Recovery and Resolution of Credit Institutions and Investment Firms Act

Promulgated, SG No. 62/14.08.2015, effective 14.08.2015, supplemented, SG No. 59/29.07.2016, amended, SG No. 85/24.10.2017, amended and supplemented, SG No. 91/14.11.2017, amended, SG No. 97/5.12.2017, effective 5.12.2017, SG No. 15/16.02.2018, effective 16.02.2018, SG No. 20/6.03.2018, effective 6.03.2018, SG No. 106/21.12.2018, amended and supplemented, SG No. 37/7.05.2019, effective from the first 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, SG No. 12/12.02.2021, effective 12.02.2021, SG No. 25/29.03.2022, effective 29.03.2022, SG No. 8/25.01.2023, SG No. 85/10.10.2023, effective 10.10.2023, amended, SG No. 13/13.02.2024, effective from the date of entry into force of the Decision of the Council of the European Union on the adoption by the Republic of Bulgaria of the euro, 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, amended and supplemented, SG No. 54/4.07.2025, SG No. 63/1.08.2025, SG No. 67/15.08.2025, supplemented, SG No. 25/10.03.2026

Text in Bulgarian: Закон за възстановяване и преструктуриране на кредитни институции и инвестиционни посредници

Chapter One
GENERAL PROVISIONS

Subject and scope

Article 1. (1) (Supplemented, SG No. 12/2021, effective 12.02.2021) This Act shall establish the rules and procedures for recovery and resolution of the following entities:

1. credit institutions (banks), authorised by the Bulgarian National Bank (BNB) to carry out banking activities;

2. (amended, SG No. 15/2018, effective 16.02.2018) investment firms authorised by the Financial Supervision Commission (the Commission) to carry out the activities under Article 6(2), items 3 and 6, and Article 6(3), item 1 of the Markets in Financial Instruments Act;

3. (amended, SG No. 25/2022, effective 29.03.2022) financial institutions established in a Member State, where the financial institution is a subsidiary of a bank or an investment firm authorised in the Republic of Bulgaria, or of an entity referred to in item 4 or 5, and falling within the scope of supervision on a consolidated basis of a parent undertaking pursuant to Articles 6 – 17 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;

4. financial holding companies, mixed financial holding companies and mixed-activity holding companies established in the Republic of Bulgaria;

5. parent financial holding companies and EU parent mixed financial holding companies, where they are subject to supervision on a consolidated basis by the BNB or by the Commission;

6. branches in the Republic of Bulgaria of credit institutions and investment firms from third countries in accordance with the special conditions provided for in this Act;

7. branches in the Republic of Bulgaria of credit institutions and investment firms established in other Member States, in the cases provided for herein.

(2) (Amended, SG No. 15/2018, effective 16.02.2018) When exercising its powers and applying the requirements of this Act in respect of a person referred to in paragraph 1 the BNB, the Commission respectively, shall take into account the nature of its business, shareholding structure, legal form, risk profile, size and legal status, its interconnection with other institutions or with the financial system as a whole, the scope and complexity of its activities, as well as whether it carries out investment services or activities under Article 6(2) of the Markets in Financial Instruments Act.

(3) (New, SG No. 8/2023) This Act shall not apply to persons who have also received an authorisation to carry out activities within the meaning of Article 14 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 the "Regulation (EU) No. 648/2012".

Resolution authority for credit institutions

Article 2. (1) (Amended, SG No. 37/2019, effective from the first 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) The Bulgarian National Bank shall be a resolution authority for the entities under Article 1, Paragraph 1 falling within the scope of supervision or supervision on a consolidated basis by the BNB, and in the fulfilment of its tasks and in the exercise of its powers it shall apply Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (OJ, L 225/1 of 30 July 2014), hereinafter referred to as "Regulation (EU) No. 806/2014", and this Act. The decisions of the BNB as a resolution authority shall be taken by the Governing Council of the BNB, save as otherwise provided for in this Act.

(2) The Governing Council of the BNB shall designate an individual structural unit, which shall support it in exercising the functions under paragraph 1, and which shall be separate and apart from the structural units involved in carrying out tasks for implementation of banking supervision and other functions of the BNB.

(3) The Governing Council of the BNB shall adopt and publish on its website internal rules of operation of the unit under paragraph 2, including the preservation of professional secrecy and exchange of information with other structural units of the BNB and with other bodies.

(4) The unit under paragraph 2 shall cooperate actively in the preparation, planning and execution of resolution decisions with the Banking Supervision Department of the BNB, as well

as with the Commission, where necessary.

(5) (New, SG No. 12/2021, effective 12.02.2021) Consultations between the resolution authority under paragraph 1 and the competent authority as set out in this Act shall be carried out through exchange of information and opinions between the unit under paragraph 2 and BNB Banking Supervision Department, unless specifically otherwise provided for.

Execution of the decisions of the Single Resolution Board by the resolution authority for credit institutions

Article 2a. (New, SG No. 37/2019, effective from the first 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) The Bulgarian National Bank as a resolution authority or a national resolution authority within the meaning of Regulation (EU) No. 806/2014 shall perform tasks and take resolution decisions while observing the guidelines and general instructions issued by the Single Resolution Board (SRB) to restructuring authorities, and shall take the necessary actions for execution of the decisions under Regulation (EU) No. 806/2014.

Resolution authority for investment firms

Article 3. (1) (Amended, SG No. 37/2019, effective from the first 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) The Financial Supervision Commission shall be a resolution authority for the entities under Article 1, Paragraph 1 falling within the scope of supervision by the Commission, other than credit institutions, and for the entities falling within the scope of supervision on a consolidated basis by the Commission. In the execution of its tasks and in the exercise of its powers in relation to the entities under Article 1, paragraph 1, which are not credit institutions and fall within the scope of supervision on a consolidated basis of the parent undertaking exercised by the European Central Bank (ECB) pursuant to Article 4, paragraph 1 "g" 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 (OJ, L 287/63 of 29 October 2013), hereinafter referred to as "Regulation (EU) No. 1024/2013", the Commission shall apply Regulation (EU) No. 806/2014 and this Act. 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, save as otherwise provided for in this Act.

(2) The rules of the Commission shall designate an individual structural unit which shall support 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, which shall be separate and apart from the functions relating to the exercise of supervision of the investment activity and from the other functions of the Commission.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) The internal 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. The internal rules shall be published on the Internet site of the Commission.

(4) The unit under paragraph 2 shall cooperate actively in the preparation, planning and execution of resolution decisions with the Investment Activity Supervision Department of the

Commission, as well as with the BNB, where necessary.

(5) (New, SG No. 12/2021, effective 12.02.2021) Consultations between the resolution authority under paragraph 1 and the competent authority as set out in this Act shall be carried out through exchange of information and opinions between the unit under paragraph 2 and the Investment Activity Supervision Department of the Commission, unless specifically otherwise provided for.

Execution of the decisions of the Single Resolution Board by the resolution authority for investment firms

Article 3a. (New, SG No. 37/2019, effective from the first 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) The Financial Supervision Commission as a resolution authority or a national resolution authority within the meaning of Regulation (EU) No. 806/2014 in relation to entities under Article 1, paragraph 1, which are not credit institutions and fall within the scope of the supervision on a consolidated basis exercised by the ECB pursuant to Article 4, paragraph 1, "g" of Regulation (EU) No. 1024/2013 shall perform tasks and take resolution decisions observing the guidelines and general instructions issued by the SRB to restructuring authorities, and shall take the necessary actions for execution of the decisions under Regulation (EU) No. 806/2014.

Notification and participation of the Minister of Finance

Article 4. (1) The resolution authority under Article 2, Article 3 respectively, shall immediately inform the Minister of Finance of its decisions to take resolution actions and apply resolution tools in the cases provided for in this Act.

(2) The decisions referred to in paragraph 1 shall be enforceable subject to the approval of the Minister of Finance where:

1. they affect or may affect adversely the public finances;

2. there is a reasonable chance of prompting the need of use of public tools for financial stabilisation under Chapter Fourteen, or

3. are taken in the conditions of a systemic crisis affecting several institutions or the entire financial sector.

(3) In the cases referred to in paragraph 2 the resolution authority shall submit to the Minister of Finance the decision under Article 114 and at least the following information:

1. the current financial position of the institution;

2. the resolution plan for the institution;

3. other information relevant to the case at the discretion of the resolution authority or at the request of the Minister of Finance.

(4) In the cases referred to in paragraph 2 the Minister of Finance may approve the decision or reject it. Where appropriate, the resolution authority may amend the decision within the framework of the approval procedure.

Cooperation between resolution authorities

Article 5. (1) (Amended, SG No. 37/2019, effective 7.05.2019) The Bulgarian National Bank and the Commission shall cooperate with the European Banking Authority (EBA) in the performance of their duties under this Act in accordance with 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 Decision 2009/78/EC (OJ, L 331/12 of 15 December 2010), hereinafter referred to as Regulation (EU) No. 1093/2010. They shall forthwith communicate to the EBA the information

necessary for the performance of its duties in accordance with Article 35 of the said Regulation.

(2) (New, SG No. 37/2019, effective from the first 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) The Bulgarian National Bank and the Commission within the framework of the Single Resolution Mechanism under Regulation (EU) No. 806/2014 shall collaborate with the SRB, with the European Commission, with the Council of the European Union, with the ECB, with the national resolution authorities and with the national competent authorities.

(3) (Renumbered from Paragraph (2), SG No. 37/2019, effective from the first 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) The Bulgarian National Bank, the Commission respectively, shall take decisions under this Act, taking account of their potential impact on all Member States in whose territory the institution or the group carries out activities, and the decisions shall minimise the adverse implications for the financial stability and the negative economic and social consequences in those Member States.

(4) (Renumbered from Paragraph (3), SG No. 37/2019, effective from the first 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) The Bulgarian National Bank, the members of its Governing Council and the employees of the BNB shall not incur liability for any detriment caused as a result of actions or omissions to act in the exercise of their duties hereunder, save as where they have acted wilfully.

(5) (Renumbered from Paragraph (4), SG No. 37/2019, effective from the first 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) The Commission, its members employees shall not incur liability for any detriment caused as a result of actions or omissions to act in the exercise of their duties hereunder, save as where they have acted wilfully.

(6) (Renumbered from Paragraph (5), SG No. 37/2019, effective from the first 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) In the resolution of entities referred to in Article 1, paragraph 1, items 4 and 5, the BNB and the Commission shall interact, where appropriate, in consultations in drafting and adopting resolution plans and in undertaking specific actions, shall exchange information and coordinate their actions in resolution planning.

Providing information on the European single access point

Article 5a. (New, SG No. 25/2026) (1) The Bulgarian National Bank and the Commission

shall be collection bodies within the meaning of Article 2, point 2 of Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OJ L 2023/2859 of 20 December 2023), hereinafter referred to as "Regulation (EU) 2023/2859", with respect to the information disclosed under Article 43(1) and Article 72b(6), in accordance with their competence under this Act.

(2) The Bulgarian National Bank or the Commission, as the case may be, shall provide the information referred to in Article 46(8), Article 52a(11), Article 54(4), Article 115(3), and Article 147(1) on the European single access point pursuant to Regulation (EU) 2023/2859 in a data extractable format as defined in Article 2, point 3 of that Regulation.

(3) The information under paragraph 2 shall be accompanied by the following metadata:

1. the name of the entity to which the information relates;

2. the legal entity identifier of the entity to which the information relates, where applicable;

3. the type of the information, as classified under Article 7 (4) (c) of Regulation (EU) 2023/2859;

4. indication whether the information contains personal data.

Chapter Two
PREPARATION OF RECOVERY AND RESOLUTION

Section I
Recovery planning

Recovery plans

Article 6. (1) (Amended, SG No. 15/2018, effective 16.02.2018, SG No. 12/2021, effective 12.02.2021) An institution that is not part of a group subject to supervision on a consolidated basis shall prepare and maintain a recovery plan that sets out actions and measures to be taken by the institution for the restoration of its financial position upon occurrence of significant financial difficulties. The recovery plan shall be considered part of the management rules within the meaning of Article 14(3), item 14 of the Credit Institutions Act, the rules for the internal organisation within the meaning of Article 65 of the Markets in Financial Instruments Act respectively.

(2) The institution under paragraph 1 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 condition, which may have a significant impact on the recovery plan or impose a change therein.

(3) The relevant competent authority under the Credit Institutions Act or the Markets in Financial Instruments Act may require from an institution to update the recovery plan more frequently than as provided for in paragraph 2.

(4) The recovery plan shall not provide for access to or receipt of an extraordinary public financial support.

(5) (Supplemented, SG No. 63/2025) Where appropriate, the recovery plan may include an analysis of the possibilities for a bank to apply, under terms and conditions set out in the plan, for use of central bank facilities, indicating the bank’s assets that are expected to serve as collateral.

(6) The recovery plan shall contain the information referred to in Appendix No. 1, save where simplified requirements apply to the institution in accordance with Article 25. The

competent authority may ask the institution to include additional information in the recovery plan.

(7) The recovery plan shall include actions and measures that the institution may take if the conditions for early intervention under Article 44 (1) are met.

(8) The recovery plan shall provide for appropriate conditions and procedures for the timely implementation of the recovery actions and measures, as well as a wide range of choices of such actions and measures. The plans shall examine different scenarios of serious macroeconomic and financial stress which are important for the institution, including events, covering the whole system and stress relating to separate legal entities and groups.

(9) The management body of the institution shall approve the recovery plan and after that the plan shall be submitted to the relevant competent authority under the Credit Institutions Act or the Markets in Financial Instruments Act.

Evaluation of the recovery plans

Article 7. (1) Within 6 months of the submission of the recovery plan under Articles 6 and 8 and after consultation with the competent authorities of the Member States in which significant branches are located, insofar as is relevant to the significant branch, the competent authority under the Credit Institutions Act or the Markets in Financial Instruments Act shall review the plan and evaluate its compliance with the requirements under Article 6, taking into account the extent to which the following likelihood is justified:

1. with the implementation of the actions and measures proposed in the plan to retain or restore the viability and the financial position of the institution or the group, taking into account the actions and measures that the institution has taken or plans to take;

2. the plan and the specific actions and measures under the various scenarios in the plan to be implemented quickly and effectively in times of financial stress, avoiding to the greatest extent possible significant adverse implications for the financial system, including scenarios that would lead to the implementation of recovery plans by other institutions within the same period.

(2) In assessing the appropriateness of the recovery plans, the competent authority under the Credit Institutions Act or the Markets in Financial Instruments Act shall take account of the conformity of the institution's capital structure and funding structure to the degree of complexity of its organisational structure and risk profile. The recovery plan shall be submitted to the unit under Article 2(2) or Article 3(2).

(3) If the unit under Article 2(2) or Article 3(2) establishes that the recovery plan sets out actions that may have adverse effects on the resolvability of the institution, it may submit to the competent authority under the Credit Institutions Act or the Markets in Financial Instruments Act recommendations for amending the plan.

(4) The competent authority under the Credit Institutions Act or the Markets in Financial Instruments Act shall notify the institution or the EU parent undertaking of its evaluation, and where the recovery plan has significant deficiencies or significant obstacles exist to its implementation, it shall require from them to submit a revised plan within two months. With the permission of the competent authority, the period may be extended by another month.

(5) The institution or the EU parent undertaking may express an opinion on the evaluation of the competent authority within 14 days from the date of notification.

(6) The competent authority under the Credit Institutions Act or the Markets in Financial Instruments Act may require from the institution or from the EU parent undertaking to make specific changes in the revised plan, if it considers that the deficiencies and obstacles have not been rectified in an appropriate way.

(7) If the institution or the EU parent undertaking fails to submit a revised recovery plan

under paragraph 4 or if the competent authority 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 6, the competent authority shall require, within a period specified thereby, from the institution or from the EU parent undertaking to plan changes in its activities so as to rectify the deficiencies in the recovery plan or the obstacles to its implementation.

(8) (Amended, SG No. 15/2018, effective 16.02.2018) If the institution or the EU parent undertaking does not plan to make changes in its activities in the period referred to in paragraph 7 or the competent authority determines that the proposed changes are not suitable for the rectification of the deficiencies and obstacles, the competent authority may apply measures as provided for in Article 103(2) of the Credit Institutions Act, Article 276(1) and (2) of the Markets in Financial Instruments Act, as the case may be.

Plans for the recovery of a group subject to supervision on a consolidated basis by the BNB or by the Commission

Article 8. (1) (Amended, SG No. 37/2019, effective 7.05.2019) An EU parent undertaking subject to supervision on a consolidated basis by the BNB, the Commission respectively, shall draw up and submit to the relevant consolidating supervisor a recovery plan of the group, setting out actions and measures to be applied at the EU parent undertaking level or at the level of an individual subsidiary.

(2) Subject to confidentiality requirements equivalent to those laid down in this Act, the consolidating supervisor shall forward the recovery plan of the group:

1. to the competent authorities for the subsidiaries of the group;

2. to the competent authorities of the Member States in which significant branches are located, insofar as is relevant to the significant branch, and

3. to the resolution authorities for the subsidiaries of the group.

(3) The group recovery plan shall aim to stabilise the whole group or an institution from the group, when they are exposed to stress, so as to overcome or eliminate the causes of instability and restore the financial position of the group or of an individual institution from the group, taking into account the financial position of the other entities in the group.

(4) (Amended, SG No. 37/2019, effective 7.05.2019) The group recovery plan shall include measures that ensure coordination and consistency of the actions and measures to be taken at the level of the EU parent undertaking, at the level of the companies referred to in Article 1, items 4 and 5, as well as of the measures taken at the level of the subsidiaries and, where applicable, at the level of the significant branches.

(5) The group recovery plan shall include the items listed in Article 6(6). The plan may also include measures for financial support within the group, adopted under an agreement on intra-group financial support, entered into in accordance with Chapter Four.

(6) The group recovery plan shall include a set of options for actions and measures to be taken in the event of occurrence of the various scenarios under Article 6(8). For each of the scenarios, the group recovery plan shall identify whether there are obstacles to the implementation of recovery actions and measures within the group, including at the level of individual entities of the group, and whether there are substantial practical or legal impediments to the prompt transfer of own funds or the repayment of liabilities or assets within the group.

(7) The management body of an EU parent undertaking that draws up a plan for the recovery of the group in accordance with paragraph 1 shall evaluate and approve the recovery plan before its presentation to the relevant consolidating supervisor.

Individual plans for recovery of institutions as a part of a group

Article 9. Under the conditions of Article 10 the BNB, the Commission respectively, may

require from an institution registered in the Republic of Bulgaria, which is a part of a group subject to supervision by a consolidating supervisor in another Member State, to prepare and submit an individual recovery plan. In these cases, Articles 6 and 7 shall apply mutatis mutandis.

Assessment of the group recovery plans by a consolidating supervisor

Article 10. (1) The Bulgarian National Bank, the Commission respectively, where it is a consolidating supervisor, together with the competent authorities of the subsidiaries and after consultation with the competent authorities of the significant branches, as far as is relevant to the relevant significant branch, shall examine the group recovery plan and shall assess its compliance with the requirements and criteria in Article 7(1) and (2) and Article 8. The assessment shall be carried out in accordance with the procedure referred to in Article 7(3) - (7) and this Article, taking into account the potential impact of the recovery measures on the financial stability in all Member States in which the group operates.

(2) The recovery plan under Article 8(1) shall be subject to a multilateral procedure to reach a joint decision between the consolidating supervisor referred to in paragraph 1 and the competent authorities of the subsidiaries of the group on the following:

1. the review and assessment of the recovery plan of the group;

2. the need to draw up a recovery plan on an individual basis for institutions that are part of the group, and

3. the application of Article 7(4), (6) and (7) and the relevant requirements for the institution as a part of the group, as well as the imposition of the measures under Article 7(8).

(3) The time limit for reaching a joint decision under paragraph 2 shall be 4 months from the date on which the relevant consolidating supervisor under paragraph 1 has provided the group recovery plan in accordance with Article 8(2).

(4) (Amended, SG No. 63/2025) Within the timeframe referred to in paragraph 3 the consolidating supervisor under paragraph 1 may request from EBA in accordance with Article 31(2)(c) of Regulation (EU) No. 1093/2010 to assist in reaching a joint decision under paragraph 2.

(5) If within the period referred to in paragraph 3 no joint decision is reached under paragraph 2 by the consolidating supervisor and the other competent authorities on the review and assessment of the recovery plan or the measures required by the EU parent undertaking under Article 7(4), (6) and (7) or imposed under Article 7(8), the consolidating supervisor under paragraph 1 shall take an individual decision, taking into account the opinions and objections of the competent authorities of the subsidiaries expressed in accordance with the timeframe referred to in paragraph 3. The decision shall be notified to the EU parent undertaking and to the competent authorities of the subsidiaries.

(6) (Amended, SG No. 15/2018, effective 16.02.2018) If, within the timeframe referred to in paragraph 3, no joint decision under paragraph 2 is reached and one of the authorities referred to in paragraph 2 has referred to the EBA an issue concerning the assessment of the recovery plan or the imposition of the measures under Article 103(2), items 8 and 11 of the Credit Institutions Act, Article 276(1), items 11 and 17 of the Markets in Financial Instruments Act respectively, in accordance with Article 19 of Regulation (EU) No. 1093/2010, the consolidating supervisor under paragraph 1 shall postpone individual decision making under paragraph 5 and shall wait for the decision of the EBA. In this case the consolidating supervisor shall take a decision in accordance with the decision of the EBA. In the event that, within one month, the EBA has not taken a decision, the decision of the consolidating supervisor shall apply.

(7) Where no joint decision under paragraph 2 is reached within the timeframe referred to in paragraph 3, the consolidating supervisor under paragraph 1 may reach a joint decision on the

recovery plan of the group with the competent authorities under paragraph 1, which, within the framework of the multilateral procedure to reach a joint decision pursuant to paragraph 2, have not expressed any objections. In this case the plan shall apply only in respect of the relevant entities of the group.

(8) The joint decision referred to in paragraph 2 or 7, as well as the individual decision under paragraphs 5 and 6 shall be final.

(9) (Amended, SG No. 15/2018, effective 16.02.2018) Where the competent authorities of the subsidiaries take an individual decision on the preparation and assessment of individual recovery plans or the imposition of measures similar to those under Article 7(8) in respect of their subordinate subsidiaries, the consolidating supervisor under paragraph 1 may request from the EBA in accordance with Article 19, paragraph 3 of Regulation (EU) No. 1093/2010 to assist in reaching an agreement in connection with the assessment of the recovery plans or measures identical to those under Article 103(2), items 8 and 11 of the Credit Institutions Act, under Article 276(1), items 11 and 17 of the Markets in Financial Instruments Act respectively, with regard to such subsidiaries.

Assessment of group recovery plans by a competent authority for a subsidiary institution

Article 11. (1) The Bulgarian National Bank, the Commission respectively, where it is a consolidating supervisor for an institution that is a group subsidiary, together with the consolidating supervisor, the competent authorities of the other group subsidiaries and the competent authorities of the significant branches, insofar as is relevant to the significant branch, shall examine the group recovery plan and shall assess its compliance with the requirements and criteria referred to in Article 7 and Article 8. The assessment shall be made in accordance with the procedure set out in Article 7(3) - (7) and Article 10(2) - (9), taking into account the potential impact of the measures for restoration of the financial stability in all Member States in which the group operates.

(2) If within the timeframe under Article 10(3) no joint decision is reached under Article 10(2) on the need to draw up a recovery plan on an individual basis for the subsidiary institution or the application of the measures referred to in Article 7(4), (6) and (7) at the level of the subsidiary, the BNB, the Commission respectively, shall take a decision independently.

(3) If within the timeframe under Article 10(3) one of the authorities referred to in Article 10(1) refers the issue in connection with the review and assessment of the group recovery plan to the EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010, the BNB, the Commission respectively, shall postpone decision making under paragraph 2 and shall await the decision that EBA may take in accordance with Article 19(3) of that Regulation. In this case the BNB, the Commission respectively, shall take a decision in accordance with the decision of the EBA.

Assessment of the group recovery plans by a consolidating supervisor of a significant branch

Article 12. When the BNB, the Commission respectively, is a supervisory authority in respect of a significant branch, it shall participate in consultation with the relevant competent authority in respect of the items of the recovery plan of the institution or the group that are relevant to that branch.

Indicators related to the recovery plan

Article 13. (1) The recovery plan shall include indicators for determining the stages at which the appropriate actions and measures set out in the plan may be taken.

(2) The indicators under paragraph 1 shall be of qualitative or quantitative nature, connected with the financial position of the institution, and shall be easy to monitor. They shall be agreed with the relevant competent authority during the assessment of the recovery plans in

accordance with Article 7 and Articles 10 - 12.

(3) The institution shall introduce mechanisms for regular monitoring of the indicators under paragraph 1.

(4) The management board, the managing directors respectively, the board of directors of the institution, where they consider it appropriate, in view of the circumstances, may decide:

1. to take action under the recovery plan, even though the indicator is not fulfilled, or

2. to restrain from taking action under the recovery plan, even though the indicator is fulfilled.

(5) The institution shall immediately inform the competent authority of its decision under paragraph 4.

Section II
Resolution planning

Preparation of resolution plans

Article 14. (1) (Amended, SG No. 37/2019, effective 7.05.2019) The resolution authority under Article 2 (1) and Article 3 (1) shall adopt a resolution plan in respect of institution that is not a part of a group, which is subject to supervision on a consolidated basis.

(2) The resolution plan shall be drawn up by the resolution authority after consultation with the resolution authorities and the competent authorities of the Member States in whose jurisdiction significant branches are located, insofar as is relevant to the significant branch.

(3) The resolution plan shall set out resolution actions that the resolution authority could take where the resolution conditions under Article 51(1) are fulfilled for the institution.

(4) 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 in accordance with Chapter Three.

(5) The resolution plan shall set out a range of scenarios, including those in which non-compliance with obligations arises only from the position of a specific institution or is a manifestation of the financial instability at system level.

(6) (Amended and supplemented, SG No. 37/2019, effective from the first 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) The resolution plan for an institution may not provide for an extraordinary public financial support, unless it is in the form of funds from the Single Resolution Fund or from the Banks Resolution Fund (BRF) or from the Investment Firms Resolution Fund (IFRF).

(7) In addition to the requirement under paragraph 6 the resolution plan of the institution may not provide for:

1. emergency liquidity assistance from a central bank;

2. central bank liquidity assistance, which is made available under non-standard collateralisation, tenor and interest rate.

(8) The resolution plan of the institution shall contain an analysis of the circumstances and the ways in which the institution may apply for use of central bank facilities, including eligible assets as collateral.

(9) The institutions shall assist the resolution authority in the preparation and updating of the resolution plans.

(10) The resolution authority shall review and update the resolution plan at least once a

year or after any significant change in the legal form, the management structure, the organisational structure, the business or the financial position of the institution, which could have significant effects on the efficiency of the plan or which may require its review.

(11) For the purposes of the review under paragraph 10 the institutions shall inform without delay the resolution authority of any change that requires a review of the plan. Upon identified changes in the operations or the financial position of the institution, which could have significant consequences on the efficiency of the plan, the Banking Supervision Department shall promptly inform the unit under Article 2(2), the Deputy Chairperson of the Commission in charge of Investment Activity Supervision Department shall inform the unit under Article 3(2), as the case may be.

(12) (New, SG No. 12/2021, effective 12.02.2021) The resolution authority shall also review and update the resolution plan after taking resolution actions and exercising write-down or conversion of capital instruments powers.

(13) (New, SG No. 12/2021, effective 12.02.2021) During the review and update of the plan under paragraph 12 the resolution authority shall set the deadlines for compliance with the requirements set under Article 70 or Article 70a or pursuant to Article 69a, paragraphs 7 – 10, Article 69a, paragraphs 11 – 13 or Article 69a, paragraph 16 respectively, taking into consideration the time limit for compliance with the recommendation of the competent authority for additional own funds under Article 79d, paragraph 3 of the Credit Institutions Act.

(14) (Renumbered from Paragraph 12, SG No. 12/2021, effective 12.02.2021) The resolution plans shall include a range of options for application of the tools and resolution powers set out in this Act.

(15) (Renumbered from Paragraph 13, SG No. 12/2021, effective 12.02.2021) The resolution plans shall contain the information referred to in Appendix No. 2, expressed, as far as appropriate and possible, through quantitative indicators.

(16) (Renumbered from Paragraph 14, SG No. 12/2021, effective 12.02.2021) The information referred to in Appendix No. 2, item 1 shall be provided to the institution concerned.

(17) (Renumbered from Paragraph 15, SG No. 12/2021, effective 12.02.2021) The relevant resolution authority may require from institutions and companies under Article 1(1), items 3 - 5 detailed documentation on the financial contracts to which they are a party, and shall set a deadline for the provision of such information.

Consultation in case of a significant branch

Article 15. When the BNB, the Commission respectively, is a resolution authority and a supervisory authority in respect of a significant branch of an institution that is not a part of a group, the BNB, the Commission respectively, shall participate in a consultation at the initiative of the resolution authority on the resolution of the institution that is licensed in another Member State, before the preparation of the relevant resolution plan.

Information for the purposes of the resolution plans and cooperation among institutions

Article 16. (1) For the preparation of the plan under Article 14 the relevant resolution authority may require from institutions:

1. cooperation in the process of drawing up the resolution plans;

2. the information referred to in Appendix No. 3, as well as other information needed for the purposes of preparation and implementation of resolution plans.

(2) Where the information under paragraph 1, item 2 is available at the Banking Supervision Department of the BNB, the Investment Activity Supervision Department of the Commission respectively, it shall be provided to the unit under Article 2(2), under Article 3(2) respectively.

(3) (New, SG No. 37/2019, effective 7.05.2019) Subject to compliance with the provisions of Article 116 the resolution authority under Article 2, paragraph 1 shall send to the SBA all the necessary information received with compliance with Paragraph (1) in compliance with the resolution plan under Article 14.

Preparation of group resolution plans

Article 17. (1) The Bulgarian National Bank, the Commission respectively, shall adopt a plan for the resolution of the group, when the EU parent undertaking is an institution or an entity under Article 1(1), item 4 or 5.

(2) (Amended, SG No. 37/2019, effective 7.05.2019) The group resolution plan shall be prepared by the relevant resolution authority under paragraph 1, jointly with the resolution authorities of the subsidiaries and after consultation with the resolution authorities of significant branches, insofar as is relevant to the significant branch.

(3) (Repealed, SG No. 12/2021, effective 12.02.2021).

(4) (Amended, SG No. 12/2021, effective 12.02.2021) The group resolution plan shall contain measures that are to be taken for the resolution of:

1. the EU parent undertaking;

2. the subsidiaries that are part of the group and which are established in the European Union;

3. the companies under Article 1(1), items 4 and 5;

4. the subsidiaries that are part of the group and which are established in third countries.

(5) (New, SG No. 12/2021, effective 12.02.2021) In compliance with the measures under paragraph 4 the group resolution plan shall define the resolution entities and the resolution groups.

(6) (Renumbered from Paragraph 5, SG No. 12/2021, effective 12.02.2021) The group resolution plan shall be drawn up on the basis of information submitted pursuant to Article 16.

(7) (Renumbered from Paragraph 6, SG No. 12/2021, effective 12.02.2021) The group resolution plan shall contain detailed information on:

1. (amended, SG No. 12/2021, effective 12.02.2021) resolution actions to be taken in respect of the resolution entities under the scenarios set out in Article 14(5), as well as the implications of these actions on the other companies under Article 1(1), items 3 – 5 of the group, the parent company and the subsidiary institutions;

2. (new, SG No. 12/2021, effective 12.02.2021) resolution actions to be taken in respect of the resolution entities of each resolution group, where the group consists of more than one resolution group, as well as the implications of these actions on the other companies of the same resolution group and on the other resolution groups;

3. (renumbered from item 2, amended, SG No. 12/2021, effective 12.02.2021) analysis of the question whether resolution tools and resolution powers may be applied and exercised in a coordinated manner in respect of the resolution entities established in the European Union, including the measures to facilitate the acquisition by a third person of the group as a whole of individual economic activities, of activities which are carried out by several entities of the group, or of some group entities, or of resolution groups, and potential barriers to the coordinated resolution shall be identified;

4. (renumbered from item 3, SG No. 12/2021, effective 12.02.2021) appropriate measures for cooperation and coordination with the relevant authorities in third countries, where the group includes entities established in third countries, specifying the consequences of the resolution within the European Union;

5. (renumbered from item 4, SG No. 12/2021, effective 12.02.2021) the measures required to facilitate the resolution of the group, when the conditions for resolution are met, including the legal and economic separation of certain functions or business activities;

6. (renumbered from Item 5, amended, SG No. 12/2021, effective 12.02.2021) other actions to be taken by the relevant resolution authorities in respect of the entities in each resolution group;

7. (renumbered from item 6, SG No. 12/2021, effective 12.02.2021) analysis of the possibilities for funding the group resolution actions, and in cases of use of funding arrangements, the principles of sharing the responsibility for the funding between the sources of financing of individual Member States shall be expressly indicated.

(8) (Renumbered from Paragraph 7, amended, SG No. 12/2021, effective 12.02.2021) The principles referred to in paragraph 7, item 7 shall be determined on the basis of equitable and balanced criteria and shall be in accordance with Article 143(3) and with the potential impact on the financial stability of the Member States concerned.

(9) (Renumbered from Paragraph 8, SG No. 12/2021, effective 12.02.2021) The group resolution plan may not include any of the means referred to in Article 14(6) and (7).

(10) (Renumbered from Paragraph 9, SG No. 12/2021, effective 12.02.2021) The group resolution plan shall contain detailed up-to-date assessment of the resolvability in accordance with Article 27.

(11) (Renumbered from Paragraph 10, SG No. 12/2021, effective 12.02.2021) The group resolution plan shall not have a disproportionate impact on any Member State.

Procedure for preparation of group resolution plans

Article 18. (1) The EU parent undertaking shall submit to the BNB, the Commission respectively, in its capacity as resolution authority at group level, the information under Article 16(1), item 2.

(2) The information referred to in paragraph 1 shall cover the activities of the EU parent company and, where necessary, the activities of each entity of the group.

(3) Subject to the requirements of Article 116, the relevant resolution authority under paragraph 1 shall send the information received in accordance with this Article to:

1. the European Banking Authority;

2. the resolution authorities of the subsidiaries;

3. the resolution authorities of the countries in whose jurisdiction the significant branches are located, insofar as is relevant to the significant branch;

4. the resolution authorities of the Member States in which the companies under Article 1(1), items 3 - 5 are established;

5. the competent authorities of the entities and of the significant branches of the group.

(4) The resolution authority under paragraph 1 shall send to EBA all the necessary information that is relevant to the role of EBA in connection with the group resolution plans. In case of information relating to subsidiaries in third countries, the resolution authority under paragraph 1 may provide the information to the EBA only with the consent of the supervisory authority or the resolution authority of the subsidiary of the third country concerned.

(5) The information to be sent to the authorities referred to in paragraph 3, items 2 - 5 shall include at least the information that applies to the relevant subsidiary or to a significant branch.

Procedure for adoption of group-level resolution plans where the BNB, the Commission respectively, is the group-level resolution authority

Article 19. (1) (Amended, SG No. 37/2019, effective 7.05.2019) The Bulgarian National

Bank, the Commission respectively, in its capacity as group-level resolution authority, together with the resolution authorities under Article 18, paragraph 3, items 2 – 4 in the resolution colleges, and after consultation with the relevant competent authorities, including with the competent authorities of the Member States in which significant branches are located, shall prepare and update group resolution plans.

(2) In the preparation and maintenance of the group resolution plans the resolution authority under paragraph 1 may, at its discretion and subject to the confidentiality requirements laid down in Article 133, include in the process the resolution authorities of a third country, in whose jurisdiction the group has established subsidiaries, financial holding companies or significant branches.

(3) The resolution authority at group level under paragraph 1 shall review and update the group resolution plans at least once a year or after any significant change in the legal form, the management structure, the organisational structure, the business or the financial position of the institution, including any individual entity of the group, which could have significant effects on the efficiency of the plan or which may require its review.

(4) The group resolution plan shall be adopted in the form of a joint decision of the group resolution authority under paragraph 1 and the resolution authorities of the subsidiaries.

(5) (New, SG No. 12/2021, effective 12.02.2021) Where the group consists of more than one resolution group, planning of the resolution actions under Article 17(7), item 2 shall be included in the joint decision under paragraph 4.

(6) (Renumbered from Paragraph 5, SG No. 12/2021, effective 12.02.2021) The joint decision referred to in paragraph 4 shall be taken within four months of the date on which the group resolution authority under paragraph 1 has submitted the information under Article 18(3).

(7) (Renumbered from Paragraph 6, SG No. 12/2021, effective 12.02.2021, amended, SG No. 63/2025) The group resolution authority under paragraph 1 may request from EBA in accordance with Article 31(2)(c) of Regulation (EU) No. 1093/2010 to assist it in reaching a joint decision under paragraph 4.

Actions to reach a joint decision and for coordination of decisions

Article 20. (1) (Amended, SG No. 12/2021, effective 12.02.2021) Where no joint decision is reached by the resolution authorities under Article 19(4) within the time limit under Article 19(6), the group resolution authority under Article 19(1) shall take an individual decision on the group resolution plan. The decision shall be duly motivated and shall take into account the opinions and objections of the other resolution authorities.

(2) The group resolution authority under Article 19(1) shall forward the decision under paragraph 1 to the parent undertaking.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) If within the timeframe under Article 19(6) any of the resolution authorities referred to in Article 18(3), items 2 – 4 has referred a matter to the EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010, the group resolution authority under Article 19(1) shall postpone decision-making and shall await the decision that EBA may take in accordance with Article 19, paragraph 3 of the said Regulation. In this case the group-level resolution authority shall take a decision in accordance with the decision of the EBA. In the event that the EBA does not take a decision within one month, the decision of the group-level resolution authority shall apply.

(4) (Amended, SG No. 12/2021, effective 12.02.2021) In the absence of a joint decision within the timeframe under Article 19 (6), every resolution authority of a subsidiary which disagrees with the group resolution plan shall take its own decision and, where appropriate, shall designate the resolution entity and shall prepare and maintain a resolution plan for the resolution

of the resolution group comprised of the entities within the scope of its competence. Until expiry of the timeframe under Article 19(6), the group-level resolution authority under Article 19(1) may refer a matter relating to the individual plans to the EBA in accordance with Article 19(3) of Regulation (EU) No. 1093/2010.

(5) (New, SG No. 12/2021, effective 12.02.2021) Any individual decision referred to in paragraph 4 shall be reasoned, shall include the reasons for the disagreement with the suggested group resolution plan and shall take into account the views and objections of the other resolution authorities and of the competent authorities. Any resolution authority shall communicate its decision to the other members of the resolution college.

(6) (Renumbered from Paragraph 5, SG No. 12/2021, effective 12.02.2021) The group resolution authority under Article 19(1) may reach a joint decision with those resolution authorities that have not objected to the group resolution plan, which covers the group entities, within their relevant competence.

(7) (Renumbered from Paragraph 6, amended, SG No. 12/2021, effective 12.02.2021) The joint decisions under paragraph 6 and under Article 19(4) and the individual decision under paragraph 1 shall be final.

