the express competence of the Commission."

5. In Article 16, paragraph 1:

a) in item 1 the words "and 21" shall be replaced by "21, 31 and 32";

b) new items 7 – 9 shall be created:

"7. exercise the powers of the competent authority under Article 4, paragraph 2, Article 10, paragraph 1 and paragraph 5, Article 11, paragraphs 6 – 10 of Regulation 648/2012 on the financial and non-financial counterparties under Article 2, items 8 and 9 of Regulation 648/2012, which are persons under Article 1, paragraph 2, item 2;

8. exercise the powers under Regulation (EU) 2015/2365 on counterparties under Article 3, item 2 of Regulation (EU) 2015/2365, which are persons under Article 1, paragraph 2, item 2;

9. exercise the powers of the competent authority within the meaning of Article 4, paragraph 8 of Regulation (EU) No. 1286/2014 on packaged retail and insurance-based investment products, created, distributed or recommended by insurance and reinsurance companies, which are not subject to the express competence of the Commission;"

c) in item 18 the words "and of the instruments for its implementation" shall be replaced by "of Regulation 648/2012, Regulation (EU) No. 1286/2014, Regulation (EU) 2015/2365 and of the instruments for their implementation";

d) in item 19 the words "and of the instruments for its implementation" shall be replaced by "of Regulation 648/2012, Regulation (EU) No. 1286/2014, Regulation (EU) 2015/2365 and of the instruments for their implementation".

6. In Paragraph 1 of Article 17:

a) in item 1 the words "and 21" shall be replaced by "21, 31 and 32";

b) new items 7 – 9 shall be created:

"7. exercise the powers of the competent authority under Article 4, paragraph 2, Article 10, paragraph 1 and paragraph 5, Article 11, paragraphs 6 – 10 of Regulation 648/2012 on the financial and non-financial counterparties under Article 2, items 8 and 9 of Regulation 648/2012, which are persons under Article 1, paragraph 2, item 3;

8. exercise the powers of the competent authority under Regulation (EU) 2015/2365 on the counterparties under Article 3, item 2 of Regulation (EU) 2015/2365, which are persons under Article 1, paragraph 2, item 3;

9. exercise the powers of the competent authority within the meaning of Article 4, paragraph 8 of Regulation (EU) No. 1286/2014 on packaged retail and insurance-based investment products, created, distributed or recommended by insurance companies for unemployment and/or vocational training, which are not subject to the express competence of the Commission;"

c) the words "of Regulation 648/2012, Regulation (EC) No. 1286/2014, Regulation (EU) 2015/2365 and of the instruments acts for their implementation" shall be added at the end of item 11;

d) a new item 14 shall be created:

"14. issue penal decrees for the imposition of fines and pecuniary sanctions for violations of Regulation 648/2012, Regulation (EU) No. 1286/2014, Regulation (EU) 2015/2365 and of the instruments for their implementation;"

7. In Article 17a:

a) in paragraph 3:

aa) the words "including communication channels for acceptance of complaints and signals" shall be added at the end of item 1;

bb) Item 2 shall be repealed;

cc) in paragraph 3 the words "a signal shall be submitted" shall be replaced by "the complaint or the signal shall be submitted";

b) paragraphs 6 – 9 shall be created:

"(6) The submission of a complaint or a signal under paragraph 3 may not serve as grounds for seeking liability from the person having submitted the complaint or the signal for disclosing confidential information or other information protected by law or contract.

(7) The submission of a complaint or a signal may not serve as grounds for adverse or unfair treatment of the employees of the relevant regulated person, when they have filed complaints or signals of violations by the regulated person.

(8) The persons working under employment contract at entities regulated by the Commission and who have submitted a complaint or a signal under paragraph 3, shall be entitled to protection against disciplinary dismissal under Article 187, paragraph 2 of the Labour Code.

(9) The procedures for exchange of information and cooperation between government bodies involved in the protection of the persons under Paragraph 8, who have submitted complaints or signals, shall be set out in an ordinance adopted by the Council of Ministers."

8. In Article 18:

a) in paragraph 1, items 1 and 6, after the words "Regulation (EU) 2015/760" the words "Regulation (EU) No. 575/2013, Regulation (EU) 600/2014, Regulation (EU) No. 1286/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365" shall be added";

b) in paragraph 3, after the words "Regulation (EU) 2015/760" the words "Regulation (EU) No. 575/2013, Regulation (EU) 600/2014, Regulation (EU) No. 1286/2014, Regulation (EU)

2016/1011, Regulation (EU) 2015/2365" shall be added".

9. In Article 19, paragraph 1, item 1 the words "Regulation (EU) 575/2013" shall be replaced by the words "Regulation (EU) No. 575/2013, Regulation (EU) 600/2014, Regulation (EU) No. 1286/2014, Regulation (EU) 2016/1011, Regulation (EU) 2015/2365".

10. In Article 25, paragraph 10 the words "Article 72e" shall be replaced by "Article 238".

11. In Article 30, paragraph 1:

a) the words "multilateral trading facilities, organised trading facilities and growth markets" shall be added at the end of item 1;

b) new Items 17 – 20 shall be created:

"17. tied agents;

18. data reporting service providers;

19. benchmark administrators, licensed or registered by the Commission in accordance with Regulation (EU) No. 2016/1011;

20. the persons having the recognised competency of responsible actuary."

12. In the Appendix to Article 27, paragraph 1:

a) in section I:

aa) in item II:

aaa) in the text before the table, after the words "Regulation (EU) 2016/2011", the words "Regulation (EU) No. 600/2014" shall be added;

bbb) in lines 2, 3 and 4 of the table, the words "Article 8" shall be replaced by "Article 10" and the words "Article 5, paragraph 2, item 8" shall be replaced by "under article 6, paragraph 2, items 8 and 9";

ccc) in line 5 of the table, after the words "investment firm" the words "for authorisation of" shall be added, after the words "multilateral trading facility" the words "or organised trading facility" shall be added, and the words "this activity" shall be replaced by "these activities";

ddd) in lines 6 and 7 of the table, the words "Article 5, paragraph 2, item 8" shall be replaced by "Article 15";

eee) in line 8 of the table, the words "Article 11, paragraphs 2 and 5" shall be replaced by "Article 13, paragraphs 1 and 7";

fff) in line 12 of the table, after the words "multilateral trading facility" the words "or organised trading facility" shall be added;

ggg) in line 16 of the table, the words "for authorisation under Article 53, paragraph 3 of the MFIA" shall be replaced by "for exemption under Article 4 (1) of Regulation (EU) No. 600/2014";

hhh) in line 17 of the table, the words "Article 7, paragraph 3" shall be replaced by "Article 2, paragraph 2";

iii) in line 18 of the table, the words "Article 24e, paragraph 1" shall be replaced by "Article 11, paragraph 3, items 1 and 2 and Article 14, paragraph 5";

jjj) in line 19 of the table, the words "Article 24e, paragraph 2" shall be replaced by "Article 11, paragraph 4";

kkk) in line 20 of the table, the words "for authorisation under Article 98, paragraph 3 of the MFIA" shall be replaced by the words "for authorisation under Article 9, paragraph 1 of Regulation (EU) No. 600/2014";

lll) in line 21 of the table, the words "for authorisation under Article 99, paragraph 3 of the MFIA" shall be replaced by the words "for authorisation under Article 11, paragraph 1 of Regulation (EU) No. 600/2014";

mmm) in line 22 of the table, the words "for approval of the rules under Article 53,

paragraph 4 of the MFIA" shall be replaced by the words "for approval under Article 7, paragraph 1 of Regulation (EU) No. 600/2014";

nnn) in line 23 of the table, the words "Article 57, paragraph 1" shall be replaced by the words "Article 112, paragraph 4";

ooo) in line 24 the words "Article 101, paragraph 2" shall be replaced by "Article 188, paragraph 2";

bb) in item V of line 28 of the table, the words "of a national investment fund" shall be added at the end;

b) in section II:

aa) in item I:

aaa) in line 4 of the table, the words "Article 8" shall be replaced by "Article 10", and the words "Article 5, paragraph 2, item 8" shall be replaced by "Article 6, paragraph 2, items 8 and 9";

bbb) in lines 5 and 6 of the table the words "Article 8" shall be replaced by "Article 10", and the words with the exception of the activity under Article 5, paragraph 2, item 8 of the MFIA" shall be deleted;

ccc) in line 7 of the table, the words "Article 8" shall be replaced by "Article 10", and the words "Article 5, paragraph 2, item 8" shall be replaced by "Article 6, paragraph 2, items 8 and 9";

ddd) in line 8 of the table the words "Article 8" shall be replaced by "Article 10" and the words "with the exception of the activity under Article 5, paragraph 2, item 8 of the MFIA" shall be deleted;

eee) in line 9 of the table the words "Article 8, paragraph 3" shall be replaced by "Article 10, paragraphs 3 and 5", and the words "with the exception of the activity under Article 5, paragraph 2, item 8" shall be deleted;

fff) in line 10 of the table, the words "Article 7, paragraph 3" shall be replaced by the words "Article 9, paragraph 2";

ggg) in line 11 of the table, after the words "multilateral trading facility" the words "or organised trading facility" shall be added;

hhh) in line 28 of the table, the words "by a bank or an investment firm, included in the list of depositories" shall be replaced by "by a bank depositary or an investment firm";

bb) In item III the words "Article 5" shall be replaced by "Article 6";

c) in section IV item XI shall be created:

"XI. The amount of the fee for the exercise of common financial supervision of a person which is deregistered from the relevant public register under Article 30 shall be recalculated pro rata for the time during the year in which the person has the quality of a regulated person and the days of the year shall be counted as 360. In the cases referred to in the first sentence, where a fee is paid for the exercise of common financial supervision, part of it may be refunded upon a request made by the person concerned to the Commission."