(8) (Renumbered from Paragraph 7, SG No. 12/2021, effective 12.02.2021) The procedure under paragraphs 1 and 4 shall not apply where a resolution authority has expressed disagreement on the basis of the fiscal responsibility of its Member State.

(9) (Renumbered from Paragraph 8, amended, SG No. 12/2021, effective 12.02.2021) Where in the process of preparing joint decisions a resolution authority determines in accordance with paragraph 8 that the matter on which there are objections affects the fiscal responsibilities of its Member State, the group resolution authority under Article 19(1) shall begin revaluation of the group resolution plan, including the minimum requirement for own funds and eligible liabilities under Article 69.

Procedure for preparation and adoption of group resolution plans where the BNB, the Commission respectively, is a resolution authority of a subsidiary

Article 21. (1) Where it is the resolution authority of a subsidiary of an EU parent undertaking, the BNB, the Commission respectively, shall participate in the procedures for the adoption of group resolution plans and shall enjoy the rights and shall perform the obligations referred to in Articles 18 - 20, applicable to a resolution authority of a subsidiary.

(2) The group-level resolution authority under paragraph 1 shall review the group resolution plan and may propose to the group-level resolution authority to update it in case of a significant change in the legal form, the management structure, the organisational structure, the business or the financial position of the group, including the institution under paragraph 1, which could have significant effects on the efficiency of the plan or may require its review.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) In the absence of a joint decision of the resolution authorities within the timeframe under Article 19(6), the BNB or the Commission respectively shall take its own decision in respect of the institution under paragraph 1 and, where appropriate, shall designate the resolution entity and shall prepare and maintain a resolution plan for the resolution of the resolution group composed of the entities within the scope of its competence. The individual decision shall be reasoned, shall include the reasons for the disagreement with the suggested group resolution plan and shall take into account the views and objections of the other resolution authorities and of the competent authorities. The resolution authority shall communicate its decision to the other members of the resolution college.

(4) (Amended, SG No. 12/2021, effective 12.02.2021) If until expiry of the timeframe under Article 19(6) any of the resolution authorities under Article 18(3), items 2 – 5 refers the

issue to the EBA, the terms and procedure of Article 20(4) shall apply.

(5) Where in the process of preparing joint decisions the resolution authority under paragraph 1 determines that the issue on which there are objections affects the fiscal responsibilities of the Republic of Bulgaria, it shall request the group-level resolution authority to reassess the group resolution plan, including the minimum requirement for own funds and eligible liabilities.

Preparation and maintenance of resolution plans where the BNB, the Commission respectively, is a resolution authority of a significant branch

Article 22. (1) The Bulgarian National Bank, the Commission respectively, in its capacity as the resolution authority of a significant branch, shall participate in the preparation and update of resolution plans of the institution or the group concerned.

(2) In the process under paragraph 1, the BNB, the Commission respectively, shall also give an opinion in its capacity as competent authority within the meaning of the Credit Institutions Act, the Markets in Financial Instruments Act respectively.

Review of the resolution plan by the BNB, the Commission respectively, as the competent authority of a group entity

Article 23. The Bulgarian National Bank, the Commission respectively, in the exercise of its supervisory functions with respect to a group entity, shall participate in a consultation, initiated by the group-level resolution authority, in connection with the preparation and periodic review of the group resolution plan.

Transmission to the competent authorities of resolution plans

Article 24. The Bulgarian National Bank, the Commission respectively, in its capacity as a group-level resolution authority, shall transmit the resolution plans, as well as the changes made therein to the relevant competent authorities.

Section III
Application of simplified requirements

Decision on the application of simplified requirements in the preparation of recovery and resolution plans

Article 25. (1) The Bulgarian National Bank, the Commission respectively, may take a decision on the application of simplified requirements for an institution in the preparation of recovery plans, resolution plans respectively, taking into account:

1. (amended, SG No. 15/2018, effective 16.02.2018) the impact that the institution's failure may have due to the nature of its business, shareholder structure, legal form, risk profile, size and legal status, its interconnection with other institutions or with the financial system as a whole, the scope and complexity of its activities, the performance of investment services or activities in accordance with Article 6 of the Markets in Financial Instruments Act;

2. the likelihood of significant adverse effects on financial markets, other institutions, financing conditions or the economy as a whole in the insolvency proceedings of the institution.

(2) The decision under paragraph 1 shall determine:

1. the content and level of detail of the recovery and resolution plans;

2. the time limits for the preparation of recovery and resolution plans as well as for their update, which may be longer than those provided for under this Act;

3. the content and level of detail of the information required from the institution;

4. the extent of the depth of the assessment of the resolvability.

(3) The Bulgarian National Bank, the Commission respectively, may revoke at any time the application of simplified requirements for an institution in the preparation of recovery and resolution plans.

(4) The decision referred to in paragraph 1 shall not affect the powers of the BNB and the Commission to take measures to prevent or manage crises.

(5) The Bulgarian National Bank, the Commission respectively, shall inform the EBA of the manner of application of paragraph 1.

(6) The Bulgarian National Bank, the Commission respectively, may not decide to apply simplified requirements for an institution whose total value of the assets exceeds BGN 3 billion or the ratio of its total assets to the gross domestic product of the Republic of Bulgaria exceeds 4 per cent.

Chapter Three
RESOLVABILITY
(Title amended, SG No. 12/2021, effective 12.02.2021)

Assessment of the resolvability of an institution which is not a part of a group

Article 26. (1) The resolution authority under Article 2, Article 3 respectively, shall assess the resolvability of an institution that is not a part of a group, to be resolved, without using any of the following means:

1. (amended, SG No. 37/2019, effective from the first 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) an extraordinary public financial support, save as where it is in the form of funds from the SRF, BRF or IFRF;

2. emergency liquidity assistance from a central bank;

3. central bank liquidity assistance, which is made available under non-standard collateralisation, tenor and interest rate.

(2) The resolution authority shall make assessment under paragraph 1 after consultation with the resolution authorities of the Member States in whose jurisdiction significant branches are located, insofar as is relevant to that branch.

(3) (Amended, SG No. 37/2019, effective from the first 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) An institution shall be deemed to be resolvable if it is feasible and credible for the resolution authority to either liquidate it under normal insolvency proceedings or to resolve it by applying the different resolution tools and powers to the institution while avoiding to the maximum extent possible any significant adverse effect on the financial system, including in circumstances of broader financial instability or system-wide events, of the Republic of Bulgaria, in other Member Sates and in the European Union as a whole, with a view to ensuring the continuity of critical functions carried out by the institution.

(4) The resolution authority shall promptly inform the EBA if it considers that an institution cannot be resolved under the terms of paragraphs 1 and 3.

(5) For the purposes of assessing the resolvability of an institution the resolution authority

shall take into account at least the circumstances referred to in Appendix No. 4, as well as other circumstances, at its own discretion.

(6) The resolution authority shall assess the resolvability simultaneously with the preparation and updating of the resolution plan in accordance with Article 14.

Assessment of group resolvability

Article 27. (1) The Bulgarian National Bank, the Commission respectively, in its capacity as a group-level resolution authority, shall assess the resolvability of a group, without using:

1. (amended, SG No. 37/2019, effective from the first 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) an extraordinary public financial support, save as where it is in the form of funds from the SRF, BRF or IFRF, or from a resolution financing arrangement of another Member State;

2. emergency liquidity assistance from a central bank;

3. central bank liquidity assistance, which is made available under non-standard collateralisation, tenor and interest rate.

(2) The assessment under paragraph 1 shall be accepted in conjunction with the resolution authorities of the subsidiaries after consultation with the relevant competent authorities and the resolution authorities of the Member States in which significant branches are located, insofar as is relevant to any of them.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) A group may be resolved if the resolution authority under paragraph 1 and the other resolution authorities deem it is feasible and appropriate, without significant adverse effects for the financial systems, including in case of a wider financial instability or systemically important events in the Republic of Bulgaria, in the Member States where group entities or branches are established, in other Member States or in the European Union as a whole:

1. to request the opening of insolvency proceedings for entities of the group, or

2. (amended and supplemented, SG No. 12/2021, effective 12.02.2021) to restructure the group using the resolution tools and powers in respect of the resolution entities within the group in such a way as to ensure the continuity of the critical functions carried out by the group entities through their timely separation or by other means.

(4) The resolution authority under paragraph 1 shall promptly notify the EBA if it considers that a group cannot be resolved under the conditions of paragraphs 1 and 3.

(5) The assessment of group resolvability under the conditions of paragraphs 1 and 3 shall be taken into account by the resolution colleges.

(6) For the purposes of assessing the resolvability of a group the resolution authority under paragraph 1 and the other resolution authorities shall take into account the circumstances referred to in Appendix No. 4, as well as other circumstances, at their own discretion.

(7) (New, SG No. 12/2021, effective 12.02.2021) Where the group consists of more than one resolution group, in addition to the assessment under paragraph 1 the resolution authority shall assess the resolvability of each resolution group.

(8) (Renumbered from Paragraph 7, supplemented, SG No. 12/2021, effective 12.02.2021) The assessment of the resolvability of the whole group and, where applicable, of the resolution groups shall be carried out simultaneously with the preparation and updating of the group resolution plan in accordance with Article 17 and in compliance with the decision-making procedure under Articles 18 – 20.

Participation in the assessment of the resolvability of a group in case of a subsidiary or a

significant branch in the Republic of Bulgaria

Article 28. (1) The Bulgarian National Bank, the Commission respectively, in its capacity as the resolution authority of an institution authorised in the Republic of Bulgaria, which has a subsidiary in a group established in another Member State or in the European Union, shall assess, in conjunction with the group-level resolution authority the extent to which the group can be resolved, subject to compliance with the requirements under Article 27.

(2) (New, SG No. 12/2021, effective 12.02.2021) Where the group consists of more than one resolution group, the BNB, the Commission respectively, in its capacity as the resolution authority of an institution authorised in the Republic of Bulgaria, which is a subsidiary in a group established in another Member State or in the European Union, shall also assess, in conjunction with the group-level resolution authority, the resolvability of each resolution group subject to compliance with the requirements under Article 27.

(3) (Renumbered from Paragraph 2, supplemented, SG No. 12/2021, effective 12.02.2021) The Bulgarian National Bank, the Commission respectively, in its capacity as the competent authority of an institution authorised in the Republic of Bulgaria, which is a subsidiary in a group established in another Member State or in the European Union, shall participate in a consultation initiated by the group-level resolution authority to assess the extent to which the group can be resolved. Where the group consists of more than one resolution group, the consultations shall also include the resolvability of each resolution group.

Power to prohibit certain distributions

Article 28a. (New, SG No. 12/2021, effective 12.02.2021) The resolution authority under Article 2 or Article 3, as the case may be, may take a decision to impose a prohibition on an institution or company under Article 1(1), items 4 and 5 to make distributions above the maximum distribution amount in regard to the minimum requirement for own funds and eligible liabilities (MREL) calculated in accordance with Appendix No. 5 by any of the following:

1. making distributions in relation to the Common Equity Tier 1 capital;

2. creating an obligation to pay variable remuneration or discretionary pension benefits or pay variable remuneration if the obligation to pay was created at a time when the institution or the company under Article 1(1), items 4 and 5 failed to meet the combined buffer requirements;

3. making payments on additional Tier 1 capital instruments.

Conditions for imposing a prohibition of certain distributions

Article 28b. (New, SG No. 12/2021, effective 12.02.2021) (1) (Supplemented, SG No. 25/2022, effective 29.03.2022) The resolution authority under Article 2, Article 3, respectively, may use the power under Article 28a, where the institution or the entity under Article 1, paragraph 1, items 4 and 5 meets at the same time the combined buffer requirement, the requirements under Article 92, paragraph 1, points (a), (b) and (c) of Regulation (EU) No. 575/2013, under Article 11(1) of 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, 5.12.2019, p.1), hereinafter referred to as "Regulation (EU) 2019/2033", respectively, for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, and the additional own funds requirement under Article 103, paragraph 2, item 5 of the Credit Institutions Act, under Article 276, paragraph 1, item 11 of the Markets in Financial Instruments Act, respectively, imposed for risks other than the risk of excessive leverage, but does not meet at the same time the combined buffer requirement and the requirements under Articles 69b - 69f, calculated in accordance with Article 69, paragraph 2, item 1.

(2) The institution or the company under Article 1(1), items 4 and 5, as the case may be, shall notify immediately the resolution authority of the occurrence of the circumstances under paragraph 1.

(3) After consulting the competent authority, the resolution authority shall assess the need to exercise the power under Article 28a, taking into account the following:

1. the reason, duration and severity of the non-compliance and its impact on resolvability;

2. the changes in the financial standing of the institution or company under Article 1(1), items 4 and 5 and the likelihood of the presence of the condition under Article 51(1), item 1;

3. the probability that the institution, respectively the company referred to in Article 1(1), items 4 and 5, is able to ensure compliance with the requirements under paragraph 1 within a reasonable time;

4. (amended, SG No. 63/2025) where the institution or the company under Article 1(1) items 4 and 5 fails to replace the obligations that no longer meet the criteria for eligibility or time to maturity under Articles 72b and 72c of Regulation (EU) No. 575/2013 or under Article 69a or Article 70a(6), whether such failure is of an individual nature or is due to setbacks in the entire market;

5. whether the imposition of the prohibition of certain distributions is the most appropriate and proportionate way of addressing the situation of the institution or the company under items 4 and 5 of Article 1(1), taking into account the potential impact of the imposition of the prohibition on the financing conditions and on the resolvability of the respective institution or company under items 4 and 5 of Article 1(1);

(4) Should after expiry of 9 months from the date of receipt of the notification under paragraph 2 be established that in respect of the institution or company under Article 1(1), items 4 and 5 the circumstances under paragraph 1 still exist and no grounds exist for the application of the exception under paragraph 5, the resolution authority, after consulting the competent authority, shall decide on the imposition of the prohibition under Article 28a.

(5) In the cases of paragraph 4 the prohibition to carry out certain distributions shall not be imposed where the resolution authority, after making an assessment, establishes that at least two of the following circumstances are present:

1. the failure is due to a serious disturbance to the functioning of financial markets which leads to broad-based financial market stress across several segments of financial markets;

2. the disturbance under item 1 leads not only to higher price volatility of the own funds instruments and the eligible liabilities instruments of the institution or the company under Article 1(1), items 4 and 5 or to higher costs for them, but also to full or partial market closure which prevents the institution or the company under Article 1(1), items 4 and 5 from issuing own funds instruments and eligible liabilities instruments;

3. the market closure under item 2 shall be monitored not only in respect of the institution or the company under Article 1(1), items 4 and 5, but also in respect of other market players;

4. the disturbance under item 1 prevents the institution or the company under Article 1(1), items 4 and 5 from issuing own funds instruments and eligible liabilities instruments sufficient to remedy the failure;

5. an exercise of the power referred to Article 28a leads to negative spill-over effects for part of the banking sector, thereby potentially undermining financial stability.

(6) Upon application of the exception under paragraph 5 the resolution authority shall notify in writing the competent authority of the decision and shall give explanations on the assessment.

(7) The resolution authority shall assess the conditions for the exercise of its power under

Article 28a or for the application of the exception under paragraph 5 at least once monthly while the circumstances under paragraph 1 are present in relation to the institution or the company under Article 1(1), items 4 and 5.

Powers to address and remove impediments to resolvability

Article 29. (1) (Amended, SG No. 12/2021, effective 12.02.2021) If as a result of the assessment made in accordance with Articles 26 – 28 of the resolvability of an institution, a group or a resolution group the resolution authority under Article 2, Article 3, as applicable, determines that substantial impediments to the resolvability of the institution, group or resolution group, as the case may be, exist, it shall notify in writing the affected entity of its determination, as well as the resolution authorities of the Member States in whose jurisdiction significant branches are located.

(2) (Amended and supplemented, SG No. 12/2021, effective 12.02.2021) In the cases referred to in paragraph 1 the preparation of a resolution plan in accordance with Article 14(1), as well as reaching a joint decision on the group resolution plans in accordance with Article 19(4) shall be carried out after the resolution authority approves the measures for the removal of the material impediments to the resolvability in accordance with paragraphs 3 and 4 or takes a decision on them in accordance with paragraph 6.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) Within 4 months from the date of receipt of the notification under paragraph 1 the affected entity shall submit to the resolution authority proposals on possible measures to address or remove the impediments referred to in the notification.

(4) (New, SG No. 12/2021, effective 12.02.2021) Within two weeks from the date of receipt of the notification under paragraph 1 the affected entity shall submit to the resolution authority a proposal on possible measures and a schedule for their implementation in order to comply with the requirements under Article 70 or Article 70a and the combined buffer requirement where the significant impediment to the resolvability is due to any of the following circumstances:

1. (supplemented, SG No. 25/2022, effective 29.03.2022) the entity concerned meets at the same time the combined buffer requirement, the requirements under Article 92, paragraph 1, points (a), (b) and (c) of Regulation (EU) No. 575/2013, under Article 11(1) of Regulation (EU) 2019/2033, respectively, for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, and the additional own funds requirement under Article 103, paragraph 2, item 5 of the Credit Institutions Act, Article 276, paragraph 1, item 11 of the Markets in Financial Instruments Act, respectively, imposed for risks other than the risk of excessive leverage, but does not meet at the same time the combined buffer requirement and the requirements under Articles 69b - 69f, calculated in accordance with Article 69, paragraph 2, item 1;

2. the affected entity fails to meet the requirements under Articles 92a and 494 of Regulation (EU) No. 575/2013 or the requirements under Articles 69b and 69f.

(5) (New, SG No. 12/2021, effective 12.02.2021) The schedule of implementation of the measures under paragraph 4 shall take into account the circumstances that have led to the occurrence of the substantive impediments to the resolvability of the affected entity.

(6) (Renumbered from Paragraph 4, amended and supplemented, SG No. 12/2021, effective 12.02.2021) When it considers that the proposed measures under paragraphs 3 and 4 do not reduce or not effectively remove the material impediments under paragraph 1, the resolution authority shall take a reasoned decision which defines and requires from the affected entity to take one or more of the following measures:

1. to revise any intra-group financing agreements or assess the need of entering into such agreements, or draw up service agreements, whether intra-group or with third parties, to cover the provision of critical functions;

2. to limit its maximum individual or aggregate exposures;

3. to provide additional information with specific content and periodicity for resolution purposes;

4. to divest specific assets;

5. to limit or cease specific existing or proposed activities;

6. to restrict or prevent the development of new or existing business lines or sale of new or existing products;

7. (amended and supplemented, SG No. 12/2021, effective 12.02.2021) to make changes to its legal or operational structure or to the structure of an entity within the group over which it exercises direct or indirect control in order to reduce the complexity, so as to provide an opportunity for legal and operational separation of the critical functions from the other functions by applying resolution instruments;

8. (amended, SG No. 12/2021, effective 12.02.2021) the affected entity or the parent company to set up an EU financial parent holding company;

9. (amended, SG No. 12/2021, effective 12.02.2021, SG No. 85/2023, effective 10.10.2023) the institution or the company under Article 1(1) items 3 – 5 to issue eligible liabilities to meet the requirements set out in Article 70 or Article 70a;

10. (amended, SG No. 12/2021, effective 12.02.2021, SG No. 85/2023, effective 10.10.2023) the institution or the company under Article 1(1) items 3 – 5 to take other steps to meet the minimum requirements for own funds and eligible liabilities under Article 70 or Article 70a, including in particular through renegotiation of any eligible liabilities, additional Tier 1 instruments or Tier 2 instruments it has issued, with a view to ensuring that any decision of the resolution authority to write down or convert such liabilities or instruments would be effected under the law of the jurisdiction governing those liabilities or instruments;

11. (amended, SG No. 12/2021, effective 12.02.2021) where the affected entity is a subsidiary of a mixed-activity holding company, the mixed-activity holding company shall set up a separate financial holding company to control the entity, in order to facilitate the resolution and to avoid the application of the resolution tools and powers that might have an adverse effect on the non-financial part of the group;

12. (new, SG No. 12/2021, effective 12.02.2021, supplemented, SG No. 25/2022, effective 29.03.2022) for an institution or an entity referred to in Article 1, paragraph 1, items 3 – 5, to submit a plan to restore compliance with the requirements of Articles 70 or 70a, expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No. 575/2013, for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, respectively, expressed as a percentage of the applicable requirement laid down in Article 11(1) of Regulation (EU) 2019/2033, multiplied by 12.5, and, where applicable, with the combined buffer requirement and with the requirements referred to in Article 70 or 70a, expressed as a percentage of the total exposure measure referred to in Articles 429 and 429a of Regulation (EU) No. 575/2013, for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, respectively, expressed as a percentage of the applicable requirement laid down in Article 11(1) of Regulation (EU) 2019/2033, multiplied by 12.5;

13. (new, SG No. 12/2021, effective 12.02.2021) with a view to ensuring compliance with the requirements under Article 70 or Article 70a, the institution or the company under Article

1(1), items 3 – 5 to change the maturity profile of:

a) the own funds instruments after having received written consent from the competent authority, and

b) (amended, SG No. 63/2025) the eligible liabilities under Article 69a and Article 70a(6) item 1.

(7) (Amended, SG No. 12/2021, effective 12.02.2021) In its decision under paragraph 6 the resolution authority shall justify its assessment that the measures proposed by the affected entity cannot result in the removal of the impediments to the resolvability and that the measures determined by the authority are proportionate to their removal. The resolution authority shall take into account the threat to financial stability of those impediments to resolvability and the effects of the measures on the business of the affected entity, its stability and its ability to contribute to the economy.

(8) (Renumbered from Paragraph 5, amended, SG No. 12/2021, effective 12.02.2021) The resolution authority shall notify the affected entity in writing of its decision under paragraph 6.

(9) (Renumbered from Paragraph 6, amended, SG No. 12/2021, effective 12.02.2021) Within one month of notification, the affected entity shall provide a plan for the implementation of the measures laid down in the decision referred to in paragraph 6.

(10) (Renumbered from Paragraph 8, amended, SG No. 12/2021, effective 12.02.2021) The decisions referred to in paragraphs 1 and 6 of the resolution authority shall be reasoned, including on the implementation of the requirements under paragraph 7.

(11) (Renumbered from Paragraph 9, amended and supplemented, SG No. 12/2021, effective 12.02.2021) Before determining the measure under paragraph 6, the resolution authority shall take into account the potential effects of the measure on affected entity, on the internal financial services market and on the financial stability in other Member States and in the European Union as a whole.

Powers to address and remove impediments to group resolvability where the BNB, the Commission respectively, is the group-level resolution authority

Article 30. (1) (Amended, SG No. 12/2021, effective 12.02.2021) The Bulgarian National Bank, the Commission respectively, in its capacity as a group-level resolution authority together with the resolution authorities of the subsidiaries, after consulting with the supervisory college and the resolution authorities of the Member States in which significant branches are established, insofar as is relevant to them, shall consider the assessment of the resolvability required under Article 27 within the resolution college in order to reach a joint decision on the application of the measures laid down under Article 29 in relation to all resolution entities and their subsidiaries which are entities under Article 1(1) and which are part of the group.

(2) (Amended, SG No. 12/2021, effective 12.02.2021) The relevant group-level resolution authority under paragraph 1, taking account of its consolidating supervisor functions and in cooperation with the EBA, in accordance with Article 25(1) of Regulation (EU) No. 1093/2010, shall prepare a report and shall send it to the EU parent undertaking, to the resolution authorities of the subsidiaries, which shall forward it to the relevant subsidiaries, and to the resolution authorities of the Member States in which significant branches are located.

(3) (Amended and supplemented, SG No. 12/2021, effective 12.02.2021) The report under paragraph 2 shall be drawn up after a consultation with the competent authorities of the Member States in which the subsidiaries are established. The report shall analyse the substantive impediments to the effective application of the resolution tools and the exercising of the resolution powers in relation to the group and to the resolution groups, where the group consists of more than one resolution group, taking into consideration the impact on the group’s business

model and recommending any proportionate and targeted measures that the group-level resolution authority deems necessary or appropriate to remove those impediments.

(4) (New, SG No. 12/2021, effective 12.02.2021) When there is a material impediment to the resolvability of the group arising from the existence of the circumstances under Article 29(4) in relation to an entity within the group, the group-level resolution authority, after consulting with the resolution authority of the relevant entity and with the resolution authorities of its subsidiaries, shall notify the EU parent undertaking of the assessment of such impediment.

(5) (Renumbered from Paragraph 4, amended, SG No. 12/2021, effective 12.02.2021) Within four months from the date of receipt of the report under paragraph 2 the EU parent undertaking may object stating reasons and propose the group-level resolution authority alternative measures to those recommended in the report under paragraph 2 to remedy the substantive impediments identified.

(6) (New, SG No. 12/2021, effective 12.02.2021, supplemented, SG No. 25/2022, effective 29.03.2022) Where the impediments to resolvability of the group identified in the report under paragraph 2 are due to the circumstances under Article 29, paragraph 4 in respect to a group entity, the EU parent undertaking shall, within two weeks of the date of receipt of a notification under paragraph 4, propose to the group-level resolution authority possible measures and the timeline for their implementation to ensure that the group entity complies with the requirements referred to in Articles 70 or 70a expressed as a percentage of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No. 575/2013, for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, respectively, expressed as a percentage of the applicable requirement laid down in Article 11(1) of Regulation (EU) 2019/2033, multiplied by 12.5, and, where applicable, with the combined buffer requirement, and with the requirements under Article 70 or 70a expressed as a percentage of the total exposure measure referred to in Articles 429 and 429a of Regulation (EU) No. 575/2013, for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, respectively, expressed as a percentage of the applicable requirement laid down in Article 11(1) of Regulation (EU) 2019/2033, multiplied by 12.5.

(7) (New, SG No. 12/2021, effective 12.02.2021) The schedule under paragraph 6 shall take into account the circumstances that have led to the occurrence of the substantive impediments to the resolvability of the group. The group-level resolution authority shall assess whether the measures proposed by the EU parent undertaking are appropriate to efficiently address or remove the material impediment;

(8) (Renumbered from Paragraph 5, amended, SG No. 12/2021, effective 12.02.2021) The group-level resolution authority shall communicate any measure proposed by the EU parent undertaking to the consolidating supervisor, the EBA, the resolution authorities of the subsidiaries and the resolution authorities of the Member States in which significant branches are located, insofar as is relevant to such branches.

(9) (Renumbered from Paragraph 6, SG No. 12/2021, effective 12.02.2021) The group-level resolution authority and the resolution authorities of the subsidiaries, after consulting the competent authorities and the resolution authorities of the Member States in which significant branches are located, shall do everything within their power to reach a joint decision within the resolution college regarding:

1. the identification of the material impediments;

2. (amended, SG No. 12/2021, effective 12.02.2021) the assessment of the measures proposed by the EU parent undertaking in order to address or remove the impediments;

3. the assessment of the measures required by the resolution authorities in order to address

or remove the impediments.

(10) (Amended, SG No. 37/2019, effective 7.05.2019, renumbered from Paragraph 7, amended, SG No. 12/2021, effective 12.02.2021) In the assessment of the measures referred to in paragraph 9, items 2 and 3, the group-level resolution authority shall take into account the potential impact of the measures in all Member States in which the group operates.

(11) (Renumbered from Paragraph 8, amended, SG No. 12/2021, effective 12.02.2021) The joint decision referred to in paragraph 9 shall be taken within 4 months of the submission of the objection of the EU parent undertaking by under paragraph 5. Where no objection has been submitted, the joint decision shall be taken within one month of the expiry of the four-month time limit under paragraph 5.

(12) (New, SG No. 12/2021, effective 12.02.2021) The joint decision on the impediments to resolvability, arising from the existence of the circumstances under Article 29(4) in relation to an entity within the group shall be taken within two weeks of submission of the proposal of the EU parent undertaking under paragraph 6.

(13) (Renumbered from Paragraph 9, amended, SG No. 12/2021, effective 12.02.2021) The group-level resolution authority shall submit the reasoned joint decision under paragraph 9 or paragraph 12, as the case may be, to the EU parent undertaking.

(14) (Renumbered from Paragraph 10, amended, SG No. 12/2021, effective 12.02.2021) Until the expiry of the time limit under paragraph 11 or paragraph 12, as the case may be, the group-level resolution authority may request EBA, in accordance with Article 31(2) "c" of Regulation (EU) No. 1093/2010, to assist it in reaching a joint decision under paragraph 9 or paragraph 12, as the case may be.

(15) (Renumbered from Paragraph 11, amended, SG No. 12/2021, effective 12.02.2021) In the absence of a joint decision within the time limit referred to in paragraph 11 or 12, as the case may be, the group-level resolution authority shall take its own decision on the appropriate measures under Article 29(6) to be taken at group level.

(16) (Renumbered from Paragraph 12, amended, SG No. 12/2021, effective 12.02.2021) The decision referred to in paragraph 11 shall be reasoned and shall take into account the views and reservations of the other resolution authorities. The group-level resolution authority shall submit the reasoned decision to the EU parent undertaking.

(17) (Renumbered from Paragraph 13, amended, SG No. 12/2021, effective 12.02.2021) If, at the end of the relevant period referred to in paragraph 11 or paragraph 12, as the case may be, a resolution authority under paragraph 1 has referred a matter mentioned in Article 29(6), items 7, 8 or 11 to EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010, the group-level resolution authority shall defer its decision and await any decision that EBA may take in accordance with Article 19(3) of that Regulation, and shall take its decision in accordance with the decision of EBA. In the event that the EBA does not take a decision within one month, the decision of the group-level resolution authority shall apply.

(18) (Amended, SG No. 37/2019, effective 7.05.2019, renumbered from Paragraph 14, amended, SG No. 12/2021, effective 12.02.2021) Where no joint decision is reached within the time limit referred to in paragraph 11 or paragraph 12, as the case may be, the group-level resolution authority may refer to EBA, in accordance with Article 19 of Regulation (EU) No. 1093/2010, a matter on the taking of measures under the law of a Member State, identical to the measures under Article 29(6), items 7, 8 or 11, when a resolution authority of a subsidiary makes its own decision.

(19) (Renumbered from Paragraph 15, amended, SG No. 12/2021, effective 12.02.2021) The joint decision referred to in paragraph 9, as well as decisions under paragraphs 15 and 17

shall be final.

Powers to address and remove impediments to group resolvability where the BNB, the Commission respectively, is a resolution authority of a subsidiary

Article 31. (1) (Amended, SG No. 12/2021, effective 12.02.2021) The Bulgarian National Bank, the Commission respectively, in its capacity as a resolution authority of an institution authorised in the Republic of Bulgaria that is a subsidiary of an EU parent undertaking shall participate together with the group-level resolution authority and with the resolution authorities of the other subsidiaries of the group in the consideration of the assessment required by Article 27 within the resolution college in order to reach a joint decision on the application of measures identified under Article 29 in relation to all resolution entities and their subsidiaries that are entities under Article 1(1) and that are part of the group.

(2) (Supplemented, SG No. 12/2021, effective 12.02.2021) In the cases referred to in paragraph 1 the BNB, the Commission respectively, shall submit to the group-level resolution authority its views and reservations on the material impediments to the resolvability of the group and the resolution groups, when the group includes more than one resolution group, as well as on the assessment of the measures proposed by the EU parent undertaking, and on the possible measures to address and remove the impediments at group level.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) In the absence of a joint decision within the group resolution college, the BNB, the Commission respectively, may, until the expiry of the time limit under Article 30(11) or (12), as the case may be, refer to the EBA a matter on the application of measures under Article 29(6), items 7, 8 or 11, in accordance with Article 19 of Regulation (EU) No. 1093/2010.

(4) (Amended, SG No. 12/2021, effective 12.02.2021) In the absence of a joint decision within the time limit referred to in Article 30(11) or (12), as the case may be, the BNB, the Commission respectively, as a resolution authority of a subsidiary that is a resolution entity, shall take its own decision on the appropriate measures under Article 29(6) to be taken at the resolution group level.

(5) (Amended, SG No. 12/2021, effective 12.02.2021) The decision referred to in paragraph 4 shall be reasoned and shall take into account the views and reservations of the resolution authorities of the other entities of the same resolution group and of the group-level resolution authority. The decision shall be provided to the resolution entity by the relevant resolution authority.

(6) (Amended, SG No. 12/2021, effective 12.02.2021) If, at the end of the relevant period referred to in Article 30(11) or (12), as the case may be, the resolution authority under paragraph 1 has referred a matter mentioned in Article 29(6), items 7, 8 or 11 to EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010, the BNB, or the Commission respectively, as a resolution authority of a subsidiary that is a resolution entity, shall defer its decision and await any decision that EBA may take in accordance with Article 19(3) of Regulation (EU) No. 1093/2010, and shall take its decision in accordance with the decision of EBA. In the absence of an EBA decision within one month, the decision of the resolution authority of the resolution entity shall apply.

(7) (New, SG No. 12/2021, effective 12.02.2021) In the absence of a joint decision within the time limit referred to in Article 30(11) or (12), as the case may be, the BNB, the Commission respectively, as a resolution authority of a subsidiary that is a resolution entity, shall take its own decision on the appropriate measures under Article 29(6) to be taken by the subsidiary at an individual level.

(8) (New, SG No. 12/2021, effective 12.02.2021) The decision referred to in paragraph 7

shall be reasoned and shall take into account the views and reservations of the group-level resolution authority and of the other resolution authorities. The Bulgarian National Bank, or the Commission respectively, shall submit the decision to the subsidiary, to the resolution entity of the same group, to the resolution authority of that resolution entity and, where different, to the group-level resolution authority.

(9) (New, SG No. 12/2021, effective 12.02.2021) If, at the end of the relevant period referred to in Article 30(11) or (12), as the case may be, the resolution authority under paragraph 29 has referred a matter on the application of measures under Article 29(6), items 7, 8 and 11 to EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010, the BNB, or the Commission respectively, as a resolution authority of a subsidiary that is not a resolution entity, shall defer its decision and await any decision that EBA may take in accordance with Article 19(3) of Regulation (EU) No. 1093/2010, and shall take its decision in accordance with the decision of EBA. If the EBA has not acted within one month in respect of the subsidiary that is not a resolution entity, the decision of the BNB, the Commission respectively, shall apply.

(10) (Renumbered from Paragraph 7, amended, SG No. 12/2021, effective 12.02.2021) The decisions referred to in paragraphs 4, 6 and 7 shall be final.

Powers to address and remove impediments to resolvability where a significant branch is located in the Republic of Bulgaria

Article 32. Where a significant branch of an institution of a group with EU parent undertaking is located in the Republic of Bulgaria, and insofar as is relevant to the branch, the BNB, the Commission respectively, shall participate in a consultation initiated by the group-level resolution authority regarding:

1. (supplemented, SG No. 12/2021, effective 12.02.2021) the reaching of a decision within the resolution college in connection with the identification of the material impediments to the resolvability of the group and all resolution entities and their subsidiaries that are entities under Article 1(1) and that are part of the group;

2. the assessment of the measures proposed by the EU parent undertaking in order to address or remove the impediments;

3. the assessment of the measures required by the resolution authorities in order to address or remove the impediments.

Powers of the competent authority to address and remove impediments to resolvability

Article 33. Where the BNB, the Commission respectively, is a supervisory authority in respect of a subsidiary institution authorised in the Republic of Bulgaria, which is a part of a group with an EU parent undertaking, the BNB, the Commission respectively, shall participate in the consultation initiated by the group-level resolution authority, on reaching a decision within the resolution college regarding:

1. (supplemented, SG No. 12/2021, effective 12.02.2021) the identification of the material impediments to the resolvability of the group and all resolution entities and their subsidiaries that are entities under Article 1(1) and that are part of the group;

2. the assessment of the measures proposed by the EU parent undertaking in order to address or remove the impediments;

3. the assessment of the measures required by the resolution authorities in order to address or remove the impediments.

Chapter Four
GROUP FINANCIAL SUPPORT

Group financial support agreement

Article 34. (1) An institution under Article 1(1), items 1 and 2, where it is a parent undertaking from a Member State, an EU parent undertaking institution or a subsidiary within a group, or the companies under Article 1(1), items 3, 4 and 5 may conclude an agreement with the other entities of the group covered by the consolidated supervision of the parent undertaking and registered in other Member States or in third countries, undertaking to provide financial support of the parent undertaking or a subsidiary, which is eligible for early intervention pursuant to Article 44, subject to the conditions provided for in this Chapter.

(2) This Chapter shall not apply to group financial arrangements including funding arrangements and the operation of centralised funding arrangements provided that none of the parties to such arrangements meets the conditions for early intervention.

(3) A group financial support agreement shall not constitute a prerequisite:

1. to provide group financial support to an entity under Article 1(1), items 1 - 5 to another group entity that experiences financial difficulties if the entity under Article 1(1), items 1 - 5 decides to do so, on a case-by-case basis and according to the group policies if it does not represent a risk for the whole group;

2. to operate in a Member State.

(4) The group financial support agreement may:

1. cover one or more subsidiaries of the group, and may provide for financial support from the parent undertaking to subsidiaries, from subsidiaries to the parent undertaking, between subsidiaries of the group that are party to the agreement, or any combination of those entities;

2. provide for financial support in the form of a loan, the provision of guarantees, the provision of assets for use as collateral, or any combination of those forms of financial support, in one or more transactions, including between the beneficiary of the support and a third party.

(5) Where, in accordance with the terms of the group financial support agreement, a group entity agrees to provide financial support to another group entity, the agreement may include a reciprocal agreement by the group entity receiving the support to provide financial support to the group entity providing the support.

(6) The group financial support agreement shall specify the principles for the calculation of the consideration, for any transaction made under it. Those principles shall include a requirement that the consideration shall be set at the time of the provision of financial support.

(7) The agreement, including the principles for calculation under paragraph 6 and the other terms of the agreement shall comply with the following principles:

1. each party must be acting freely in entering into the agreement;

2. in entering into the agreement and in determining the consideration for the provision of financial support, each party must be acting in its own best interest which may take account of any direct or any indirect benefit that may accrue to a party as a result of provision of the financial support;

3. each party providing financial support must have full disclosure of relevant information from any party receiving financial support prior to determination of the consideration for the provision of financial support and prior to any decision to provide financial support;

4. the consideration for the provision of financial support may take account of information in the possession of the party providing financial support based on it being in the same group as the party receiving financial support and which is not available to the market;

5. the principles for the calculation of the consideration under paragraph 6 for the provision of financial support are not obliged to take account of any anticipated temporary impact on market prices arising from events external to the group.

(8) The group financial support agreement may only be concluded if, at the time the proposed agreement is made, in the opinion of their respective competent authorities, none of the parties meets the conditions for early intervention.

(9) Any right, claim or action arising from the group financial support agreement may be exercised only by the parties to the agreement, with the exclusion of third parties.

Review of proposed agreement by the BNB, the Commission respectively, in its capacity as a consolidating supervisor

Article 35. (1) The EU parent institution, where it is subject to supervision on a consolidated basis in the Republic of Bulgaria, shall submit to the BNB, the Commission respectively, in its capacity as a consolidating supervisor, an application for authorisation of any proposed group financial support agreement proposed pursuant to Article 34. The application shall contain the text of the proposed agreement and shall identify the group entities that propose to be parties thereto.

(2) The consolidating supervisor shall forward without delay the application to the competent authorities of each subsidiary that proposes to be a party to the agreement, with a view to reaching a joint decision within a multilateral procedure.

(3) The consolidating supervisor shall, in accordance with the procedure set out in paragraphs 5 - 7:

1. grant the authorisation if the terms of the proposed agreement are consistent with the conditions set out in Article 38;

2. prohibit the conclusion of the proposed agreement if it is considered to be inconsistent with the conditions set out in Article 38.

(4) The consolidating authority shall do everything within its power to reach with the competent authorities of the respective subsidiaries, within four months of the date of receipt of the application, a joint decision on the issue whether the conditions in the proposed agreement meet the conditions set out in Article 38, taking into account the potential impact, including on the capital market, and the fiscal effects from the implementation of the agreement in the Republic of Bulgaria and in all Member States in which the group operates. The joint decision shall be reasoned and shall be provided by the consolidating supervisor to the applicant.

(5) (Amended, SG No. 63/2025) The consolidating supervisor may request the EBA to assist in the reaching of a joint decision under paragraph 4 in accordance with Article 31(2)(c) of Regulation (EU) No. 1093/2010.

(6) If within the period referred to in paragraph 4 no joint decision is reached, the consolidating supervisor shall make its own decision on the application. The decision shall be reasoned and shall indicate the views and reservations of the other competent authorities. The decision shall be provided by the consolidating supervisor to the applicant and to the other competent authorities.

(7) If within the period under paragraph 4 a competent authority refers the matter for consideration to the EBA, the consolidating supervisor shall defer making a decision and shall await the decision that EBA may take within one month in accordance with Article 19(3) of Regulation (EU) No. 1093/2010. In this case the consolidating supervisor shall take a decision in accordance with the decision of the EBA. If the EBA does not respond within one month of the referral to it, the decision of the consolidating supervisor shall apply.

Participation by the BNB, the Commission respectively, in the review of a proposed agreement in its capacity as a competent authority of a subsidiary

Article 36. (1) The Bulgarian National Bank, the Commission respectively, in its capacity as the competent authority of an institution that is a subsidiary of an EU parent undertaking, shall

participate within its powers, together with the consolidating supervisor and with the other competent authorities, in a joint-decision procedure for the approval of the proposed agreement for group financial support within the period and under the conditions of Article 35(4).

(2) In the event that no joint decision is reached, the competent authority for the supervision of the institution - a subsidiary of an EU parent undertaking, may request the assistance of the EBA within the time limit under Article 35(4).

Approval of proposed agreement by shareholders

Article 37. (1) Any proposed group financial support agreement to which an entity under Article 1(1), items 1 - 5 is a party and in respect of which authorisation of the consolidating supervisor is obtained, shall be subject to approval of the general meeting of shareholders or partners of the respective entity as a condition for taking effect in respect of said entity.

(2) The group financial support agreement shall be valid in respect of a group entity under Article 1(1), items 1 - 5 that is party to the agreement only if the general meeting of its shareholders or partners has authorised its management body to make a decision that the group entity shall provide or receive financial support in accordance with the terms of the agreement and in accordance with the conditions laid down in this Chapter.

(3) The management body of an entity under Article 1(1), items 1 - 5 that is party to the agreement shall report each year to the shareholders on the performance of the agreement, and on the implementation of any decision taken pursuant to the agreement.

(4) The signed group financial support agreements and the changes thereto shall be made available to the BNB, the Commission respectively.

Conditions for group financial support

Article 38. An entity referred to in Article 1(1), items 1 - 5 may provide financial support to another group entity in accordance with Article 34 provided that all of the following conditions are met:

1. there is a reasonable prospect that the support provided significantly redresses the financial difficulties of the group entity receiving the support;

2. the provision of financial support has the objective of preserving or restoring the financial stability of the group as a whole or any of the entities of the group and is in the interests of the group entity providing the support;

3. the financial support is provided on terms, including consideration in accordance with Article 34(6);

4. there is a reasonable prospect, on the basis of the information available to the management body of the group entity providing financial support at the time when the decision to grant financial support is taken, that the consideration for the support will be paid and, if the support is given in the form of a loan, that the loan will be reimbursed, by the group entity receiving the support; if the support is given in the form of a guarantee or any form of security, the same condition shall apply to the liability arising for the recipient if the guarantee or the security is enforced;

5. the provision of the financial support would not jeopardise the liquidity or solvency of the group entity providing the support;

6. the provision of the financial support would not create a threat to the financial stability in the Republic of Bulgaria;

7. the group entity providing the support complies at the time the support is provided with the applicable requirements relating to capital or liquidity and any regulatory requirements imposed by a legal act or by an administrative act of the BNB, the Commission respectively, and the provision of the financial support shall not cause the group entity to infringe those

requirements, unless authorised by the BNB, the Commission respectively;

8. (amended, SG No. 106/2018, SG No. 25/2022, effective 29.03.2022) the group entity providing the support complies, at the time when the support is provided, with the requirements relating to large exposures laid down in Regulation (EU) No. 575/2013 and in the Ordinance under Article 73 (7) of the Credit Institutions Act where the entity is a bank; the provision of the financial support shall not cause the group entity to infringe those requirements, unless authorised by the BNB;

9. the provision of the financial support would not undermine the resolvability of the entity providing the support.

Decision to provide financial support

Article 39. (1) The decision to provide group financial support in accordance with the agreement shall be taken by the management body of the group entity under Article 1(1), items 1, 2, 3, 4 or 5, providing or receiving the financial support, as the case may be.

(2) The decision under paragraph 1 shall be reasoned and shall indicate the objective of the proposed financial support and how the provision of the financial support complies with the conditions laid down in Article 38.

Right of opposition of the BNB, the Commission respectively, in the provision of support by a supervised entity

Article 40. (1) Before providing support in accordance with a group financial support agreement, the management body of a group entity under Article 1(1), items 1 - 5 that intends to provide financial support shall notify:

1. the Bulgarian National Bank, the Commission respectively, in its capacity as the competent authority;

2. the consolidating supervisor, if different from the authorities referred to in items 1 and 3;

3. the competent authority of the group entity which receives financial support, if different from the authorities referred to in items 1 and 2;

4. the European Banking Authority.

(2) The notification under paragraph 1 shall include the reasoned decision in accordance with Article 39 and details of the proposed financial support. The notification shall include a copy of the group financial support agreement.

(3) Within 5 business days from the date of receipt of the notification under paragraph 1 and the attachments under paragraph 2, the BNB, the Commission respectively, may prohibit or restrict the provision of the financial support if it assesses that the conditions for group financial support laid down in Article 38 have not been met.

(4) The decision under paragraph 3 of the BNB, the Commission respectively, shall be notified without delay to:

1. the consolidating supervisor;

2. the competent authority of the group entity receiving support;

3. the European Banking Authority.

(5) If within the period referred to in paragraph 3 the BNB, the Commission respectively, authorises the provision of financial support, as well as if in the same period it does not take a decision to prohibit or restrict the support, such support may be provided under the conditions presented to the competent authority.

(6) The decision of the management body of the institution to provide financial support shall be transmitted to the authorities under paragraph 1.

Obligations for notification when the BNB, the Commission respectively, is the group-level consolidating supervisor

Article 41. (1) When the BNB, the Commission respectively, is the group-level consolidating supervisor and takes a decision under Article 40(3) or is notified of a decision of a competent resolution authority on authorising, prohibiting or restricting the financial support of a group entity, it shall immediately notify the members of the supervisory college and the members of the resolution college of the respective decision.

(2) Where the group-level consolidating supervisor is informed of a decision of the management body of a group entity to provide financial support, it shall immediately inform the other members of the supervisory college and the members of the resolution college of the respective decision.

Right of opposition by the BNB, the Commission respectively, against a decision to prohibit or restrict financial support

Article 42. (1) When the BNB, the Commission respectively, as the competent authority has objections concerning the decision of the competent authority of another Member State to prohibit or restrict the financial support to a company under Article 1(1), items 1 - 5, it may, within two days of receipt of notification of the decision, refer the matter to the EBA and request assistance in accordance with Article 31 of Regulation (EU) No. 1093/2010.

(2) The Bulgarian National Bank, the Commission respectively, may also exercise its right under paragraph 1 when it is a consolidating supervisor regarding decisions to prohibit and restrict financial support to subsidiaries of institutions and companies under Article 1(1), items 4 and 5.

(3) If a competent authority of another Member State supervising a group entity which intends to provide group financial support, restricts or prohibits its provision to a company under Article 1(1), items 1 - 5 and if the recovery plan of the group in accordance with Article 8 has provided for the provision of group financial support, the BNB, the Commission respectively, may carry out or require the carrying out of a reassessment of the recovery plan of the group in accordance with Article 10, or if the recovery plan has been drawn up on an individual basis, to require the institution to submit a revised recovery plan.

Disclosure

Article 43. (1) The entities under Article 1(1), items 1 - 5, forming part of the group, shall make public on their websites whether they have entered into a group financial support agreement pursuant to Article 34 and shall make public a description of the general terms of any such agreement and the names of the group entities that are party to it and shall update that information at least once annually.

(2) In the cases referred to in paragraph 1 Articles 431 - 434 of Regulation (EU) No. 575/2013 shall apply.

(3) (New, SG No. 25/2026) Simultaneously with its disclosure, the information referred to in paragraph 1 shall be submitted to the BNB, or to the Commission, as the case may be, in a data extractable format pursuant to Article 2, point 3 of Regulation (EU) 2023/2859 or, where required by an act of European Union law, in a machine-readable format pursuant to Article 2, point 4 of that Regulation, accompanied by the following metadata:

1. the names of the entities referred to in paragraph 1 to which the information relates;

2. the legal entity identifiers of the entity submitting the information and of the entity to which the information relates;

3. the size of the entities referred to in paragraph 1, according to the category set forth in Article 7(4)(d) of Regulation (EU) 2023/2859;

4. the type of the information, as classified under Article 7 (4) (c) of Regulation (EU) 2023/2859;

5. indication whether the information contains personal data.

Chapter Five
EARLY INTERVENTION

Early intervention measures

Article 44. (1) (Supplemented, SG No. 25/2022, effective 29.03.2022) The relevant competent authority under the Credit Institutions Act or the Markets in Financial Instruments Act may apply the measures referred to in paragraph 3 where, on the basis of assessment it considers that an institution infringes or is likely to infringe in the near future the requirements of Regulation (EU) No. 575/2013, Regulation (EU) No. 2019/2033, the Credit Institutions Act, the Markets in Financial Instruments Act or their implementing acts due to a rapidly deteriorating financial condition, including deteriorating liquidity situation, increasing level of leverage, non-performing loans or concentration of exposures. The assessment shall be based on a set of indicators defined by an ordinance of the competent authority, and may also include an indicator signalling own funds in excess of the minimum requirement to the institution by no less than 1.5 percentage points.

(2) The application of the measures provided for in this Chapter shall not limit and does not replace the possibility of applying supervisory measures under Chapter Eleven, Section VI of the Credit Institutions Act and the Market in Financial Instruments Act.

(3) In the cases referred to in paragraph 1 the competent authority may:

1. require the institution to implement one or more of the actions and measures set out in the recovery plan of the institution; when the circumstances that led to the implementation of early intervention measures differ from the assumptions set out in the initial recovery plan, the competent authority shall require the institution to update the recovery plan and within a specified timeframe to apply one or more of the actions and measures set out in the updated plan;

2. require the institution to review and assess its condition, determine measures to address all identified problems and draw up an action programme to overcome them and a timetable for its implementation;

3. (amended, SG No. 15/2018, effective 16.02.2018) order in writing to the institution to convene a general meeting of the shareholders or partners, determine the agenda of the general meeting for the purpose of adopting certain decisions; if within the timeframe set by the competent authority the institution does not convene a general meeting of the shareholders or partners, the competent authority may convene such meeting in accordance with the procedure set out in Article 103(2), item 2 of the Credit Institutions Act, Article 276(1), item 2 of the Markets in Financial Instruments Act respectively;

4. (amended, SG No. 15/2018, effective 16.02.2018) require one or more members of the management body or senior management to be removed or replaced if those persons are found unfit to perform their duties pursuant to Articles 10 and 11 of the Credit Institutions Act, Article 12 and 13 of the Markets in Financial Instruments Act respectively, and other regulatory requirements;

5. require the institution to draw up a plan for negotiation on restructuring of debt with some or all of its creditors according to the recovery plan, where applicable;

6. require changes to the business strategy of the institution;

7. require changes to the legal and operational structures of the institution;

8. request and acquire, including through on-site inspections, all the information necessary

in order to update the institution's resolution plan and prepare for the possible resolution of the institution, including for valuation of the assets and liabilities of the institution in accordance with Article 55.

(4) (Amended, SG No. 97/2017, effective 5.12.2017) The measures referred to in paragraph 3 for a bank shall be applied based on a decision of the Governing Council of the BNB on a motion by the Deputy Governor heading the Banking Supervision Department, specifying the appropriate deadline for their execution, which allows to assess the effectiveness of their implementation.

(5) Where it is established that in respect of a bank the conditions for the application of the early intervention under Paragraph 1 measures apply, the Deputy Governor heading the Banking Supervision Department shall immediately notify the Governing Council of the BNB.

(6) (Amended, SG No. 97/2017, effective 5.12.2017) The measures referred to in paragraph 3 in respect of an investment firm shall be applied by the Commission on a motion by the Deputy Chairperson heading the Investment Activity Supervision Department, specifying the appropriate deadline for their execution, which allows to assess the effectiveness of their implementation.

(7) Where it is established that the conditions for the application of early intervention measures under paragraph 1 are in place for the investment firm, the Deputy Chairperson of the Commission heading the Investment Activity Supervision Department shall immediately inform the Commission.

(8) In the cases referred to in paragraphs 5 and 7 the appropriate resolution authority may require the institution to contact potential purchasers in order to prepare for the resolution of the institution subject to the conditions laid down in Article 59(3) and the confidentiality provisions provided for in Article 116.

Removal of management body and senior management members

Article 45. (1) The relevant competent authority may require the removal of certain or all members of the management body of the institution, as well as of persons authorised to manage and represent the institution, or senior management members in the following cases:

1. where there is a significant deterioration in the financial situation of an institution;

2. where there are serious infringements of law, of regulations or of the statutes of the institution, or its internal rules, or

3. where other measures taken in accordance with Article 44 are not sufficient to improve the financial condition.

(2) The appointment of the new management body or individual members thereof, as well as the appointment of new members of senior management in the cases of paragraph 1 and Article 44(3), item 4 shall be done with the consent and subject to the approval of the competent authority and, where necessary, subject to the requirements and procedures of the Credit Institutions Act, the Markets in Financial Instruments Act respectively.

Temporary administrator

Article 46. (1) Where the competent authority under the Credit Institutions Act, the Markets in Financial Instruments Act respectively, considers that the application of the measures under Article 44(3), item 4 and Article 45 is insufficient to remedy the financial position of the institution or the branch of the institution from a third country or to rectify deficiencies, the competent authority may appoint one or more natural persons as temporary administrators to the institution.

(2) (Amended, SG No. 15/2018, effective 16.02.2018, supplemented, SG No. 8/2023) The temporary administrator shall be a natural person who in the opinion of the competent authority has the qualifications, skills and knowledge necessary for the performance of his/her assigned

functions and tasks, and meets the requirements of Article 11(1), item 1 and items 3 - 9 of the Credit Institutions Act, Article 13(1), (2), (3) and (4) and Article 286(2), item 1 of the Markets in Financial Instruments Act respectively. The temporary administrator shall not be in relationships with the institution or its debtor, which give rise to reasonable doubts about his/her impartiality.

(3) The information and documents that prove the compliance with the requirements under paragraph 2 shall be determined by an ordinance of the BNB, the Commission respectively.

(4) The temporary administrator shall receive remuneration for his work at the expense of the institution, the amount of which shall be determined by the competent authority.

(5) (Amended, SG No. 15/2018, effective 16.02.2018) Upon appointment of a temporary administrator the requirement for granting approval under Article 11(3) of the Credit Institutions Act and under Article 15 of the Markets in Financial Instruments Act shall not apply.

(6) (Amended, SG No. 37/2019, effective 7.05.2019) At the appointment the competent authority may entrust the temporary administrator to work jointly with or in lieu of the management body of the institution.

(7) Upon appointment of a temporary administrator to work jointly with the management body of the institution, with the act of appointment the competent authority shall determine the role, duties and powers of the temporary administrator, as well as requirements to the relevant management body of the institution to consult with it or to obtain its consent before taking specific decisions or concrete actions.

(8) The competent authority shall, without delay, submit to the relevant institution the act of appointment of a temporary administrator and shall disclose it publicly on its website, where the temporary administrator has the power to represent the institution. Appointment of temporary administrator with powers to represent the institution shall be declared to the Commercial Register at the request of the competent authority.

(9) At the appointment of a temporary administrator who is to replace the management body, with the act of appointment, the competent authority shall determine its powers, which may include some or all of the powers of the management body of the institution in accordance with its Statute and current legislation, including the powers to exercise some or all of the administrative functions of the management body of the institution.

(10) With the act of appointment the competent authority shall determine the tasks of the temporary administrator, which may include assessment of the financial condition of the institution, management of the business or part of the business of the institution in order to protect or restore its financial condition and take measures to restore the sound and prudent management of the activities of the institution.

(11) (Amended, SG No. 37/2019, effective 7.05.2019) The competent authority may at any time terminate the powers of the temporary administrator and appoint another administrator in his or her place, as well as change its powers, tasks and other conditions of the appointment. In these cases the act of the competent authority shall not be subject to appeal.

(12) The competent authority may, with the act of appointment and upon any change of the terms of appointment, require specific actions by the temporary administrator to be carried out with its prior consent. The temporary administrator may convene the general meeting of shareholders or partners and set the agenda only with the prior consent of the competent authority.

(13) The competent authority may require from the temporary administrator at the end of the period of his or her appointment, and periodically in accordance with the timetable set by it, to prepare reports on the financial condition of the institution and on the actions taken during his or her mandate.

(14) The temporary administrator shall be appointed for a term of not more than one year. The competent authority may renew this period if the conditions of appointment under paragraph 1 are still valid, and in this case it shall justify its decision to the shareholders or partners.

(15) The appointment of a temporary administrator under this Article shall not prejudice any other rights of the shareholders or partners.

(16) The temporary administrator shall exercise his or her powers acting with due commercial care. He/she shall be liable only for damages caused deliberately thereby.

(17) When a temporary administrator is appointed, he/she may also perform the functions of a conservator under the Credit Institutions Act, the Markets in Financial Instruments Act respectively.

Coordination of early intervention measures and appointment of temporary administrator for groups, when the BNB, the Commission respectively, is the consolidating supervisor

Article 47. (1) Where it is the consolidating supervisor and the conditions under Article 44(1) or Article 46(1) for an EU parent undertaking apply, the BNB, the Commission respectively, shall inform the EBA and shall consult the other competent authorities involved in the supervisory college.

(2) In the cases referred to in paragraph 1, after consultation with the members of the supervisory college, the consolidating supervisor under paragraph 1 shall apply a measure under Article 44(3) or Article 46(1) in respect of the EU parent undertaking, taking into account the potential impact of the application of the measure on the group entities in other Member States. The consolidating supervisor shall notify the members of the supervisory college and EBA of its decision.

(3) The consolidating supervisor under paragraph 1 shall participate in consultations with the competent authority of a subsidiary registered in another Member State, in cases where the relevant competent authority has notified the consolidating supervisor that the conditions are in place for the application of early intervention measures or for the appointment of temporary administrator of that subsidiary.

(4) In the cases referred to in paragraph 3 the consolidating supervisor may assess the potential impact of the application of the early intervention measures or the appointment of temporary administrator on the subsidiary, the group or the group entities in other Member States. The consolidating supervisor shall inform the competent authority under paragraph 3 of the results of the assessment within three days of receipt of the notification.

(5) Where at least two of the competent authorities of group entities intend to apply early intervention measures or to appoint temporary administrators in respect of more than one institution in the group, the consolidating supervisor under paragraph 1 in cooperation with the competent authorities of those institutions shall assess the opportunities for the appointment of one temporary administrator for all affected group entities or for the coordinated implementation of the early intervention measures in order to find an easier solution to restore the financial condition of the institution. The assessment shall be in the form of a joint decision, which shall be taken within 5 days of the date on which the consolidating supervisor has received a notification under paragraph 3. The consolidating supervisor shall provide the joint decision to the EU parent undertaking with the relevant reasoning.

(6) The consolidating supervisor or a competent college authority may seek assistance from the EBA in accordance with Article 31 of Regulation (EU) No. 1093/2010 for reaching an agreement under paragraph 5.

(7) If within the timeframe referred to in paragraph 5 no joint decision is reached, the consolidating supervisor under paragraph 1 shall make its own decision on the appointment of

temporary administrator and on the application of a measure referred to in Article 44(3), if it has intended to apply such measures in respect of the company under its supervision.

(8) Upon disagreement with the decision of which a competent authority has been notified regarding early intervention measures or the appointment of temporary administrator of a subsidiary, or where no joint decision is reached under paragraph 5, the consolidating supervisor may, in accordance with Article 19(3) of Regulation (EU) No. 1093/2010, to refer to the EBA an issue regarding:

1. the application of the elements of the recovery plan corresponding to items 4, 10, 11 and 19 of Appendix No. 1;

2. the implementation of the measures within the meaning of Article 44(3), items 5 and 7.

Coordination of early intervention measures and appointment of temporary administrator in respect of groups, when the BNB, the Commission respectively, is the competent authority in relation to a subsidiary

Article 48. (1) When the conditions under Article 44(1) or Article 46(1) apply in respect of an institution, licensed in the Republic of Bulgaria that is a subsidiary of an EU parent undertaking, the BNB, the Commission respectively, shall inform the EBA and shall consult the consolidating supervisor before it adopts a measure under Article 44(3) or Article 46(1).

(2) The Bulgarian National Bank, the Commission respectively, shall apply the measures referred to in Article 44(3) or Article 46(1) on the basis of the results of the assessment of the consolidating supervisor, and shall inform the consolidating supervisor, the other members of the supervisory college and the EBA of the implemented measures.

(3) When the BNB, the Commission respectively, and another competent authority intend to implement early intervention measures in respect of at least two institutions that are part of a group and operate on the territory of the Republic of Bulgaria and in another Member State, the consolidating supervisor and the relevant competent authority of the institution licensed in the Republic of Bulgaria, together with the other relevant competent authorities shall take a joint decision, assessing the opportunities for the appointment of one temporary administrator for all affected group entities or for the coordinated implementation of early intervention measures in order to more easily find a solution to restore the financial condition of the institution.

(4) The Bulgarian National Bank, the Commission respectively, may request the assistance of the EBA in accordance with Article 31 of Regulation (EU) No. 1093/2010 for reaching the agreement under paragraph 3.

(5) Where no joint decision is reached under paragraph 3, the BNB, the Commission respectively, within 5 days shall make its own decision on the appointment of temporary administrator of the institution licensed in the Republic of Bulgaria, and for the application of measure referred to in Article 44(3).

(6) In case of disagreement with the decision of which it has been notified by the consolidating supervisor or by a competent authority regarding early intervention measures or the appointment of temporary administrator of an EU parent undertaking, a group entity respectively, or where no joint decision is reached under paragraph 3, the BNB, the Commission respectively, may, in accordance with Article 19(3) of Regulation (EU) No. 1093/2010, refer to the EBA an issue regarding:

1. the application of the elements of the recovery plan corresponding to items 4, 10, 11 and 19 of Appendix No. 1;

2. the implementation of the measures within the meaning of Article 44(3), items 5 and 7.

Implementation of Article 19(3) of Regulation (EU) No. 1093/2010

Article 49. (1) The decisions of the BNB and the Commission under Articles 47 and 48

shall be reasoned. They shall take into account the views and reservations of the other competent authorities expressed during the consultations under Article 47(1) or Article 48(1) during the period under Article 47(5) and Article 48(5), as well as the potential impact of the decision on the financial stability in the Republic of Bulgaria and the Member States concerned.

(2) Where within the timeframes for consultation on taking joint decisions the issue of taking a measure is referred for consideration to the EBA in accordance with the procedure laid down in Article 47(8) and Article 48(6), the decision making shall be deferred and the decision of the EBA shall be awaited. In this case the BNB, the Commission respectively, shall take a decision in accordance with the decision of the EBA.

(3) When the EBA does not take a decision under paragraph 2 within three days, the BNB, the Commission respectively, shall apply its decision to the institution in respect of which it is the competent authority.

Chapter Six
OBJECTIVES, CONDITIONS AND GENERAL PRINCIPLES OF RESOLUTION

Resolution objectives

Article 50. (1) The resolution authority under Article 2 or Article 3 shall apply the resolution tools and shall exercise the resolution powers under this Act that best achieve the resolution objectives in the circumstances of the case.

(2) The resolution objectives are:

1. to ensure the continuity of critical functions;

2. to avoid a significant adverse effect on the financial stability, in particular by preventing contagion, including to market infrastructures, and by maintaining market discipline;

3. to protect public funds by minimising reliance on extraordinary public financial support and its amount;

4. to protect depositors whose deposits are covered under the terms and procedure of the Bank Deposit Guarantee Act, and of investors whose claims are subject to compensation under title three, chapter five, section IV of the Public Offering of Securities Act;

5. to protect client funds and client assets.

(3) The resolution of an institution shall be performed at minimal cost and avoiding the loss of value, unless such costs and losses are necessary to achieve the resolution objectives.

(4) The objectives of the resolution are of equal significance, and the relevant resolution authority shall balance them as appropriate to the nature and circumstances of each case.

Conditions for taking a decision on resolution

Article 51. (1) The resolution authority under Article 2 or Article 3 shall take a decision to take action for the resolution of an institution, when the following circumstances apply simultaneously:

1. (amended, SG No. 12/2021, effective 12.02.2021) determination that the institution is failing or is likely to fail]

2. (supplemented, SG No. 12/2021, effective 12.02.2021) in view of the urgency and other material circumstances in the opinion of the resolution authority there is no real chance that alternative measures from the private sector, supervisory actions and early intervention measures or devaluation, or the conversion of the respective own funds instruments or eligible liabilities under Article 89(5) undertaken in respect of the institution would prevent it from failing within a

reasonable period of time;

3. (amended, SG No. 91/2017, SG No. 12/2021, effective 12.02.2021) the resolution action is necessary in the public interest in accordance with paragraph 8.

(2) (New, SG No. 12/2021, effective 12.02.2021) For the existence of the conditions under paragraph 1 a joint report of the unit under Article 2(2) and BNB Banking Supervision Department shall be drawn up where the institution is a bank, or a joint report of the unit under Article 2(3) and the Investment Activity Supervision Department of the Commission, where the institution is an investment firm.

(3) (Renumbered from Paragraph 2, SG No. 12/2021, effective 12.02.2021) The implementation of early intervention measure pursuant to Article 44(3) shall not be a condition for taking resolution actions.

(4) (Renumbered from Paragraph 3, SG No. 12/2021, effective 12.02.2021) An institution is failing or is likely to fail, if one or more of the following circumstances applies:

1. the institution infringes or it may be reasonably assumed that it will make an infringement and as a result thereof it would no longer meet the conditions of the authorisation in accordance with the Credit Institutions Act, the Markets in Financial Instruments Act respectively, including, but not limited to, when the institution has suffered or is likely to incur losses that will deplete its own funds or a substantial part thereof;

2. the value of the assets of the institution is less than the value of its liabilities or a reasonably assumption may be made that in the near future the value of its liabilities will exceed the value of its assets;

3. the institution has not implemented or it may be reasonably assumed that, in the near future, it will not be able to meet one or more of its due and payable liabilities to its creditors;

4. extraordinary public financial support is needed except when, in order to remedy a serious disturbance in the economy of the country and preserve financial stability, the extraordinary public financial support takes any of the following forms:

a) a State guarantee of a newly issued debt or to back the bank's liquidity;

b) an injection of own funds or purchase of capital instruments at prices and on terms that do not confer an advantage upon the bank, where neither the circumstances referred to in items 1 - 3 nor the circumstances referred to in Article 90(1) are present at the time the public financial support is granted.

(5) (Renumbered from Paragraph 4, amended, SG No. 12/2021, effective 12.02.2021) The exceptions referred to in paragraph 4, item 4 shall apply where the extraordinary public financial support meets the following conditions:

1. shall be made only in respect of solvent bank in compliance with the State Aid Act and the legal framework of the European Union for State aid and after a positive decision from the European Commission;

2. shall be of a precautionary and temporary nature and shall be proportionate to remedy the consequences of the serious disturbance;

3. shall not be used to offset losses that the bank has incurred or is likely to incur in the near future;

4. (amended, SG No. 12/2021, effective 12.02.2021) the injection of own funds under paragraph 4, item 4 "b" shall be in the amount necessary to cover the capital shortfall established in the stress tests under Article 80b of the Credit Institutions Act conducted in the banking system at EU level, and in the asset quality reviews or equivalent stress tests and reviews conducted by

the BNB, the European Central Bank or EBA.

(6) (New, SG No. 91/2017, renumbered from Paragraph 5, amended, SG No. 12/2021, effective 12.02.2021) The support under paragraph 4, item 4, "a" and "b" shall be provided by a decision of the Council of Ministers in compliance with the State Aid Act and the legal framework of the European Union on state aid and after a positive decision by the European Commission, based on a reasoned proposal from the Bulgarian National Bank to the Minister of Finance, which contains detailed information on the fulfilment of the conditions under paragraph 5 and on any other circumstances relevant to the granting of the aid.

(7) (New, SG No. 91/2017, renumbered from Paragraph 6, SG No. 12/2021, effective 12.02.2021) In the decision referred to in paragraph 6 the Council of Ministers shall define the specific form and amount of the extraordinary public financial support and any other conditions that shall be fulfilled and any measures that shall be applied. The minister of finance shall be responsible for the implementation of the decision of the Council of Ministers.

(8) (Renumbered from Paragraph 5, SG No. 91/2017, renumbered from Paragraph 7, SG No. 12/2021, effective 12.02.2021) A resolution action shall be treated as in the public interest under paragraph 1, item 3 where the following conditions are met:

1. if it is necessary for the achievement of and is proportionate to one or more of the resolution objectives, and

2. the resolution objectives cannot be achieved to the same extent under the insolvency proceedings of the institution.

Termination of an institution or an entity that is not subject to a resolution action

Article 51a. (New, SG No. 12/2021, effective 12.02.2021) An institution or an entity under Article 1(1), items 3 – 5 in respect whereof the resolution authority under Article 2 or Article 3 has found that the conditions under Article 51(1), items 1 and 2 are present but taking of a resolution action would not be in the public interest pursuant to Article 51(1), item 3, shall be terminated by insolvency proceedings, liquidation or in line with the prescribed procedure under the applicable legislation.

Conditions for the resolution with regard to financial institutions and holding companies

Article 52. (1) (Supplemented, SG No. 12/2021, effective 12.02.2021) The relevant resolution authority may take a resolution action in relation to a financial institution referred to in Article 1(1), item 3, when the resolution conditions laid down in Article 51(1) are met with regard to both the financial institution and with regard to the parent undertaking subject to consolidated supervision.

(2) (Amended, SG No. 12/2021, effective 12.02.2021) The relevant resolution authority shall take a resolution action in relation to a company under Article 1(1), item 4 or 5 where the resolution conditions under Article 51(1) are fulfilled in relation to the company.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) Where the subsidiaries of a mixed-activity holding company are held directly or indirectly by an intermediate financial holding company, the intermediate financial holding company shall be stated as a resolution entity in the resolution plan of the group. For the purposes of group resolution, the relevant resolution authority may take resolution actions in relation to the intermediate financial holding company, and shall not take resolution actions in relation to the mixed-activity holding company.

(4) (Amended, SG No. 12/2021, effective 12.02.2021) In compliance with paragraph 3, despite the fact that a company under Article 1(1), item 4 or 5 does not meet the resolution conditions under Article 51(1), the relevant resolution authority may take a resolution action in relation to it, provided that:

1. the company under Article 1(1), item 4 or 5 is a resolution entity;

2. one or several of the subsidiaries of the company under item 1 which are institutions other than resolution entities, meet the resolution conditions under Article 51(1), and

3. (supplemented, SG No. 85/2023, effective 10.10.2023) the assets and liabilities of the subsidiaries referred to in item 2 are such that the failure of those subsidiaries threatens the resolution group as a whole, and it is necessary to take a resolution action with regard to the entity under item 1 either for the resolution of such subsidiaries which are institutions or for the resolution of the relevant resolution group as a whole.

(5) For the purposes of paragraphs 2 and 4, when assessing compliance with conditions under Article 51, intra-group capital or loss transfers between one or several subsidiaries, which are institutions, including write down or conversion of equity instruments, may not be recognised if there is an agreement between the BNB, the Commission respectively, and the relevant resolution authority.

Power to suspend the implementation of certain obligations before exercise of resolution powers

Article 52a. (New, SG No. 12/2021, effective 12.02.2021) (1) The resolution authority under Article 2 or Article 3, after consulting the competent authority, shall have the power to suspend any payment or delivery obligations pursuant to any contract to which an institution or a company referred to in Article 1(1), items 3 – 5 is a party, where all of the following conditions are met:

1. a determination that the institution or entity under Article 1(1), items 3 – 5 is failing or likely to fail has been made under Article 51(1), item 1;

2. there is no immediately available private sector measure referred to in Article 51(1), item 2 that would prevent the failure of the institution or entity under Article 1(1), items 3 – 5;

3. the exercise of the power to suspend is deemed necessary to avoid the further deterioration of the financial conditions of the institution or entity under Article 1(1), items 3 – 5;

4. the exercise of the power to suspend is either:

a) necessary to make the assessment under Article 51(1), item 3 of the existence of public interest in the resolution; or

b) necessary to choose the appropriate resolution actions or to ensure the effective application of one or more resolution tools.

(2) The suspension referred to in paragraph 1 shall not apply to payment or delivery obligations to the following:

1. systems or operators of systems designated in accordance with the Payment Services and Payment Systems Act or relevant applicable law of a Member State;

2. central counterparties authorised to pursue business in the European Union pursuant to Article 14 of Regulation (EU) No. 648/2012 and third-country central counterparties recognised by the European Securities and Markets Authority (ESMA) pursuant to Article 25 of Regulation (EU) No. 648/2012;

3. central banks.

(3) (Amended, SG No. 85/2023, effective 10.10.2023) The resolution authority shall set the type and scope of the payment and delivery obligations in relation to which suspension under paragraph 1 of this Article shall apply, having regard to the circumstances of each case. In particular, resolution authority shall carefully assess the appropriateness of extending the suspension to eligible deposits and in particular deposits of natural persons or micro-, small and medium-sized enterprises falling in the scope of the Bank Deposits Guarantee Act.

(4) In the decision under paragraph 1 the resolution authority shall set, for the suspension term, a maximum daily amount to be paid at the request of the depositor where the resolution

authority considers it is appropriate to suspend the payment of obligations on eligible deposits. The procedure and the terms for the setting and payment of the maximum daily amount shall be set out in an ordinance of the BNB.

(5) The resolution authority shall set as short as possible the period of the suspension pursuant to paragraph 1 that it considers necessary for the purposes indicated in paragraph 1, items 3 and 4, which shall not last longer than the period from the publication of a notice of suspension pursuant to Article 115(3), item 1 to midnight in the next business day.

(6) At the expiry of the period of suspension referred to in paragraph 5, the suspension shall cease to have effect.

(7) When exercising the power referred to in paragraph 1, the resolution authority shall have regard to the impact the exercise of that power might have on the orderly functioning of financial markets and shall consider the existing applicable laws to safeguard creditors' rights and equal treatment of creditors where, after establishing the condition of Article 51(1), item 3 in respect of the institution or company under Article 1(1), items 3 – 5, insolvency proceedings against the institution or company are initiated and, where applicable, shall make the arrangements it deems appropriate to ensure adequate coordination with the national administrative or judicial authorities.

(8) When payment or delivery obligations under a contract are suspended pursuant to paragraph 1, the payment or delivery obligations of any counterparties of the institution or company under Article 1(1), items 3 – 5 to that contract shall be suspended for the same period of time.

(9) A payment or delivery obligation that would have been due during the period of the suspension shall be due immediately upon expiry of that period.

(10) During the exercise of the power under paragraph 1 the resolution authority shall notify immediately the institution or the company under Article 1(1), items 3 – 5 and the authorities under Article 115(1), items 1 – 6.

(11) (Amended, SG No. 85/2023, effective 10.10.2023) The decision of the resolution authority to suspend the implementation of certain obligations, the terms and the period of suspension shall be published in accordance with Article 115(3).

(12) The power to suspend under paragraph 1 shall be without prejudice to the provisions contained in a law granting powers to suspend payment or delivery obligations, whose scope and duration exceed the scope and duration provided for in paragraphs 3 – 5, with respect to:

1. an institution or the company referred to in Article 1(1), items 3 – 5 before the presence of the condition under paragraph 1, item 1 is identified;

2. an institution or the company referred to in Article 1(1), items 3 – 5 subject to termination by means of insolvency proceedings, liquidation or otherwise, in accordance with the applicable legislation.

(13) The resolution authority is also able, for the duration of the suspension of payment and delivery obligations, to exercise the power to:

1. (supplemented, SG No. 85/2023, effective 10.10.2023) restrict for the same period of time secured creditors of the institution or company under Article 1(1) items 3 – 5 from enforcing security interests in relation to any of the assets of that institution or company which serve as security, in which case Article 102(2) to (4) shall apply; and

2. (supplemented, SG No. 85/2023, effective 10.10.2023) suspend for the same period of time the termination rights of any party to a contract with that institution or company under Article 1(1) items 3 – 5, in which case Article 103(2) to (7) shall apply.

(14) Where a resolution authority has exercised the power to suspend payment or delivery

obligations in accordance with paragraph 1, it shall not exercise its powers under Articles 101 to 103, if resolution action is subsequently taken with respect to that institution or company under Article 1(1), items 3 – 5.

General principles governing resolution

Article 53. (1) When applying the resolution tools and exercising the resolution powers under this Act the resolution authority under Article 2 or Article 3 shall take decisions in compliance with the following principles:

1. the shareholders or partners of the institution under resolution bear first losses;

2. creditors of a bank under resolution bear losses after the shareholders in accordance with the order of priority of their claims under Article 94(1) of the Bank Bankruptcy Act, the creditors of the investment firm under resolution respectively bear losses after the shareholders or partners in accordance with the order of priority of their claims under Article 722(1) of the Commerce Act, save as expressly provided for otherwise in this Act;

3. members of the management body and senior management of the institution under resolution are replaced, except in those cases when the resolution authority considers that retention of one or more members of the management body and senior management is necessary for the achievement of the resolution objectives;

4. the resolution authority shall require from the members of the management body and senior management of an institution under resolution to provide all necessary assistance for the achievement of the resolution objectives;

5. the resolution authority shall take action to make natural and legal persons liable under civil, administrative or criminal law in accordance with the legislation in force as a result of whose acts or omissions the institution was unable to perform its duties;

6. creditors of the same priority are treated in an equitable manner, save as provided for otherwise in this Act;

7. no creditor shall incur greater losses than would have been incurred if in respect of the institution or entity referred to in Article 1(1), items 3 - 5 insolvency proceedings had been opened in accordance with the safeguards in Articles 105 - 107;

8. the claims of depositors up to the amount of the guarantee in accordance with the Bank Deposit Guarantee Act are fully protected;

9. resolution action is taken in accordance with the safeguards in this Chapter Seventeen.