§ 17. The Collective Investment Schemes and Other Undertakings for Collective Investments Act (promulgated, SG No. 77/2011; amended, SG No. 21/2012, No. 109/2013, No. 27/2014, Nos. 22 and 34/2015, Nos. 42, 76 and 95/2016 and Nos. 62, 95 and 103/2017) shall be amended and supplemented as follows:

1. In Article 6, paragraph 5 the words "Article 73" shall be replaced by "Article 152, paragraphs 1 and 2" and the words "under § 1, item 19" shall be replaced by "under § 1, item 17".

2. In Article 19, paragraph 1, item 6 shall be amended as follows:

"6. grossly or systematically violates the provisions of this Act, the instruments for its

implementation and Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012 (OJ, L 337/1 of 23 December 2015), hereinafter referred to as "Regulation (EU) 2015/2365".

3. In Article 24a, paragraph 1 in the text before item 1, the words "Article 73" shall be replaced by "Article 152, paragraphs 1 and 2" and the words "§ 1, item 19" shall be replaced by "§ 1, item 17".

4. In Article 34 the words "§ 1, item 26 (b)" shall be replaced by the words "§ 1, item 79 (b)" and the words "Article 34, paragraphs 2 – 4" shall be replaced by "Articles 92 and 93".

5. In Article 35, paragraph 2:

a) in item 1, the words "Article 5, paragraph 3, item 1" shall be replaced by "Article 6, paragraph 3, item 1";

b) in item 4, the words "Article 11" shall be replaced by the words "Article 12".

6. In Article 38, paragraph 1, item 1 and 2 the words "Article 73" shall be replaced by "Article 152, paragraphs 1 and 2".

7. In Article 53a the words "Article 73" shall be replaced by "Article 152, paragraphs 1 and 2" and the words "§ 1, item 19" shall be replaced by "§ 1, item 17".

8. In Article 56, paragraph 1 the words "shall be submitted to the Commission" shall be replaced by "within the same time limit shall be submitted to the Commission".

9. In Article 58:

a) in paragraph 1, after the word "provide" the word "immediately" shall be added;

b) in paragraph 2 the words "and shall be available until the next update" shall be added at the end.

10. In Article 64, paragraph 1 the words "announce to the Commission and" shall be deleted.

11. In Article 86, paragraph 3 shall be amended to read as follows:

"(3) For the management company which provides services under paragraph 2, § 4, paragraph 3 of the additional provisions of the Markets in Financial Instruments Act shall apply."

12. In Article 90, paragraph 2 sentence three shall be created: "The management company shall comply with the relevant requirements of Regulation (EU) No. 575/2013 in determining the amount of its equity."

13. In Article 100, paragraph 1, item 6 the words "Article 35, paragraph 1" shall be replaced by "Article 90, paragraph 1", and after the words "the Measures against Market Abuse with Financial Instruments Act" shall be supplemented by the words "of Regulation (EU) 2015/2365".

14. In Article 101 (1), the words "Article 23" shall be replaced by "Article 32".

15. Article 107 shall be amended to read as follows:

"Article 107. § 4, paragraph 2 of the Markets in Financial Instruments Act shall apply to the management company."

16. In Article 108:

a) the words "in the event their professional activities have a significant impact on the risk profile of the collective investment schemes managed by the management company" shall be added at the end of paragraph 1;

b) a new Paragraph (2) shall be created:

"(2) The remunerations under paragraph 1 shall not include extra payments or benefits, which are part of a common non-discretionary policy applicable to the entire management company and which do not encourage risk-taking.";

- c) the existing paragraphs 2, 3 and 4 shall become paragraphs 3, 4 and 5;
- d) a new paragraph 6 shall be created:

"(6) The management company may waive the requirements of paragraph 3, items 11 – 13 for the persons under paragraph 1 if the total amount of the annual variable remuneration of the person concerned does not exceed 30 per cent of his/her total fixed remuneration and does not exceed BGN 30,000";

- e) the existing paragraphs 5 and 6 shall become paragraphs 7 and 8;
- f) paragraph 9 shall be created:

"(9) For the purposes of this Article, fixed remunerations shall be all payments or other benefits, which are defined in advance and do not depend on the result achieved. For the purposes of this Article, variable remunerations shall be all extra payments or other benefits which are determined and paid, depending on the result achieved or other contractually negotiated conditions.";

- g) the existing paragraphs 7 and 8 shall become paragraphs 10 and 11;

17. In Article 108a, paragraph 5 the words "paragraph 7" shall be replaced by "paragraph 10".

18. In Article 172, paragraph 3 the words "Article 12" shall be replaced by "Article 77, paragraph 2".

19. In Article 177, paragraph 1, item 4, the words "Article 12" shall be replaced by "Article 77, paragraph 2".

20. In Article 178, paragraph 1, item 3 the words "Article 12" shall be replaced by "Article 77, paragraph 2".

- 21. In Article 181, paragraph 2, the words "Article 23" shall be replaced by "Article 32".

22. In Article 182, paragraph 3, third sentence shall be amended as follows: "Articles 56, 57, 58 and 63 herein shall apply mutatis mutandis."

23. In Article 204, paragraph 1, item 6, the words "Article 35, paragraph 1" shall be replaced by "Article 90, paragraph 1" and after the words "Regulation (EU) No. 596/2014" the words "Regulation (EU) 2015/2365" shall be added.

- 24. In Article 205, paragraph 1, the words "Article 23" shall be replaced by "Article 32".

25. In Article 212, paragraph 1, item 6, the words "Article 35, paragraph 1" shall be replaced by "Article 90, paragraph 1" and after the words "Regulation (EU) No. 596/2014" the words "Regulation (EU) 2015/2365" shall be added.

26. In Article 222, paragraph 4, first sentence, the words "Deputy Chairman" shall be replaced by "the Commission".

27. In Article 224, paragraph 2, the words "Articles 26 – 26e" shall be replaced by "Article 53 – 57 and Article 59", the words "Article 26b, paragraph 4" shall be replaced by "Article 56, paragraph 1", and the words "Article 26c" shall be replaced by "Article 56, paragraphs 2 – 5".

28. In Article 228, paragraph 2, the words "Article 4, paragraph 2, Article 24, paragraphs 1 – 3, 7 and 8, Article 27, paragraphs 4 – 7, Articles 28, 29, Article 32, paragraph 6, and Articles 33 and 34" shall be replaced by "Article 5, paragraph 4, Article 65, paragraphs 1, 2, 4 and 5, Article 71, 72, 73, 76, 78, 79, 81, Article 82, paragraph 2, Article 86, 90, Article 91, paragraph 1, Article 92, Article 93, paragraphs 1, 3, 4 and 5 and Article 94."

29. In Article 233, paragraph 1, item 2 everywhere the words "Article 34, paragraph 3, items 1 – 3" shall be replaced by "Article 93, paragraph 1, items 1 – 3".

30. In Article 234 everywhere the words "Article 73" shall be replaced by the words "Article 152, paragraphs 1 and 2".

- 31. In Article 235, paragraph 1, item 5 the words "Article 73" shall be replaced by "Article

152, paragraphs 1 and 2".

32. In Article 242:

a) in paragraph 1, the words "§ 1, Item 9" shall be replaced by the words "§ 1, Item 10";

b) in paragraph 2, the words "§ 1, Item 10" shall be replaced by the words "§ 1, Item 11".

33. In Article 247 the words "§ 1, item 9" shall be replaced by the words "§ 1, item 10", and the words "§ 1, item 10" shall be replaced by the words "§ 1, item 11".