2. (amended and supplemented, SG No. 12/2021, effective 12.02.2021) creditors of a bank under resolution bear losses after the shareholders in accordance with the order of priority of their satisfying their claims under Article 94 of the Bank Bankruptcy Act, the creditors of the investment firm under resolution respectively bear losses after the shareholders or partners in accordance with the order of priority of their satisfying their claims under Article 722 (1) and Article 722a of the Commerce Act, save as expressly provided for otherwise in this Act;

(3) When applying the resolution tools and exercising the resolution powers under this Act the BNB, the Commission and the Ministry of Finance shall comply with the State aid framework of the European Union, where applicable.

(4) When applying the resolution tools under Article 56, items 1 - 3 in respect of an institution or an entity under Article 1(1), items 3 - 5, Article 123 of the Labour Code shall apply.

Chapter Seven
SPECIAL MANAGEMENT

Special manager

Article 54. (1) The resolution authority under Article 2 or Article 3 may appoint one or more natural persons as special managers to replace the management body of the institution under resolution.

(2) (Amended, SG No. 15/2018, effective 16.02.2018, supplemented, SG No. 8/2023) The special manager shall be a natural person who in the opinion of the resolution authority has the qualifications, skills and knowledge necessary for the performance of his/her assigned functions and tasks, and meets the requirements of Article 11(1), item 1 and items 3 - 9 of the Credit Institutions Act, where the institution is a bank, and the requirements of Article 13(1) – (4) and Article 286(2), item 1 of the Markets in Financial Instruments Act respectively, where the institution is an investment firm. A person appointed as temporary administrator of an institution under the conditions and the procedure of Article 46(1) herein or as conservator under the Credit Institutions Act, the Markets in Financial Instruments Act respectively, may also be appointed as its special manager. The special manager shall not be in relationships with the institution or its debtor, which give rise to reasonable doubts about his/her impartiality. The information and documents that prove compliance with the requirements shall be determined by an ordinance of the BNB, the Commission respectively. The special manager shall receive remuneration at the expense of the institution, the amount of which shall be determined by the resolution authority.

(3) (Amended, SG No. 15/2018, effective 16.02.2018) Upon appointment of a special manager the requirement for granting approval under Article 11(3) of the Credit Institutions Act where the institution is a bank, and under Article 15 of the Markets in Financial Instruments Act where the institution is an investment firm, shall not apply.

(4) The appointment of the special manager shall be announced in the Commercial Register on the record of the institution at the request of the resolution authority and shall be made publicly available on its website.

(5) Upon appointment of the special manager the exercise of the powers of the shareholders or partners and of the management body of the institution shall be suspended, unless they have already been stopped, and shall be exercised by the special manager under the control of the resolution authority.

(6) The special manager shall take all the measures and actions necessary to achieve the resolution objectives and implement the resolution actions according to the decision of the resolution authority. That duty shall include taking all the measures and actions as are necessary in relation to the resolution tools and shall override any other duty of the management body in accordance with the statutes of the institution or effective law, insofar as they are inconsistent.

(7) The resolution authority may impose restrictions on the activities of the special manager, including prior consent for some of his or her actions.

(8) The resolution authority may remove the special manager at any time.

(9) The resolution authority may require from the special manager at the end of the period of his or her appointment, and periodically in accordance with the timetable set thereby, to prepare reports on the financial and economic condition of the institution and on the actions taken in fulfilment of his or her duties.

(10) The special manager shall be appointed for a term not exceeding one year. The resolution authority may renew that period if the conditions of his or her appointment continue to be met.

(11) Where the resolution authority takes a decision under paragraph 1 in regard to an institution which is a part of a group, it may consult with resolution authorities for other group entities in respect where an identical measure is envisaged, in order to assess whether it is more appropriate to appoint the same special manager for all the entities concerned in order to facilitate

solutions redressing the financial soundness of the entities concerned.

(12) The special manager shall exercise his or her powers within the limits laid down in this Article and with due care. He/she shall be liable only for damages caused deliberately thereby.

Chapter Eight
VALUATION

Valuation for the purpose of resolution

Article 55. (1) (Amended, SG No. 12/2021, effective 12.02.2021) Before taking a resolution action or exercising the power to write down or convert relevant capital instruments and eligible liabilities, the resolution authority under Article 2 or Article 3 shall, in accordance with Article 89, ensure that valuation of the assets and liabilities of the institution or company referred to in Article 1(1), items 3 – 5 is carried out by a person independent from any public authority, including the resolution authority, and the institution or the company. The assets and liabilities shall be subject to fair, prudent and realistic valuation.

(2) The valuation under paragraph 1 shall be final, subject to the requirements of this Article.

(3) Where an independent valuation according to paragraph 1 is not possible, the resolution authority may carry out a provisional valuation of the assets and liabilities of the institution or entity referred to in Article 1(1), items 3 - 5, in accordance with paragraphs 12 and 13.

(4) The objective of the valuation under paragraph 1 or paragraph 3 shall be to assess the value of the assets and liabilities of the institution or entity referred to in Article 1(1), items 3 - 5 that meet the conditions for resolution.

(5) The purpose of the valuation under paragraph 1 or paragraph 3 shall be:

1. (supplemented, SG No. 12/2021, effective 12.02.2021) to inform the determination of whether the conditions for resolution under Article 51(1) or the conditions for the write down or conversion of the relevant equity instruments and eligible liabilities under Article 89 are met;

2. if the conditions for resolution are met, to inform the decision on the appropriate resolution action to be taken by the resolution authority in respect of the institution or company referred to in Article 1(1), items 3 – 5;

3. (supplemented, SG No. 12/2021, effective 12.02.2021) to inform the determination on the extent of the cancellation or dilution of the relative share in the capital of existing shares, as well as the extent of the write down or conversion of relevant capital instruments and eligible liabilities under Article 89 when the resolution authority has exercised the write down or conversion power;

4. (amended, SG No. 12/2021, effective 12.02.2021) to inform the decision on the extent of the write down or conversion of the bail-inable liabilities when the bail-in tool is applied by the resolution authority;

5. when the bridge institution tool or asset separation tool is applied by the resolution authority, to inform the determination on the assets, rights, liabilities or shares or other instruments of ownership to be transferred and the decision on the value of any consideration to be paid to the institution under resolution or, as the case may be, to the owners of the shares or other instruments of ownership;

6. when the sale of business tool is applied, to inform the determination on the assets, rights, liabilities or shares or other instruments of ownership to be transferred and to inform the resolution authority's understanding of what constitutes commercial terms for the purposes of Article 58(3);

7. (supplemented, SG No. 63/2025) confirmation that all losses on the assets of the institution or entity are fully recognised at the moment the resolution tools are applied or the power to write down or convert relevant capital instruments and eligible liabilities under Article 89 is exercised.

(6) (Supplemented, SG No. 12/2021, effective 12.02.2021) The valuation under paragraph 1 or paragraph 3 shall be based on prudent assumptions, including as to rates of default and severity of losses of the institution or entity under Article 1(1), items 3 – 5. The valuation shall not assume any potential future provision of extraordinary public financial support or central bank emergency liquidity assistance or any central bank liquidity assistance provided under non-standard collateralisation, tenor and interest rate terms to the institution or company from the point at which resolution action is taken or the power to write down or convert relevant capital instruments and eligible liabilities under Article 89 is exercised by the resolution authority.

(7) The valuation under paragraph 1 or 3 shall take account of the fact that, if any resolution tool is applied:

1. (amended, SG No. 37/2019, effective from the first 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) the resolution authority and the Investor Compensation Fund (ICF) shall recover the reasonable expenses incurred thereby under the conditions of Article 57, paragraph 6 from the institution under resolution;

2. (amended, SG No. 37/2019, effective from the first 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) when using funds from the BRF or IFRF respectively, the resolution authority under Article 2, paragraph 1, the ICF respectively, shall charge interest and fees on all loans or guarantees provided to the institution under resolution.

(8) The valuation under paragraph 1 or 3 shall be supplemented by the following information as appearing in the accounting books and records of the institution or entity referred to Article 1(1), items 3 - 5:

1. an updated balance sheet and a report on the financial position of the institution or entity;

2. an analysis and an estimate of the accounting value of the assets;

3. the list of outstanding on balance sheet and off balance sheet liabilities shown in the books and records of the institution or entity, with an indication of the respective credits and priority levels under the applicable insolvency law.

(9) Where appropriate, to inform the determinations referred to in paragraph 5, items 5 and 6, the information in paragraph 8, item 2 may be complemented by an analysis and estimate of the market value of the assets and liabilities of the institution or entity referred to in Article 1(1), items 3 - 5.

(10) The valuation under paragraph 1 or 3 shall indicate the subdivision of the creditors in classes in accordance with their priority levels under the applicable insolvency law and an estimate of the losses that each class of shareholders and creditors would have suffered under insolvency proceedings.

(11) The estimate under paragraph 10 shall not affect the valuation to be carried out under Article 106(1).

(12) Where due to the urgency in the circumstances it is not possible to comply with the

requirements in paragraphs 8 and 10, a provisional valuation shall be carried out in addition to the case referred to in paragraph 3.

(13) The provisional valuation referred to in paragraph 12 shall include an assumption for additional losses, with appropriate justification.

(14) The valuation under paragraphs 3 and 12 shall be considered to be provisional until an independent person under paragraph 1 carries out a valuation that is fully compliant with all the requirements laid down in this Article. That ex-post definitive valuation shall be carried out as soon as practicable. The definitive valuation may be carried out either separately from the valuation referred to in Article 106(1), or simultaneously with it and by the same independent person.

(15) The purposes of the ex-post definitive valuation under paragraph 14 shall be:

1. to ensure that any losses on the assets of the institution or entity referred to in Article 1(1), items 3 - 5 are fully recognised in the balance sheet and income statement of the institution or entity;

2. to inform a decision to increase creditors' claims or the value of the consideration paid, in accordance with paragraph 16;

(16) In the event that the ex-post definitive valuation's estimate of the net asset value of the institution or entity referred to Article 1(1), items 3 - 5 is higher than the provisional valuation's estimate of the net asset value of the institution or entity, the resolution authority may:

1. exercise its power to increase the value of the claims of creditors or owners of relevant capital instruments which have been written down under the bail-in tool;

2. instruct a bridge institution or asset management vehicle to make a further payment of consideration as follows:

a) in respect of the transferred assets, rights, liabilities - in favour of the institution under resolution, or

b) in respect of the transferred instruments of ownership - in favour of the shareholders, partners or the holders of other instruments of ownership.

(17) (Supplemented, SG No. 12/2021, effective 12.02.2021) A provisional valuation conducted in accordance with paragraphs 3 and 12 shall be a valid basis for the resolution authority to take resolution actions, including taking control of a failing institution or the company referred to in Article 1(1), items 3 – 5, or to exercise its write down or conversion power of capital instruments and eligible liabilities under Article 89.

(18) (Supplemented, SG No. 12/2021, effective 12.02.2021) The valuation of the assets and liabilities shall be an integral part of the decision for the resolution authority to apply a resolution tool or exercise a resolution power, or the decision to exercise the write down or conversion power of capital instruments and eligible liabilities under Article 89. The valuation itself may be appealed only jointly with the decision in accordance with Article 117.

Election of independent valuer

Article 55a. (New, SG No. 12/2021, effective 12.02.2021, amended, SG No. 25/2022, effective 29.03.2022) The terms and procedure for the selection of independent valuers for the purposes of Articles 55 and 106 by the authority under Article 2, Article 3, respectively, shall be laid down in an ordinance of the BNB, the Commission, respectively.

Chapter Nine
GENERAL PRINCIPLES OF RESOLUTION TOOLS

Types of resolution tools

Article 56. The resolution tools are the following:

1. The sale of business tool;
2. The bridge institution tool;
3. The asset separation tool;
4. The bail-in tool.

General principles of application of resolution tools

Article 57. (1) The resolution authority under Article 2 or Article 3 shall exercise the powers provided for herein for the application of resolution tools to an institution or an entity under Article 1(1), items 3 - 5 that meets the conditions for resolution.

(2) (Supplemented, SG No. 12/2021, effective 12.02.2021) Where the resolution authority decides to apply a resolution tool to an institution or company referred to in Article 1(1), items 3 – 5, and that resolution action would result in losses being borne by creditors or their claims being converted, the resolution authority shall exercise the power to write down or convert capital instruments and eligible liabilities under Article 89 immediately before or simultaneously with the application of the resolution tool.

(3) The resolution authority may apply the resolution tools individually or in any combination. The resolution authority may apply the asset separation tool only together with another resolution tool.

(4) Where only the resolution tools referred to in Article 56, items 1 and 2 are used, and they are used to transfer only part of the assets, rights or liabilities of the institution or entity under Article 1(1), items 3 - 5 under resolution, the residual institution or entity from which the assets, rights or liabilities have been transferred, shall be wound up under the applicable insolvency proceedings.

(5) The winding up under paragraph 4 shall be done within a reasonable timeframe, having regard to any need for that institution or entity referred to in Article 1(1), items 3 - 5 to provide services or support pursuant to Article 96 in order to enable the recipient to carry out the activities or services acquired by virtue of that transfer, and any other reason that the continuation of the residual institution or entity referred to in Article 1(1), items 3 - 5 is necessary to achieve the resolution objectives or comply with the resolution principles.

(6) (Amended, SG No. 37/2019, effective from the first 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) All reasonable expenses incurred by resolution authorities, including by the resolution authority under Article 2, paragraph 1 while using the BRF or the ICF when using the IFRF and by the Ministry of Finance respectively in relation to the application of instruments or the exercise of resolution powers or the application of the government stabilisation tools shall be subject to recovery to the relevant authority or fund in one of the following ways:

1. as a deduction from any consideration paid by a recipient to the institution under resolution or, as the case may be, to the owners of the shares or other instruments of ownership;
2. from the institution under resolution, as a preferred creditor; and/or
3. from any proceeds generated as a result of the termination of the operation of the bridge institution or the asset management vehicle, as a preferred creditor.

(7) (Amended, SG No. 37/2019, effective 7.05.2019) Bulgarian insolvency law relating to the voidability of actions and transactions or unenforceability of legal acts detrimental to creditors, included, but not limited to, Article 60 of the Bank Bankruptcy Act and Articles 646 and 647 of the Commerce Act, shall not apply to transfers of assets, rights or liabilities from an

institution under resolution to another entity by virtue of the application of a resolution tool or exercise of a resolution power, or use of a government financial stabilisation tool.

(8) In a situation of a systemic crisis, the BNB may propose to the minister of finance that funding be provided to a bank under resolution through the use of government stabilisation tools provided for in Chapter Fourteen, when the following conditions are met:

1. (amended, SG No. 12/2021, effective 12.02.2021) the shareholders, the holders of other instruments of ownership, of relevant capital instruments and the creditors of bail-inable liabilities of the resolution bank absorb losses of no less than 8% of total liabilities, including own funds of the resolution bank, calculated at the time of the resolution action based on the independent valuation under Article 55, through cancellation of shares, write down and conversion of debt or otherwise;

2. 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.

Chapter Ten
THE SALE OF BUSINESS TOOL

The sale of business tool

Article 58. (1) The resolution authority under Article 2 or Article 3 may decide to transfer to a potential purchaser that is not a bridge institution:

1. instruments of ownership issued by an institution under resolution;

2. all or any assets, rights or liabilities of an institution under resolution.

(2) Subject to paragraphs 8 - 10 and in accordance with Article 117, the transfer under paragraph 1 shall take place without obtaining the consent of the shareholders or partners of the institution under resolution or any third party other than the purchaser. The restrictions arising from the Commerce Act or the Public Offering of Securities Act shall not apply to such transfer. The transfer shall be made in accordance with the requirements of Article 59.

(3) A transfer under paragraph 1 shall be made by the resolution authority on commercial terms that match as closely as possible the valuation made under Article 55, having regard to the circumstances, and in accordance with the State Aids Act and the State aid legal framework of the European Union.

(4) Subject to Article 57(6), any consideration paid by the purchaser shall benefit:

1. the owners of the shares or partners, where the sale of business has been effected by transferring instruments of ownership issued by the institution under resolution from the holders of those instruments to the purchaser;

2. the institution under resolution, where the sale of business has been effected by transferring some or all of the assets or liabilities of the institution under resolution to the purchaser.

(5) When applying the sale of business tool the resolution authority may exercise the transfer power more than once in order to make supplemental transfers of instruments of ownership issued by the institution under resolution or, as the case may be, assets, rights or liabilities of the institution under resolution.

(6) Following an application of the sale of business tool, the resolution authority may exercise the transfer powers in respect of assets, rights or liabilities transferred to the purchaser in order to transfer the assets, rights or liabilities back to the institution under resolution, or instruments of ownership back to their original owners. In these cases the institution under resolution or the original owners shall be obliged to take back any such assets, rights or liabilities,

or other instruments of ownership. Such transfer shall be made with the consent of the purchaser, which may be granted at the moment of the application of the sale of business tool or thereafter.

(7) The potential purchaser under paragraph 1 shall hold the appropriate authorisation to carry out the business it acquires.

(8) (Amended, SG No. 15/2018, effective 16.02.2018, SG No. 37/2019, effective 7.05.2019) Where a transfer of the instruments of ownership by virtue of an application of the sale of business tool would result in the acquisition of or increase in a qualifying holding in an institution, the BNB, the Commission respectively, shall issue a decision on the applications filed or notifications made, in accordance with Articles 28 – 34 of the Credit Institutions Act, Articles 53(3) and 55 – 57 of the Markets in Financial Instruments Act respectively, so as to not delay the application of the sale of business tool and prevent the resolution action from achieving the relevant resolution objectives.

(9) (Amended, SG No. 15/2018, effective 16.02.2018) In the event that at the date of application of the sale of business tool the competent authority has not acted in accordance with Articles 28 - 34 of the Credit Institutions Act, Articles 53(3) and 55 – 57 of the Markets in Financial Instruments Act respectively:

1. such a transfer of instruments of ownership to the acquirer shall have immediate legal effect;

2. (amended, SG No. 15/2018, effective 16.02.2018) within the timeframes under Articles 28 - 34 of the Credit Institutions Act, Articles 53(3) and 55 – 57 of the Markets in Financial Instruments Act respectively, and within the timeframe for sale under paragraph 10, item 2(b) the acquirer's voting rights attached to such shares shall be suspended and vested in the resolution authority, which shall have no obligation to exercise any such voting rights and which shall have no liability whatsoever for exercising or refraining from exercising any such voting rights;

3. (amended, SG No. 15/2018, effective 16.02.2018) within the timeframes under Articles 28 - 34 of the Credit Institutions Act, Articles 53(3) and 55 – 57 of the Markets in Financial Instruments Act respectively, and within the timeframe for sale under paragraph 10, item 2(b), the BNB, the Deputy Chairperson heading the Investment Activity Supervision Department of the Commission respectively, or the Commission shall not impose supervisory measures and fines in respect of the transferred instruments of ownership for infringing the requirements for acquisitions or disposals of qualifying holdings under Article 103(2), Article 152 and Article 152b of the Credit Institutions Act, Article 276(1) and Article 290 of the Markets in Financial Instruments Act.

(10) The Bulgarian National Bank, the Commission respectively, shall notify the acquirer whether the competent authority approves or opposes such a transfer in accordance with the Credit Institutions Act, the Markets in Financial Instruments Act respectively, with the following ensuing consequences:

1. if the competent authority approves such a transfer to the acquirer, then the restrictions on the exercise of the voting rights under paragraph 9, item 2 shall be terminated as from the date of receipt of the notification;

2. if the competent authority opposes such a transfer of instruments of ownership to the acquirer, then:

a) the voting rights attached thereto shall continue to be exercised by the resolution authority under paragraph 9, item 2;

b) the resolution authority may require the acquirer to divest such instruments of ownership within a divestment period determined by the resolution authority having taken into account prevailing market conditions; and

c) (amended, SG No. 15/2018, effective 16.02.2018) if the acquirer does not complete such a divestment under "b", then the competent authority under the Credit Institutions Act, the Markets in Financial Instruments Act respectively, may impose on the acquirer supervisory measures and fines for infringing the requirements for acquisitions or disposals of qualifying holdings under Article 103(2), Article 152 and Article 152b of the Credit Institutions Act, under Articles 53(3) and 55 – 57 of the Markets in Financial Instruments Act respectively.

(11) Transfers made by virtue of the sale of business tool shall be subject to the safeguards referred to in Chapter Seventeen.

(12) The shareholders or creditors of the institution under resolution and third parties whose assets, rights or liabilities are not transferred, shall not have any rights over or in relation to the assets, rights or liabilities transferred, other than those provided for in paragraph 11.

(13) For the purposes of the exercise of the right to provide services or for establishment in the Republic of Bulgaria in accordance with Section II, Chapter Three of the Credit Institutions Act and the Markets in Financial Instruments Act, it is assumed that the purchaser of an institution in respect of which a resolution authority in a Member State has applied the sale of business tool, shall be the continuation of the institution under resolution, and may continue to exercise any such right that was exercised by the institution under resolution in respect of the assets, rights or liabilities transferred before the sale of its business.

(14) The purchaser under paragraph 1 may continue to exercise the rights of the institution under resolution of membership and access to payment, clearing and settlement systems, the regulated market, the ICF and the BDIF, provided that it meets the membership and participation criteria.

Sale of business tool: procedural requirements

Article 59. (1) When applying the sale of business tool to an institution or entity referred to Article 1(1), items 3 - 5, the resolution authority under Article 2 or Article 3 shall market, or make arrangements for the marketing of the assets, rights, liabilities or the instruments of ownership of that institution or entity that the authority intends to transfer.

(2) Pools of rights, assets, and liabilities referred to in paragraph 1 may be marketed separately.

(3) The marketing referred to in paragraph 1 shall be carried out in accordance with the following principles:

1. it shall be as transparent as possible and shall not materially misrepresent the assets, rights, liabilities or the instruments of ownership of that institution that the resolution authority intends to transfer, having regard to the circumstances and in particular the need to maintain financial stability;

2. it shall not unduly favour or discriminate between potential purchasers;

3. it shall be free from any conflict of interest;

4. it shall not confer any unfair advantage on a potential purchaser;

5. it shall take account of the need to effect a rapid resolution action;

6. it shall aim at maximising, as far as possible, the sale price for the instruments of ownership, assets, rights or liabilities involved;

7. where applicable, the marketing shall be carried out in compliance with the requirements of the State Aids Act and the State aid legal framework of the European Union.

(4) The principles referred to in paragraph 3 shall not prevent the resolution authority from soliciting particular potential purchasers, provided that this is not in conflict with the requirements of paragraph 3, item 2.

(5) Any public disclosure of the marketing under paragraph 1, which is required in

accordance with Article 17(1) 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), may be delayed in accordance with Article 17(4) or (5) of the said Regulation.

(6) The resolution authority may apply the sale of business tool without complying with the requirement to market as laid down in paragraph 1 when it determines that compliance with those requirements would be likely to undermine one or more of the resolution objectives and in particular if the following conditions are met:

1. it considers that there is a material threat to financial stability arising from or aggravated by the failure or likely failure of the institution under resolution; and

2. it considers that compliance with the requirements under paragraph 1 would be likely to undermine the effectiveness of the sale of business tool in addressing that threat or achieving the resolution objective referred to in Article 50(2), item 2.

Chapter Eleven
THE BRIDGE INSTITUTION TOOL

The bridge institution tool

Article 60. (1) The resolution authority under Article 2, Article 3 respectively, may decide to transfer to a bridge institution, in order to preserve its critical functions:

1. instruments of ownership issued by an institution under resolution;

2. all or any assets, rights or liabilities of an institution under resolution.

(2) Subject to Article 117, the transfer under paragraph 1 may take place without obtaining the consent of the shareholders or partners of the institution under resolution or any third party other than the bridge institution. In the cases referred to in paragraph 1 the restrictions arising from the Commerce Act or the Public Offering of Securities Act shall not apply.

(3) When the bridge institution tool is applied a separate bridge institution shall be established for each individual institution under resolution, unless the bridge institution is a financial holding company established and operating in accordance with Article 63.

(4) When applying the bridge institution tool, the total value of liabilities transferred to the bridge institution shall not exceed the total value of the rights and assets transferred from the institution under resolution or provided by other sources.

(5) Subject to Article 57(6), any consideration paid by the bridge institution shall benefit:

1. the holders of instruments of ownership, where the transfer to the bridge institution has been effected by transferring instruments of ownership issued by the institution under resolution from the holders of those instruments to the bridge institution;

2. the institution under resolution, where the transfer to the bridge institution has been effected by transferring some or all of the assets or liabilities of the institution under resolution to the bridge institution.

(6) When applying the bridge institution tool, the resolution authority may exercise the transfer power more than once in order to make supplemental transfers of instruments of ownership issued by the institution under resolution or, as the case may be, assets, rights or liabilities of the institution under resolution.

(7) Following an application of the bridge institution tool, the resolution authority may:

1. transfer rights, assets or liabilities back from the bridge institution to the institution under resolution, or instruments of ownership back to their original owners; in these cases the

institution under resolution or original owners shall be obliged to take back any such assets, rights or liabilities or instruments of ownership, provided that the conditions laid down in paragraph 8 are met;

2. transfer instruments of ownership, or assets, rights or liabilities from the bridge institution to a third party.

(8) The resolution authority may make transfer under paragraph 7, item 1 at any time in the presence of one of the following circumstances:

1. the decision under paragraph 1 and the transfer agreement state expressly that specific instruments of ownership or assets, rights or liabilities may be transferred back;

2. the specific instruments of ownership, assets, rights or liabilities do not fall within the classes of, or meet the conditions for transfer set out in the decision under paragraph 1, by which the transfer was made.

(9) Transfers between the institution under resolution, or the original owners of instruments of ownership, on the one hand, and the bridge institution on the other, shall be subject to the safeguards referred to in Chapter Seventeen.

(10) The shareholders or partners, or the creditors of the institution under resolution and third parties whose assets, rights or liabilities are not transferred to the bridge institution, may not bring claims in respect of the transferred assets, rights or liabilities, as well as in relation to the senior management staff and the management body of the bridge institution, other than the safeguards provided for in Chapter Seventeen.

(11) For the purposes of the exercise of the right to provide services or for establishment in the Republic of Bulgaria in accordance with Section II, Chapter Three of the Credit Institutions Act or the Markets in Financial Instruments Act, it is assumed that a bridge institution from a Member State shall be the continuation of the respective institution under resolution, and may continue to exercise any such right that was exercised by the institution under resolution in respect of the assets, rights or liabilities transferred.

(12) The bridge institution, including such from a Member State, may continue to exercise the rights of the institution under resolution of membership and access to payment, clearing and settlement systems, the regulated market, the ICF and the BDIF, provided that the institution under resolution meets the membership and applicable participation criteria.

(13) The bridge institution has no liabilities and is not liable to the shareholders or partners, or the creditors of the institution under resolution. The management body or the senior management personnel of the bridge institution shall not be liable to the shareholders or partners and the creditors of the institution under resolution for any act or omission in the performance of its duties, unless the act or omission implies gross negligence or material breach which directly affects rights of the shareholders or partners or creditors.

(14) The bridge institution may be a bridge bank, a bridge investment firm or a bridge financial holding company.

Establishment and operation of a bridge bank

Article 61. (1) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The bridge bank shall be a legal entity established as a joint-stock company by the BNB in its capacity as a resolution authority under Article 2, paragraph 1, on a proposal by the unit under Article 2, paragraph 2, and shall meet the following requirements:

1. (supplemented, SG No. 37/2019, effective from the first 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, and regrading the words "or in part", effective 7.05.2019) the capital of the bridge bank shall be funded in full or in part with funds from the SRF or the BRF;

2. (amended, SG No. 37/2019, effective from the first 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) the resolution authority under Article 2, paragraph 1 shall exercise control on the bridge bank, including after application of the bail-in tool, for the purposes of Article 65, paragraph 1, item 2;

3. is established for the purpose of acquiring and holding all or any of the assets, rights and liabilities of a bank under resolution in order to maintain access of the customers of the bank under resolution to its critical functions and subsequent sale of the bank.

(2) The bridge bank shall operate in accordance with the following requirements:

1. the Statute of the bridge bank is approved by the BNB in its capacity as a resolution authority under Article 2(1);

2. the board of directors of the bridge bank is approved by the BNB in its capacity as a resolution authority under Article 2(1);

3. The Bulgarian National Bank in its capacity as the resolution authority under Article 2(1) has approved the remuneration of the members of the board of directors and has defined their duties;

4. (Supplemented, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The Bulgarian National Bank in the capacity of a resolution authority under Article 2, paragraph 1 has approved the strategy and the risk profile of the bridge bank on a proposal by the board of directors of the bridge bank;

5. the bridge bank is authorised in accordance with the requirements of the Credit Institutions Act, including in respect of the activities or services it acquires;

6. the bridge bank meets the requirements and is subject to supervision by the BNB in accordance with the Credit Institutions Act, Regulation (EU) No. 575/2013 and, where applicable, complies with the requirements and is subject to supervision by the Financial Supervision Commission in accordance with the Markets in Financial Instruments Act;

7. the activities of the bridge bank shall be carried out in accordance with the State aid legal framework of the European Union and the BNB in its capacity as the resolution authority under Article 2(1) may determine appropriate restrictions on its activities.

(3) (Supplemented, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The proposals for granting approvals under paragraph 2, items 1 – 3, the proposals for granting a licence under paragraph 2, item 5 and for granting approvals and permits under the Credit Institutions Act shall be prepared by the unit under Article 2, paragraph 2.

(4) Where it is necessary for the purposes of resolution, the unit under Article 2(2) may propose the granting of an authorisation to the bridge bank under paragraph 2, item 5, even if it is not in full compliance with all the requirements under the Credit Institutions Act and the Markets in Financial Instruments Act. In this case the BNB, in its capacity as the competent authority under the Credit Institutions Act, may grant an authorisation, provided that it indicates short periods within which the bridge bank shall achieve full compliance with the requirements of the Credit Institutions Act and the Markets in Financial Instruments Act.

(5) The board of directors shall manage the bridge bank aiming to preserve access to critical functions and the onward sale of the bank, as well as its assets, rights or liabilities to one or more private purchasers under appropriate conditions, at the latest within two years from the date of the last transfer from the bank under resolution through the bridge bank tool. The above timeframe may be extended by the BNB in accordance with paragraph 9.

(6) Actions for sale of a bridge bank or its assets, rights or liabilities shall be carried out in accordance with the following conditions:

1. open and transparent marketing;

2. lack of substantial errors in the presentation of assets and liabilities;

3. the sale does not unduly favour or discriminate between potential purchasers;

4. the sale shall be on commercial terms, subject to the requirements of the State Aids Act and in accordance with the State aid legal framework of the European Union;

5. compliance with the rules and the legal framework of the European Union in the field of competition.

(7) The Bulgarian National Bank in its capacity as the authority under Article 2(1) shall decide that a legal person established pursuant to a decision under Article 60(1) shall cease to be a bridge bank tool within the meaning of paragraph 1 upon occurrence of any of the following circumstances:

1. a merger with or acquisition of the bridge bank by another person;

2. the bridge bank no longer meets the requirements of paragraph 1;

3. the sale of all or substantial assets, rights or liabilities of the bridge bank to a third person and actions made for the bank's winding-up;

4. after the expiry of the time limit referred to in paragraphs 5 and 8 or, where applicable, under paragraph 9;

5. the procedure for liquidation of the bridge bank is over; the assets are completely liquidated, and the liabilities are fully repaid.

(8) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) If the circumstances under paragraph 7, items 1 – 3 are absent, the BNB, in its capacity of a resolution authority under Article 2, paragraph 1, shall take a decision on the termination of the activities of the bridge bank as soon as possible but not later than on expiry of the two-year time limit under paragraph 5.

(9) The Bulgarian National Bank may extend the period referred to in paragraph 8 by one year, including repeatedly, if such an extension:

1. contributes to the achievement of the results referred to in paragraph 7, items 1 - 3 or 5, or

2. is necessary to ensure continuity of key banking or financial services.

(10) The BNB decision for extension under paragraph 9 shall be reasoned and shall contain

a detailed assessment of the situation, including market conditions and prospects for the bridge bank justifying the extension.

(11) Where the activity of the bridge bank is wound up as a result of the circumstances under paragraph 7, item 3 or item 4, the bridge bank shall be liquidated in accordance with Chapter Twelve of the Credit Institutions Act.

(12) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) Subject to compliance with Article 57, paragraph 6, the proceeds received from the liquidation of the bridge bank under paragraph 11 shall be to the benefit of its shareholders, save where insolvency is established in the course of the liquidation.

Establishment and operation of a bridge investment firm

Article 62. (1) (Supplemented, SG No. 37/2019, effective 7.05.2019) The bridge firm shall be a legal entity which shall be established by the ICF as a joint-stock company or a limited liability company and shall meet the following conditions:

1. (supplemented, SG No. 37/2019, effective 7.05.2019) the capital of the bridge firm shall be funded in full or in part with funds from the SRF or the IFRF;

2. is controlled by the Commission as its resolution authority under Article 3(1), including after applying the bail-in tool, for the purposes of Article 65(1), item 2;

3. is established for the purpose of acquiring and holding all or any of the assets, rights and liabilities of an investment firm under resolution in order to maintain access of the customers of the investment firm under resolution to its critical functions and onward sale of the investment firm.

(2) The bridge investment firm shall operate in accordance with the following requirements:

1. the Statute of the bridge investment firm is approved by the Commission in its capacity as a resolution authority under Article 3(1);

2. the management body of the bridge investment firm is approved by the Commission in its capacity as a resolution authority under Article 3(1);

3. The Commission in its capacity as the resolution authority under Article 3(1) has approved the remuneration of the members of the management body (the board of directors) and has defined their duties;

4. The Commission in its capacity as the resolution authority under Article 3(1) has approved the strategy and risk profile of the bridge investment firm;

5. the bridge investment firm is authorised in accordance with the requirements of the Markets in Financial Instruments Act, including in respect of the activities or services it acquires;

6. (supplemented, SG No. 25/2022, effective 29.03.2022) the bridge investment firm meets the requirements and is subject to supervision by the Commission in accordance with the Markets in Financial Instruments Act and Regulation (EU) No. 575/2013 or Regulation (EU) 2019/2033;

7. (amended, SG No. 37/2019, effective 7.05.2019) the activities of the bridge investment firm shall be carried out in accordance with the State aid legal framework of the European Union and the resolution authority under Article 3(1) may determine appropriate restrictions on its activities.

(3) Proposals under paragraph 2, items 1, 2 and 3 shall be made by the Management Board

of ICF and shall be submitted to the Commission for approval. The proposals under paragraph 2, item 4 shall be made by the management body of the bridge investment firm. Applications for the granting of an authorisation under item 5 and approvals under the Markets in Financial Instruments Act shall be submitted by the management board of the ICF.

(4) Where it is necessary for the purposes of resolution, the unit under Article 3(2) may propose the granting of an authorisation to the bridge investment firm under paragraph 2, item 5, even if it is not in full compliance with all the requirements under the Markets in Financial Instruments Act. In this case the Commission, in its capacity as the competent authority under the Markets in Financial Instruments, provided that it indicates short periods within which the bridge investment firm shall achieve full compliance with the requirements of the Markets in Financial Instruments Act.

(5) The management body shall manage the bridge investment firm aiming to preserve access to critical functions and onward sale of the investment firm, as well as its assets, rights or liabilities to one or more private purchasers under appropriate conditions, at the latest within two years from the date of the last transfer from the investment firm under resolution through the bridge investment firm tool. The above timeframe may be extended by the Commission in accordance with paragraph 9.

(6) Actions for sale of a bridge investment firm or its assets, rights or liabilities shall be made in accordance with the following conditions:

1. open and transparent marketing;

2. lack of substantial errors in the presentation of assets and liabilities;

3. the sale does not unduly favour or discriminate between potential purchasers;

4. the sale shall be on commercial terms, subject to the requirements of the State Aids Act and in accordance with the State aid legal framework of the European Union;

5. compliance with the rules and the legal framework of the European Union in the field of competition.

(7) (Amended, SG No. 37/2019, effective 7.05.2019) The Commission in its capacity as the authority under Article 3(1) shall decide that a legal person established pursuant to a decision under paragraph 1 shall cease to be a bridge investment firm tool within the meaning of paragraph 1 upon occurrence of any of the following circumstances:

1. a merger with or acquisition of the bridge investment firm by another person;

2. the bridge investment firm no longer meets the requirements of paragraph 1;

3. the sale of all or substantial assets, rights or liabilities of the bridge investment firm to a third person and actions made for the investment firm's winding-up;

4. after the expiry of the time limit referred to in paragraphs 5 and 8 or, where applicable, under paragraph 9;

5. the procedure for liquidation of the bridge investment firm is over; the assets are completely liquidated, and the liabilities are fully repaid.

(8) If the circumstances under paragraph 7, items 1 - 3 have not occurred, the Commission in its capacity as a resolution authority under Article 3(1) shall decide on the winding up of the activities of the bridge investment firm as soon as possible, but no later than the expiry of the two-year period under paragraph 5.

(9) The Commission may extend the period referred to in paragraph 8 by one year, including repeatedly, if such an extension:

1. contributes to the achievement of the results referred to in paragraph 7, items 1 - 3 or 5, or

2. is necessary to ensure continuity of key financial services.

(10) The decision of the Commission for extension under paragraph 9 shall be reasoned and shall contain a detailed assessment of the situation, including market conditions and prospects for the bridge investment firm justifying the extension.

(11) When the business of a bridge investment firm is wound up as a result of circumstances under paragraph 7, item 3 or item 4, it shall be liquidated in accordance with the relevant provisions of the Markets in Financial Instruments Act and the Commerce Act.

(12) Subject to Article 57(6), the proceeds obtained as a result of the liquidation under paragraph 11 of the bridge investment firm shall be in favour of its shareholders or holders of instruments of ownership, unless insolvency is established in the course of liquidation thereof.

Bridge financial holding company

Article 63. (1) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The bridge financial holding company shall be established as a holding company under Article 277 of the Commerce Act and shall meet the following requirements:

1. (amended and supplemented, SG No. 37/2019, effective from the first 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, and regrading the words "or in part", effective 7.05.2019) the capital of the bridge financial holding company shall be financed in full or in part with funds from the SRF, BRF or IFRF;

2. is controlled by the relevant resolution authority, including after applying the bail-in tool, for the purposes of Article 65(1), item 2;

3. is established for the purpose of acquiring and holding all or part of the shares and other instruments of ownership issued by one or more institutions under resolution, in order to maintain access of the customers of the institutions under resolution to their critical functions and subsequent sale of the institutions.