34. In Article 246 the words "Article 73" shall be replaced by "Article 152, paragraphs 1 and 2".

35. In Article 250:

a) in paragraph 1, the words "§ 1, Item 9" shall be replaced by the words "§ 1, Item 10";

b) in paragraph 2, the words "§ 1, Item 10" shall be replaced by the words "§ 1, Item 11".

36. In Article 264:

a) in paragraph 3, the words "Article 118, paragraph 1" shall be replaced by "Article 276, paragraph 1";

b) a new paragraph 5 shall be created:

"(5) The coercive administrative measures referred to in paragraph 1, items 1 and 3 may furthermore apply to persons carrying on business without a licence or authorisation, which are required under this Act.";

c) the existing paragraphs 5 and 6 shall become paragraphs 6 and 7;

d) a new paragraph 8 shall be created:

"(8) Should it establish that regulated entities, their employees, persons performing managerial functions under a contract have carried on or are carrying on business in breach of Regulation (EU) 2015/2365 or of its implementing instruments, the Commission, acting on a proposal from the Deputy Chairperson, may apply the measures referred to in Article 22, paragraph 4, letters "a", "b" and "d" of Regulation (EU) 2015/2365."

37. (Effective 1.01.2020 - SG No. 15/2018) Article 264a shall be created:

"Article 264a. (1) Should it establish that regulated entities, their employees, persons performing managerial functions under a contract have carried on or are carrying on business in breach of Regulation (EU) 1286/2014 of the European Parliament and of the Commission of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ, L 52/1 of 9 December 2014) (Regulation (EU) No. 1286/2014) or of its implementing instruments, the Commission, acting on a proposal from the Deputy Chairperson, may apply the measures referred to in Article 24, paragraph 2, letters "a" – "d" of Regulation (EU) 1286/2014."

(2) When determining the type of coercive measure under paragraph 1, the Commission shall take into account the circumstances under Article 25 of Regulation (EU) No. 1286/2014.

(3) Where the Commission has applied the measures referred to in paragraph 1 or the Deputy Chairperson has imposed an administrative penalty under Article 273b, the Commission, the Deputy Chairperson of the Commission respectively, may require from the person on whom a coercive administrative measure has been imposed, to send a notification to the investor, providing therewith information about the coercive administrative measure or the administrative penalty imposed thereon, and shall inform him/it where to lodge a complaint or a claim for damages.

(4) Articles 265 – 267 shall apply mutatis mutandis."

38. In Article 273, paragraph 1, item 10, after the words "Article 102, paragraphs 1 and 2" the words "and of Articles 13 and 14 of Regulation (EU) 2015/2365" shall be added.

39. (Effective 1.01.2020 - SG No. 15/2018) Article 273b shall be created:

"Article 273b. (1) A person holding a managerial position in an investment company, management company or a person managing an alternative investment fund, which commits or allows the commitment of a violation of Article 5, paragraph 1, Article 6, Article 7, Article 8, paragraphs 1 – 3, Article 9, Article 10, paragraph 1, Article 13, paragraphs 1, 3 and 4, Articles 14 and 19 of Regulation (EU) No. 1286/2014, shall be liable to a fine from BGN 2,500 to BGN 1,400,000, and for a repeated violation, from BGN 5,000 to BGN 2,800,000.

(1) A person holding a managerial position in an investment company, management company or a person managing an alternative investment fund, which commits or allows the commitment of a violation of Regulation (EU) No. 1286/2014, except for the cases under paragraph 1 or an implementing instrument thereof, shall be liable to a fine from BGN 1,500 to BGN 700,000, and for a repeated violation, from BGN 3,000 to BGN 1,400,000.

(3) An investment company, management company or a person managing an alternative investment fund, which commits or allows the commitment of a violation of Article 5, paragraph 1, Article 6, Article 7, Article 8, paragraphs 1 – 3, Article 9, Article 10, paragraph 1, Article 13, paragraphs 1, 3 and 4, Articles 14 and 19 of Regulation (EU) No. 1286/2014, shall be liable to a fine from BGN 20,000 to BGN 10,000,000, and for a repeated violation, from BGN 40,000 to BGN 20,000,000.

(3) An investment company, management company or a person managing an alternative investment fund, which commits or allows the commitment of a violation of Regulation (EU) No. 1286/2014, except for the cases under paragraph 3, or an implementing instrument thereof, shall be liable to a pecuniary sanction from BGN 10,000 to BGN 5,000,000, and for a repeated violation, from BGN 20,000 to BGN 10,000,000.

(5) When determining the type of administrative punishment the Deputy Chairperson shall take into account the circumstances referred to in Article 25 of Regulation (EU) No. 1286/2014."

40. In Article 274, paragraph 1, after the words "Article 273" the words "and Article 273b" shall be added.

41. In Article 275:

a) paragraph 1 shall be amended as follows:

"(1) The Commission and the Deputy Chairperson shall disclose on the Commission's website each enforced measure and each penalty imposed for violation of the provisions of this Act and its implementing instruments after notification of the entity concerned thereof. The information which is subject to disclosure shall include at the least details about the violation, the infringing person, the measure enforced or the penalty imposed, whether it was appealed, the instance before which it was appealed and the result of the appeal.";

b) Paragraph 2 shall be repealed.

42. In § 1 of the Supplementary Provisions:

a) in item 20, the words "§ 1, item 25" shall be replaced by the words "§ 1, item 27";

b) in item 24, the words "Article 3" shall be replaced by "Article 4";

c) In item 25, the words "Article 73" shall be replaced by "Article 152, paragraphs 1 and 2", and the words "§ 2, item 19" shall be replaced by "§ 1, item 17";

d) in item 35, letter "a", the words "Article 73" shall be replaced by the words "Article 152, paragraphs 1 and 2";

d) in item 38, the words "§ 1, Item 6" shall be replaced by the words "§ 1, Item 7".

§ 18. § 1 of the additional provisions of the Supplementary Supervision of Financial Conglomerates Act (promulgated, SG No. 59/2006; amended, No. 52/2007, Nos. 77 and 105/2011, No. 70/2013, No. 27/2014, No. 102/2015, No. 95/2016, Nos. 95 and 103/2017) shall be amended as follows:

1. In item 3, the words "Article 5, paragraphs 2 and 3" shall be replaced by "Article 6, paragraphs 2 and 3".

2. In item 19, letter "b", the words "Article 8, paragraph 6" shall be replaced by the words "Article 10, paragraph 7".

§ 19. The Special Purpose Investment Companies Act (promulgated, SG No. 46/2003, amended, No. 109/2003, No. 107/2004, Nos. 34, 80, 105/2006, Nos. 52 and 53/2007, No. 77/2011, Nos. 34 and 95/2015 and Nos. 62 and 103/2017) shall be amended and supplemented as follows:

1. In Article 13, paragraph 3, the words "Article 8, paragraph 2" shall be replaced by "Article 10, paragraph 2".

2. In Article 28, the words "Articles 21 and 23" shall be replaced by "Articles 28 and 32".

§ 20. The Public Offering of Securities Act (promulgated, SG No. 114/1999; amended, Nos. 63 and 92/2000, Nos. 28, 61, 93 and 101/2002, Nos. 8, 31, 67 and 71/2003, No. 37/2004, Nos. 19, 31, 39, 103 and 105/2005, Nos. 30, 33, 34, 59, 63, 80, 84, 86 and 105/2006, Nos. 25, 52, 53 and 109/2007, Nos. 67 and 69/2008, Nos. 23, 24, 42 and 93/2009, No. 43 and 101/2010, Nos. 57 and 77/2011, Nos. 21 and 94/2012, Nos. 103 and 109/2013, Nos. 34, 61, 62, 95 and 102/2015, Nos. 33, 42, 62 and 76/2016, Nos. 62, 91 and 95/2017 and No. 7/2018) shall be amended and supplemented as follows:

1. In Article 77b, paragraph 1, item 2, and paragraph 2, the words "Article 20, paragraph 2, item 3" shall be replaced by "Article 27, paragraph 1, item 6".

2. In Article 77c, paragraph 2, the words "Article 5, paragraphs 2 and 3" shall be replaced by "Article 6, paragraphs 2 and 3".

3. In Article 77d, paragraph 2, item 14, the words "Article § 1, item 9" shall be replaced by the words "§ 1, item 10".

4. In Article 77f, paragraph 3, item 1 and 2 the words "Article 5, paragraphs 2 and 3" shall be replaced by "Article 6, paragraphs 2 and 3".

5. In Article 77m, paragraph 1, the words "Article 5, paragraphs 2 and 3" shall be replaced by "Article 6, paragraphs 2 and 3".

6. In Article 77n, paragraph 1, the words "Article 118, paragraph 1" shall be replaced by the words "Article 276, paragraph 1".