(2) The bridge financial holding company shall operate in accordance with the following requirements:

1. the Statute or the deed of establishment of the bridge financial holding company is approved by the resolution authority;

2. the management body of the financial holding company is approved by the resolution authority;

3. the resolution authority has approved the remuneration of the members of the management body and has determined their duties;

4. (supplemented, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) the resolution authority has approved the strategy and the risk profile of the bridge financial holding company on a proposal by the management body of directors of the bridge financial holding company;

5. (supplemented, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on

the European Central Bank concerning policies relating to the prudential supervision of credit institutions) the bridge financial holding company shall meet the requirements set out in the Credit Institutions Act, the Market in Financial Instruments Act respectively; in the cases where the bridge financial holding company is established for acquisition of shares and other equity instruments issued by a bank under resolution, it shall be recorded in the register under Article 3 of the Credit Institutions Act in compliance with the relevant procedures and requirements set out therein;

6. the bridge financial holding company complies with the requirements and is subject to supervision by the BNB in accordance with the Credit Institutions Act, by the Commission in accordance with the Markets in Financial Instruments Act respectively, Regulation (EU) No. 575/2013;

7. the activities of the bridge financial holding company shall be carried out in accordance with the State aid legal framework of the European Union and the resolution authority may determine appropriate restrictions on its activities.

(3) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The proposals for granting approvals under paragraph 2, items 1 – 3 shall be prepared by the unit under article 2, paragraph 2, by the ICF respectively, and shall be submitted to the resolution authority for approval.

(4) The management body shall manage the bridge financial holding company aiming to preserve access to the institution's critical functions and its onward sale, as well as the sale of its assets, rights or liabilities to one or more private purchasers under appropriate conditions, at the latest within two years from the date of the last transfer from the institution under resolution through the bridge institution tool.

(5) The bridge financial holding company shall act to sell the shares and other instruments of ownership issued by the institution under resolution, or its assets, rights or liabilities subject to the following conditions:

1. open and transparent marketing;

2. lack of substantial errors in the presentation of assets and liabilities;

3. the sale does not unduly favour or discriminate between potential purchasers;

4. the sale shall be on commercial terms, subject to the requirements of the State Aids Act and in accordance with the State aid legal framework of the European Union;

5. compliance with the rules and the legal framework of the European Union in the field of competition.

(6) The resolution authority shall decide that a legal person established pursuant to a decision under Article 60(1) shall cease to be a bridge financial holding company tool within the meaning of paragraph 1 upon occurrence of any of the following circumstances:

1. the sale of all shares and other instruments of ownership of the institutions under resolution, held by the bridge financial holding company, to a third party;

2. the sale of all or substantial assets, rights or liabilities of the institutions under resolution, whose shares and other instruments of ownership are acquired by the bridge financial holding company, to a third party or parties and onward winding up of the institutions under resolution;

3. the bridge financial holding company no longer meets the requirements of paragraph 1;

4. the procedure for the liquidation of the bridge financial holding company is over.

(7) The participation of the bridge financial holding company in the capital of an institution

under resolution shall be transferred against consideration to the private sector as soon as commercial and financial circumstances allow it.

(8) When the business of a bridge financial holding company is wound up as a result of the circumstances under paragraph 6, items 1 - 3, the bridge financial holding company shall be liquidated under the Commerce Act.

(9) Subject to Article 57(6), the proceeds obtained as a result of the actions under paragraph 6, items 1 and 2, shall be for the benefit of the shareholders or partners of the bridge financial holding company.

Chapter Twelve
ASSET SEPARATION TOOL

Asset separation tool

Article 64. (1) The resolution authority under Article 2 or Article 3 may decide on the transfer of assets, rights or liabilities of an institution under resolution or from a bridge institution to one or more asset management vehicles.

(2) Subject to Article 117, the transfer under paragraph 1 may take place without obtaining the consent of the shareholders or partners of the institution under resolution or any third party other than the bridge institution, and the requirements of the Commerce Act or the Public Offering of Securities Act shall not apply.

(3) The asset management vehicle under paragraph 1 shall be a joint-stock company with one-tier management system that meets the following requirements:

1. (amended, SG No. 37/2019, effective from the first 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) the capital of the company shall be financed in full or in part with funds from the BRF or IFRF and shall be controlled by the resolution authority;

2. (new, SG No. 37/2019, effective from the first 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) where the institution under resolution falls within the scope of Regulation (EU) No. 806/2014, the capital of the company shall be financed in full or in part with funds from the SRF and shall be controlled by the resolution authority;

3. (renumbered from item 2, SG No. 37/2019, effective from the first 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) it has been created for assumption of assets, rights and obligations of one or more institutions under resolution or of a bridge institution, or a part thereof.

(4) The asset management vehicle under paragraph 1 shall manage the assets transferred thereto in order to obtain the highest possible value on their potential sale or liquidation in accordance with the applicable regulatory requirements.

(5) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) On a proposal by the unit under Article 2, paragraph 2, the ICF respectively, the resolution authority shall approve:

1. the Statute of the asset management vehicle;

2. the management body of the asset management vehicle;

3. the remuneration of the members of the management body and their duties;

4. the strategy and risk profile of the vehicle.

(6) The resolution authority may exercise the power under paragraph 1 for transfer of assets, rights or liabilities where any of the following conditions applies:

1. the current state of the market for those assets is such that their potential realisation through insolvency proceedings of the institution under resolution would have adverse effects on one or more financial markets;

2. the transfer is necessary to ensure the proper functioning of the institution under resolution or the bridge bank, or the bridge investment firm;

3. such transfer is necessary to increase the proceeds from the realisation of the assets.

(7) Where the resolution authority applies the asset separation tool, it shall determine the amount of the consideration for which the assets, rights and liabilities under paragraph 1 are transferred to the asset management vehicle in accordance with the requirements of Article 55 subject to the State Aids Act and the State aid legal framework of the European Union. The consideration may have nominal or negative value.

(8) Subject to Article 57(6), the consideration under paragraph 7 paid by the asset management vehicle, where it acquires directly from the institution under resolution assets, rights or liabilities, shall benefit the institution under resolution and may be paid in the form of debt issued by the asset management vehicle.

(9) The resolution authority may decide on one or more transfers of assets, rights or liabilities from the institution under resolution to one or more asset management vehicles as well as transfer assets, rights or liabilities back from an asset management vehicle to the institution under resolution provided that the conditions specified in paragraph 11 are met.

(10) The institution under resolution shall take back the assets, rights or liabilities that have been transferred under paragraph 9.

(11) The resolution authority may decide on transfer back at any time under paragraph 9 in one of the following circumstances:

1. the decision under paragraph 1 and the transfer agreement state expressly the possibility for the transfer back of specific rights, assets or liabilities;

2. the specific rights, assets or liabilities do not fall within the classes of, or meet the conditions for transfer of, rights, assets or liabilities specified in the decision under paragraph 1 by which the transfer was made.

(12) The transfer back referred to in paragraph 11 may be made at any time and shall meet all the other conditions laid down in the relevant agreement for that purpose.

(13) Transfers between the institution under resolution and the asset management vehicle shall be subject to the safeguards for partial property transfers specified in Chapter Seventeen.
(10) The shareholders or the creditors of the institution under resolution and third parties, whose assets, rights or liabilities are not transferred to the asset management vehicle, shall not have any claims in relation to the assets, rights or liabilities transferred to the asset management vehicle or

its management body or senior management.

(14) The asset management vehicle shall have no liabilities and shall not be held responsible to the shareholders or partners or creditors of the institution under resolution. The management body or the senior management of the asset management vehicle shall not be liable to the shareholders and partners or the creditors of the institution under resolution for any act or omission in the discharge of their duties, unless the act or omission implies gross negligence or serious misconduct which directly affects rights of the shareholders or partners or creditors.

Chapter Thirteen
THE BAIL-IN TOOL

Section I
General Provisions

Objective of the bail-in tool

Article 65. (1) The resolution authority under Article 2 or Article 3 may decide on the application of the bail-in tool to meet the resolution objectives specified in Article 50(2), in accordance with the resolution principles for any of the following purposes:

1. to recapitalise an institution or an entity under Article 1(1), items 3 - 5 that meets the conditions for resolution, to the extent sufficient:

a) to restore its ability to comply with the conditions for authorisation, where applicable;

b) to carry out the activities for which it is authorised under the Credit Institutions Act, the Markets in Financial Instruments Act respectively;

c) to sustain sufficient market confidence in the institution or entity;

2. to convert to equity or reduce the principal amount of liabilities of the institution under resolution, or debt instruments that are transferred:

a) to a bridge institution with a view to providing capital for that bridge institution; or

b) under the sale of business tool or the asset separation tool.

(2) The resolution authority may apply the bail-in tool for the purpose referred to in paragraph 1, item 1 only if there is a reasonable prospect that the application of that tool together with other relevant measures including measures implemented in accordance with the business reorganisation plan required by Article 79 will, in addition to achieving relevant resolution objectives, will restore the institution or entity referred to in Article 1(1), items 3 - 5 in question to financial soundness and long-term viability.

(3) If the conditions under paragraph 2 cannot be met, the resolution authority under Article 2 or Article 3 may apply any of the resolution tools under Article 56, items 1 - 3 and the bail-in tool in accordance with paragraph 1, item 2.

Scope of bail-in tool

Article 66. (1) The resolution authority under Article 2 or Article 3 may apply the bail-in tool to all liabilities of an institution or entity referred to Article 1(1), items 3 - 5 that are not excluded from the scope of that tool pursuant to paragraph 2.

(2) The resolution authority shall not exercise the write down or conversion powers in relation to the following liabilities whether they are governed by the law of the Republic of Bulgaria or of another Member State or of a third country:

1. covered deposits;

2. (amended, SG No. 25/2022, effective 8.07.2022) secured liabilities including covered

bonds and liabilities in the form of financial instruments used for hedging purposes which form an integral part of the cover pool and which according to the applicable law are secured in a way similar to covered bonds;

3. any liability that arises by virtue of the holding by the institution or entity referred to Article 1(1), items 3 - 5 of client assets or client money including client assets or client money held on behalf of UCITS or of AIFs, provided that such a client is protected under the applicable insolvency law;

4. any liability that arises by virtue of a fiduciary relationship between the institution or entity referred to Article 1(1), items 3 - 5 as fiduciary and another person (as beneficiary), provided that such a beneficiary is protected under the applicable insolvency or civil law;

5. liabilities to institutions, excluding entities that are part of the same group of the institution under resolution, with an original maturity of up to seven days;

6. (amended, SG No. 20/2018, effective 6.03.2018, amended and supplemented, SG No. 12/2021, effective 12.02.2021) liabilities with a remaining maturity of less than 7 days, owed to systems or operators of systems compliant with the conditions of Chapter Eight of the Payment Services and Payment Systems Act or with the relevant legislation of a Member State, or to their participants and arising from the participation in such a system, or liabilities owed to central counterparties that have been authorised to pursue business in the European Union pursuant to Article 14 of Regulation (EU) No. 648/2012, and to third-country central counterparties recognised by ESMA under Article 25 of Regulation (EU) 648/2012;

7. liabilities to any one of the following:

a) an employee, in relation to accrued salary, pension benefits or other fixed remuneration, except for the variable component of remuneration that is not regulated by a collective bargaining agreement;

b) suppliers of goods and services that are critical to the daily functioning of the operations of the institution under Article 1(1), items 3 - 5, including IT services, utilities and the rental, servicing and upkeep of premises;

c) tax and social security authorities, provided that those liabilities are preferred under the applicable law;

d) deposit guarantee schemes arising from contributions due in accordance with the applicable law;

8. (new, SG No. 12/2021, effective 12.02.2021, amended, SG No. 63/2025) liabilities to an institution or a company under Article 1(1) items 3 – 5 that is part of the same resolution group, without being a resolution entity itself, regardless of the residual term to maturity, except for the liabilities which according to the applicable insolvency legislation are satisfied in order of priority after the unsecured unprivileged liabilities; the resolution authority of the relevant subsidiary that is not a resolution entity shall assess whether the amount of the elements meeting the requirements of Article 70a(6) is sufficient to ensure the application of the preferred resolution strategy.

(3) (Amended, SG No. 15/2018, effective 16.02.2018) The exclusion referred to in paragraph 2, item 7 "a" shall not apply to the variable component of the remuneration of an employee whose activity has a significant impact on the risk profile of the institution within the meaning of Article 73b(2) of the Credit Institutions Act, Article 65(1), item 14 of the Markets in Financial Instruments Act respectively.

(4) The exercise of the powers under paragraph 1 shall not violate the requirements for separation and sufficient funding of covered assets, including a covered bond cover pool.

(5) The resolution authority may also exercise the powers under paragraph 1, where it is

appropriate, in respect of:

1. any part of a secured liability that exceeds the value of the collateral against which it is secured;

2. any amount of a deposit that exceeds the coverage level provided for Chapter Three in the Bank Deposit Guarantee Act.

Additional exclusion from the scope of the bail-in tool

Article 67. (1) In exceptional circumstances, where the bail-in tool is applied, the resolution authority under Article 2 or Article 3 may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers where:

1. it is not possible to write down or convert that liability within a reasonable time notwithstanding the good faith efforts of the resolution authority;

2. the exclusion is strictly necessary and is proportionate to achieve the continuity of critical functions and core business lines of the institution in a manner that maintains the ability of the institution under resolution to continue key operations, services and transactions;

3. (amended, SG No. 54/2025) the exclusion is necessary and proportionate to avoid giving rise to widespread contagion, in particular as regards eligible deposits held by natural persons and micro, small and medium-sized enterprises, which would severely disrupt the functioning of financial markets, including of financial market infrastructures, in a manner that could cause a serious disturbance to the economy of the Republic of Bulgaria or of the European Union, or

4. the application of the bail-in tool to those liabilities would cause a destruction in value such that the losses borne by other creditors would be higher than if those liabilities were excluded from bail-in.

(2) (New, SG No. 12/2021, effective 12.02.2021) Where it is necessary to ensure effective application of the resolution strategy and the conditions under paragraph 1 are present, the resolution authority may exempt in full or in part from application of the powers to write down or conversion liabilities to institutions or companies under Article 1(1), items 3 – 5 that are part of the same resolution group without being resolution entities, and where such liabilities are not exempted from application of the powers to write down and conversion under Article 66(2), item 8.

(3) (Renumbered from Paragraph 2, amended, SG No. 12/2021, effective 12.02.2021) In order to facilitate the resolution process and reduce the need for additional exclusions under paragraph 1 the resolution authority may, in accordance with Article 29(6), item 2, set a lower limit for exposures to other institutions of the institution or its group in the form of bail-in liabilities. Such lower limit does not apply to liabilities between persons that are part of the same group.

(4) (Renumbered from Paragraph 3, amended, SG No. 12/2021, effective 12.02.2021) Where the resolution authority decides to exclude or partially exclude a bail-inable liability or class of bail-inable liabilities under paragraph 1, the level of write down or conversion applied to other bail-inable liabilities may be increased to take account of such exclusions, provided that the level of write down and conversion applied to other bail-inable liabilities complies with the principle in Article 53(1), item 7.

(5) (Supplemented, SG No. 37/2019, effective from the first 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, renumbered from Paragraph 4, SG No. 12/2021, effective 12.02.2021) A decision under paragraph 1 shall be taken only if opportunities for funding from the BRF or IFRF are

available, subject to the limitations of Article 68.

(6) (Renumbered from Paragraph 5, SG No. 12/2021, effective 12.02.2021) When exercising its powers under paragraph 1, the resolution authority shall take account of the following:

1. the principle that losses are absorbed first by the shareholders or partners and then by the creditors of the institution under resolution, in accordance with their ranking in bankruptcy;

2. the capacity for taking losses that is available to the institution under resolution, if the liability or the class of liabilities are excluded from the bail-in, and

3. the need to maintain an adequate level of BRF funds, IFRF funds respectively.

(7) (Renumbered from Paragraph 6, SG No. 12/2021, effective 12.02.2021) The resolution authority shall notify the European Commission, before exercising its power to exclude a liability under paragraph 1. When the exclusion requires a contribution from BRF, IFRF respectively, or from an alternative source of funding in accordance with Article 68, the power shall be exercised, if the European Commission does not prohibit or request a modification within the scope of the proposed exclusion within 24 hours of receipt of such notification or such longer period on which the resolution authority has given consent.

Selling of subordinated eligible liabilities to retail clients

Article 67a. (New, SG No. 12/2021, effective 12.02.2021, 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) In the event of transactions in financial instruments that meet the conditions for eligible liabilities under Article 72a(1) "a" and (2) and Article 72b(1), (2), (6) and (7) of Regulation (EU) No. 575/2013, the seller may sell such liabilities to a retail client only where the nominal value of the instrument is not less than EUR 50,000 and performing the assessment of suitability under Article 78 of the Markets in Financial Instruments Act.

Conditions and restrictions for BRF funding, IFRF funding respectively, upon additional exclusion from the scope of the bail-in tool

Article 68. (1) (Amended, SG No. 12/2021, effective 12.02.2021) Where a resolution authority decides to exclude or partially exclude a bail-inable liability or class of bail-inable liabilities, and the losses that would have been borne by those liabilities have not been passed on fully to other creditors, the BRF, the IFRF respectively, may make a contribution to the institution under resolution to achieve at least one of the following:

1. (amended, SG No. 12/2021, effective 12.02.2021) cover any losses which have not been absorbed by bail-inable liabilities and restore the net asset value of the institution under resolution to zero in accordance with Article 73(1), item 1;

2. purchase the shares/units or relevant equity instruments of the institution under resolution, with the aim of recapitalisation, in accordance with Article 73(1), item 2.

(2) The Banks Resolution Fund, the IFRF respectively, shall make the contribution under paragraph 1 only upon fulfilment of the following conditions:

1. (amended, SG No. 12/2021, effective 12.02.2021) the shareholders or the partners, the holders of instruments of ownership and the creditors on bail-inable liabilities have absorbed losses through cancellation of shares, write down and conversion of debt or otherwise, to total a amount of no less than 8 per cent of total liabilities, including equity of the institution under resolution, calculated during the resolution action in accordance with the valuation under Article 55;

2. the contribution of the BRF, the IFRF respectively, does not exceed 5 per cent of the total liabilities including own funds of the institution under resolution, measured at the time of resolution action in accordance with the valuation provided for in Article 55.

(3) The requirement under paragraph 2, item 1 may not be applied when the following conditions are met:

1. (supplemented, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, amended, SG No. 12/2021, effective 12.02.2021) the contribution of the shareholders or partners and the holders of other instruments of ownership and of creditors on bail-inable liabilities of the institution under resolution towards assumption of losses and recapitalisation under paragraph 2, item 1 shall not be less than 20 per cent of the risk-weighted assets of the institution; and

2. (repealed, SG No. 37/2019, effective from the first 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. (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 total assets of the institution on a consolidated basis is below EUR 900 billion.

(4) The contribution of the BRF, IFRF respectively, under paragraph 1 may be financed in the following ways:

1. from funds available to BRF, IFRF respectively, raised from annual contributions from the institutions authorised in the Republic of Bulgaria and from branches of institutions from third countries, established in the Republic of Bulgaria;

2. from funds that can be raised from institutions through exceptional contributions within three years, or

3. when the funds referred to in items 1 and 2 are insufficient, from funds received from alternative sources of funding in accordance with Article 141, where possible.

(5) In exceptional circumstances, the resolution authority may seek additional funds from alternative sources of funding under the following conditions:

1. the limit referred to in paragraph 2, item 2 has been reached, and

2. all unsecured, non-preferred liabilities, other than eligible deposits, have been written down or converted in full.

(6) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The Banks Resolution Fund, the IFRF respectively, may furthermore make a contribution under the conditions of paragraph 5 from the funds raised from annual contributions

and which are not yet utilised.

Section II
Minimum requirement for own funds and eligible liabilities

Calculation of the minimum requirement for own funds and eligible liabilities

(Title amended, SG No. 12/2021, effective 12.02.2021)

Article 69. (1) (Amended, SG No. 37/2019, effective 7.05.2019, SG No. 12/2021, effective 12.02.2021) The resolution authority under Article 2 or Article 3 shall set for the institutions and companies under Article 1(1), items 3 – 5 a minimum requirement for own funds and eligible liabilities in accordance with Articles 69a – 72b.

(2) (Amended, SG No. 12/2021, effective 12.02.2021) The minimum requirement for own funds and eligible liabilities under paragraph 1 shall be calculated in accordance with Article 69c, 69d or 69e depending on the entity, as the amount of own funds and eligible liabilities and expressed as percentages of:

1. (supplemented, SG No. 25/2022, effective 29.03.2022) the total risk exposure of the relevant institution or entity under Article 1, paragraph 1, items 3 – 5 calculated in accordance with Article 92, paragraph 3 of Regulation (EU) No. 575/2013, for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, respectively, calculated in accordance with the applicable requirement laid down in Article 11(1) of Regulation (EU) 2019/2033, multiplied by 12.5, and

2. the total exposure measure of the relevant of the relevant institution or company under Article 1(1), items 3 – 5, calculated in accordance with Articles 429 and 429a of Regulation (EU) No. 575/2013.

(3) (Repealed, SG No. 12/2021, effective 12.02.2021).

(4) (Repealed, SG No. 12/2021, effective 12.02.2021).

(5) (Repealed, SG No. 12/2021, effective 12.02.2021).

(6) (Repealed, SG No. 12/2021, effective 12.02.2021).

(7) (Amended, SG No. 37/2019, effective 7.05.2019, repealed, SG No. 12/2021, effective 12.02.2021).

(8) (Amended, SG No. 12/2021, effective 12.02.2021) The resolution authority under Article 2 or Article 3, as the case may be, shall control compliance by the institutions with the minimum requirement for own funds and eligible liabilities under paragraph 1 and, where applicable, with Articles 70 and 70a.

(9) (Amended, SG No. 12/2021, effective 12.02.2021, amended and supplemented, SG No. 63/2025) The resolution authority under Article 2 or Article 3, as the case may be, shall inform EBA of the minimum requirement for own funds and eligible liabilities set in accordance with Articles 70 and 70a for each entity falling within their competence, including the decisions under Article 70(4).

Eligible liabilities of resolution entities

Article 69a. (New, SG No. 12/2021, effective 12.02.2021) (1) The own funds and eligible liabilities of resolution entities shall include liabilities meeting the conditions under Article 72a, Article 72b(1), (2) "a" – "c" and "e" – "n", paragraphs 3 – 7 and Article 72c of Regulation (EU) No. 575/2013.

(2) When the requirements under Article 92a or Article 92b of Regulation (EU) No. 575/2013 apply to a resolution entity, eligible liabilities shall be set in accordance with Article 72k of Regulation (EU) No. 575/2013 and in line with part two, title I, chapter 5a of Regulation

(EU) No. 575/2013.

(3) A liability arising from debt instruments with embedded derivatives, e.g.structured bonds, that meets the conditions under Article 72a, (1) and (2), "a" – "к", Article 72b(1), (2) "a" – "c" and "e" – "n", paragraphs 3 – 7 and Article 72c of Regulation (EU) No. № 575/2013 shall be included in the amount of equity and eligible liabilities where one of the following conditions is met with regard to the liability:

1. the principal of the liability arising from the debt instrument is known at the time of issue, is fixed or increasing and is not affected by an embedded derivative feature, and the total amount of the liability arising from the debt instrument, including the embedded derivative, can be valued on a daily basis by reference to an active and liquid two-way market for an equivalent instrument without credit risk, in accordance with Articles 104 and 105 of Regulation (EU) No. 575/2013;

2. the debt instrument includes a contractual term that specifies that the value of the claim in cases of the insolvency of the issuer and of the resolution of the issuer is fixed or increasing, and does not exceed the initially paid-up amount of the liability.

(4) Debt instruments referred to in paragraph 3, including their embedded derivatives, shall not be subject to any netting agreement and the valuation of such instruments shall not be subject to Article 76(3).

(5) The liability under paragraph 3 shall be included in the amount of own funds and eligible liabilities only with the part of the liability corresponding to the principal under paragraph 3, item 1 or with the fixed, or increasing amount of the claim under paragraph 3, item 2.

(6) When the liability is issued by a subsidiary established in the European Union that is part of the same resolution group to which the resolution entity belongs, under the condition for purchase by an existing owner of shares in the capital of that subsidiary and the owner is not part of the same resolution group, and is purchased by the latter, such liability shall be included in the amount of own funds and eligible liabilities of the resolution entity where the following conditions are met:

1. (amended, SG No. 63/2025) the liability is issued in accordance with Article 70a(6), item 1;

2. the exercise of the write-down and conversion powers under Articles 89 – 91 and Article 93 in relation to the liability does not affect the control over the subsidiary exercised by the resolution entity;

3. (amended, SG No. 63/2025) the liability does not exceed the amount obtained after subtracting from the minimum requirement applicable in accordance with Article 70a(1) to (5) the sum of the liabilities issued under conditions for purchase by the resolution entity and purchased by it directly or indirectly through other entities from the same resolution group, and the amount of own funds issued in accordance with Article 70a(6) item 2.

(7) Where the resolution entity is a global systemically important institution (G-SII) or if it is subject to Article 69d(1) and (2) or paragraphs 3 – 5, the resolution authority under Article 2 or Article 3, as the case may be, shall set the minimum requirement for own funds and eligible liabilities in accordance with Article 70 in compliance with the requirements under Article 69d(1) and (2) or Article 69f(1), item 1 and shall ensure that part of the minimum requirement in the amount of 8 per cent of total liabilities, including own funds, is met through own funds, subordinated eligible instruments or liabilities under paragraph 6.

(8) In the cases of paragraph 7 and when the conditions under Article 72b(3) of Regulation (EU) No. 575/2013 are met, the resolution authority may authorise a lower level than 8 per cent

of total liabilities but higher than the amount obtained after applying the formula under appendix No. 6, item 1.

(9) (Supplemented, SG No. 63/2025) Where in respect of a resolution entity to which Article 69d(1) and (2) applies, the application of paragraphs 7 and 8 leads to determination of a requirement exceeding 27 per cent of the total risk exposure, the resolution authority shall reduce for that resolution entity the part of the requirement under Article 70 which is met through own funds, subordinated eligible instruments or liabilities under paragraph 6 to an amount equivalent to 27 per cent of the total risk exposure. Reduction shall apply where the resolution authority considers that:

1. access to the relevant resolution financing arrangements is not an option for resolving that resolution entity in the resolution plan, or

2. when access to the relevant resolution financing arrangements is included in the resolution plan, the requirement under Article 70 allows the resolution entity to meet the conditions under Article 68(2) or (3).

(10) In carrying out the assessment referred to in paragraph 9, the resolution authority shall also take into account the risk of disproportionate impact on the business model of the resolution entity.

(11) Where a resolution entity is not a G-SII and where it is not subject to Article 69d(1) and (2) or paragraphs 3 – 5, the resolution authority may decide that a part of the minimum requirement for own funds and eligible liabilities under Article 70 up to the greater of 8 per cent of the total liabilities, including own funds, of the entity and the formula referred to in appendix No. 6, item 2, shall be met using own funds, subordinated eligible instruments, or liabilities as referred to in paragraph 6 of this Article.

(12) The resolution authority may apply paragraph 11 where the following conditions are met:

1. the liabilities under paragraphs 1 to 5 and that are included in own funds and eligible non-subordinated liabilities have the same priority ranking in the insolvency hierarchy of the applicable legislation as well as certain liabilities that are excluded from the application of the write-down or conversion powers in accordance with Article 66(2) to (5) or Article 67(1), (2) and (4);

2. there is a risk that as a result of a planned application of write-down and conversion powers to non-subordinated liabilities that are not excluded from the application of the write-down or conversion powers in accordance with Article 66(2) to (5) or Article 67(1), (2) and (4) creditors of claims arising from those liabilities incur greater losses than they would incur in a winding up under normal insolvency proceedings;

3. the amount of own funds and other subordinated liabilities shall not exceed the amount necessary to ensure that creditors referred to in item 2 shall not incur losses above the level of losses that they would otherwise have incurred in a winding up under normal insolvency proceedings.

(13) Where the resolution authority determines that, within a class of liabilities which includes eligible liabilities, the amount of the liabilities that are excluded or reasonably likely to be excluded from the application of write-down and conversion powers in accordance with Article 66(2) to (5) or Article 67(1), (2) and (4) totals more than 10 per cent of that class, the resolution authority shall assess the risk referred to in paragraph 12, item 2.

(14) For the purposes of paragraphs 7 – 13 and paragraph 16 derivative liabilities shall be included in the total liabilities on the basis of full recognition to counterparty netting rights.

(15) The own funds of a resolution entity that are used to comply with the combined buffer

requirement shall be eligible to comply with the requirements referred to in paragraphs 7 – 13 and paragraph 16.

(16) The resolution authority may decide that the requirement referred to in Article 70 shall be met by a resolution entity that is G-SII or resolution entity that is subject to Article 69d(1) and (2) or (3) to (5) using own funds, subordinated eligible instruments, or liabilities as referred to in paragraph 6, to the extent that, due to the obligation of the resolution entity to comply with the combined buffer requirement and the requirements referred to in Article 92a of Regulation (EU) No. 575/2013, and the requirements under Article 69d(1) and Article 69d(2) and Article 70, the sum of those own funds, instruments and liabilities does not exceed the greater of:

1. eight per cent of total liabilities, including own funds, of the entity, or

2. the amount obtained by applying the formula referred to in appendix No. 6, item 2.

(17) The power under paragraph 16 may be exercised by the resolution authority of a resolution entity that is G-SII or entity that is subject to Article 69d(1) and (2) or (3) to (5) and that meets one of the following conditions:

1. substantive impediments to resolvability have been identified in the preceding resolvability assessment and either:

a) no remedial action has been taken following the application of the measures referred to in Article 29(6) in the timeline required by the resolution authority, or

b) the identified substantive impediments cannot be addressed using any of the measures referred to in Article 29(6), and the exercise of the power referred to in paragraph 16 would partially or fully compensate for the negative impact of the substantive impediments on resolvability;

2. (supplemented, SG No. 85/2023, effective 10.10.2023) the resolution authority considers that the feasibility and credibility of the resolution entity's preferred resolution strategy is limited, taking into account the entity's size, its interconnectedness, the nature, scope, risk and complexity of its activities, its legal status and its shareholding structure;

3. (amended, SG No. 25/2022, effective 29.03.2022) upon application of Article 103a(2) of the Credit Institutions Act or Article 276(1), item 11 of the Markets in Financial Instruments Act by the competent authority the resolution authority reports that the resolution entity is, in terms of riskiness, among the top 20 per cent of institutions for which the resolution authority determines a minimum requirement for own funds and eligible liabilities under Article 69(1).

(18) The resolution authority may exercise the power under paragraph 16 in respect of all resolution entities that are G-SIIs or that are subject to Article 69d(1) and (2) or (3) to (5) or in respect of some of them, taking into account the specificities of the national banking sector.

(19) For the purposes of calculation of the percentages referred to in paragraph 17, item 3, the resolution authority shall round the number resulting from the calculation up to the closest whole number.

(20) The resolution authority shall take decisions under paragraphs 11, 12, 13 and 16 by taking account of the following:

1. the depth of the market for the resolution entity's own funds instruments and subordinated eligible instruments, the pricing of such instruments, where they exist, and the time needed to execute any transactions necessary for the purpose of complying with the decision;

2. the amount of eligible liabilities instruments that meet all of the conditions referred to in Article 72a of Regulation (EU) No. 575/2013 that have a residual maturity below one year as of the date of the decision, with a view to making quantitative adjustments to the requirements determined by the decisions under paragraphs 11 – 13 or 16;

3. the availability and the amount of instruments that meet all of the conditions referred to

in Article 72a and Article 72b, paragraph 1, paragraph 2 "a" – "c" and "e" – "n" and paragraphs 3 – 7 of Regulation (EU) No. 575/2013;

4. whether the amount of liabilities that are excluded from the application of write down and conversion powers in accordance with Article 66 or Article 67 and that, in normal insolvency proceedings, rank equally with or below the highest ranking eligible liabilities is significant in comparison to the own funds and eligible liabilities of the resolution entity; where the amount of excluded liabilities does not exceed 5 per cent of the amount of the own funds and eligible liabilities of the resolution entity, the excluded amount shall be considered as not being significant; above that threshold, the significance of the excluded liabilities shall be assessed by resolution authority;

5. the resolution entity's business model, funding model, and risk profile, as well as its stability and ability to contribute to the economy; and

6. the impact of possible restructuring costs on the resolution entity's recapitalisation.

Determination of the minimum requirement for own funds and eligible liabilities

Article 69b. (New, SG No. 12/2021, effective 12.02.2021) (1) The requirement referred to in Article 69(1) shall be determined by the resolution authority under Article 2 or Article 3, as the case may be, on the basis of the following criteria:

1. the need to ensure that the resolution group can be resolved by the application of the resolution tools to the resolution entity, including, where appropriate, the bail-in tool, in a way that meets the resolution objectives;

2. (supplemented, SG No. 25/2022, effective 29.03.2022) the need to ensure, where appropriate, that the resolution entity and its subsidiaries that are institutions or entities referred to in Article 1, paragraph 1, items 3 - 5 but are not resolution entities, have sufficient own funds and eligible liabilities to ensure that, if the bail-in tool or write-down and conversion powers respectively, were to be applied to them, losses could be absorbed and the total capital ratio and, as applicable, the leverage ratio of the relevant entities, can be restored to a level necessary to enable them to continue to comply with the conditions for issuing a licence and to carry on the activities for which they are licensed in accordance with the relevant national legislation, implementing 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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176 27.6.2013, p. 338), hereinafter referred to as "Directive 2013/36/EC" or Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation 2002/92/EC and Directive 2011/61/EU (OJ, L173/349 of 12 June 2014), hereinafter referred to as Directive 2014/65/EU;

3. the need to ensure, if the resolution plan anticipates the possibility for certain classes of eligible liabilities to be excluded from bail-in pursuant to Article 67 or to be transferred in full to a recipient under a partial transfer, that the resolution entity has sufficient own funds and other eligible liabilities to absorb losses and to restore its total capital ratio and, as applicable, its leverage ratio, to the level necessary to enable it to continue to comply with the conditions for authorisation and to carry on the activities for which it is authorised under the Credit Institutions Act or the Markets in Financial Instruments Act.

4. the size, the business model, the funding model and the risk profile of the entity;

5. the extent to which the failure of the entity would have an adverse effect on financial stability, including through contagion to other institutions or entities, due to the interconnectedness of the entity with those other institutions or entities or with the rest of the financial system.

(2) Where the resolution plan provides that resolution action is to be taken or that the power to write down and convert relevant capital instruments and eligible liabilities in accordance with Article 89 is to be exercised in accordance with the relevant scenario referred to in Article 14(5), the requirement referred to in Article 69(1) shall equal an amount sufficient to ensure that:

1. the losses that are expected to be incurred by the entity are fully absorbed;

2. recapitalisation – the resolution entity and its subsidiaries that are institutions or entities referred to in items 3 – 5 of Article 1(1) but are not resolution entities are recapitalised to a level necessary to enable them to continue to comply with the conditions for authorisation, and to carry on the activities for which they are authorised under the relevant national legislation introducing Directive 2013/36/EU or Directive 2014/65/EU for an appropriate period set by the resolution authority, not longer than one year.

(3) (Repealed, SG No. 63/2025).

(4) (New, SG No. 63/2025) No requirement under Article 69(1) shall be imposed on entities undergoing liquidation.

(5) (New, SG No. 63/2025) The resolution authority under Article 2 or Article 3, as the case may be, may consider it justified to set a requirement under Article 69(1) on an individual basis for a liquidation entity in an amount exceeding the amount sufficient to cover the losses in accordance with paragraph 2(1). In making its assessment, the resolution authority shall take into account any potential impact on financial stability and the risk of contagion in the financial system, including in relation to the funding capacity of the BDIF.

(6) (New, SG No. 63/2025) In the cases referred to in paragraph 5, the requirement specified in Article 69(1) shall be fulfilled by the liquidation entity by means of one or more of the following:

1. own funds;

2. liabilities that meet the conditions set out in Article 72a of Regulation (EU) No. 575/2013, with the exception of the liabilities referred to in Article 72b(2)(b) and (d) of that Regulation;

3. liabilities under Article 69a(3).

(7) (New, SG No. 63/2025) For liquidation entities for which the resolution authority has not determined a requirement under Article 69(1), Article 77(2) and Article 78a of Regulation (EU) No. 575/2013 shall not apply.

(8) (New, SG No. 63/2025) Except in the cases referred to in paragraph 9, the deductions under Article 72e(5) of Regulation (EU) No. 575/2013 shall not apply to positions in own funds instruments and eligible liabilities instruments issued by subsidiaries that are liquidation entities for which the resolution authority has not determined a requirement under Article 69(1).

(9) (New, SG No. 63/2025) An entity referred to in Article 1(1)(1) to (5) that is not a resolution entity but is a subsidiary of a resolution entity or of a third-country entity that would be a resolution entity if it were established in the European Union shall deduct its positions in own funds instruments in subsidiary institutions that belong to the same resolution group and are liquidation entities for which the resolution authority has not determined a requirement under Article 69(1), where the aggregate amount of those positions is equal to or exceeds 7 per cent of the total amount of its own funds and liabilities that meet the eligibility requirements under Article 70a(6).

(10) (New, SG No. 63/2025) The aggregate amount of positions in own funds instruments under paragraph 9 shall be calculated annually as at 31 December as an average value for the previous 12 months.

(11) (Renumbered from Paragraph (4), amended, SG No. 63/2025) Where the resolution

authority expects that certain classes of eligible liabilities are reasonably likely to be fully or partially excluded from bail-in pursuant to Article 67(1) and (2) or might be transferred in full to a recipient under a partial transfer, the minimum requirement referred to in Article 69(1) shall be met using own funds or other eligible liabilities that are sufficient to cover the amount of the excluded liabilities determined in accordance with Article 67(1) and (2) and to ensure compliance with the conditions under paragraph 2.

(12) (Amended, SG No. 25/2022, effective 29.03.2022, renumbered from Paragraph (5), amended, SG No. 63/2025) The resolution authority under Article 2 or Article 3, as the case may be, shall reason the decision to set the minimum requirement for own funds and eligible liabilities, including a full assessment of the elements under paragraphs 2 – 11, Articles 69c, 69d and 69e. The decision shall be reviewed in a timely manner in the event of changes in the level under Article 103a(2) of the Credit Institutions Act and under Article 276(1), item 11 of the Markets in Financial Instruments Act, as the case may be.

Minimum requirement for own funds and eligible liabilities for resolution entities

Article 69c. (New, SG No. 12/2021, effective 12.02.2021) (1) In the cases of Article 69b(2) the amount of the resolution entity's minimum requirement for own funds and eligible liabilities shall be determined as follows:

1. for the purposes of calculation of the requirement under item 1 of Article 69(2) as the sum of:

a) (amended and supplemented, SG No. 25/2022, effective 29.03.2022) the amount of the losses for the entity to be absorbed in resolution that corresponds to the requirements referred to in Article 92, paragraph 1 (c) of Regulation (EU) No. 575/2013, the requirements under Article 11(1) of Regulation (EU) 2019/2033 for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, respectively, and Article 103a, paragraph 2 of the Credit Institutions act, Article 276, paragraph 1, item 11 of the Markets in Financial Instruments Act for resolution entities at a consolidated level of the resolution group, and

b) (amended and supplemented, SG No. 25/2022, effective 29.03.2022) the recapitalisation amount that allows the resolution group to restore compliance with the total capital ratio requirement, referred to in Article 92, paragraph 1(c) of Regulation (EU) No. 575/2013, in Article 11(1) of Regulation (EU) 2019/2033 for investment firms under Article 9a, paragraph 1 of the Law on Markets in Financial Instruments, respectively, and of the requirement referred to in Article 103a, paragraph 2 of the Credit Institutions Act, Article 276, paragraph 1, item 11 of the Markets in Financial Instruments Act, respectively, at the consolidated resolution group level after the implementation of the preferred resolution strategy;

2. for the purposes of calculation of the requirement referred to in item 2 of Article 69(2) as the sum of:

a) the amount of the losses to be absorbed in the resolution that corresponds to the requirements referred to the resolution entity's leverage ratio requirement referred to in point (d) of Article 92 (1) of Regulation (EU) No. 575/2013 at the consolidated resolution group level;

b) a recapitalisation amount that allows the resolution group resulting from resolution to restore compliance with the leverage ratio requirement referred to in point (d) of Article 92(1) of Regulation (EU) No. 575/2013 at the consolidated resolution group level after the implementation of the preferred resolution strategy.

(2) For the purposes of item 1 of Article 69(2) the minimum requirement for own funds and eligible liabilities shall be expressed in percentage terms as the amount calculated in accordance with item 1 of paragraph 1, divided by the total risk exposure amount.

(3) For the purposes of item 2 of Article 69(2) the minimum requirement for own funds and

eligible liabilities shall be expressed in percentage terms as the amount calculated in accordance with item 2 of paragraph 1, divided by the total exposure measure.

(4) When setting the individual requirement provided in item 2 of paragraph 1, the resolution authority under paragraph 2 or paragraph 3, as the case may be, shall take into account the requirements referred to in Articles 57(8), 68(2) and (3).

(5) When setting the recapitalisation amount referred to in paragraph 1, item 1 (b) and item 2 (b), the resolution authority shall:

1. use the most recently reported values for the relevant total risk exposure amount or total exposure measure, adjusted for any changes resulting from resolution actions set out in the resolution plan; and

2. (amended, SG No. 25/2022, effective 29.03.2022) after consulting the competent authority, adjust the amount corresponding to the current requirement referred to in Article 103a(2) of the Credit Institutions Act or Article 276(1), item 11 of the Markets in Financial instruments Act to determine the requirement that is to apply to the resolution entity after the implementation of the preferred resolution strategy.

(6) (Supplemented, SG No. 25/2022, effective 29.03.2022) The resolution authority shall be able to increase the requirement provided in paragraph 1, item 1 (b) by an appropriate amount necessary to ensure that following the resolution the entity is able to sustain sufficient market confidence for an appropriate period which shall not exceed one year. In these cases the amount of the increase shall be equal to the combined buffer requirement that is to apply after the application of the resolution tools, less the amount of the countercyclical capital buffer as set under the procedure of the ordinance referred to in Article 39, paragraph 2 of the Credit Institutions Act, where a resolution authority is the BNB, or under the procedure of the ordinance referred to in Article 11, paragraph 5 of the Markets in Financial Instruments Act for investment firms under Article 9a, paragraph 2 of the same Act,where a resolution authority is the Commission.

(7) The resolution authority shall adjust downwards the amount of the requirement if, after consulting the competent authority, the resolution authority determines that it would be feasible and credible after application of the resolution strategy for a lower amount to be sufficient to sustain market confidence and to ensure both the continued provision of critical economic functions by the institution or company referred to in items 3 – 5 of Article 1(1), and its access to funding without recourse to extraordinary public financial support other than contributions from resolution financing arrangements, in accordance with Articles 68(2) and (3) and Article 137(3).

(8) The resolution authority shall adjust upwards the amount of the requirement set in accordance with paragraph 6 if, after consulting the competent authority, the resolution authority determines that a higher amount is necessary to sustain sufficient market confidence and to ensure both the continued provision of critical economic functions by the institution or company referred to in items 3 – 5 of Article 1(1) and its access to funding without recourse to extraordinary public financial support other than contributions from resolution financing arrangements, in accordance with with Article 68(2) and (3) and Article 137(3), for an appropriate period which shall not exceed one year.

(9) (Supplemented, SG No. 25/2022, effective 29.03.2022) For the purposes of paragraphs 1 – 8 the capital requirements shall apply in accordance with the competent authority's application of Part Ten, Title I, Chapters 1, 2 and 4 of Regulation (EU) No. 575/2013, respectively Regulation (EU) No. 2019/2033 and the relevant provisions of the Credit Institutions Act and the Markets in Financial Instruments Act, as the case may be, and the implementing acts governing the discretion of the competent authorities.

Minimum requirement for own funds and eligible liabilities for resolution entities that are not subject to Article 92a of Regulation (EU) No. 575/2013

Article 69d. (New, SG No. 12/2021, effective 12.02.2021) (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) For a resolution entity authority that is not subject to Article 92a of Regulation (EU) No. 575/2013 and which is part of a resolution group the total assets of which exceed EUR 100 billion the minimum level of the requirement under Article 69c shall be:

1. 13.5 per cent, when calculated as a percentage of the total risk exposure in accordance with item 1 of Article 69(2); and

2. 5 per cent, when calculated as a percentage of the total exposure measure in accordance with item 2 of Article 69(2).

(2) The level of the requirement referred to in paragraph 1 shall be from own funds, subordinated eligible instruments or liabilities under Article 69a(6).

(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 resolution authority under Article 2 or Article 3 may decide to apply the requirements referred to in paragraphs 1 and 2 to a resolution entity that is not subject to Article 92a of Regulation (EU) No. 575/2013 and which is part of a resolution group the total assets of which are lower than EUR 100 billion and which the resolution authority has assessed as reasonably likely to pose a systemic risk in the event of its failure.

(4) The decision under paragraph 3 shall be taken after consulting the competent authority, taking into account:

1. the prevalence of deposits, and the absence of debt instruments, in the resolution entity's funding model;

2. the extent to which access to the capital markets for eligible liabilities is limited;

3. the extent to which the resolution entity relies on its Common Equity Tier 1 capital to meet the requirement referred to in Article 70.

(5) The absence of a decision by the resolution authority pursuant to paragraph 3 shall be without prejudice to any decision under Article 69b(11) to (13).

Minimum requirement for own funds and eligible liabilities for entities that are not themselves resolution entities

Article 69e. (New, SG No. 12/2021, effective 12.02.2021) (1) For entities that are not themselves resolution entities, the amount of the minimum requirement referred to in Article 69b(2) shall be the following:

1. for the purposes of calculation of the requirement under item 1 of Article 69(2), the sum of:

a) (amended and supplemented, SG No. 25/2022, effective 29.03.2022) the amount of the losses for the entity to be absorbed in resolution that corresponds to the requirements referred to in Article 92 (1)(c) of Regulation (EU) No. 575/2013, the requirements under Article 11(1) of Regulation (EU) 2019/2033 for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, respectively, and in Article 103a, paragraph 2 of the Credit Institutions Act, or in Article 276, paragraph 1, item 11 of the Markets in Financial Instruments

Act, respectively, and

b) (amended and supplemented, SG No. 25/2022, effective 29.03.2022) a recapitalisation amount that allows the entity to restore compliance with its total capital ratio requirement referred to in Article 92, paragraph 1 (c) of Regulation (EU) No. 575/2013, referred to in Article 11(1) of Regulation (EU) 2019/2033 for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, respectively, and its requirement referred to in Article 103a, paragraph 2 of the Credit Institutions Act, Article 276, paragraph 1, item 11 of the Markets in Financial Instruments Act respectively, after the exercise of the power to write down or convert relevant capital instruments and eligible liabilities under Articles 89 - 91 or after the resolution of the resolution group, and

2. for the purposes of calculation of the requirement referred to in item 2 of Article 69(2), the sum of:

a) the amount of the losses to be absorbed that corresponds to the entity's leverage ratio requirement referred to in point (d) of Article 92(1) of Regulation (EU) No. 575/2013;

b) a recapitalisation amount that allows the entity to restore compliance with its leverage ratio requirement referred to in point (d) of Article 92(1) of Regulation (EU) No. 575/2013, after the exercise of the power to write down or convert relevant capital instruments and eligible liabilities in accordance with Articles 89 – 91 or after the resolution of the resolution group.

(2) For the purposes of item 1 of Article 69(2) the minimum requirement for own funds and eligible liabilities shall be expressed in percentage terms as the amount calculated in accordance with item 1 of paragraph 1, divided by the total risk exposure amount.

(3) For the purposes of item 2 of Article 69(2) the minimum requirement for own funds and eligible liabilities shall be expressed in percentage terms as the amount calculated in accordance with item 2 of paragraph 1, divided by the total exposure measure.

(4) When setting the individual requirement provided in item 2 of paragraph 1, the resolution authority under paragraph 2 or paragraph 3, as the case may be, shall take into account the conditions referred to in Articles 57(8), 68(2) and (3).

(5) When setting the recapitalisation amount, the resolution authority shall:

1. use the most recently reported values for the relevant total risk exposure amount or total exposure measure, adjusted for any changes resulting from resolution actions set out in the resolution plan; and

2. (amended, SG No. 25/2022, effective 29.03.2022) after consulting the competent authority, adjust the amount corresponding to the current requirement referred to in Article 103a(2) of the Credit Institutions Act or Article 276(1), item 11 of the Markets in Financial instruments Act, as the case may be, to determine the requirement that is to apply to the resolution entity after the exercise of the power to write down or convert relevant capital instruments and eligible liabilities in accordance with Articles 89 – 91 or after the resolution of the resolution group.

(6) (Amended, SG No. 25/2022, effective 29.03.2022) The resolution authority shall be able to increase the requirement referred to in paragraph 1, item 1 (b) by an appropriate amount necessary to ensure that after the exercise of the power to write down or convert relevant capital instruments and eligible liabilities in accordance with Articles 89 – 91, the entity is able to sustain sufficient market confidence for an appropriate period, which shall not exceed one year. In these cases the amount of the increase shall be equal to the combined buffer requirement that is to apply after the exercise of the power to write down or convert relevant capital instruments and eligible liabilities in accordance with Articles 89 – 91 or after the resolution of the resolution group, less the amount of the countercyclical capital buffer set out in accordance with the

ordinance under Article 39(2) of the Credit Institutions Act where the resolution authority is the BNB, and in accordance with the ordinance under Article 11(7) of the Markets in Financial Instruments Act where the resolution authority is the Commission.

(7) The resolution authority shall be able to adjust downwards the amount of the requirement set in the application of paragraph 6 if, after consulting the competent authority, the resolution authority determines that after the exercise of the power under Articles 89 – 91 or after resolution of the resolution group it would be feasible and credible for a lower amount to be sufficient to sustain market confidence and to ensure both the continued provision of critical economic functions by the institution or company referred to in items 3 – 5 of Article 1(1), and its access to funding without recourse to extraordinary public financial support other than contributions from resolution financing arrangements, in accordance with Article 68(2), and (3) and Article 137(3).

(8) The resolution authority shall be able to adjust upwards the amount of the requirement set in accordance with paragraph 6 if, after consulting the competent authority, the resolution authority determines that a higher amount is necessary to sustain sufficient market confidence and to ensure both the continued provision of critical economic functions by the institution or company referred to in items 3 – 5 of Article 1(1) and its access to funding without recourse to extraordinary public financial support other than contributions from resolution financing arrangements, in accordance with with Article 68(2) and(3) and Article 137(3), for an appropriate period which shall not exceed one year.

(9) (Supplemented, SG No. 25/2022, effective 29.03.2022) For the purposes of paragraphs 1 – 8 the capital requirements shall apply in accordance with the competent authority's application of Part Ten, Title I, Chapters 1, 2 and 4 of Regulation (EU) No. 575/2013 and Regulation (EU) 2019/2033 and the relevant provisions of the Credit Institutions Act and the Markets in Financial Instruments Act, as the case may be, and the implementing acts governing the discretion of the competent authorities.

Minimum requirement for own funds and eligible liabilities for resolution entities of G-SIIs and Union material subsidiaries of non-EU G-SIIs

Article 69f. (New, SG No. 12/2021, effective 12.02.2021) (1) The requirement referred to in Article 69(1) for a resolution entity that is a G-SII or part of a G-SII shall consist of the following:

1. the requirements referred to in Articles 92a and 494 of Regulation (EU) No. 575/2013; and

2. any additional requirement for own funds and eligible liabilities that has been determined by the resolution authority under Article 2 or Article 3, as the case may be, specifically in relation to that entity in accordance with paragraph 3.

(2) The requirement referred to in Article 69(1) for a Union material subsidiary of a non-EU G-SII shall consist of the following:

1. the requirements referred to in Articles 92a and 494 of Regulation (EU) No. 575/2013; and

2. any additional requirement for own funds and eligible liabilities that has been determined by the resolution authority specifically in relation to that material subsidiary in accordance with paragraph 3, which is to be met using own funds and liabilities that meet the conditions of Articles 70a, 122(5) to (7).

(3) Any additional requirement for own funds and eligible liabilities specifically in relation to a resolution entity of G-SII or in relation to a Union material subsidiary of a non-EU G-SII shall be determined only where the requirement referred to in item 1 of paragraph 1 or item 2 of

paragraph 1 is not sufficient to fulfil the conditions set out in Articles 69b to 69e. Any additional requirement shall be determined only to the extent necessary to ensure fulfilment of the conditions set out in Articles 69b to 69e.

(4) (Amended, SG No. 63/2025) When applying the procedure under Article 71(6) to(14) for determining the minimum requirement for own funds and eligible liabilities in relation to several G-SIIs that are part of the same G-SII and are resolution entities or are third-country entities that would be resolution entities if they were established in the European Union, the additional requirement under paragraph 3 shall be calculated as follows:

1. (supplemented, SG No. 63/2025) for each resolution entity or third-country entity that would be a resolution entity if it were established in the European Union;

2. for the Union parent entity as if it was the only resolution entity of the G-SII.

(5) (Amended, SG No. 25/2022, effective 29.03.2022) Any decision by the resolution authority to impose an additional requirement for own funds and eligible liabilities under item 2 of paragraph 1 or item 2 of paragraph 2, as the case may be, shall contain the reasons for that decision, including a full assessment of compliance with the conditions referred to in paragraph 3. The decision shall be reviewed in a timely manner in the event of changes in the level under Article 103a(2) of the Credit Institutions Act and under Article 276(1), item 11 of the Markets in Financial Instruments Act, as the case may be, as applicable to the resolution group or to the Union material subsidiary of a non-EU G-SII.

Application of the minimum requirement for own funds and eligible liabilities to resolution entities

Article 70. (Amended, SG No. 12/2021, effective 12.02.2021) (1) Resolution entities shall comply with the requirements laid down in Articles 69a to Article 69f on a consolidated basis at the level of the resolution group.

(2) The resolution authority sunder Article 2 or Article 3, as the case may be, shall determine the minimum requirement for own funds and eligible liabilities for a resolution entity at the consolidated resolution group level in accordance with the procedures set out in Articles 71 and 72, on the basis of the requirements laid down in Articles 69a to Article 69f and on the basis of whether the third-country subsidiaries of the group are to be resolved separately under the resolution plan.

(3) (New, SG No. 63/2025) Mortgage credit institutions established and regulated under the law of another Member State, which are financed by covered bonds and are not allowed to receive deposits and which are exempt from minimum capital requirements and eligible liabilities under the law of that Member State, introducing Article 45a(1) of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012, of the European Parliament and of the Council (OJ, L 173/190 of 12 June 2014).

Application of the minimum requirement for own funds and eligible liabilities to resolution entities that are not themselves resolution entities

Article 70a. (New, SG No. 12/2021, effective 12.02.2021) (1) Institutions that are subsidiaries of a resolution entity or of a third-country entity, but are not themselves resolution entities, shall comply with the requirements laid down in Articles 69a to Article 69e on an individual basis.

(2) The resolution authority under Article 2 or Article 3, as the case may be, may decide to

apply the requirement laid down in paragraph 1 to an entity referred to in items 3 – 5 of Article 1(1) that is a subsidiary of a resolution entity but is not itself a resolution entity.

(3) Union parent undertakings that are not themselves resolution entities, but are subsidiaries of third-country entities, shall comply with the requirements laid down in Articles 69b to 69f on a consolidated basis.

(4) (New, SG No. 63/2025) The resolution authority may determine that a subsidiary referred to in paragraph 1 or 2 meets the relevant requirement under Articles 69b to 69e on a consolidated basis where it concludes that the following conditions are met simultaneously:

1. the subsidiary meets any of the following conditions:

a) the subsidiary is held directly by the resolution entity and:

aa) the resolution entity is a Union parent financial holding company or a Union parent mixed financial holding company;

bb) both the subsidiary and the resolution entity are established in the Republic of Bulgaria and are part of the same resolution group;

cc) the resolution entity does not hold directly any subsidiary institution or any subsidiary entity as referred to in Article 1(1), items 3 to 5, to which the requirements under paragraphs 1 to 3 or the requirements under Articles 69b to 69e apply;

dd) the subsidiary would be disproportionately affected by the deductions required pursuant to Article 72e(5) of Regulation (EU) No. 575/2013;

b) With regard to the subsidiary, Article 103a(2) of the Credit Institutions Act and Article 276(1)(11) of the Markets in Financial Instruments Act apply only on a consolidated basis, and the determination of the relevant requirement under Articles 69b – 69e on a consolidated basis would not lead to overstating the recapitalisation needs of the subgroup consisting of entities within the consolidation perimeter concerned, for the purposes of Article 69b(1)(2), in particular where there is a prevalence of liquidation entities within the same consolidation perimeter;

2. compliance with the requirement laid down in Articles 69b to 69e on a consolidated basis as a substitute for compliance with that requirement on an individual basis does not impair in a material way any of the following:

a) the credibility and feasibility of the group resolution strategy;

b) the subsidiary's capacity to comply with its own funds requirement after the exercise of write-down and conversion powers; and

c) the adequacy of the internal loss transfer and recapitalisation mechanism, including the write-down or conversion of relevant capital instruments and eligible liabilities of the subsidiary concerned or of other entities in the resolution group in accordance with Article 89.

(5) (Renumbered from Paragraph 4, amended, SG No. 63/2025) The minimum requirement for own funds and eligible liabilities for an entity that is not a resolution entity shall be determined in compliance with Articles 71 and 72 and in compliance with the relevant requirements of Articles 69b–69e.

(6) (Renumbered from Paragraph 5, amended, SG No. 63/2025) The minimum requirement for own funds and eligible liabilities for an entity referred to in paragraphs 1–4 shall be met by using one or more of the following:

1. liabilities in relation to which the following conditions are met:

a) issued to and bought by the resolution entity, either directly or indirectly through other entities in the same resolution group that bought the liabilities from the entity under paragraph 1, or are issued to and bought by an existing shareholder that is not part of the same resolution group as long as the exercise of write down or conversion powers in accordance with Articles 89 to 93 does not affect the control of the subsidiary by the resolution entity;

b) fulfil the eligibility criteria referred to in Articles 72a, 72b(1) and (2) points (a), (d) – (j) and (n) of Regulation (EU) No. 575/2013;

c) rank, in normal insolvency proceedings, below liabilities that do not meet the condition referred to in point (a) and that are not eligible for own funds requirements;

d) are subject to write down or conversion powers in accordance with Articles 89 to 93 in a manner that is consistent with the resolution strategy of the resolution group, in particular by not affecting the control of the subsidiary by the resolution entity;

e) (amended, SG No. 63/2025) acquisition of ownership of which is not funded directly or indirectly by the entity that is subject to paragraphs 1 – 4;

f) (amended, SG No. 63/2025) the provisions governing the liabilities which do not indicate explicitly or implicitly that the liabilities would be called, redeemed, repaid or repurchased early, as applicable, by the entity that is subject to paragraphs 1 to 4 other than in the case of the insolvency or liquidation of that entity, and that entity does not otherwise provide such an indication;

g) (amended, SG No. 63/2025) the provisions governing the liabilities which do not give the holder the right to accelerate the future scheduled payment of interest or principal, other than in the case of the insolvency or liquidation of the entity that is subject to paragraphs 1 to 4;

h) (amended, SG No. 63/2025) the level of interest or dividend payments, as applicable, due thereon is not amended on the basis of the credit standing of the entity that is subject to paragraph 1.

(7) (New, SG No. 63/2025) For entity referred to in paragraphs 1 – 4 that complies with the requirement under Article 69(1) on a consolidated basis, the amount of own funds and eligible liabilities shall include the following liabilities issued in accordance with paragraph 6, item 1 by a subsidiary established in the European Union and included in the consolidation of that entity:

1. liabilities issued on condition of purchase by the resolution entity and bought by it, directly or indirectly through other entities in the same resolution group that are not included in the consolidation of the entity under paragraphs 1 – 4;

2. liabilities issued on the condition of being bought by an existing owner of shares or stock who is not part of the same resolution group.

(8) (New, SG No. 63/2025) The amount of liabilities under paragraph 7 may not exceed the amount obtained by deducting the sum of the following items from the amount of the requirement under Article 69(1), applicable to the subsidiary included in the consolidation of the entity under paragraphs 1–4:

1. liabilities issued subject to purchase by the entity complying with the requirement under Article 69(1) on a consolidated basis and bought by it, directly or indirectly through other entities in the same resolution group that are included in its consolidation;

2. the amount of own funds issued in accordance with paragraph 6(2).

(9) (Renumbered from Paragraph 6, amended, SG No. 63/2025) The resolution authority of a subsidiary that is not a resolution entity may waive the application of paragraphs 1 to 8 to that subsidiary where:

1. both the subsidiary and the resolution entity are established in the Republic of Bulgaria and are part of the same resolution group;

2. the resolution entity complies with the requirement referred to in Article 70;

3. there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities by the resolution entity to the subsidiary in respect of which a determination has been made in accordance with Article 90, in particular where resolution action is taken in respect of the resolution entity;

4. the resolution entity satisfies the competent authority regarding the prudent management of the subsidiary and has declared, with the consent of the competent authority, that it guarantees the commitments entered into by the subsidiary, or the risks in the subsidiary are of no significance;

5. the risk evaluation, measurement and control procedures of the resolution entity cover the subsidiary; and

6. the resolution entity holds more than 50 per cent of the voting rights attached to shares in the capital of the subsidiary or has the right to appoint or remove a majority of the members of the management body of the subsidiary.

(10) (Renumbered from Paragraph 7, amended, SG No. 63/2025) The resolution authority of a subsidiary that is not a resolution entity may also waive the application of the requirements of paragraphs 1 to 8 to that subsidiary where:

1. both the subsidiary and the parent undertaking are established in the Republic of Bulgaria and are part of the same resolution group;

2. the parent undertaking complies on a consolidated basis with the requirement referred to in Article 69(1);

3. there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities by the parent undertaking to the subsidiary in respect of which a determination has been made in accordance with Article 90, in particular where resolution action or the power referred to in Article 89(1) to (4) are taken in respect of the parent undertaking;

4. the parent undertaking satisfies the competent authority regarding the prudent management of the subsidiary and has declared, with the consent of the competent authority, that it guarantees the commitments entered into by the subsidiary, or the risks in the subsidiary are of no significance;

5. the risk evaluation, measurement and control procedures of the parent undertaking cover the subsidiary;

6. the parent undertaking holds more than 50 per cent of the voting rights attached to shares in the capital of the subsidiary or has the right to appoint or remove a majority of the members of the management body of the subsidiary.

(11) (Renumbered from Paragraph 8, amended, SG No. 63/2025) Where the conditions laid down in items 1 and 2 of paragraph 9 are met, the resolution authority of a subsidiary may permit the requirement referred to in Article 69(1) to be met in full or in part with a guarantee provided by the resolution entity, which fulfils the following conditions:

1. the guarantee is provided for at least an amount that is equivalent to the amount of the requirement for which it substitutes;

2. the guarantee is triggered when the subsidiary is unable to pay its debts or other liabilities as they fall due, or a determination has been made of the presence of the conditions referred to in Article 90 in respect of the subsidiary, whichever is the earliest;

3. (supplemented, SG No. 67/2025) at least 50 per cent of the guarantee is collateralised through a financial collateral arrangement in accordance with the Financial Collateral Arrangements and Close-Out Netting Act;

4. the collateral backing the guarantee fulfils the requirements of Article 197 of Regulation (EU) No. 575/2013, which, following appropriately conservative haircuts, is sufficient to cover the amount collateralised as referred to in item 3;

5. the collateral backing the guarantee is unencumbered and, in particular, is not used as collateral to back any other guarantee;

6. the collateral has an effective maturity that fulfils the same maturity condition as that referred to in Article 72c(1) of Regulation (EU) No. 575/2013; and

7. there are no legal, regulatory or operational barriers to the transfer of the collateral from the resolution entity to the relevant subsidiary, including where resolution action is taken in respect of the resolution entity.

(12) (Renumbered from Paragraph 9, amended, SG No. 63/2025) For the purposes of item 7 of paragraph 11, at the request of the resolution authority, the resolution entity shall provide an independent written and reasoned legal opinion or shall otherwise satisfactorily demonstrate that there are no legal, regulatory or operational barriers to the transfer of collateral from the resolution entity to the relevant subsidiary.

Coordination of the measures for application of the minimum requirement for resolution entities

Article 71. (Amended, SG No. 12/2021, effective 12.02.2021) (1) The decision on determination of the minimum requirement for own funds and eligible liabilities shall be taken at the same time as the development and maintenance of the resolution plan.

(2) The Bulgarian National Bank, the Commission respectively, where it is a group-level resolution authority, the resolution authorities of the resolution entities where the group consists of more than one resolution group, and the resolution authorities responsible for subsidiaries on an individual basis shall take a joint decision on:

1. the amount of the minimum requirement applied at the consolidated resolution group level for each resolution entity;

2. the amount of the minimum requirement applied on an individual basis to each entity of a resolution group which is not a resolution entity.

(3) Where the BNB, the Commission respectively, is a group-level resolution authority, the group-level resolution authority and the resolution authorities responsible for the resolution group's subsidiaries on an individual basis shall take a joint decision on:

1. the amount of the minimum requirement applied at the consolidated resolution group level;

2. the amount of the minimum requirement applied on an individual basis to each entity of the resolution group which is not a resolution entity.

(4) The joint decisions under paragraphs 2 and 3 shall be taken in accordance with the requirements of Articles 70 and 70a, shall be reasoned and provided by the resolution authority to the resolution entity and the EU parent undertaking where the latter is not a resolution entity of the same resolution group.

(5) (Amended, SG No. 63/2025) The joint decision under paragraph 2 or 3, as the case may be, may provide that, where consistent with the resolution strategy and sufficient instruments complying with Article 70a(6) have not been bought directly or indirectly by the resolution entity, the requirements referred to in Article 69e are partially met by the subsidiary that is not a resolution entity with instruments compliant with Article 70a(6) issued to and bought by entities not belonging to the resolution group.

(6) (Amended, SG No. 63/2025) Where it is the resolution authority for a resolution entity that is a G-SII entity and, together with other resolution entities or third-country entities that would be resolution entities if they were established in the European Union, is part of the same G-SII, the BNB, or the Commission, as appropriate, shall participate in the discussion and, where appropriate and in accordance with the resolution strategy of the G-SII, shall coordinate the application of Article 72e of Regulation (EU) No. 575/2013, as well as adjustments to minimize or eliminate the difference between the sum of the amounts under Article 69f(4)(1) and Article

12a(a) of Regulation (EU) No. 575/2013 for individual resolution entities or third-country entities, and the sum of the amounts under Article 69f(4)(2) and Article 12a(b) of Regulation (EU) No. 575/2013.

(7) (Supplemented, SG No. 63/2025) The adjustments under paragraph 6 may be applied in respect of differences in the calculation of the total risk exposure amounts between the relevant Member States or third countries by adjusting the level of the requirement. The adjustment shall not be applied to eliminate differences resulting from exposures between different resolution groups.

(8) (Amended, SG No. 63/2025) In the cases referred to in paragraph 6, the sum of the amounts referred to in Article 69f(4)(1) and Article 12a(a) of Regulation (EU) No. 575/2013 for individual resolution entities or third-country entities that would be resolution entities if they were established in the European Union may not be less than the sum of the amounts under Article 69f(4)(2) and Article 12a(b) of Regulation (EU) No. 575/2013.

(9) In the absence of such a joint decision within four months due to disagreement on the consolidated requirement for the resolution group under Article 70., the BNB or the Commission, as applicable, in the capacity as a resolution authority of the resolution entity, shall determine the amount of the consolidated minimum requirement, taking into account:

1. the assessment of entities of the resolution group that are not a resolution entity, performed by the relevant resolution authorities;

2. the opinion of the group-level resolution authority, where different from the BNB or the Commission, as applicable.

(10) Where, at the end of the four-month period under paragraph 9, any of the resolution authorities concerned has referred the matter to EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010, the BNB or the Commission, as applicable, in the capacity as the resolution authority of the resolution entity, shall defer its decision and await any decision that EBA may take in accordance with Article 19(3) of that Regulation (EU) No. 1093/2010, and shall take its decision in accordance with the decision of EBA.

(11) When the BNB or the Commission, as applicable, is a resolution authority of a resolution entity, it may not refer a matter regarding the level of the requirement set on an individual basis by the resolution authority of the subsidiary which is not a resolution entity, where the level:

1. (supplemented, SG No. 25/2022, effective 29.03.2022) is within two per cent of the total risk exposure amount calculated in accordance with Article 92, paragraph 3 of Regulation (EU) No. 575/2013, for investment firms under Article 9a, paragraph 1 of the Markets in Financial Instruments Act, respectively, in accordance with the applicable requirement laid down in Article 11(1) of Regulation (EU) 2019/2033, multiplied by 12.5 of the requirement referred to in Article 70;

2. complies with the provisions of Article 69d(1) to (8).

(12) In the absence of an EBA decision within one month, the BNB or the Commission, as applicable, shall take its own decision in the capacity of a resolution authority of the resolution entity.

(13) Where a joint decision is not taken within four months because of a disagreement concerning the level of the consolidated resolution group requirement and the level of the requirement to be applied to the resolution group's entities on an individual basis, a decision shall be taken on the level of the consolidated resolution group requirement shall be taken by the BNB or the Commission, as applicable, in its capacity as a resolution authority of a resolution entity in accordance with Articles 10 to 12.

(14) The joint decision referred to in paragraphs 2 and 3 and any decision taken in the absence of a joint decision shall be binding on the BNB or the Commission, as applicable, shall be reviewed and where relevant updated on a regular basis.

(15) (Repealed, SG No. 63/2025).

Coordination of the measures for application of the minimum requirement for resolution entities that are not themselves resolution entities

Article 72. (Amended, SG No. 12/2021, effective 12.02.2021) (1) The Bulgarian National Bank, the Commission, as applicable, in its capacity as the resolution authority of an entity of a resolution group which is not a resolution entity shall determine the minimum requirement for own funds and eligible liabilities on an individual level for the entity in accordance with Article 70a.

(2) The decision under paragraph 1 shall be taken simultaneously with the development and maintenance of the resolution plan in the form of a joint decision of the resolution entity's resolution authority, the group-level resolution authority, where it is different from the former, the BNB or the Commission, as applicable, and the resolution authorities responsible for the other subsidiaries of the resolution group, to which a minimum requirement is applied on an individual basis.

(3) The joint decision referred to in paragraph 2 shall be reasoned and shall be submitted by the BNB, the Commission, as applicable, to the entity of the resolution group which is not a resolution entity.

(4) (Amended, SG No. 63/2025) The joint decision under paragraph 2 may provide that, where consistent with the resolution strategy and sufficient instruments complying with Article 70a(6) have not been bought directly or indirectly by the resolution entity, the requirements referred to in Article 69e are partially met by the subsidiary that is not a resolution entity with instruments compliant with Article 70a(6) issued to and bought by entities not belonging to the resolution group.

(5) In the absence of such a joint decision within four months due to disagreement on the level of the requirement under Article 70a, the BNB or the Commission, as applicable, in the capacity as a resolution authority of the resolution entity to which the minimum requirement under Article 70a applies, shall determine the amount of the requirement on an individual basis, taking into account:

1. the views and reservations expressed in writing by the resolution authority of the resolution entity; and

2. where the group-level resolution authority is different from the resolution authority of the resolution entity, the views and reservations expressed in writing by the group-level resolution authority.

(6) Where, at the end of the four-month period under paragraph 5, the resolution authority of the resolution entity or the group-level resolution authority has referred the matter to EBA in accordance with Article 19 of Regulation (EU) No. 1093/2010, the BNB or the Commission, as applicable, in the capacity of a resolution authority of an entity which is not a resolution entity shall defer their decisions and await any decision that EBA may take within one month in accordance with Article 19(3) of that Regulation No. 1093/2010, and shall take their decisions in accordance with the decision of EBA.

(7) If, within one month, the EBA has not taken a decision, the BNB, the Commission, as applicable, shall take an independent decision concerning the minimum requirements applicable to the subsidiary authorised in the Republic of Bulgaria which is not a resolution entity.

(8) The joint decision referred to in paragraph 2 and any decision taken in the absence of a

joint decision shall be binding on the BNB, the Commission, as applicable, shall be reviewed and updated on a regular basis where necessary.

(9) Where a joint decision is not taken within four months because of a disagreement concerning the level of the consolidated resolution group requirement and the level of the requirement to be applied to the resolution group's entities on an individual basis, the decision on the level of the requirement to be applied to the subsidiary of the resolution group, authorised in the Republic of Bulgaria, on an individual basis, shall be taken by the BNB or the Commission, as applicable, in accordance with paragraphs 1 to 7. In this case the joint decision is binding on the BNB, the Commission, as applicable.

(10) In the cases of paragraph 1, the BNB, the Commission, as applicable, shall also participate in the taking of a joint decision on the minimum requirement applicable on a consolidated resolution group level and on an individual basis for each entity of the resolution group which is not a resolution entity. The joint decision is binding on the BNB, the Commission, as applicable.

Minimum requirement for own funds and eligible liabilities in the transitional and post-resolution periods

Article 72a. (New, SG No. 12/2021, effective 12.02.2021) (1) The minimum level of the requirement under Article 69d shall not apply within the two-year period following the date:

1. the date on which the resolution authority has applied the bail-in tool; or

2. on which the resolution entity has put in place an alternative private sector measure as referred to in item 2 of Article 51(1) by which capital instruments and other liabilities have been written down or converted into Common Equity Tier 1 instruments, or on which write down or conversion powers, in accordance with Articles 89 to 91, have been exercised in respect of that resolution entity, in order to recapitalise the resolution entity without the application of resolution tools.

(2) The minimum requirement referred to in Article 69a(7) to (10) and (16) or Article 69d, as applicable, shall not apply within the three-year period following the date on which the resolution entity or the group of which the resolution entity is part has been identified as a G-SII, or the resolution entity has started to apply to the resolution entity the requirements under Article 69d(1) and (2) and (3) to (5), as applicable.

(3) The resolution authority under Article 2 or Article 3, as applicable, shall set a transition period in which the institution or the company referred to in items 3 – 5 of Article 1(1) in relation to which resolution tools are applied or the power to write down or convert under Articles 89 to 91 is exercised reaches the minimum requirement for own funds and eligible liabilities set out in the relevant application of Article 70 or Article 70a, or the requirements arising from the application of Article 69a(7) to (10), (11) to (13) or (16).

(4) When setting the transitional period, the resolution authority shall take into account:

1. the prevalence of deposits, and the absence of debt instruments, in the funding model;

2. the access to the capital markets for eligible liabilities;

3. the extent to which the resolution entity relies on its Common Equity Tier 1 capital to meet the requirement referred to in Article 70.

(5) The resolution authority shall communicate to the institution or company referred to in items 3 – 5 of Article 1(1) the planned minimum requirement for own funds and eligible liabilities for each 12-month period during the transitional period, with a view to facilitating a gradual build-up of its loss-absorbing and recapitalisation capacity and reaching the minimum requirement for own funds and eligible liabilities at the end of the transitional period.

Supervisory reporting and public disclosure of the minimum requirement for own funds and

eligible liabilities

Article 72b. (New, SG No. 12/2021, effective 12.02.2021) (1) The institutions and companies under items 3 – 5 of Article 1(1) for which a minimum requirement for own funds and eligible liabilities is set under Article 69 shall provide the BNB in its capacity as resolution authority and competent authority or to the Commission in its capacity as resolution authority and competent authority, as applicable, reports concerning:

1. (amended, SG No. 63/2025) the amounts of own funds that, where applicable, meet the conditions of item 2 of Article 70a(6), and the amounts of eligible liabilities, and the expression of those amounts in accordance with Article 69(2) after any applicable deductions in accordance with Articles 72e to 72j of Regulation (EU) No. 575/2013;

2. the amounts of other bail-inable liabilities;

3. for the items referred to in items 1 and 2, including:

a) their composition, including their maturity profile,

b) their ranking in normal insolvency proceedings,

c) where applicable, whether they are governed by the laws of a third country and, if so, which third country and whether they contain the contractual terms referred to in Article 84(1) to (3), as well as points (p) and (q) of Article 52(1) and points (n) and (o) of Article 63 of Regulation (EU) No. 575/2013.

(2) The obligation to report on the amounts of other bail-inable liabilities referred to in item 2 of paragraph 1 shall not apply to entities under paragraph 1 that, at the date of the reporting of that information, hold amounts of own funds and eligible liabilities of at least 150 per cent of the requirement referred to in Article 69(1) as calculated in accordance with item 1 of paragraph 1.

(3) The reports under item 1 of paragraph 1 shall be submitted at least on a semi-annual basis.

(4) The reports under items 2 and 3 of paragraph 1 shall be submitted at least once annually.

(5) The Bulgarian National Bank, the Commission, as applicable, may require from institutions and companies under items 3 – 5 of Article 1(1) to submit the reports under paragraph 1 on a more frequent basis.

(6) The entities under paragraph 1 shall disclose publicly at least once annually:

1. (amended, SG No. 63/2025) the amounts of own funds that, where applicable, meet the conditions of item 2 of Article 70a(6), and the amounts of eligible liabilities;

2. for the items referred to in item 1, including their maturity profile and their ranking in normal insolvency proceedings;

3. the applicable requirement under Article 70 or Article 70a expressed in percentages in accordance with Article 69(2).

(7) (Amended, SG No. 63/2025) The requirements under paragraphs 1 and 6 shall not apply to liquidation entities, except where the BNB or the Commission, as appropriate, has determined a requirement under Article 69b(4) in accordance with Article 69(1). In such cases, the content and frequency of reporting and disclosure obligations for liquidation entities shall be determined by the BNB or the Commission, as appropriate, and shall not exceed what is necessary to monitor compliance with the requirement laid down in Article 69b(5) and (6). Resolution authorities shall communicate the reporting and disclosure obligations to liquidation entities.

(8) Where resolution actions have been taken or the write-down or conversion power has been exercised, the requirements for public disclosure of the information under paragraph 6 shall apply from the date of expiry of the deadline for compliance with the requirements of Article 70 or Article 70a, set in accordance with Article 72a.