7. In Article 77x, item 1 the words "Article 36, paragraph 1 of" shall be replaced by the words "§ 1, item 10 of the additional provisions of", the words "§ 1, item 29 of the additional provisions of" shall be replaced by "Article 89, paragraph 2 of" and the words "in accordance with § 4 of the transitional and concluding provisions of the Markets in Financial Instruments Act" shall be deleted.

8. Article 100z, paragraph 4 shall be amended as follows:

"(4) The Commission in accordance with the procedure of Article 212a, paragraph 6 shall disclose on its website, as soon as possible, any administrative measure applied and any penal decree issued for violating the provisions of this chapter and of the acts for its implementation."

9. In Chapter Seven in the title of section IV, the words "Article 3" shall be replaced by "Article 4".

10. In Article 109a, paragraph 1, the words "Article 3" shall be replaced by "Article 4".

11. In Article 110, everywhere the words "Article 30, paragraph 1, item 3" shall be replaced by "Article 30, paragraph 1, item 5".

12. In Article 112b, paragraph 1, the words "Article 8, paragraph 2" shall be replaced by "Article 10, paragraph 2".

13. In Article 119, everywhere the words "Article 30, paragraph 1, item 3" shall be replaced

by "Article 30, paragraph 1, item 5".

14. In Article 122, paragraph 3, item 1, the words "Article 30, paragraph 1, item 3" shall be replaced by "Article 1, paragraph 1, item 5".

15. In Article 126e, paragraph 2, the words "Article 30, paragraph 1, item 3" shall be replaced by the words "Article 30, paragraph 1, item 5".

16. In Article 130, paragraph 2, the words "Article 85, paragraphs 3 and 4" shall be replaced by the words "Article 167, paragraphs 4 and 5".

17. In Article 133, paragraph 5, item 2, the words "Article 35, paragraphs 6 and 7" shall be replaced by "Article 91, paragraphs 2 and 3".

18. In Article 135, paragraph 1, the words "Article 30, paragraph 1, item 1" shall be replaced by "Article 30, paragraph 1, item 5".

19. In Article 136:

a) in paragraph 1, the words "Article 41, paragraph 1" shall be replaced by "Article 133, paragraph 1";

b) in paragraphs 3 and 5, the words "Article 5, paragraph 3, item 1" shall be replaced by "Article 6, paragraph 3, item 1".

20. In Article 145, paragraph 5, item 1, the words "Article 8, paragraph 1" shall be replaced by "Article 10, paragraph 1".

21. In Article 146, paragraph 3:

a) the words preceding item 1 "§ 1, item 7" shall be replaced by "§ 1, item 8";

b) in item 1, the words "Article 5, paragraph 2, item 4" shall be replaced by the words "Article 6, paragraph 2, item 4".

22. In Article 149, paragraph 12, the words "Article 8, paragraph 2" shall be replaced by "Article 10, paragraph 2".

23. In Article 212a:

a) paragraph 6 shall be amended as follows:

"(6) The Commission shall disclose on its website, as soon as possible, any coercive administrative measure imposed and any penal decree issued for violating the provisions of this Act and its implementing instruments, and shall specify at least information about the type and nature of the violation, the identity of the natural person or details about the legal entity on which the measure or the penalty is imposed. Disclosure under the first sentence shall be made after consideration of its proportionality.";

b) paragraphs 7 and 8 shall be created:

"(7) In case of appeal of the decision on the imposition of the measure or the penal decree, included in the disclosure under paragraph 6 shall also be information on the appeal, and where the complaint is filed after the initial disclosure, the information disclosed shall be updated.

(8) Disclosure under paragraph 6 may be postponed or made without stating any details about the person on whom the measure is imposed or the penalty is enforced, where:

1. the disclosure of personal data about the natural person on whom a penal decree is enforced is not proportionate;

2. the disclosure would seriously jeopardise the stability of financial markets or would cause disproportionate damage to the parties that this information pertains to, or would hinder the institution of criminal proceedings."

24. In item 2 of § 1 of the additional provisions, the words "Article 3" shall be replaced by "Article 4".

§ 21. In the Accounting Act (promulgated, SG No. 95/2015; amended, SG Nos. 74, 95 and 97/2016, Nos. 85, 91 and 97/2017) in § 1, item 23 of the additional provisions, the words "Article

73" shall be replaced by "Article 152, paragraph 1".

§ 22. The Recovery and Resolution of Credit Institutions and Investment Firms Act (promulgated, SG No. 62/2015; amended, SG No. 59/2016, Nos. 85, 91 and 97/2017) shall be amended and supplemented as follows:

1. In Article 1:
 - a) in paragraph 1, item 2, the words "Article 5, paragraph 2, items 3 and 6 and under Article 5, paragraph 3, item 1" shall be replaced by "Article 6, paragraph 2, items 3 and 6 and under Article 6, paragraph 3, item 1";
 - b) in paragraph 2, the words "Article 5, paragraph 2" shall be replaced by "Article 6, paragraph 2".
2. In Article 6, paragraph 1, the words "Article 24" shall be replaced by "Article 65".
3. In Article 7, paragraph 8, the words "Article 118, paragraphs 1 and 2" shall be replaced by "Article 276, paragraphs 1 and 2".
4. In Article 10, paragraphs 6 and 9, the words "Article 118, paragraph 1, items 11 and 17" shall be replaced by "Article 276, paragraph 1, items 11 and 17".
5. In item 1 of Article 25, paragraph 1, the words "Article 5" shall be replaced by "Article 6".
6. In Article 44, paragraph 3:
 - a) in item 3, the words "Article 118, paragraph 1, item 2" shall be replaced by "Article 276, paragraph 1, item 2";
 - b) in item 4, the words "Article 11" shall be replaced by the words "Articles 12 and 13".
7. In Article 46:
 - a) in paragraph 2, the words "Article 11, paragraphs 2 and 3" shall be replaced by "Article 13, paragraphs 1, 2, 3, 4";
 - b) in paragraph 5, the words "Article 11, paragraph 7" shall be replaced by "Article 15".
8. In Article 54:
 - a) in paragraph 2, the words "Article 11, paragraph 2, items 1 – 4 and items 6 – 10, paragraph 3 and Article 123, paragraph 2" shall be replaced by "Article 13, paragraphs 1 – 4 and Article 286, paragraph 2";
 - b) in paragraph 3, the words "Article 11, paragraph 7" shall be replaced by "Article 15".
9. In Article 58, everywhere the words "Articles 26b and 26c" shall be replaced by "Article 53, paragraph 3 and Articles 55 – 57", and the words "Article 118, paragraph 1 and Article 127" and "Article 118, paragraph 1 and under Article 127" shall be replaced by "Article 276, paragraph 1 and Article 290".
10. In Article 66, paragraph 3, the words "Article 24, paragraph 9" shall be replaced by "Article 65, paragraph 1, item 14".
11. In Article 74, paragraph 5, the words "Article 26 – 26e" shall be replaced by "Articles 53 – 59".
12. In Article 93, paragraph 6, the words "Article 118, paragraph 1" shall be replaced by "Article 276, paragraph 1".
13. In Article 94, paragraph 2, item 13, the words "Article 26b, paragraph 4" shall be replaced by "Article 56, paragraph 1".
14. In Article 122, paragraph 2, the words "Article 70" shall be replaced by "Article 231".
15. In the additional provisions:
 - a) in § 1, item 12, the words "under Article 68a" shall be replaced by "Article 228";
 - b) in § 2, paragraph 2, the words "Chapter Two, Section IIa" shall be replaced by "Chapter Ten, Sections II – V".

§ 23. The Implementation of the Measures against Market Abuse with Financial Instruments Act (promulgated, SG No. 76/2016; amended, No. 105/2016 and No. 95/2017) shall be amended and supplemented as follows:

1. In Article 3:

a) the existing text shall become paragraph 1;

b) paragraph 2 shall be created:

"(2) The Financial Supervision Commission shall adopt an ordinance for the factors to be considered by the persons entitled to do market research when they disclose information within a market study to assess whether the information constitutes inside information, on the measures these persons should consider if inside information is disclosed thereto in order to comply with Articles 8 and 10 of Regulation (EU) No. 596/2014, and on the records such persons shall keep in connection with the compliance with Articles 8 and 10 of Regulation (EU) No. 596/2014."

2. In Article 4, paragraph 2, the words "and Article 33" shall be replaced by "Articles 33 and 34".

3. In Article 17, paragraph 1, after the words "having submitted a notification of violation" the words "or against whom a notification of violation has been submitted" shall be added;

4. In Article 23:

a) In paragraph 1:

aa) in paragraph 1, the words "Articles 18, 19 or 20 of Regulation (EU) No. 596/2014" shall be replaced by "Article 4, paragraph 1, Article 11, Article 18, Article 19 or Article 20 of Regulation (EU) No. 596/2014 or of the instruments for the implementation of Article 4, Article 11, Article 18, Article 19 or Article 20 of Regulation (EU) No. 596/2014";

bb) in item 2, after the words "Article 16 of Regulation (EU) No. 596/2014" the words "or of the instruments for the implementation of Article 16 or 17 of Regulation (EU) No. 596/2014" shall be added;

cc) item 4 shall be created:

"4. the ordinance under Article 3, paragraph 2, shall be liable to a fine from BGN 500 to BGN 250,000, and in the event of a repeated infringement, from BGN 1,000 to BGN 500,000, if the act does not constitute a crime;"

b) in paragraph 2:

aa) in item 2, the words "up to BGN 5,000,000" shall be replaced by "the higher amount between BGN 5,000,000 and 2 per cent of the annual turnover of the person according to his latest report, approved by the management body";

bb) in item 3, the words "up to BGN 30,000,000" shall be replaced by "the higher amount between BGN 30,000,000 and 15 per cent of the annual turnover of the person according to his latest report, approved by the management body";

cc) item 4 shall be created:

"4. for violations under paragraph 1, item 4: from BGN 500 or exceeding this amount but not exceeding BGN 1,000,000 and for a repeated violation, from BGN 2,000 or exceeding this amount but not exceeding BGN 1,000,000";

c) a new paragraph 9 shall be created:

"(9) Where the person is a parent company or a subsidiary, the relevant annual turnover under paragraph 2, items 2 and 3 shall be the total annual turnover in the consolidated statements of the ultimate parent company for the previous year."

§ 24. In the Act Restricting Administrative Regulation and Administrative Control over Economic Activity (promulgated in the State Gazette No. 55/2003; corrected, No. 59/2003; amended, No. 107/2003, Nos. 39 and 52/2004, Nos. 31 and 87/2005, Nos. 24, 38 and 59/2006,

Nos. 11 and 41/2007, No. 16/2008, Nos. 23, 36, 44 and 87/2009, Nos. 25, 59, 73 and 77/2010, Nos. 39 and 92/2011, Nos. 26,53 and 82/2012, No. 109/2013, Nos. 47 and 57/2015 and No. 103/2017) in item 3 of the Appendix, after the words "investment firm" the words "data reporting services provider" shall be added.

§ 25. The Public Procurement Act (promulgated in the State Gazette No. 13/2016; amended, No. 34/2016, Nos. 63, 85, 96 and 102/2017 and No. 7/2018) shall be amended and supplemented as follows:

1. In Article 13, paragraph 1, item 8a:

a) the text before "a" shall be amended as follows: "For services provided to:";

b) in letter "a" in the beginning the words "the Bulgarian National Bank, relating to" shall be added;

c) in letter "b" in the beginning the words "the Bulgarian National Bank and the Financial Supervision Commission, relating to" shall be added;

d) in letter "c" in the beginning the words "the Bulgarian National Bank, relating to" shall be added.

2. In Article 31, paragraph 1, item 5 the words "unless the contract is entered into under general terms or a normative act defines its compulsory content" shall be added at the end.

3. In Article 54, paragraph 1, item 6, the words "a coercive administrative measure under Article 404 of the Labour Code" shall be deleted.

§ 26. (1) For the award of public procurement contracts, the conclusion of framework agreements and conducting competitions for projects for which after the entry into force of this Act a decision of opening a procedure has been made, a notice under Article 187, paragraph 1 of the Public Procurement Act has been published or a call under Article 82, paragraph 4, paragraph 1 and Article 191 of the Public Procurement Act has been sent, the removal under Article 54, paragraph 1, item 6 of the Public Procurement Act for violations under Article 61, paragraph 1, Article 62, paragraph 1 or 3, Article 63, paragraph 1 or 2 and Article 228, paragraph 3 of the Labour Code shall apply, provided the violations are committed after its entry into force.

(2) For the award of public procurement contracts, the conclusion of framework agreements and conducting competitions for projects for which until the entry into force of this Act a decision of opening a procedure has been made, a notice under Article 187, paragraph 1 of the Public Procurement Act has been published or a call under Article 82, paragraph 4, paragraph 1 and Article 191 of the Public Procurement Act has been sent, the removal under Article 54, paragraph 1, item 6 of the Public Procurement Act for violations under Article 61, paragraph 1, Article 62, paragraph 1 or 3, Article 63, paragraph 1 or 2 and Article 228, paragraph 3 of the Labour Code shall not apply to violations committed until its entry into force, unless the act of the contracting authority on removal of the person has entered into force.

§ 27. The award of public procurement contracts, the conclusion of framework agreements and conducting competitions for projects for which before the entry into force of this Act a decision on opening a procedure has been made, a notice has been published under Article 187, paragraph 1 of the Public Procurement Act or a call has been sent under Article 191 of the Public Procurement Act, except for the cases under § 26, shall be completed according to the hitherto effective procedure.

§ 28. In Article 143, paragraph 4 and Article 143f, paragraph 6 of the Tax and Social-Insurance Procedure Code (promulgated in the State Gazette No. 105/2005; amended, Nos. 30, 33, 34, 59, 63, 73, 80, 82, 86, 95 and 105/2006, Nos. 46, 52, 53, 57, 59, 108 and 109/2007, No. 36, 69 and 98/2008, Nos. 12, 32, 41 and 93/2009, Nos. 15, 94, 98, 100 and 101/2010, No. 14, 31, 77 and 99/2011, Nos. 26, 38, 40, 82, 94 and 99/2012, Nos. 52, 98, 106 and

109/2013, No. 1/2014; Decision No. 2 of the Constitutional Court of the Republic of Bulgaria of 2014, SG No. 14/2014; amended and supplemented, Nos. 18, 40, 53 and 105/2014, Nos. 12, 14, 60, 61 and 94/2015, Nos. 13, 42, 58, 62, 97 and 105/2016, Nos. 58, 63, 85, 92 and 103/2017 and No. 7/2018), the words "Article 35, paragraph 2" shall be replaced by "Article 90, paragraph 2".

§ 29. The Credit Institutions Act (promulgated in the State Gazette No. 59/2006; amended, No. 105/2006, Nos. 52, 59 and 109/2007, No. 69/2008, Nos. 23, 24, 44, 93 and 95/2009, Nos. 94 and 10/2010, Nos. 77 and 105/2011, Nos. 38 and 44/2012, Nos. 52, 70 and 109/2013, Nos. 22, 27, 35 and 53/2014, Nos. 14, 22, 50, 62 and 94/2015, Nos. 33, 59, 62, 81, 95 and 98/2016 and Nos. 63, 97 and 103/2017) shall be amended and supplemented as follows:

1. Article 1, paragraph 2 shall be amended as follows:

"(2) The Bulgarian National Bank shall be the competent authority in the Republic of Bulgaria for the exercise of:

1. supervision of banks within the meaning of Article 4, paragraph 1, item 40 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (OJ, L 176/1 of 27 June 2013), hereinafter referred to as "Regulation (EU) No. 575/2013";

2. the powers under Article 4, paragraph 2 and Article 11, paragraphs 6, 8 and 10 of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, hereinafter referred to as "Regulation (EU) No. 648/2012", in respect of financial counterparties under Article 2, item 8 of Regulation (EU) No. 648/2012, which are banks."

2. In Article 2, paragraph 2, item 9, the words "Article 5, paragraphs 2 and 3" shall be replaced by "Article 6, paragraphs 2 and 3".

3. In Article 14, paragraph 2, the words "Article 5, paragraphs 2 and 3" shall be replaced by "Article 6, paragraphs 2 and 3".

4. In Article 16, paragraph 2, the words "Article 5, paragraphs 2 and 3" shall be replaced by "Article 6, paragraphs 2 and 3".

5. Article 21a shall be created:

"Article 21a. (1) A bank, licensed in a Member State, may carry out the activities under Article 2, paragraph 2, item 9 under the conditions of Article 20, paragraph 1 and through a tied agent based in the Republic of Bulgaria.

(2) The bank may begin to carry out the activities through a tied agent following receipt of a notification by the BNB or if it fails to receive such notification, within two months of receipt of the notification by the competent authority of the sending State.

(3) Where the bank operates through a branch and through a tied agent established on the territory of the Republic of Bulgaria, the tied agent shall be considered part of the branch. In the course of business only through a tied agent based in the Republic of Bulgaria, the requirements for a branch shall apply to the tied agent."

6. In Article 22:

a) the existing text shall become paragraph 1;

(b) there shall be added the following new Paragraphs (2) and (3):

"(2) In the cases where the bank under paragraph 1 will operate under Article 2, paragraph 2, item 9 through tied agents, which are based in the sending State, the BNB shall publish the details received from the competent authority of the host State for such tied agents.