(9) (New, SG No. 25/2026) Simultaneously with its disclosure, the information referred to in paragraph 6 shall be submitted to the BNB, or to the Commission, as the case may be, pursuant to Article 2, point 3 of Regulation (EU) 2023/2859 or, where required by an act of European Union law, in a machine-readable format pursuant to Article 2, point 4 of that Regulation, accompanied by the following metadata:

1. the name of the entity under paragraph 1 to which the information relates;

2. the legal entity identifier of the entity to which the information relates;

3. the size of the entity referred to in paragraph 1, according to the category set forth in Article 7(4)(d) of Regulation (EU) 2023/2859;

4. the type of the information, as classified under Article 7 (4) (c) of Regulation (EU) 2023/2859;

5. indication whether the information contains personal data.

Breaches of the minimum requirement for own funds and eligible liabilities

Article 72c. (New, SG No. 12/2021, effective 12.02.2021) (1) Any breach of the minimum requirement for own funds and eligible liabilities referred to in Article 70 or Article 70a shall be addressed by the resolution authority under Article 2 or Article 3, as applicable, as follows:

1. exercise the powers to address or remove impediments to resolvability in accordance with Article 29 or Article 30;

2. (amended, SG No. 63/2025) to exercise the powers under Articles 28a and 28b;

3. impose administrative measures or penalties under Article 145.

(2) Any breach of the minimum requirement for own funds and eligible liabilities referred to in Article 70 or Article 70a shall be addressed by the competent authority as follows:

1. impose measures under Article 103(2) of the Credit Institutions Act and under Article 276(1) of the Markets in Financial Instruments Act;

2. early intervention measures in accordance with Article 44;

(3) In case of breach of the minimum requirement for own funds and eligible liabilities the resolution authority and the competent authority may also carry out an assessment under item 1 of Article 51(1) or Article 52, as applicable, of whether the institution or company referred to in items 3 – 5 of Article 1(1) is failing or is likely to fail.

(4) Resolution and competent authorities shall consult each other when they exercise their respective powers referred to in paragraphs 1 to 3.

Section III
Implementation of the bail-in tool

Assessment of amount of bail-in

Article 73. (1) (Amended, SG No. 37/2019, effective 7.05.2019) Before using the bail-in tool, the resolution authority under Article 2 or Article 3, subject to the valuation under Article 55, shall make assessment of the following:

1. (amended, SG No. 12/2021, effective 12.02.2021) where applicable, the amount by which bail-inable liabilities must be written down in order to ensure that the net asset value of the bank under resolution is equal to zero; and

2. (amended, SG No. 12/2021, effective 12.02.2021) where relevant, the amount by which eligible liabilities must be converted into shares or other instruments of ownership in order to restore the Common Equity Tier 1 capital ratio of either:

a) the institution under resolution; or

b) the bridge institution.

(2) The assessment under paragraph 1 shall take into account the capital contribution that BRF, IFRF respectively, may make pursuant to item 3 of Article 137(1), as well as the need to sustain sufficient market confidence in the institution under resolution or in the bridge institution, including to enable it to continue to meet, for at least one year, the conditions for authorisation and to continue to carry out the activities for which it is authorised under the Credit Institutions Act, the Markets in Financial Instruments Act respectively.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) Where the resolution authority intends to use the asset separation tool, the amount by which eligible liabilities need to be reduced shall take into account a prudent estimate of the capital needs of the asset management vehicle as appropriate.

(4) Where capital has been written down in accordance with Chapter Fifteen and bail-in has been applied pursuant to Article 65(1) and the level of write down based on the preliminary valuation according to Article 55 is found to exceed the required final valuation under Article 55(15), the resolution authority may reduce the amount of the write-down by writing up the capital and liabilities in order to reimburse creditors and then shareholders to the extent necessary.

(5) The resolution authority shall adopt and implement procedures to ensure that the assessments and valuations under paragraph 1 are based on information about the assets and liabilities of the institution under resolution that is as up to date and comprehensive as is reasonably possible.

Treatment of shareholders in bail-in or write down or conversion of capital instruments

Article 74. (1) When applying the bail-in tool in accordance with Article 65(1) or the write down or conversion of capital instruments in accordance with Article 89, the resolution authority shall take in respect of shareholders and holders of other instruments of ownership at least one of the following actions:

1. cancel existing shares or other instruments of ownership or transfer them to creditors on liabilities of the institution under resolution which have been written down or converted in the application of the bail-in tool;

2. provided that, in accordance with the valuation made under Article 55, the institution under resolution has a positive net value, considerably dilute existing shareholders and holders of other instruments of ownership as a result of the conversion into shares or other instruments of ownership of:

a) Additional Tier 1 and Tier 2 capital instruments, issued by the institution after the resolution authority has exercised the powers under Article 89, or

b) (amended, SG No. 12/2021, effective 12.02.2021) bail-inable liabilities issued by the institution under resolution upon exercise of the powers by the resolution authority under item 6 of Article 94(2).

(2) The conversion under paragraph 1, item 2 shall be conducted at a rate of conversion that severely dilutes existing holdings of shares and other instruments of ownership.

(3) The actions referred to in paragraph 1 shall also be taken in respect of shareholders and holders of other instruments of ownership where the shares or other instruments of ownership in question were issued or conferred in the following circumstances:

1. pursuant to conversion of debt instruments to shares or other instruments of ownership in accordance with contractual terms of the original debt instruments on the occurrence of an event that preceded or occurred at the same time as the decision by the resolution authority that the institution or entity referred to in Article 1(1), items 3 - 5 met the conditions for resolution;

2. pursuant to the conversion of Additional Tier 1 and Tier 2 capital instruments to

Common Equity Tier 1 instruments pursuant to Article 92.

(4) When considering which action to take in accordance with paragraph 1, the resolution authority shall have regard to:

1. the valuation carried out in accordance with Article 55;

2. the amount by which the resolution authority has assessed that Common Equity Tier 1 items must be reduced and Additional Tier 1 and Tier 2 capital instruments must be written down or converted in accordance with Article 92; and

3. the aggregate amount assessed pursuant to Article 73.

(5) (Amended, SG No. 15/2018, effective 16.02.2018) Where the application of the bail-in tool or the conversion of Tier 1 and Tier 2 capital instruments would result in the acquisition of or increase in a qualifying holding in an institution as referred to in Articles 28 - 34 of the Credit Institutions Act, Articles 53 - 59 of the Markets in Financial Instruments Act respectively, the relevant competent authority shall carry out the assessment required under those Articles in a timely manner that does not delay the application of the bail-in tool or the conversion of capital instruments, or prevent resolution action from achieving the relevant resolution objectives.

(6) Where at the date of application of the bail-in tool or conversion of Tier 1 and Tier 2 capital instruments the competent authority has not finished the assessment under paragraph 5, for each acquisition or increase of the qualifying holding of a transferee of the instrument resulting from the implementation of the bail-in tool or conversion the procedures under Article 58(9) and (10) shall apply.

Sequence of write down and conversion

Article 75. (1) When applying the bail-in tool, the resolution authority under Article 2 or Article 3 shall exercise the write down and conversion powers, subject to any exclusions under Article 66 and Article 67, meeting the following requirements and sequence:

1. Common Equity Tier 1 items shall be reduced in accordance with Article 92;

2. where the reduction in accordance with paragraph 1 is less than the sum of the amounts referred to in Article 74(4), items 2 and 3, the principal amount of Additional Tier 1 capital instruments shall be reduced to the extent required or to their full amount;

3. where the reduction in accordance with paragraph 1 is less than the sum of the amounts referred to in Article 74(4), items 2 and 3, the principal amount of Tier 2 capital instruments shall be reduced to the extent required or to their full amount;

4. where the total reduction under item 1 - 3 is less than the sum of the amounts referred to in Article 74(4), items 2 and 3 the principal amount of the subordinated debt, which is not part of the Additional Tier 1 and Tier 2 capital instruments, shall be reduced to the extent necessary, in accordance with the hierarchy of claims in insolvency proceedings;

5. (amended, SG No. 12/2021, effective 12.02.2021) where the total reduction under items 1 – 4 is less than the sum of the amounts referred to in Article 74(4), items 2 and 3, the principal amount of, or outstanding amount payable in respect of, the rest of bail-inable liabilities, including debt instruments under Article 94(1), item 11 of the Bank Bankruptcy Act, shall be reduced after applying the exclusions under Article 66(2) and, where applicable, Article 67, in accordance with the hierarchy of claims under Article 94 of the Bank Bankruptcy Act, or Article 722(1) and Article 722a of the Commerce Act respectively.

(2) (Amended, SG No. 12/2021, effective 12.02.2021) When exercising the write down or conversion powers, the resolution authority shall allocate the losses represented by the sum of the amounts referred to in Article 74(3), items 2 and 3 proportionately between instruments of ownership and bail-inable liabilities of the same rank by reducing the principal amount of, or outstanding amount payable in respect of, those instruments of ownership or bail-inable liabilities

to the same extent pro rata to their value except where a different allocation of losses amongst liabilities of the same rank is allowed in the circumstances specified in Article 67.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) The requirement under paragraph 2 shall not apply to liabilities which have been excluded from bail-in accordance with Article 66(2) and Article 67 and which may receive more favourable treatment than bail-inable liabilities which are of the same rank in insolvency proceedings.

(4) Before applying paragraph 1, item 5 the resolution authority shall convert or reduce the principal amount of the instruments referred to in paragraph 1, items 2 - 4, when those instruments have not already been converted and contain any of the following terms:

1. the principal amount of the instrument to be reduced on the occurrence of any event that refers to the financial situation, solvency or levels of own funds of the institution or entity referred to in Article 1(1), items 3 - 5;

2. the conversion of the instruments to instruments of ownership on the occurrence of any such event.

(5) Where the principal amount of an instrument has been reduced, but not to zero, in accordance with the terms under paragraph 4, item 1, before the application of the bail-in tool to the other instruments under paragraph 1, the resolution authority shall apply the write-down and conversion powers to the residual amount of that principal in accordance with paragraph 1.

(6) The resolution authority shall not convert one class of liabilities, while a class of liabilities that is subordinated to that class remains substantially unconverted into equity or not written down, unless otherwise permitted under Article 66(2) and Article 67.

Write down and conversion of liabilities arising from derivatives

Article 76. (1) The resolution authority under Article 2 or Article 3 shall exercise the write-down and conversion powers in relation to a liability arising from a derivative only upon or after closing-out the derivative contracts. Upon entry into resolution, the resolution authority shall be empowered to terminate and close out any derivative contract for that purpose.

(2) Paragraph 1 shall not apply where a liability under a derivative contract is excluded from the scope of the bail-in tool pursuant to Article 67.

(3) Where derivative transactions are subject to a netting agreement, the resolution authority or an independent valuer shall determine as part of the valuation under Article 55 the liability arising from those transactions on a net basis in accordance with the terms of the agreement.

(4) The resolution authority shall determine the value of liabilities arising from derivatives in accordance with the following:

1. appropriate methodologies for determining the value of classes of derivatives, including transactions and exposures that are subject to netting agreements;

2. principles for establishing the relevant point in time at which the value of a derivative position should be established; and

3. appropriate methodologies for comparing the destruction in value that would arise from the close out and bail-in of derivatives with the amount of losses that would be borne by derivatives in a direct bail-in.

Rate of conversion of debt to equity

Article 77. In the exercise of its powers under Article 90(1) and Article 94(2), item 6 the resolution authority under Article 2 or under Article 3 may apply a different conversion rate to different classes of capital instruments and liabilities in accordance with one or both of the following principles:

1. the conversion rate shall represent appropriate compensation to the affected creditor for any loss incurred by virtue of the exercise of the write down and conversion powers by the resolution authority;

2. when different conversion rates are applied, the conversion rate applicable to liabilities that are considered to be senior under applicable insolvency law shall be higher than the conversion rate applicable to subordinated liabilities.

Reorganisation measures to accompany bail-in

Article 78. When the resolution authority applies the bail-in tool to recapitalise an institution or entity referred to in Article 1(1), items 3 - 5 in accordance with Article 65(1), item 1, the resolution authority under Article 2 or Article 3 shall require from the institution or entity to develop and implement a business reorganisation plan in accordance with Article 79.

Business reorganisation plan

Article 79. (1) Within one month after the application of the bail-in tool to an institution or entity referred to in Article 1(1), items 3 - 5 in accordance with Article 65(1), item 1, the management body of the institution shall draw up a business reorganisation plan that satisfies the requirements of Article 80 and shall submit it for approval to the resolution authority under Article 2 or Article 3.

(2) (Amended, SG No. 37/2019, effective 7.05.2019) Where the State aid legal framework of the European Union applies, the plan under paragraph 1 shall also meet the requirements to the reorganisation plan to be submitted to the European Commission by the institution or entity in accordance with the applicable terms.

(3) When the bail-in tool under Article 65(1), item 1 is applied to two or more group entities, the business reorganisation plan shall be prepared by the EU parent institution and shall cover all of the institutions in the group in accordance with the procedure specified in Articles 8 - 12.

(4) In the cases referred to in paragraph 3, where the BNB, the Commission respectively, is a group-level resolution authority, it shall submit the plan under paragraph 1 to the relevant resolution authorities and EBA.

(5) In exceptional circumstances, and if it is necessary for achieving the resolution objectives, the resolution authority may extend the period in paragraph 1 up to a maximum of one month.

(6) Where the State aid legal framework of the European Union applies, the extension of the period in paragraph 5 shall not exceed the deadline laid down by the State aid framework.

Requirements to the business reorganisation plan

Article 80. (1) The business reorganisation plan shall set out measures aiming to restore the long-term viability of the institution or entity referred to in Article 1(1), items 3 - 5 or parts of its business within a reasonable timescale. Those measures shall be based on realistic assumptions as to the economic and financial market conditions under which the institution or entity will operate.

(2) The business reorganisation plan shall take account of the current state and future prospects of the financial markets, reflecting best-case and worst-case assumptions, including a combination of events allowing the identification of the institution's main vulnerabilities. Assumptions shall be compared with appropriate sector-wide benchmarks.

(3) A business reorganisation plan shall include at least the following elements:

1. a detailed diagnosis of the factors and problems that caused the institution or entity referred to in Article 1(1), items 3 - 5 to fail or to be likely to fail, and the circumstances that led to its difficulties;

2. a description of the measures aiming to restore the long-term viability of the institution

or entity referred to in Article 1(1), items 3 - 5 that are to be adopted;

3. a timetable for the implementation of the measures referred to in item 2.

(4) Measures aiming to restore the long-term viability of an institution or entity referred to in Article 1(1), items 3 - 5 may include:

1. the reorganisation of the activities of the institution or entity referred to in Article 1(1), items 3 - 5;

2. changes to the operational systems and infrastructure within the institution;

3. the withdrawal from loss-making activities;

4. the restructuring of existing activities that can be made competitive;

5. the sale of assets or business lines.

Approval of business reorganisation plans

Article 81. (1) Within one month of the date of submission of the business reorganisation plan, the resolution authority under Article 2 or Article 3 shall assess the likelihood that the plan, if implemented, will restore the long-term viability of the institution or entity referred to in Article 1(1), items 3 - 5 and shall approve the plan when it is satisfied that the plan would achieve the objectives.

(2) If the resolution authority assesses that the plan would not result in long-term viability of the institution or entity under Article 1(1), items 3 - 5, it shall notify the relevant management body of its concerns and shall require the amendment of the plan in a way that addresses those concerns.

(3) Within two weeks from the date of receipt of the notification referred to in paragraph 2, the management body shall submit an amended plan to the resolution authority for approval. The resolution authority shall assess the amended plan and shall notify the management body within one week whether it is satisfied that the plan, as amended, addresses the concerns notified under paragraph 2 or whether further amendment is required.

(4) The management body shall implement the reorganisation plan as approved by the resolution authority, and shall submit a report to the resolution authority at least every six months on the progress in the implementation of the plan. The management body shall revise the plan if, in the opinion of the resolution authority it is necessary to achieve the objective referred to in Article 80(1), and shall submit any such revision to the resolution authority for approval.

Section IV
Bail-in tool: ancillary provisions

Effect of bail-in

Article 82. (1) When the resolution authority under Article 2 or Article 3 exercises a power referred to in Article 89 and Article 94(2), items 5 - 9 on the reduction of principal or outstanding amount due, conversion or cancellation shall take effect and is immediately binding on the institution under resolution and affected creditors and shareholders.

(2) The resolution authority shall have the power to require the completion of all the administrative and procedural tasks necessary to give effect to the exercise of the powers referred to in Article 89 and Article 94(2), items 5 - 9, including:

1. entry of circumstances subject to registration, arising from the exercise of powers under paragraph 1, in the Commercial Register;

2. the delisting or removal from trading of shares or debt instruments;

3. the listing or admission to trading of new instruments of ownership;

4. the relisting or readmission of any debt instruments which have been written down,

without the requirement for the issuing of a prospectus pursuant to applicable legislation.

(3) Where in exercising the power under Article 94(2), item 5 the resolution authority reduces to zero the principal amount of, or outstanding amount payable in respect of, a liability, that liability and any obligations or claims arising in relation to it that are not accrued at the time when the power is exercised shall be treated as discharged for all purposes, and shall not be provable in any subsequent proceedings in relation to the institution under resolution or any successor entity in any subsequent winding up.

(4) Where the resolution authority reduces in part, but not in full, the principal amount of, or outstanding amount payable in respect of, a liability by means of the power referred to in Article 94(2), item 5, the liability shall be discharged to the extent of the amount reduced. The relevant instrument or agreement that created the original liability shall continue to apply in relation to the residual principal amount of, or outstanding amount payable in respect of the liability, subject to any modification of the amount of interest payable to reflect the reduction of the principal amount, and any further modification of the terms that the resolution authority might make by means of the power referred to in Article 94(2), item 10.

Removal of procedural impediments to bail-in

Article 83. (1) The resolution authority under Article 2 or Article 3 may require institutions and entities referred to in Article 1(1), items 3 - 5 to maintain at all times a sufficient amount of authorised share capital or of other Common Equity Tier 1 instruments, so that, in the event that the resolution authority exercises the powers referred to in Article 94(2), items 5 and 6 in relation to an institution or an entity or any of its subsidiaries, the institution or entity referred is not prevented from issuing sufficient new instruments of ownership to ensure effective conversion of liabilities.

(2) The resolution authority shall assess whether it is appropriate to impose the requirement laid down in paragraph 1 and shall determine the level of capital in the context of the development and maintenance of the relevant resolution plan, having regard, in particular, to the resolution actions contemplated in that plan.

(3) In the assessment under paragraph 2 the resolution authority shall verify that the authorised capital or other Common Equity Tier 1 instruments are sufficient to cover the sum of the amounts referred to in Article 74(4), items 2 and 3, if the resolution plan provides for the possible application of the bail-in tool.

(4) The resolution authority may require amendments to the statute or to another constituent document in order to remove procedural impediments to the conversion of liabilities to ordinary shares or other instruments of ownership, including prior rights of subscription by the shareholders or the requirements for consent of the shareholders for increase of the capital.

Contractual recognition of bail-in

Article 84. (Amended, SG No. 12/2021, effective 12.02.2021) (1) The agreements or instruments creating liabilities to which they are parties, the institutions and entities under items 3 – 5 of Article 1(1) shall include a contractual term by which the creditor or another party to the agreement recognises that a liability may be subject to write-down and conversion powers and agree to be bound by any reduction of the principal or outstanding amount due, conversion or cancellation that is effected by the exercise of those powers by a resolution authority, provided that such liability is:

1. not excluded under Article 66(2);

2. not a deposit that is satisfied in accordance with Article 94(1), item 4a of the Bank Bankruptcy Act;

3. governed by the law of a third country; and

4. issued or entered into after the date of entry into force of this Act.

(2) The requirement under paragraph 1 shall not apply where the resolution authority determines that in respect of the liabilities referred to in paragraph 1 the resolution authority may exercise the write-down and conversion powers pursuant to the law of the third country or to a binding agreement concluded with that third country.

(3) The resolution authority under Article 2 or Article 3, as applicable, may decide that the obligation in paragraph 1 shall not apply to institutions or entities under items 3 - 5 of Article 1(1) in respect of which the minimum requirement under Article 69(1) equals the loss-absorption amount as defined under item 1 of Article 69b(2), provided that liabilities that meet the conditions referred to in paragraph 1 and which do not include the contractual term referred to in paragraph 1 are not counted towards that requirement.

(4) Where an institution or entity referred to in items 3 – 5 of Article 1(1) reaches the determination that it is legally or otherwise impracticable to include a contractual term under paragraph 1 in an agreement or instrument the liability on which is subject to ranking in normal insolvency proceedings before the liabilities under items 11 – 15 of Article 94(1) of the Bank Bankruptcy Act, the institution or company under items 3 – 5 of Article 1(1) shall notify the resolution authority, specifying the class of liabilities and the grounds for its determination. In this case implementation of the obligation for inclusion of a contractual term shall stop from the moment of receipt of the notification from the resolution authority.

(5) (Supplemented, SG No. 85/2023, effective 10.10.2023) The resolution authority shall assess the possibility for including a contractual term under paragraph 1 in the agreement or the instrument under paragraph 1, as well as the impacts of the notification on the resolvability of the institution or company referred to in items 3 – 5 of Article 1(1) and to this end it may request additional information from the institution or company within a reasonable time limit after the receipt of the notification.

(6) When the resolution authority reaches the determination that it is legally or otherwise impracticable to include a contractual term under paragraph 1 in the agreement or the instrument under paragraph 1, it shall take in account the need to ensure the resolvability of the institution or company referred to in items 3 – 5 of Article 1 (1) and shall request the institution or company to include such a contractual term.

(7) In the cases referred to in paragraph 6, the resolution authority may require from the institution or company referred to in items 3 – 5 of Article 1 (1) to amend its practices concerning the application of the exemption from contractual recognition of bail-in.

(8) Paragraphs 4 to 7 shall not apply to Additional Tier 1 instruments, Tier 2 instruments, and debt instruments with which a debt is created or recognised where those instruments are unsecured liabilities.

(9) Where the resolution authority, in the context of the assessment of the resolvability under Articles 26 and 27, or at any other time, determines that, within a class of liabilities which includes eligible liabilities, the amount of liabilities that, in accordance with paragraph 4, do not include the contractual term referred to in paragraph 1, together with the liabilities which are excluded from the application of the bail-in tool in accordance with Article 66(2) or which are likely to be excluded in accordance with Article 67(1) and (2) amounts to more than 10 per cent of that class, it shall immediately assess the impact of that particular fact on the resolvability of that institution or company under items 3 – 5 of Article 1(1), including the impact on the resolvability resulting from the risk of breaching the creditor safeguards provided in Article 105 when applying write-down and conversion powers to eligible liabilities.

(10) Where the resolution authority concludes, on the basis of the assessment referred to in

paragraph 9, that the liabilities which do not include the contractual term referred to in paragraph 1, create a substantive impediment to resolvability, it shall apply the powers provided in Article 29 as appropriate to remove that impediment to resolvability.

(11) Liabilities for which the institution or entity referred to in items 3 – 5 of Article 1(1) fails to include in the contractual provisions under paragraph 1 the term required by paragraph 1 or for which, in accordance with paragraphs 4 to 10, the requirement for that term does not apply, shall not be counted towards the minimum requirement for own funds and eligible liabilities.

(12) The resolution authority may require the institution or company referred to in items 3 – 5 of Article 1(1) to provide a legal opinion relating to the legal enforceability and effectiveness of such a contractual term under paragraph 1.

(13) If an institution or entity referred to in items 3 – 5 of Article 1(1) fails to include in an agreement or instrument under paragraph 1 a contractual term required in accordance paragraph 1, that failure shall not prevent the resolution authority from exercising the write-down and conversion powers in relation to that liability, arising from the agreement or instrument.

(14) Based on the regulatory technical standards developed by EBA the resolution authority may determine specific categories of liabilities in respect of which the institution or company under items 3 – 5 of Article 1 may apply the determination that it would be legally or otherwise impracticable to include the contractual term referred to in paragraph 1 in an agreement or instrument under paragraph 1.

Chapter Fourteen
GOVERNMENT FINANCIAL STABILISATION TOOLS

General provisions

Article 85. (1) In case of a systemic crisis, as a last resort, if the resolution objectives for a bank under resolution are not achieved, after the BNB has applied the instruments under Article 56 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 BNB shall notify the minister of finance and may make a motion under Article 57(8).

(2) The notification under paragraph 1 shall contain detailed information on:

1. the current financial situation of the bank under resolution;

2. the decision under Article 114 of the BNB based on the independent assessment under Article 55;

3. the fulfilment of the conditions under Article 51(1);

4. the resolution tools applied;

5. the fulfilment of the conditions under Article 57(8), item 1;

6. other significant circumstances.

(3) On the basis of the notification under paragraph 2 and the BNB assessment of the possibilities for resolution the minister of finance, after consultation with the Governing Council of the BNB, may make a reasoned proposal to the Council of Ministers for taking a decision on the application of the government financial stabilisation tools under Article 86(1) in compliance with the State aid rules, provided that the implementation of the resolution measures would not suffice to avoid significant adverse effects on the financial stability and on the government financial stabilisation tool under Article 86(1), item 2, the implementation of the resolution measures would not suffice to protect the public interest, where the measures under Article 86(1), item 1 have been previously applied against the bank.

(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 Article 86(1);

3. the amount by which the State will participate in the bank's capital under resolution, and the type of financial tools against which capital support is provided;

4. the transferee of the shares and other financial instruments that are recognised as Common Equity Tier 1 or Tier 2 instruments;

5. other conditions to be met in the application of the relevant government financial stabilisation tool, and measures to be implemented.

(5) (Amended, SG No. 63/2025) The minister of finance shall be responsible for the implementation of the decision of the Council of Ministers under paragraph 4.

(6) (Amended, SG No. 85/2017) In case of application of government financial stabilisation tool, the minister of finance has all the powers of the resolution authority under Article 94. 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.

Types of government financial stabilisation tools

Article 86. (1) The government financial stabilisation tools shall consist of the following:

1. public equity support tool; and

2. temporary public ownership tool.

(2) The public equity support is effected through the participation of the State in the increase of the own funds of the bank under resolution by a BNB decision, subject to the requirements of Regulation (EU) No. 575/2013 through the acquisition of:

1. Common Equity Tier 1 capital instruments;

2. additional Tier 1 capital instruments, or

3. Tier 2 capital instruments.

(3) Participation of the State in increasing the own funds of the institution under paragraph 2 may be direct or by means of a single-member company with public equity participation in the capital.

(4) The temporary public ownership tool is applied through the acquisition by the State, directly or through single-member company with public equity participation in the capital of all newly issued shares in the capital of a bank under resolution, provided that the bail-in tool has been applied to the maximum extent, and the shareholders have assumed losses by write down of own funds and cancellation of all the shares.

(5) In the cases referred to in paragraphs 2 and 4 the shareholders of the bank shall lose their right under Article 194(1) and (2) of the Commerce Act to acquire a pro rata share to their holding before the capital increase in the new shares.

Exercise of the rights of the State

Article 87. (1) In the cases of Article 86 (2) and (4) the State, the entity under Article 86(3) and (4) respectively, within the acquired shareholding rights shall ensure management of the bank on a commercial and professional basis and in compliance with the provisions of all laws and by-laws governing bank operations, and in accordance with the resolution objectives.

(2) The State, the entity under Article 86(3) and (4) respectively, shall sell their holding in the bank's capital acquired under Article 86(2) or (4) to persons in the private sector as soon as commercial and financial circumstances allow.

Appeal against a decision of the Council of Ministers

Article 88. (1) The decision of the Council of Ministers under Article 85(4) is subject to

appeal in accordance with Article 117. The appeal shall not have a suspensive effect.

(2) The decision of the Council of Ministers under Article 85(4) and the decision of the court shall be published in the Commercial Register on the batch of the bank under resolution.

(3) The annulment of the decision under Article 85(4) shall not affect the validity of any subsequent administrative acts or rights of third parties who have acted in good faith, acquired on the basis of the annulled decision, or the validity of 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.

Chapter Fifteen

WRITE DOWN OR CONVERSION OF CAPITAL INSTRUMENTS AND ELIGIBLE LIABILITIES

(Title amended, SG No. 12/2021, effective 12.02.2021)

Requirement for write down or conversion of relevant capital instruments and eligible liabilities

Article 89. (Amended, SG No. 12/2021, effective 12.02.2021) (1) The resolution authority under Article 2 or Article 3, as applicable, may, if necessary, decide to write down or convert relevant capital instruments and eligible liabilities into instruments of ownership of an institution or company under items 3 – 5 of Article 1(1).

(2) The decision under paragraph 1 may be taken independently or as part of the resolution action where the conditions for resolution under Article 51 or Article 52 are met.

(3) Where relevant capital instruments and eligible liabilities have been purchased by the resolution entity indirectly through other entities in the same resolution group, the power to write down or convert those relevant capital instruments and eligible liabilities shall be exercised together with the exercise of the same power at the level of the parent undertaking of the entity concerned or at the level of other parent undertakings that are not resolution entities, so that the losses are effectively passed on to, and the entity concerned is recapitalised by, the resolution entity.

(4) After the exercise of the power to write down or convert relevant capital instruments and eligible liabilities independently of resolution action, the resolution authority shall make valuation provided for in Article 106 and shall apply Article 107 where necessary.

(5) (Amended, SG No. 63/2025) The power to write down or convert eligible liabilities independently of resolution action may be exercised by the resolution authority only in relation to eligible liabilities that meet the conditions referred to in item 1 of Article 70a(6), except the condition related to the remaining maturity of liabilities as set out in Article 72c(1) of Regulation (EU) No. 575/2013.

(6) In the exercise of power under paragraph 5 the resolution authority shall comply with the principle referred to in item 7 of Article 53(1).

(7) Where the resolution authority takes a resolution action in relation to a resolution entity or, in exceptional circumstances in deviation from the resolution plan, in relation to an entity that is not a resolution entity, it shall take into account the amount by which relevant capital instruments or eligible liabilities are reduced, written down or converted in accordance with Article 92(1) at the level of such an entity in calculating the thresholds laid down in Article 57(8) and item 1 of Article 68 (2) or item 1 of Article 68(3) that apply to the entity concerned.

Conditions for taking a decision to write down capital instruments and eligible liabilities

(Title supplemented, SG No. 63/2025)

Article 90. (1) (Amended, SG No. 12/2021, effective 12.02.2021) The resolution authority under Article 2 or Article 3, as applicable, shall take an immediate decision under Article 89(1) in relation to relevant capital instruments and eligible liabilities under Article 89(5), where one or more of the following circumstances apply:

1. (supplemented, SG No. 12/2021, effective 12.02.2021) the resolution authority has established that the conditions for resolution under Article 51 or Article 52 have been met, before any resolution action is taken;

2. (supplemented, SG No. 12/2021, effective 12.02.2021) the Bulgarian National Bank, the Commission, as applicable, has established that if it does not exercise the powers under Article 89(1) in relation to the relevant capital instruments and eligible liabilities under Article 89(5), the institution or company under items 3 – 5 of Article 1(1) will no longer be viable;

3. where the relevant capital instruments are issued by a subsidiary, which is an institution authorised in the Republic of Bulgaria, and where those capital instruments are recognised for the purposes of meeting own funds requirements on an individual and on a consolidated basis in regard to the group, the BNB, the Commission respectively, has made a joint decision with the appropriate authority from the Member State of the consolidating supervisor in accordance with Article 127, establishing thereby that unless the write down or conversion power is exercised in relation to those instruments, the group will no longer be viable;

4. where the relevant capital instruments are issued by a subsidiary or a financial holding company in respect whereof the BNB, the Commission respectively, acts as a consolidating supervisor, and where such instruments are recognised for the purposes of meeting own funds requirements on an individual basis for the subsidiary and on a consolidated basis in regard to the group, the BNB, the Commission respectively, has made a decision jointly with the appropriate authority of the Member State of the subsidiary in accordance with Article 126(5) establishing thereby that unless the write down or conversion power is exercised in relation to those instruments, the group will no longer be viable;

5. where the relevant capital instruments are issued by a parent undertaking of a Member State or an EU parent institution and where those capital instruments are recognised for the purposes of meeting own funds requirements on an individual basis at the level of the institution or on a consolidated basis, and the BNB, the Commission respectively, makes a decision that unless the write down or conversion power is exercised in relation to those instruments, the group will no longer be viable;

6. (amended, SG No. 12/2021, effective 12.02.2021) the institution or company under items 3 – 5 of Article 1(1) has requested an extraordinary public financial support beyond the cases under item 4 "b" of Article 51(4).

(2) For the purposes of paragraph 1, an institution, a company under items 3 – 5 of Article 1(1) or a group are no longer viable if the following two conditions are met:

1. (amended, SG No. 12/2021, effective 12.02.2021) the institution or the entity or the group is failing or likely to fail within the meaning of Article 51(4) or within the meaning of paragraph 3;

2. (supplemented, SG No. 12/2021, effective 12.02.2021) having regard to the urgency and other relevant circumstances, there is no reasonable prospect that any action, including private sector measures or actions by the BNB, the Commission, as applicable, in their capacity of competent authority, including early intervention measures, other than the write down or conversion of capital instruments or eligible liabilities under Article 89(5), whether exercised independently or in combination with a resolution action, would prevent the failure of the

institution or the company under items 3 – 5 of Article 1(1) or the group.

(3) A group shall be deemed to be failing or likely to fail where the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated prudential requirements in a way that would justify action by the BNB, the Commission respectively, including but not limited to because the group has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds.

Provisions governing the write down or conversion of capital instruments

Article 91. (1) The relevant capital instruments issued by an institution authorised in the Republic of Bulgaria, which is a subsidiary, shall not be written down or converted under Article 90(1), item 3 under less favourable conditions than those for the capital instruments with the same priority at a parent undertaking level which have been written down or converted.

(2) The relevant capital instruments issued by a subsidiary of an institution or a financial holding company subject to supervision by the BNB, the Commission respectively, authorised in the Republic of Bulgaria, shall not be written down or converted under Article 90(1), item 4 under less favourable conditions than those for the capital instruments with the same priority at a parent undertaking level which have been written down or converted.

(3) Before making the determination under Article 90(1), item 3, in regard to an institution authorised in the Republic of Bulgaria, the BNB, the Commission respectively, shall make the notification and consultation under Article 93.

(4) Before making the determination referred to in Article 90(1), item 4 in regard to the subsidiary that has issued the relevant capital instruments, the BNB, the Commission respectively, shall make the notification and consultation under Article 93.

(5) (Supplemented, SG No. 12/2021, effective 12.02.2021, SG No. 63/2025) Before exercising its powers to write down or convert capital instruments or eligible liabilities under Article 89(5), the BNB or the Commission, as appropriate, shall ensure that a valuation is carried out in accordance with Article 55 of the assets and liabilities of the institution or company referred to in Article 1(1)(3)–(5), which shall serve to determine the write-down, to be applied to the relevant capital instruments or eligible liabilities under Article 89(5) for the purpose of absorbing losses, as well as the level of conversion to be applied to those capital instruments or eligible liabilities so that the institution or company is recapitalised.

Terms and procedures for write down or conversion of relevant capital instruments and eligible liabilities

(Title amended, SG No. 12/2021, effective 12.02.2021)

Article 92. (1) The resolution authority under Article 2 or Article 3 shall exercise the powers for write down or conversion to the extent necessary to achieve the resolution objectives, in accordance with the priority of claims under normal insolvency proceedings, in a way that produces the following results:

1. Common Equity Tier 1 items are reduced first in proportion to the losses and to their full amount; the BNB, the Commission respectively, shall take actions specified in Article 74(1) and (2) in respect of the holders of Common Equity Tier 1 instruments;

2. the Additional Tier 1 instruments shall be written down and/or converted into Common Equity Tier 1 instruments to the extent required to achieve the resolution objectives or to their full amount;

3. the Tier 2 capital instruments shall be written down and/or converted into Common Equity Tier 1 instruments to the extent required to achieve the resolution objectives or to their full amount;

4. (new, SG No. 12/2021, effective 12.02.2021) the principal of the eligible liabilities under Article 89(5) shall be written down or converted into Common Equity Tier 1 instruments or both to the extent required to achieve the resolution objectives under Article 50 or to the full amount of the relevant eligible liabilities, whichever is lower.

(2) (Amended, SG No. 12/2021, effective 12.02.2021) Where the principal amount of a relevant capital instrument, or an eligible liability as referred to in Article 89(5) is written down:

1. the reduction of that amount shall be permanent, subject to any reimbursement mechanism in Article 73(4);

2. (supplemented, SG No. 12/2021, effective 12.02.2021) no liability to the holder of the relevant capital instrument or eligible liability under Article 89(5) shall remain under or in connection with that amount of the instrument, which has been written down, except for:

a) if applicable, already accrued interest or any similar liability;

b) any liability for damages that may arise as a result of an appeal challenging the legality of the exercise of the write-down power; or

c) the provision of Common Equity Tier 1 instruments to the holder of relevant capital instruments in accordance with paragraph 3;

3. (supplemented, SG No. 12/2021, effective 12.02.2021) no compensation is paid to any holder of the relevant capital instruments, or of the liabilities as referred to in Article 89(5), other than in accordance with paragraph 3.

(3) (Amended, SG No. 12/2021, effective 12.02.2021) In order to effect a conversion of relevant capital instruments and eligible liabilities as referred to in Article 89(5), under items 2 – 4 of paragraph 1, the resolution authority may require the institution and company referred to in items 3 – 5 of Article 1(1) to issue Common Equity Tier 1 instruments to the holders of the relevant capital instruments and eligible liabilities. Relevant capital instruments and eligible liabilities may only be converted where the following conditions are met:

1. those Common Equity Tier 1 instruments are issued by the institution or the entity referred to in Article 1(1), items 3 – 5 or by a parent undertaking of the institution or the entity, with the agreement of the BNB, the Commission respectively, or the resolution authority of the parent undertaking, where it is different;

2. those Common Equity Tier 1 instruments are issued prior to any issuance of instruments of ownership by that institution or that entity referred to in Article 1(1), items 3 – 5 for the purposes of provision of own funds by the State or a government entity or undertaking;

3. those Common Equity Tier 1 instruments are awarded and transferred without delay following the exercise of the conversion powers;

4. (supplemented, SG No. 12/2021, effective 12.02.2021) the conversion rate that determines the number of Common Equity Tier 1 instruments that are provided in respect of each relevant capital instrument or any eligible liability under Article 89(5) complies with the principles set out in Article 77.

(4) For the purposes of the provision of Common Equity Tier 1 instruments in accordance with paragraph 3, the resolution authority may require an institution or entity referred to in Article 1(1), items 3 - 5 to maintain at all times the necessary prior authorisation to issue the relevant number of Common Equity Tier 1 instruments.

Procedure for reconciliation of the determination in relation to Article 90

Article 93. (1) (Amended, SG No. 12/2021, effective 12.02.2021) Before making a determination referred to in items 2 – 5 or 6 of Article 90(1) in relation to an institution authorised in the Republic of Bulgaria that is a subsidiary of an EU parent undertaking and has issued relevant capital instruments and eligible liabilities under Article 89(5) for the purposes of

meeting the requirement under Article 70a on an individual basis or relevant capital requirements that are recognised for the purposes of meeting the capital requirements on an individual basis and on a consolidated bases in regard to the group, the BNB, the Commission, as applicable, after consulting the resolution authority of the relevant resolution entity, shall notify within 24 hours:

1. the consolidating supervisor, and if different, the appropriate authority in its Member State;

2. (amended, SG No. 63/2025) the resolution authorities of other entities within the same resolution group which directly or indirectly have bought liabilities under Article 70a(6) from the entity to which items 1 – 5 of Article 70a apply.