(3) The bank under paragraph 1 may provide remote access to a multilateral trading facility organised thereby or to an organised trading facility to members or participants based in Republic

of Bulgaria. In this case, the BNB may request from the competent authority of the sending State information about the members or participants in the multilateral trading facility which is based in the Republic of Bulgaria."

7. In Article 23:

a) new paragraphs 10 and 11 shall be created:

"(10) A bank, licensed in the Republic of Bulgaria, may also carry out the activities under Article 2, paragraph 2, item 9 under the conditions of paragraph 1 through a tied agent based in another Member State. The bank shall notify BNB in writing of its intention to use a tied agent in another Member State. The notification shall contain information about:

1. the Member State in which it intends to carry on business through tied agents based in that State;

2. the action plan, including a description of the services and/or activities under Article 6, paragraphs 2 and 3 of the Markets in Financial Instruments Act, which it intends to carry out;

3. details about the tied agents, where a branch is created, which will operate through tied agents;

4. when the bank will carry on business through tied agents in a State in which there is no opened branch, it shall submit a description of the activity to be performed by the tied agents and the organisational structure, including the responsibilities of tied agents to report and their place within the corporate structure of the bank;

5. address for correspondence in the host country;

6. the persons entrusted with the management of the tied agents.

(11) Should the BNB deem that the contemplated activity within the territory of another Member State does not comply with the organisational structure and financial position of the bank, within three months of receipt of the notification and all the documents referred to in paragraph 10, the BNB shall communicate the received information to the competent authorities of the host Member State, and shall notify the applicant bank thereof. Paragraphs 3 and 5 – 9 shall apply *mutatis mutandis*.";

b) the present paragraph 10 shall become paragraph 12;

c) the existing paragraph 11 shall become paragraph 13 and the words "under paragraph 10" shall be replaced by the words "under paragraph 12";

d) paragraphs 14 and 15 shall be created:

"(14) Where the bank under paragraph 12 intends to carry out the activities under Article 2, paragraph 2, item 9 through tied agents, the notification shall also specify details about the tied agents. In the cases where the tied agents through which the bank will carry out activities are based in the Republic of Bulgaria, within one month of receipt of the notification, the BNB shall send to the competent authorities of the host State particulars of the tied agents. Paragraph 9 shall apply *mutatis mutandis*.

(15) Where the bank under paragraph 12 intends to provide remote access to a multilateral trading facility organised thereby or an organised trading facility to members or participants based on the territory of another Member State, it shall notify the BNB in advance of the Member State wherein it intends to conduct such activity. The BNB shall provide the information under sentence one to the relevant competent authority of the host State within one month from receipt thereof and shall furthermore provide on request information about the members or participants in the multilateral trading facility organised, which is based in the host Member State."

8. In Article 79c, paragraph 1 in the text before item 1, after the words "Regulation (EU) No. 575/2013" a comma shall be inserted and the words "Regulation (EU) No. 648/2012" shall be added.

9. In Article 103:

a) in paragraph 8, the words "Article 5, paragraphs 2 and 3" shall be replaced by "Article 6, paragraphs 2 and 3";

b) the text "and of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012 (OJ, L 337/1 of 23 December 2015), hereinafter referred to as "Regulation (EU) 2015/2365" shall be added at the end of paragraph 12.

10. In Article 152, paragraph 1, after the words "Regulation (EU) No. 575/2013" the words "of Regulation (EU) No. 648/2012, of Regulation (EU) 2015/2365" shall be added.

11. In § 1, Paragraph 1 of the Supplementary Provisions:

a) in item 6b, letter "c" the words "Article 5, paragraph 2, item 6" shall be replaced by "Article 6, paragraph 2, Item 6";

b) in item 6d:

aa) in the text preceding letter "a", the words "§ 1, item 7" shall be replaced by "§ 1, item 8";

bb) in letter "a", the words "Article 5, paragraph 2, Item 4" shall be replaced by the words "Article 6, paragraph 2, item 4".

§ 30. In the Bank Deposit Guarantee Act (promulgated in the State Gazette No. 62/2015; amended, Nos. 96 and 102/2015, No. 103/2017, No. 7/2018) in § 1, item 1, "a" of the additional provisions, the words "Article 3" shall be replaced by "Article 4".

§ 31. In the Independent Financial Audit Act (promulgated in the State Gazette No. 95/2016), in § 1, item 44 of the additional provisions, the words "Article 3" shall be replaced by "Article 4".

§ 32. The Income Taxes on Natural Persons Act (promulgated in the State Gazette No. 95/2006; amended, Nos. 52, 64 and 113/2007, Nos. 28, 43 and 106/2008, Nos. 25, 32, 35, 41, 82, 95 and 99/2009, Nos. 16, 49, 94 and 100/2010, Nos. 19, 31, 35, 51 and 99/2011, Nos. 40, 81 and 94/2012, Nos. 23, 66, 100 and 109/2013, Nos. 1, 53, 98, 105 and 107/2014, and Nos. 12, 22, 61, 79 and 95/2015, Nos 32, 74, 75, 97 and 98/2016, Nos. 58, 63 and 97/2017) in § 1, item 11, letter "a", the words "Article 73" shall be replaced by "Article 152, paragraphs 1 and 2".

§ 33. In the Corporate Income Tax Act (promulgated in the State Gazette No. 105/2006; amended, Nos. 52, 108 and 110/2007, Nos. 69 and 106/2008, Nos. 32, 35 and 95/2009, No. 94/2010, Nos. 19, 31, 35, 51, 77 and 99/2011, Nos. 40 and 94/2012, Nos. 15, 16, 23, 68, 91, 100 and 109/2013, Nos. 1, 105 and 107/2014, and Nos. 12, 22, 35, 79 and 95/2015, Nos. 32, 74, 75 and 97/2016, Nos. 58, 85, 92, 97 and 103/2017) in § 1 of the additional provisions, in item 21, letter "a" and in item 70, the words "Article 73" shall be replaced by "Article 152, paragraphs 1 and 2".

§ 34. In the Economic and Financial Relations with Companies Registered in Preferential Tax Treatment Jurisdictions, the Persons Controlled Thereby and Their Beneficial Owners Act (promulgated in the State Gazette No. 1/2014; amended, Nos. 22 and 102/2015, No. 48/2016 and No. 96/2017) § 1 shall be amended as follows:

1. In item 8, the words "of Article 73" shall be replaced by "of Article 152".

2. In item 9, the words "of § 1, item 19" shall be replaced by "of § 1, item 18, letter "a".

§ 35. In the Judiciary System Act (promulgated in the State Gazette No. 64/2007; amended, Nos. 69 and 109/2008, Nos. 25, 33, 42, 102 and 103/2009; No. 59/2010, Nos. 1, 23, 32, 45, 81 and 82/2011; Constitutional Court Decision No. 10 of 2011, SG No. 93/2011; amended, Nos. 20, 50 and 81/2012, Nos. 15, 17, 30, 52, 66, 70 and 71/2013, Nos. 19, 21, 53, 98 and 107/2014, No. 14/2015, Nos. 28, 39, 50, 62 and 76/2016, No. 13/2017; Constitutional Court Decision No. 1 of

2017, SG No. 14/2017; amended, Nos. 63, 65, 85, 90 and 103/2017 and No. 7/2018) in Article 175b, paragraph 1, item 5, the words "Article 3" shall be replaced by "Article 4".

§ 36. In the Climate Change Mitigation Act (promulgated in the State Gazette No. 22/2014; amended, Nos. 14, 17, 41 and 56/2015, No. 47/2016 and Nos. 12, 58 and 85/2017, No. 7/2018) in Article 53, paragraph 1, item 2, the words "Article 13, paragraphs 1 and 4" shall be replaced by "Article 17, paragraph 1 and Article 24, paragraph 1."

§ 37. The Commerce Act (promulgated in the State Gazette No. 48/1991; amended, No. 25/1992, Nos. 61 and 103/1993, Nos. 63/1994, No. 63/1995, Nos. 42, 59, 83, 86 and 104/1996, Nos. 58, 100 and 124/1997, Nos. 21, 39, 52 and 70/1998, Nos. 33, 42, 64, 81, 90, 103 and 114/1999, No. 84/2000, Nos. 28, 61 and 96/2002, Nos. 19, 31 and 58/2003, Nos. 31, 39, 42, 43, 66, 103 and 105/2005, Nos. 38, 59, 80 and 105/2006, Nos. 59, 92 and 104/2007, SG Nos. 50, 67, 70, 100 and 108/2008, Nos. 12, 23, 32, 47 and 82/2009, Nos. 41 and 101/2010, Nos. 14, 18 and 34/2011, Nos. 53 and 60/2012, Nos. 15 and 20/2013, No. 27/2014, Nos. 22 and 95/2015, Nos. 13 and 105/2016 and Nos. 62 and 102/2017) shall be amended and supplemented as follows:

1. In Article 16:

a) new paragraphs 2, 3 and 4 shall be created:

"(2) The registration shall be made upon presentation by the the transferor of a declaration according to standard form that there are no due and payable and unpaid obligations under Article 5, paragraph 4. The Registry Agency shall immediately inform the Executive Agency "General Labour Inspectorate" of the declaration submitted. The notification procedure shall be determined jointly by the Executive Director of the Executive Agency "General Labour Inspectorate" and the Executive Director of the Registry Agency.

(3) The Executive Agency "General Labour Inspectorate", on alert or on its own initiative, shall check the accuracy of the facts declared according to a procedure determined by the Executive Director. Upon established discrepancy between the declared and established facts, the Executive Agency "General Labour Inspectorate" shall send the results of the examination to the bodies of the Prosecutor's Office.

(4) The model of the declaration under paragraph 2 shall be approved by the Minister of Justice and the Minister of Labour and Social Policy.";

b) the present paragraph 4 shall become paragraph 5.

2. Added at the end of Article 129, paragraph 2 shall be the text "upon submission by the managing director of the company and of the predecessor according to standard form a declaration of absence of due and payable and unpaid obligations under paragraph 1" and a second sentence shall be created: "Article 16, paragraphs 2 – 4 shall apply mutatis mutandis."

3. In Article 687, paragraph 1, the words "within 6 months before the registration of the judgment on opening of insolvency proceedings in the commercial register" shall be deleted.

4. In Article 789, paragraph 1, item 2, the words "occurred within 6 months" shall be replaced by "occurred".

§ 38. The Fiscal Council and Automatic Corrective Mechanisms Act (promulgated in the State Gazette No. 29/2015; amended, No. 43/2016 and No. 103/2017) shall be amended as follows:

1. In Article 15, paragraph 1, the word "three" shall be replaced by "give".

2. Article 16 shall be amended to read as follows:

"Article 16. (1) The chairman and the members of the Council shall receive a monthly remuneration not exceeding three monthly average wages of the persons employed under employment and official legal relation in the public sector, based on data from the National Statistical Institute.

(2) The monthly salaries under paragraph 1 shall be calculated and paid from the budget of the National Assembly. The calculation of the remunerations shall be also based on their participation in the meetings of the Council, and no more than three minimum wages shall be paid per meeting."

§ 39. In the Concessions Act (promulgated in the State Gazette No. 96/2017; amended, No. 103/2017 and No. 7/2018) in Annex No. 4 to Article 26, section I, item 5, letter "e", the words "Article 3" shall be replaced by "Article 4".

§ 40. In the Payment Services and Payment Systems Act (promulgated in the State Gazette No. 23/2009; amended, Nos. 24 and 87/2009, No. 101/2010, No. 105/2011, No. 103/2012, Nos. 57 and 102/2015, Nos. 59 and 95/2016, No. 97/2017), in § 1 of the additional provisions, the following amendments shall be made:

1. In item 8, letter "b", the words "Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments" shall be replaced by "Directive 2004/39/EC of the European Parliament and of the Council of 5 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU."

2. In item 34, the words "Article 3" shall be replaced by the words "Article 4".

§ 41. (1) Employees who have been in an employment relationship with an employer under Article 2 of the Act on Factory and Office Workers' Claims Guaranteed in the Event of Their Employer's Bankruptcy and their relationship was discontinued within a period longer than three months before the date of entry in the commercial register of the decision under Article 6 of the same Act, shall be guaranteed under the conditions and in the amounts referred to in Article 22 of the same Act only the claims which have been accrued but unpaid for periods beyond 31 January 2015.

(2) The guaranteed claims shall be granted on the basis of a model application-statement filed by the employee to the territorial division of the National Social Security Institute by the seat of the employer within three months from the entry into force of the this Act.

(3) Guaranteed claims under paragraph 1 shall also be granted if the application-statement is submitted in the period from 22 December 2017 until the entry into force of this Act.

§ 42. This Act shall enter into force from the date of its promulgation in the State Gazette, with the exception of:

1. Article 222, paragraphs 1 – 3, which shall enter into force on 3 September 2019;

2. (Corrected, SG No. 16/2018) § 13, item 13, letter "a", which shall enter into force on 1 January 2018;

3. (Corrected, SG No. 16/2018) § 13, item 13, letter "b", which shall enter into force on 21 November 2017;

4. § 17, item 37 regarding Article 264a and item 39 concerning Article 273b, which shall enter into force on 1 January 2020.

This Act was passed by the 44th National Assembly on 1 February 2018, and the Official Seal of the National Assembly has been affixed thereto.

TRANSITIONAL AND FINAL PROVISIONS

to Act Amending and Supplementing the Markets in Financial Instruments Act
(SG No. 83/2019, effective 22.10.2019, amended, SG No. 102/2019,
SG No. 28/2020, effective 13.03.2020, SG No. 64/2020, effective 18.07.2020)

.....
§ 80. (Amended, SG No. 102/2019) Central Depository AD shall submit for prior approval

the rules under Article 129, paragraph 4, item 2 of the Public Offering of Securities Act to the Commission within four months of the publication of this Act in the State Gazette. Article 167, paragraphs 4 and 5 of the Markets in Financial Instruments Act shall apply mutatis mutandis.

§ 81. Investment firms and tied agents shall align their activities with the requirements of this Act within 6 months after its entry into force.

§ 82. This Act shall enter into force as from the day of promulgation thereof in the State Gazette with the exception of:

1. (Amended, SG No. 28/2020, effective 13.03.2020, SG No. 64/2020, effective 18.07.2020) Paragraph 60 which shall enter into force as from 20 August 2020;

2. Paragraph 67, items 6 and 7, which shall become effective from the day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 7 of Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;

3. § 77, which shall enter into force as of 1 November 2019.

FINAL PROVISIONS

to the Act to Amend and Supplement the Public Offering of Securities Act
(SG No. 26/2020)

.....
§ 23. (1) Within six months of the entry of this Act into force, the persons referred to in Article 75a(1) of the Markets in Financial Instruments Act shall adopt and publish an engagement policy or decide not to adopt an engagement policy, and shall publish detailed reasons why this is the case.

(2) The information set out in Article 75a(3) and in Article 75b of the Markets in Financial Instruments Act shall be disclosed for the first time by 31 March 2021.

TRANSITIONAL AND FINAL PROVISIONS

to the Act on the Measures and Actions during the State of Emergency
Declared by a Resolution of the National Assembly of 13 March 2020
(SG No. 28/2020, effective 13.03.2020, amended, SG No. 44/2020, effective 14.05.2020)

.....
§ 46. In 2020, the time limits referred to in Article 128 (4) and proposition one of Article 190 (1) of the Markets in Financial Instruments Act shall be extended until the 31st day of July 2020.

.....
§ 52. (Amended, SG No. 44/2020, effective 14.05.2020) This Act shall enter into force as from the 13th day of March 2020 with the exception of Article 5, § 3, § 12, § 25 to 31, § 41, § 49 and § 51 herein, which shall enter into force on the date of promulgation of the said Act in the State Gazette.

FINAL PROVISIONS

to the Act Amending and Supplementing
the Public Offering of Securities Act
(SG No. 64/2020, effective 21.08.2020)

.....
§ 62. This Act shall enter into force as of 21 August 2020, except for § 46, item 14, § 52, § 54, item 2, § 55 and § 56, which shall enter into force as of the day of promulgation of the said Act in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS
to the Covered Bonds Act
(SG No. 25/2022, effective 8.07.2022)

.....
§ 13. In the Markets in Financial Instruments Act (promulgated in the State Gazette No. 15 of 2018; corrected in No. 16 of 2018; amended in Nos. 24 and 98 of 2018, Nos. 17, 83, 94 and 102 of 2019, Nos. 26, 28 and 64 of 2020, Nos. 12 and 21 of 2021 and No. 16 of 2022), in Article 80, the words "mortgage bonds" shall be replaced by "covered bonds" and the words "the mortgage bonds" shall be replaced by "the covered bonds".
.....

§ 19. (1) This Act shall enter into force on the 8th day of July 2022, with the exception of the provisions of second sentence of Article 6 (4), Article 26 (6), Article 32 (5), Article 44 (5) in connection with § 3, which shall enter into force on the date of promulgation of the Act in the State Gazette.

(2) § 9 herein regarding the amendments to the Bank Bankruptcy Act shall not apply to any bankruptcy proceedings which have been initiated by the date of entry into force of this Act.

TRANSITIONAL AND FINAL PROVISIONS
to Act Amending and Supplementing the
Markets in Financial Instruments Act
(SG No. 25/2022, effective 29.03.2022)

§ 75. The authorisations granted by the Financial Supervision Commission until the entry into force of this Act for carrying out the activity as a data reporting services provider shall remain in force.

§ 76. Third-country groups under Article 251a, which have a total asset value in the European Union of EUR 40 billion or more as of 27 June 2019, must have an intermediate EU parent undertaking or a second intermediate EU parent undertaking by 30 December 2023.

§ 77. (1) By 27 June 2019 parent financial holding companies and parent mixed-activity financial holding in respect of which the Commission is a consolidating supervisor shall file an application for approval under Article 229a within one month of the entry into force of this Act.

(2) Within the term under Paragraph 1, the Commission may exercise all supervisory powers assigned to it by this Act in respect of financial holding companies or mixed financial holding companies subject to approval under Article 229a for the purposes of supervision on a consolidated basis.

§ 78. Investment firms shall bring their activities in line with the requirements of this Act within three months from the entry into force thereof.

.....
§ 94. This Act shall enter into force on the day of its publication in the State Gazette with the exception of § 79, items 1, 4 and 9, letter "a", which came into force on 19 October 2022.

FINAL PROVISIONS
to the Act Amending and Supplementing the Public Offering of Securities Act
(SG No. 51/2022)

.....
§ 21. The following amendments and supplements shall be made in the Markets in Financial Instruments Act (promulgated, SG No. 15/2018; corrected, SG No. 16/2018, amended and supplemented, SG Nos. 24 and 98/2018, SG Nos. 17, 83, 94 and 102/2019, SG Nos. 26, 28 and 64/2020, SG Nos. 12 and 21/2021, and SG Nos. 16 and 25/2022):
.....

(*) 27. Everywhere in the Act before the words "securitization companies" "for" shall be added.

.....
*Translators note - This amendment concerns additional preposition does not affect the English version.

§ 32. (1) § 21, item 11, littera "c" shall enter into force on 1 March 2023.

.....
TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing
the Measures Against Money Laundering Act
(SG No. 84/2023)

.....
§ 82. Until the entry into force of this Act, administrative proceedings under the Markets in Financial Instruments Act, the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Insurance Code, the Social Insurance Code, the Postal Services Act, the Payment Services and Payment Systems Act and the Credit Institutions Act shall be completed in accordance with the hitherto existing procedure.

.....
TRANSITIONAL AND FINAL PROVISIONS
to the Counter-Corruption Act
(SG No. 84/2023, effective 6.10.2023)

.....
§ 61. In the Markets in Financial Instruments Act (promulgated in the State Gazette No.15 of 2018; corrected in No. 16 of 2018; amended in Nos. 24 and 98 of 2018, Nos. 17, 83, 94 and 102 of 2019, Nos. 26 and 64 of 2020, Nos. 12 and 21 of 2021, Nos.16, 25 and 51 of 2022 and Nos. 8, 65 and 66 of 2023), in Article 91 (2), Item 4 shall be amended to read as follows:

.....
§ 79. This Act shall enter into force as from the day of promulgation thereof in the State Gazette with the exception of § 9 herein, which shall enter into force as from the 1st day of March 2024.

FINAL PROVISIONS
to the Act Amending and Supplementing the
Measures against the Financing of Terrorism Act
(SG No. 49/2025)

.....
§ 33. The Markets in Financial Instruments Act (promulgated, SG No. 15 of 2018; amended, SG Nos. 16, 24 and 98 of 2018, SG Nos. 17, 83, 94 and 102 of 2019, SG Nos. 26, 28 and 64 of 2020, SG Nos. 12 and 21 of 2021, SG No. 16, 25 and 51 of 2022, SG Nos. 8, 65, 66 and 85 of 2023 and SG Nos. 70 and 79 of 2024) shall be amended and supplemented as follows:

.....
3. In the remaining text of the Act, the words "Measures against the Financing of Terrorism Act" shall be replaced by "Act on Measures Against the Financing of Terrorism and of Proliferation of Weapons of Mass Destruction Proliferation of Weapons of Mass Destruction".

.....
Annex
to § 1, item 10

(New, SG No. 24/2018, effective 16.02.2018, amended and supplemented, SG No. 83/2019, effective 22.10.2019, amended, SG No. 25/2022, effective 29.03.2022, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union)

PROFESSIONAL CLIENTS

Section I

(Supplemented, SG No. 83/2019, effective 22.10.2019)

Clients considered professional clients in respect of all investment services, investment activities and financial instruments

1. Persons for which granting of licence is required for conduct of business on the financial markets or whose activity is regulated otherwise by the national law of a Member State, whether or not in conformity with a Union directive, as well as persons which are granted authorisation for conduct of such activities or regulated otherwise by the national law of a third country shall be as follows:

- a) credit institutions;
- b) investment firms;
- c) other financial institutions subject to licensing or regulated otherwise;
- d) insurance companies;
- e) collective investment undertakings and their management companies;
- f) pension funds and pension insurance companies;
- g) persons trading in commodities or commodity derivatives as a regular occupation or a business on their own account;
- h) (amended, SG No. 25/2022, effective 29.03.2022) local companies;
- i) other institutional investors.

2. Large companies which meet at least two of the following conditions:

- a) (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) total assets – EUR 20,000,000 at a minimum;
- b) (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) net turnover – EUR 40,000,000 at a minimum;
- c) (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) own funds – EUR 2,000,000 at a minimum.

3. National and regional government bodies, public bodies charged with or intervening in the

management of the public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.

4. Other institutional investors whose primary business is investment in financial instruments, including persons dealing in securitisation of assets or other financing transactions.

The persons listed in items 1 – 4 shall be considered professional clients. They shall have the right to request to be treated as unprofessional clients whereby investment firms may agree to provide them with a higher level of protection. Where the client of an investment firm is a professional client listed in items 1 – 4, the investment firm shall inform the professional client before the provision of services that based on the available information the client is considered a professional client and will be treated as such, unless the investment firm and the client have agreed otherwise. The investment firm shall inform the professional client that he may request a change of the terms of the agreement at any time in order to ensure a higher level of protection.

A person meeting the criteria for a professional client shall require a higher level of protection should he find that it is impossible to evaluate or manage properly the risks related to the investment.

The higher level of protection shall be provided on the basis of a written agreement between the investment firm and the professional client, specifying expressly the specific services, activities, transactions, financial instruments or other financial products in respect of which the client will be provided a higher level of protection.

The higher level of protection ensures to the professional client that he will not be considered a professional client for the purposes of the regime applicable by the investment firm to the client. The investment firm shall inform the client that he may request a change of the terms of the agreement at any time in order to ensure a higher level of protection.

Section II

Clients considered professional clients at their request

1. Identification criteria:

The clients shall meet at least two of the following criteria:

a) in the preceding 4 quarters the person has concluded on average 10 large-scale transactions per quarter on a relevant market;

b) (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) the value of the investment portfolio of the person, which consists of financial instruments and cash deposits, exceeds EUR 500 000;

c) the person works or has worked in the financial sector for at least one year on a position which requires knowledge of relevant transactions or services.

2. (Amended and supplemented, SG No. 83/2019, effective 22.10.2019) Procedure:

Clients other than those under Section I of the annex, including organisations from the public sector, local government authorities, municipalities and private individual investors, may require from the investment firm not to apply some of the requirements applicable to retail investors. The investment firm may treat such clients as professional clients, if they meet the requirements listed below and subject to compliance with the procedure described. To be treated as professional clients, the persons may request to be treated as professional clients subject to compliance with the

following:

The investment firm may not assume that the persons referred to in Paragraph 1 possess market knowledge and experience comparable to those of the persons referred to in Section I, without performing the necessary evaluation. The investment firm shall perform evaluation of the client's knowledge and experience on whether the client can make investment decisions and take risks associated with particular transactions and services. The evaluation shall be carried out in respect of the persons who manage and represent the client or who are authorised to carry out the relevant transactions in his name and for his account.

a) the clients shall request in writing from the investment firm to be treated as professional clients for all or for specific investment services or transactions or specific types of transactions or investment product;

b) the investment firm shall warn the client in writing that it will not be afforded the relevant degree of protection in providing the services and performing the activities by the investment firm and shall not enjoy the right of compensation from the Fund for Compensation of Investors in Financial Instruments;

c) the client must declare in a document other than the contract that he is notified of the consequences under "b";

d) before making a decision on treating the client as professional client, the investment firm shall take the necessary steps to assure itself that the client meets the requirements referred to in item 1.

The investment firm shall apply appropriate written internal policies and procedures for classification of clients. Professional clients shall inform the investment firm of any change that could lead to a change in their categorisation. In the event that the investment firm has established that a client no longer meets the conditions under which it is classified as a professional client, it shall take the necessary measures to reflect the change.

If a client has already been classified as a professional client in accordance with the internal policies and procedures of the investment firm for classification of clients, his relations with the investment firm shall not be affected by new rules adopted in accordance with this appendix.