(2) (Amended, SG No. 12/2021, effective 12.02.2021) Before making a determination referred to in items 3 and 4 of Article 90(1) in relation to an institution or company under items 3 – 5 of Article 1(1) that is a subsidiary of an institution or a financial holding company in respect whereof the BNB, the Commission, as applicable, is the consolidating supervisor, and that has issued relevant capital instruments that are recognised for the purposes of meeting the capital requirements on an individual and on a consolidated basis, the BNB, the Commission, as applicable, shall notify without delay:

1. the competent authorities responsible for each institution or entity under Article 1(1), items 3 – 5 that have issued relevant capital instruments, in respect whereof the write down or conversion powers are to be exercised, if that determination were made;

2. (supplemented, SG No. 12/2021, effective 12.02.2021) the appropriate authorities of the Member States where the competent authorities under paragraph 1 and the consolidating supervisor are located.

(3) In the notification under paragraph 1 or 2 the BNB, the Commission respectively, shall state the reasons for considering the relevant determination.

(4) When making a determination referred to in point Article 90(1), items 3 - 6 in the case of an institution or of a group with cross-border activity, the BNB, the Commission respectively, and the other appropriate authorities shall take into account the potential impact of the resolution in all the Member States where the institution or the group operate.

(5) (Amended, SG No. 12/2021, effective 12.02.2021) Where a notification has been made pursuant to paragraph 1 or 2, the BNB, the Commission, as applicable, after consulting the authorities notified, shall assess the following matters:

1. whether an alternative measure to the exercise of the write down or conversion power in accordance with Article 90(1) is available;

2. the measure referred to in item 1 could feasibly be applied to address, in an adequate timeframe, the circumstances that would otherwise require a determination referred to in Article 90(1).

(6) (Amended, SG No. 15/2018, effective 16.02.2018) The alternative measures under paragraph 5, item 1 shall mean early intervention measures referred to in Article 44, measures referred to in Article 103(2) and Article 103a(1) of the Credit Institutions Act, Article 276(1) of the Markets in Financial Instruments Act respectively, or identical measures referred to in the relevant applicable law, or a transfer of funds or capital increase by the parent undertaking.

(7) If, after consultation with the notified authorities, the assessment under paragraph 5 is positive, the BNB, the Commission respectively, shall ensure that the measure is applied.

(8) Where, in the case referred to in paragraph 1, and pursuant to paragraph 5 of this Article, the BNB, the Commission respectively, assesses that no alternative measure is available, it shall decide whether to make the determination referred to in Article 90(1).

(9) Where the BNB, the Commission respectively, decides to make a determination under

Article 90(1), item 4, it shall immediately notify the appropriate authorities of the Member States in which the affected subsidiaries are located and the determination shall take the form of a joint decision as set out in Article 126(5). In the absence of a joint decision the BNB, the Commission respectively, shall not apply the procedure under Article 90(1), item 4 in relation to the relevant capital instruments.

Chapter Sixteen
RESOLUTION POWERS

General powers

Article 94. (1) the resolution authority under Article 2 or Article 3 shall apply the resolution tools to institutions and to entities referred to Article 1(1), items 3 - 5 items that meet the applicable conditions for resolution.

(2) In the exercise of powers under paragraph 1 the resolution authority shall have the following powers:

1. to require any person to provide any information required for the resolution authority to update and supplement information provided in the resolution plans and including requiring information to be provided through on-site inspections;

2. to take control of an institution under resolution and exercise all the rights and powers conferred upon the shareholders and the management body of the institution under resolution;

3. to transfer instruments of ownership issued by the institution under resolution;

4. to transfer to another entity, with the consent of that entity, rights, assets or liabilities of the institution under resolution;

5. (amended, SG No. 12/2021, effective 12.02.2021) to reduce, including to reduce to zero, the principal amount of or outstanding amount due in respect of bail-inable liabilities, of the institution under resolution;

6. (amended, SG No. 37/2019, effective 7.05.2019, SG No. 12/2021, effective 12.02.2021) to transform liabilities of an institution under resolution in ordinary shares of the institution or the company under items 3 – 5 of Article 1(1) of the respective parent undertaking or of a bridge institution to which assets, rights and obligations of the institution or entity under items 3 – 5 of Article 1(1) are transferred;

7. to cancel debt instruments issued by the institution under resolution except for secured liabilities subject to Article 66(2);

8. to reduce, including to reduce to zero, the nominal amount of shares or other instruments of ownership of an institution under resolution and to cancel such shares or other instruments of ownership;

9. to require an institution under resolution or a relevant parent institution to issue new shares or other capital instruments, including contingent convertible instruments;

10. (amended, SG No. 12/2021, effective 12.02.2021) to alter the maturity of debt instruments and other bail-inable liabilities issued by the institution under resolution or to amend the amount of interest payable under such instruments and other bail-inable liabilities, or the date on which the interest becomes payable, including by suspending payments for a temporary period, except for secured liabilities, subject to Article 66(2);

11. to close out and terminate financial contracts or derivatives contracts for the purposes of applying Article 76;

12. to remove or replace one or more members of the management body and senior management of the institution under resolution;

13. (amended, SG No. 15/2018, effective 16.02.2018) to require assessment of the buyer of a qualifying holding in a timely manner by way of derogation from the time-limits laid down in Chapter Three of Section III of the Credit Institutions Act, Article 56(1) of the Markets in Financial Instruments Act respectively.

(3) In the execution of the decisions referred to in paragraph 1 no restrictions shall apply, arising from:

1. existing powers for approval or consent from any person either public or private, including the shareholders or creditors of the institution under resolution, unless Article 4 applies;

2. existing requirements for advance notification of certain persons, including a requirement for publication of notice or prospectus or for filing or registration of documents with another authority, save for the notifications under Articles 113 and 115 and under the State Aids Act and the European Union State aid legal framework.

(4) (New, SG No. 37/2019, effective 7.05.2019) The public authorities and office holders shall render assistance, within the powers thereof, to the resolution authorities in the performance of the functions thereof.

Ancillary powers

Article 95. (1) When exercising a resolution power, the resolution authority under Article 2 or Article 3 shall have the power to:

1. subject to Article 110, provide for a transfer to take effect free from any liability or encumbrance affecting the financial instruments, rights, assets or liabilities transferred; for that purpose, any right of compensation in accordance with this Act shall not be considered to be a liability or an encumbrance;

2. remove rights to acquire further shares;

3. require the relevant authority to discontinue or suspend the admission to trading on a regulated market or the official listing of financial instruments pursuant to the Public Procurement of Securities Act or the relevant applicable law;

4. provide for the recipient to be treated as if it were the institution under resolution for the purposes of any rights or obligations of, or actions taken by, the institution under resolution, including, subject to Articles 58 and 60, any rights or obligations relating to participation in a market infrastructure;

5. require the institution under resolution or the recipient to provide the other party with information and assistance;

6. cancel or modify the terms of a contract to which the institution under resolution is a party or substitute a recipient as a party;

7. (new, SG No. 37/2019, effective from the first 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) require from an institution which has received state assistance pursuant to Article 19, paragraph 3 of Regulation (EU) No. 806/2014 to recover the misused amounts in case of a recovery decision under Article 19, paragraph 5 of Regulation (EU) No. 806/2014.

(2) The resolution authority shall exercise the powers specified in paragraph 1 only where it is considered by the resolution authority to be appropriate to help to ensure that a resolution action is effective or to achieve one or more resolution objectives.

(3) The resolution authority shall provide for continuity arrangements necessary to ensure that the resolution action is effective and, where relevant, the business transferred may be operated by the recipient.

(4) The arrangements referred to in paragraph 3 shall apply through the order of the resolution authority where such arrangements concern:

1. the continuity of contracts entered into by the institution under resolution, so that the recipient assumes the rights and liabilities of the institution under resolution relating to any financial instrument, right, asset or liability that has been transferred and is substituted for the institution under resolution, expressly or implicitly in all relevant contractual documents;

2. the substitution of the recipient for the institution under resolution in any legal proceedings relating to any financial instrument, right, asset or liability that has been transferred.

(5) The provisions under paragraph 4 shall have effect notwithstanding existing restrictions on the transfer of claims and liabilities under national law.

(6) The powers under paragraph 1, item 4 and paragraph 4, item 2 shall not affect the following:

1. the right of an employee of the institution under resolution to terminate a contract of employment;

2. subject to Articles 101 - 103, any right of a party to a contract to exercise rights under the contract, including the right to terminate, where entitled to do so in accordance with the terms of the contract by virtue of an act or omission by the institution under resolution prior to the relevant transfer, or by the recipient after the relevant transfer.

Power to require the provision of services and facilities

Article 96. (1) The resolution authority under Article 2 or Article 3 shall have the power to require the institution under resolution, or any of its group entities, to provide any services or facilities that are necessary to enable a recipient to operate effectively the business transferred to it and that cannot be provided by another vendor within reasonable timeframes and at a lower cost. Where insolvency proceedings have been instituted in respect of the institution referred to in the first sentence, the trustee in bankruptcy shall provide for the implementation of said requirements.

(2) Where resolution authorities from other Member States have imposed identical obligations to those referred to in paragraph 1 in respect of an institution or a group entity established in the Republic of Bulgaria, the resolution authority shall have the power to enforce such obligations.

(3) The services and facilities referred to in paragraphs 1 and 2 shall be limited to operational services and facilities and shall not include any form of financial support.

(4) The services and facilities provided in accordance with paragraphs 1 and 2 shall be on the following terms:

1. where the services and facilities were provided under an agreement to the institution under resolution immediately before the resolution action was taken and for the duration of that agreement, on the same terms;

2. where there is no agreement or where the agreement has expired, on reasonable terms.

Applicable law in enforcement of crisis management measures or crisis prevention measures by other Member States

Article 97. (1) Where for the purposes of resolution of an institution or group entity in another Member State assets are transferred which are located in the Republic of Bulgaria, or rights or obligations set forth under Bulgarian law, the transfer shall be carried out in accordance with this Act and the applicable Bulgarian law.

(2) The resolution authority under Article 2 or Article 3 respectively, shall provide reasonable assistance to the resolution authority of a Member State that has made or intends to make the transfer under paragraph 1 to ensure that the shares or other instruments of ownership

or assets, rights or liabilities are transferred to the recipient in accordance with the applicable law.

(3) The shareholders, creditors and third parties affected by the transfer under paragraph 1 shall not have the right to challenge or to request deletion of the effects of the transfer on the grounds of provisions of the Bulgarian law or any other law governing the shares, the other instruments of ownership, the rights or obligations.

(4) (Amended, SG No. 12/2021, effective 12.02.2021) Where a resolution authority of another Member State has exercised write-down or conversion powers, and bail-inable liabilities or relevant capital instruments of an institution under resolution include instruments or liabilities in relation to which the law of the Republic of Bulgaria applies, the principal of such liabilities or instruments shall be written down or the liabilities or instruments shall be converted in accordance with the write-down or conversion powers exercised by the resolution authority of the other Member State.

(5) Creditors affected by the exercise of the write-down or conversion powers referred to in paragraph 4 shall not be entitled to challenge the write down of the principal of the instrument or the liability or its conversion on the grounds of provisions of the law of the Republic of Bulgaria.

(6) The resolution measures under paragraphs 1 and 4 may be appealed in accordance with the procedure provided for in the law of a Member State in which the relevant resolution authority is established. The law of such Member State shall furthermore apply to partial transfers under paragraph 1, providing for safeguards in this case.

Applicable law in enforcement of crisis management measures or crisis prevention measures in other Member States

Article 98. (1) Where, in case of resolution by the resolution authority under Article 2 or Article 3 of an institution or entity under Article 1(1), items 3 - 5, assets, rights or liabilities are transferred, which are located in another Member State, the transfer shall be made in accordance with the applicable law of that Member State.

(2) (Amended, SG No. 37/2019, effective 7.05.2019) The resolution authority under paragraph 1 may seek the assistance of the resolution authority of the Member State under paragraph 1 to ensure that instruments of ownership or assets, rights or liabilities are transferred to a recipient in accordance with the applicable law.

(3) Where the resolution authority under paragraph 1 has exercised the write-down or conversion powers, and the eligible liabilities or relevant capital instruments of an institution under resolution include instruments or liabilities in relation to which the law of another Member State applies, or liabilities to creditors in such Member State, the principal of such liabilities or instruments shall be written down or the liabilities or instruments shall be converted in accordance with the write-down or conversion powers exercised by the resolution authority under paragraph 1 of this Act.

(4) The resolution measures under paragraphs 1 and 3 may be appealed under Article 117.

Power in respect of assets, rights, liabilities, shares and other instruments of ownership located in third countries

Article 99. (1) In cases in which resolution action involves action taken in respect of assets located in a third country or shares, other instruments of ownership, rights or liabilities governed by the law of a third country, the resolution authority under Article 2 or Article 3 may require that:

1. the special manager, trustee in bankruptcy or other person exercising control of the institution under resolution and the recipient shall take all necessary steps to ensure that the transfer, write down, conversion or action becomes effective;

2. the special manager, trustee in bankruptcy or other person exercising control of the

institution under resolution hold the shares, other instruments of ownership, assets or rights or discharge the liabilities on behalf of the recipient until the transfer, write down, conversion or action becomes effective;

3. the reasonable expenses of the recipient properly incurred in carrying out any action required under items 1 and 2 are met in any of the ways referred to in Article 57(6).

(2) Where the resolution authority under paragraph 1 assesses that, in spite of all the necessary steps taken by the special manager, trustee in bankruptcy or other person in accordance with paragraph 1, item 1, it is highly unlikely that the transfer, conversion or action will become effective in relation to certain assets located in a third country or certain shares, other instruments of ownership, rights or liabilities under the law of a third country, the resolution authority shall not proceed with the transfer, write down, conversion or action. If it has already ordered the transfer, write down, conversion or action, that order shall be void in relation to the assets, shares, instruments of ownership, rights or liabilities under sentence one.

Exclusion of certain contractual terms in early intervention and resolution

Article 100. (1) (Amended, SG No. 67/2025) A crisis prevention measure or a crisis management measure taken in relation to an institution or entity under Article 1(1) items 3 – 5, including the occurrence of any event directly linked to the application of such measure, shall not, per se, be deemed to be a default within the meaning of Article 10 or an enforcement event within the meaning of § 1, item 7 of the additional provisions of the Financial Collateral Arrangements and Close-Out Netting Act or a suspension procedure within the meaning of the Payment Services and Payment Systems Act under the contracts to which that institution or entity is a party, provided that the substantive obligations under the contract, including payment and delivery obligations and the provision of collateral, continue to be performed.

(2) A crisis prevention measure or crisis management measure shall not be deemed to be a default or suspension procedure under paragraph 1 and under a contract entered into by:

1. a subsidiary, the obligations under which are guaranteed or otherwise supported by the parent undertaking or by any group entity; or

2. any entity of a group which includes cross-default provisions.

(3) Where third country resolution proceedings are recognised pursuant to Article 129, or otherwise where a resolution authority under Article 2 or Article 3 so decides, such proceedings shall for the purposes of this Article constitute a crisis management measure.

(4) (Amended, SG No. 12/2021, effective 12.02.2021) Provided that the substantive contractual obligations, including obligations for payment, delivery and provision of collateral, continue to be performed, suspension of the performance under Article 52a, a crisis prevention measure or a crisis management measure, including the occurrence of any event directly linked to the application of such a measure, shall not make it possible for a party to a contract to do the following:

1. exercise any termination, suspension, modification, netting or set-off rights, including in relation to a contract entered into by:

a) a subsidiary, the obligations under which are guaranteed or otherwise supported by a group entity;

b) any group entity which includes cross-default provisions;

2. obtain possession, exercise control or enforce any security over any property of the institution or the entity referred to in Article 1(1), items 3 – 5 or any group entity in relation to a contract which includes cross-default provisions;

3. affect any contractual rights of the institution or the entity referred to in Article 1(1), items 3 – 5 or any group entity in relation to a contract which includes cross-default provisions.

(5) This Article shall not affect the exercise of a right under paragraph 4 where that right arises by virtue of an event other than the crisis prevention measure, the crisis management measure or the occurrence of any event directly linked to the application of such a measure.

(6) (Amended, SG No. 12/2021, effective 12.02.2021) The suspension or restriction under Articles 52a, 101, 102 or 103 shall not constitute non-performance of a contractual obligation for the purposes of paragraphs 1, 2 and 4 and Article 103(1).

(7) The provisions contained in this Article shall be considered to be overriding mandatory provisions within the meaning of Article 9 of Regulation (EC) No. 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I) (OJ, L 177/6 of 4 July 2008).

Power to suspend certain obligations

Article 101. (1) (Amended, SG No. 37/2019, effective 7.05.2019) The resolution authority under Article 2 or Article 3 shall have the power to suspend the implementation of payment or delivery obligations under contracts to which an institution under resolution is a party, from the publication of a notice of the suspension in accordance with Article 115, paragraph 3, item 1 until midnight of the business day following that publication.

(2) When a payment or delivery obligation would have been due during the suspension period the payment or delivery obligation shall be due immediately upon expiry of the suspension period.

(3) If an institution under resolution's payment or delivery obligations under a contract are suspended under paragraph 1, the payment or delivery obligations of the institution under resolution's counterparties under that contract shall be suspended for the same period of time.

(4) Any suspension under paragraph 1 shall not apply to:

1. (repealed, SG No. 12/2021, effective 12.02.2021);

2. (amended, SG No. 12/2021, effective 12.02.2021) payment and delivery obligations owed to systems or operators of systems designated for the purposes of the Payment Services and Payment Systems Act or relevant applicable law of a Member State;

3. (amended, SG No. 12/2021, effective 12.02.2021) central counterparties authorised to pursue business in the European Union pursuant to Article 14 of Regulation (EU) No. 648/2012 and third-country central counterparties recognised by the ESMA pursuant to Article 25 of Regulation (EU) No. 648/2012;

4. (new, SG No. 12/2021, effective 12.02.2021) central banks.

(5) When exercising a power under this Article, the resolution authority shall have regard to the impact the exercise of that power might have on the orderly functioning of financial markets.

(6) (New, SG No. 12/2021, effective 12.02.2021, amended, SG No. 63/2025) The resolution authority shall set the type and scope of the payment and delivery obligations in relation to which suspension under paragraph 1 of this Article shall apply, having regard to the circumstances of each case. In particular, resolution authority shall carefully assess the appropriateness of extending the suspension to eligible deposits and in particular deposits of natural persons or micro-, small and medium-sized enterprises falling in the scope of the Bank Deposits Guarantee Act.

(7) (New, SG No. 12/2021, effective 12.02.2021) Where the resolution authority considers that it is appropriate to suspend performance of obligations on eligible deposits by the decision under paragraph 1, it shall set for the period of suspension a maximum daily amount to be paid at the request of the depositor. The terms and procedure for the setting and payment of the maximum daily amount shall be set out in an ordinance of the BNB.

Power to restrict the enforcement of security interests

Article 102. (1) The resolution authority under Article 2 or Article 3 shall have the power to restrict secured creditors of an institution under resolution from enforcing security interests in relation to any assets of that institution under resolution from the publication of a notice of the restriction in accordance with Article 115(4) until midnight of the business day following that publication.

(2) (Amended, SG No. 12/2021, effective 12.02.2021) The resolution authority shall not exercise the power under paragraph 1 in relation to:

1. secured interests of systems or operators of systems designated to provide settlement finality in accordance with the Payment Services and Payment Systems Act and the relevant applicable law;

2. central counterparties authorised to pursue business in the European Union pursuant to Article 14 of Regulation (EU) No. 648/2012 and third-country central counterparties recognised by the ESMA pursuant to Article 25 of Regulation (EU) No. 648/2012;

3. central banks in respect of assets pledged by the resolution institution or provided by it in the form of margin or security.

(3) Where Article 112 applies, the resolution authority shall ensure that any restrictions imposed pursuant to the power referred to in paragraph 1 of this Article are consistent for all group entities in relation to which a resolution action is taken.

(4) When exercising a power under this Article, the resolution authority shall have regard to the impact the exercise of that power might have on the orderly functioning of financial markets.

Power to temporarily suspend termination rights

Article 103. (1) (Amended, SG No. 37/2019, effective 7.05.2019) The resolution authority under Article 2 or Article 3 shall have the power to suspend the exercise of the termination rights of any party to a contract with an institution under resolution from the publication of the notice pursuant to Article 115, paragraph 3, item 1 until midnight of the business day following that publication, provided that it continues to meet its payment and delivery obligations and the obligation for provision of collateral.

(2) The resolution authority shall have the power to suspend the termination rights of any party to a contract with a subsidiary of an institution under resolution where:

1. the obligations under that contract are guaranteed or are otherwise supported by the institution under resolution;

2. the termination rights under that contract are based solely on the insolvency or financial condition of the institution under resolution;

3. in the case of a transfer power that has been or may be exercised in relation to the institution under resolution, either:

a) all the assets and liabilities of the subsidiary relating to that contract have been or may be transferred to and assumed by the recipient; or

b) the resolution authority provides in any other way adequate protection for such obligations.

(3) The decision on suspension under paragraph 2 shall take effect from the publication of the notice pursuant to Article 115(4) until midnight on the business day following that publication in the Republic of Bulgaria or in the relevant Member State in which the subsidiary of the institution under resolution is established.

(4) (Amended, SG No. 12/2021, effective 12.02.2021) Suspension under paragraphs 1 and

2 shall not apply to:

1. systems or operators of systems providing settlement finality under the Payment Services and Payment Systems Act or under the relevant applicable law;

2. central counterparties authorised to pursue business in the European Union pursuant to Article 14 of Regulation (EU) No. 648/2012 and third-country central counterparties recognised by the ESMA pursuant to Article 25 of Regulation (EU) No. 648/2012;

3. central banks.

(5) A party to a contract with an institution under resolution may exercise its right to terminate it before the end of the period referred to in paragraphs 1 and 3, if that party receives notice from the resolution authority that the rights and liabilities covered by the contract shall not be:

1. transferred to another entity, or

2. subject to write down or conversion on the application of the bail-in tool in accordance with Article 65(1), item 1.

(6) Where a resolution authority exercises the powers specified in paragraphs 1 and 2 of this Article, and where no notice has been given pursuant to paragraph 5, those rights may be exercised on the expiry of the period of suspension, subject to Article 100, as follows:

1. if the rights and liabilities covered by the contract have been transferred to another entity, a counterparty may exercise termination rights in accordance with the terms of that contract only on the occurrence of any continuing or subsequent event which constitutes a ground for contract termination;

2. if the rights and liabilities covered by the contract remain with the institution under resolution and the resolution authority has not applied the bail-in tool to that contract, a counterparty may exercise termination rights in accordance with the terms of that contract on the expiry of a suspension under paragraph 1 or paragraph 3.

(7) When exercising a power under this Article, the resolution authority shall have regard to the impact the exercise of that power might have on the orderly functioning of the financial markets.

(8) An institution or entity under Article 1(1), items 3 - 5 shall maintain detailed records of financial contracts within the meaning of § 1, item 83.

Contractual recognition of resolution stay powers

Article 103a. (New, SG No. 12/2021, effective 12.02.2021) (1) When entering into a financial contract the institutions and companies referred to in items 3 – 5 of Article 1(1) shall include terms by which the parties recognise that the financial contract may be subject to the exercise of powers by the resolution authorities to suspend or restrict rights and obligations under Articles 52a, 101, 102 and 103, and recognise that they are bound by the requirements of Article 100, provided that:

1. the financial contract is governed by the law of a third country;

2. the financial contract provides for the exercise of one or more rights to suspension or rights to enforcement of security interests to which Articles 52a, 101, 102 or 103 would apply, if the financial contract were governed by the applicable law in the Republic of Bulgaria.

(2) The institutions and companies under items 3 – 5 of Article 1(1) that are EU parent undertakings shall take the necessary measures to ensure that their third-country subsidiaries include, in the financial contracts referred to in paragraph 1, terms to exclude that the exercise of the power of the resolution authority under Articles 52a, 100, 101, 102 or 103 to suspend or restrict rights and obligations of the EU parent undertaking constitutes a valid ground for early termination, suspension, modification, netting, exercise of set-off rights or enforcement of

security interests on those contracts.

(3) Paragraph 2 shall apply to third-country subsidiaries that are credit institutions, investment firms, companies which would be investment firms if they had a head office in the Republic of Bulgaria, or financial institutions.

(4) If an institution or company referred to in items 3 – 5 of Article 1(1) fails to include in a financial contract a contractual term required in accordance paragraph 1, that failure shall not prevent the resolution authority under Article 2 or Article 3 from exercising the write-down and conversion powers under Articles 52a, 100, 101, 102 or 103 in relation to the liabilities, arising from such financial contract.

Exercise of the resolution powers

Article 104. (1) In order to take a resolution action, the resolution authority under Article 2 or Article 3 may exercise control over the institution under resolution, so as to:

1. operate and conduct the activities and services of the institution under resolution with all the powers of its shareholders and management body; and

2. manage and dispose of the assets and property of the institution under resolution.

(2) The control referred to in paragraph 1 may be exercised by the resolution authority through mandatory orders to the management body of the institution under resolution or through the appointed specific manager.

(3) The resolution authority shall suspend the exercise by the shareholders of the voting rights conferred by shares of the institution under resolution during the period of resolution.

(4) The resolution authority may take a resolution action without exercising control under paragraph 1 over the institution under resolution.

(5) The resolution authority shall decide in each particular case whether it is appropriate to carry out the resolution action through the exercise of control under paragraph 1 or without exercising control under paragraph 4. The assessment shall have regard to the resolution objectives and the general principles governing resolution, the specific circumstances of the institution under resolution in question and the need to facilitate the effective resolution of cross-border groups.

Chapter Seventeen
SAFEGUARDS

Treatment of shareholders and creditors in the case of partial transfers and application of the bail-in tool

Article 105. (1) Where in a resolution action the resolution authority under Article 2 or Article 3 has transferred only part of the rights, assets and liabilities of the institution under resolution, the shareholders and those creditors whose claims have not been transferred, receive in satisfaction of their claims at least as much as what they would have received if insolvency proceedings had been initiated against the institution under resolution at the time when the decision referred to in Article 114 was taken.

(2) Where the resolution authority has applied the bail-in tool, the shareholders and creditors whose claims have been written down or converted to equity shall not incur greater losses than they would have incurred if insolvency proceedings had been initiated against the institution under resolution at the time when the decision referred to in Article 114 was taken.

Valuation of difference in treatment

Article 106. (1) After taking resolution action or actions the resolution authority under Article 2 or Article 3 respectively shall order valuation of whether shareholders and creditors

would have received better treatment if the institution under resolution had entered into insolvency proceedings. That valuation shall be distinct from the valuation carried out under Article 55.

(2) The valuation in paragraph 1 shall determine:

1. the amount that shareholders, creditors or BDIF would receive for their claims, accordingly the loss that would be suffered in the opening of insolvency proceedings at the date the decision referred to in Article 114 was taken;

2. the actual amount that shareholders and creditors have received for their claims, the loss they have sustained in the resolution of the institution respectively;

3. the existence of a difference between the amounts referred to in items 1 and 2.

(3) When effecting the valuation under paragraph 1 the following shall be assumed in respect of the institution under resolution:

1. insolvency proceedings have been opened at the date of taking the decision under Article 114 and the resolution action had not been effected;

2. disregarding any provision of extraordinary public financial support to the institution under resolution.

(4) (New, SG No. 12/2021, effective 12.02.2021, supplemented, SG No. 8/2023) The valuation under paragraph 1 in the cases when the BNB is the resolution authority shall be carried on by an independent valuer selected in accordance with the ordinance under Article 55a, and when the Commission is the resolution authority – in accordance with the procedure provided for in the ordinance of the Commission under Article 55a.

Safeguards for shareholders and creditors

Article 107. (Amended, SG No. 37/2019, effective from the first 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) If as a result of the valuation under Article 106 it is established that a shareholder, creditor or the BDIF has suffered higher losses than it could bear upon the dissolution of the institution through bankruptcy proceedings, it shall be entitled to receive the difference from the SRF, BRF or IFRF respectively.

Safeguards for counterparties in partial transfers

Article 108. (1) Where the resolution authority under Article 2 or Article 3 has carried out a resolution action to transfer some but not all of the assets, rights or liabilities of an institution under resolution to another entity or, in the exercise of a resolution tool, part of the rights, assets and liabilities are transferred from a bridge institution or asset management vehicle to another entity, as well as in the exercise of the powers under Article 95 (1), item 6, the safeguards specified in Articles 109 - 112 on the following arrangements and the parties thereto shall apply:

1. security arrangements, under which a person has by way of security an actual or contingent interest in the assets or rights that are subject to transfer, irrespective of whether that interest is secured by specific assets or rights or by such that may be substituted;

2. title transfer financial collateral arrangements under which collateral to secure or cover the performance of specified obligations is provided by a transfer of full ownership of assets from the collateral provider to the collateral taker, on terms providing for the collateral taker to transfer assets if those specified obligations are performed;

3. set-off arrangements under which two or more claims or obligations owed between the institution under resolution and a counterparty thereto can be set off against each other;

4. netting arrangements;

5. covered bonds;

6. structured finance arrangements, including securitisations and instruments used for hedging purposes which form an integral part of the cover pool and which according to national law of a Member State are secured in a way similar to the covered bonds, which involve the granting and holding of security by a party to the arrangement or a trustee, agent or nominee.

(2) Paragraph 1 shall apply irrespective of:

1. the number of parties involved in the arrangements or contracts;

2. the form and grounds for arising of the arrangement or contract;

3. whether the arrangement or contract arises under or is governed in whole or in part by the law of another Member State or of a third country.

(3) In the cases referred to in paragraph 1 the powers provided for in Articles 100 - 103 shall apply.

Protection for financial collateral, set off and netting agreements

Article 109. (1) In exercising the powers under this Act, the resolution authority under Article 2 or Article 3 may transfer some, but not all, of the rights and liabilities that are protected under a title transfer financial collateral arrangement, a set-off arrangement or a netting arrangement, entitling the parties to set off or net their rights and liabilities, nor they may set off or net their rights and liabilities or modify or terminate such rights or liabilities.

(2) Notwithstanding paragraph 1, where necessary in order to ensure availability of the covered deposits, the BNB may:

1. transfer covered deposits which are part of any of the arrangements mentioned in paragraph 1 without transferring other assets, rights or liabilities that are part of the same arrangement;

2. transfer, modify or terminate those assets, rights or liabilities under paragraph 1 without transferring the covered deposits.

Protection for security arrangements

Article 110. (1) In exercising its powers under this Act, the resolution authority under Article 2, Article 3 respectively, shall prevent either of the following:

1. transfer assets against which the liability is secured unless that liability and the security are also transferred;

2. transfer a secured liability unless the security is also transferred;

3. transfer the security unless the secured liability is also transferred; or

4. modify or terminate a security arrangement through the exercise of its powers hereunder, if the effect of that modification or termination is that the liability ceases to be secured.

(2) Notwithstanding paragraph 1, where necessary in order to ensure availability of the covered deposits, the BNB may:

1. transfer covered deposits which are part of any of the arrangements mentioned in paragraph 1 without transferring other assets, rights or liabilities that are part of the same arrangement;

2. transfer, modify or terminate those assets, rights or liabilities under item 1 without transferring the covered deposits.

Protection of structured finance arrangements and covered bonds

Article 111. (1) In exercising its powers under this Act, the resolution authority under Article 2, Article 3 respectively, shall prevent either of the following:

1. the transfer of some, but not all, of the assets, rights and liabilities which constitute or form part of a structured finance arrangement, including arrangements referred to in Article 108(1), items 5 and 6, to which the institution under resolution is a party;

2. (amended, SG No. 37/2019, effective 7.05.2019) the termination or modification of the assets, rights and obligations they represent or which form part of a structured finance arrangement, including arrangements referred to in Article 108, paragraph 1, items 5 and 6 to which the institution under resolution is a party.

(2) Notwithstanding paragraph 1, where necessary in order to ensure availability of the covered deposits, the BNB may:

1. transfer covered deposits which are part of any of the arrangements mentioned in paragraph 1 without transferring other assets, rights or liabilities that are part of the same arrangement;

2. transfer, modify or terminate those assets, rights or liabilities under item 1 without transferring the covered deposits.

Protection of settlement finality systems

Article 112. (1) The application of a resolution tool shall not affect the operation and rules of payment systems and securities settlement systems that ensure finality of settlement under the Payment Services and Payment Systems Act and relevant applicable law, where the resolution authority under Article 2 or Article 3:

1. transfers some, but not all, of the assets, rights or liabilities of an institution under resolution to another entity; and

2. uses powers under Article 95 to cancel or amend the terms of a contract to which the institution under resolution is a party or to substitute a recipient as a party.

(2) Transfer, cancellation or amendment under paragraph 1 shall be carried out in accordance with the conditions of irrevocability of a transfer order, the requirements for enforceability of a transfer order and netting and collateral protection, in payment systems and securities settlement systems with settlement finality under the Payment Services and Payment Systems Act and relevant applicable law.

Chapter Eighteen
PROCEDURAL OBLIGATIONS

Notification requirements

Article 113. (1) (Amended, SG No. 12/2021, effective 12.02.2021) The management board or the mangers or the directors of the institution or entity referred to in Article 1(1), items 3 – 5 shall notify the BNB, the Commission respectively, in its capacity as a competent authority under the Credit Institutions Act, the Markets in Financial Instruments Act respectively, where it considers that the institution or the entity is failing or likely to fail, within the meaning specified in Article 51(4).

(2) The competent authority under paragraph 1 shall inform the relevant resolution authorities of any notifications received under paragraph 1 of this Article, and of any crisis prevention measures or actions it requires an institution or entity referred to in Article 1(1), items 3 - 5 of the Credit Institutions Act, the Markets in Financial Instruments Act respectively, to take.

(3) Where a competent authority under paragraph 1 determines that the conditions referred to in Article 51(1), items 1 and 2 are met in relation to an institution or entity referred to in Article 1(1), items 3 - 5, it shall notify:

1. the competent authorities of all branches of the institution or entity under Article 1(1), items 3 - 5;

2. the resolution authorities of all branches of the institution or entity under Article 1(1), items 3 - 5;

3. where applicable, the relevant central bank;

4. the Management Board of BDIF, ICF respectively, where it is likely for them to take action, in accordance with their statutory powers;

5. where applicable, the group resolution authority;

6. the Ministry of Finance;

7. the consolidating supervisor, in the event that the institution or entity under Article 1(1), items 3 - 5 falls within the scope of supervision on a consolidated basis;

8. the European Systemic Risk Board.

Decision of the resolution authority for taking resolution actions

Article 114. After assessing whether the conditions for resolution apply to an institution or entity under Article 1(1), items 3 - 5, based on the notification under Article 113(1) or on its own initiative, the resolution authority under Article 2 or Article 3 respectively shall determine whether to take resolution actions and the decision shall contain at least the following:

1. the reasons for that decision, including the determination that the institution meets or does not meet the conditions for resolution under Article 51;

2. the resolution tools that the resolution authority intends to apply, the resolution actions it intends to take, the resolution powers it intends to exercise or, where appropriate, a proposal to proceed to authorisation revocation or winding up, or authorisation revocation and filing an application to the competent court to open insolvency proceedings.

Procedural obligations of resolution authority

Article 115. (1) (Amended, SG No. 37/2019, effective 7.05.2019) After taking a resolution action in accordance with the decision under Article 114, the resolution authority shall notify the institution under resolution, and:

1. the competent authorities of the branches of the institution under resolution;

2. the Bulgarian National Bank, where the institution is an investment firm;

3. the Management Board of BDIF, the Management Board of ICF respectively;

4. where applicable, the group-level resolution authority;

5. the Ministry of Finance of the Republic of Bulgaria;

6. the consolidating supervisor, in the event that the institution under resolution falls within the scope of supervision on a consolidated basis;

7. the European Commission, the ESRB, the EBA, the ECB, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority;

8. operators of payment systems and securities settlement systems, in which the institution participates.

(2) The notification referred to in 1 shall include a copy of any instrument by which the relevant actions are taken and shall indicate the date from which the resolution actions are effective.

(3) A copy of the instrument by which the resolution action is taken, or a notice summarising the effects for the clients of the institution under resolution, and, if applicable, the terms and period of suspension or restriction referred to in Articles 101 - 103, shall be published:

1. on the website of the BNB, the Commission respectively;

2. on the website of the institution under resolution;

3. at the request of the resolution authority, in the Commercial Register where the resolution action entails a change of the circumstances subject to entry;

4. in the event that instruments of ownership or debt instruments of the institution under resolution are admitted to trading on a regulated market, in accordance with the arrangements for disclosure of regulated information.

(4) If the instruments of ownership or debt instruments are not admitted to trading on a regulated market, the resolution authority shall send the communications under paragraph 3 to the shareholders and creditors of the institution under resolution that are known through the registers or databases of the institution under resolution which are available to the resolution authority.

(5) (Amended, SG No. 85/2017, SG No. 37/2019, effective 7.05.2019) Where resolution actions include the granting of State aid, including the use of funds from BRF, IFRF respectively, the decision under Article 114 shall be taken, the instrument of taking resolution actions respectively shall be adopted upon receipt of a positive or conditional decision by the European Commission on the compatibility of State aid with the internal market. In these cases, the relevant resolution authority shall be the administrator of aid within the meaning of Article 9 of the State Aids Act.

Confidentiality

Article 116. (1) In respect of the use of information acquired by and produced in relation to recovery and resolution of institutions and entities under Article 1(1), items 3 - 7 the requirements of professional secrecy hereunder shall apply, and such information shall only be used for the performance of duties arising from this Act.

(2) The requirements of professional secrecy shall be binding in respect of the following persons:

1. the Bulgarian National Bank;
2. the Financial Supervision Commission;
3. the Ministry of Finance of the Republic of Bulgaria;
4. special managers or temporary administrators;
5. potential acquirers that are contacted and solicited by the resolution authority under Article 2 or Article 3, irrespective of whether that contact and solicitation was made as preparation for the use of the sale of business tool, and irrespective of whether the solicitation resulted in an acquisition;
6. auditors, accountants, legal and professional advisors, valuers and other experts directly or indirectly engaged by the BNB, the Commission, the Ministry of Finance or by the potential acquirers referred to in item 5;
7. the Bank Deposit Insurance Fund;
8. the Investor Compensation Fund;
9. other bodies involved in the resolution process, where applicable;
10. the bridge institution and the asset management vehicle;
11. any other persons who provide or have provided services directly or indirectly, permanently or occasionally, to persons referred to in items 1 - 10;
12. employees, members of management and supervisory bodies, and any other persons working for the bodies, or entities referred to in items 1 - 11 before, during and after their appointment.

(3) (Amended, SG No. 37/2019, effective 7.05.2019) With a view to ensuring that the requirements laid down in this Article are complied with, the persons in paragraph 2, items 1 – 3 and items 7 – 10 shall adopt internal rules, including rules to secure secrecy of information between persons directly involved in the resolution process.

(4) (Amended, SG No. 37/2019, effective 7.05.2019) The persons referred to in paragraph 2 shall be prohibited from disclosing confidential information received from BNB or the Commission respectively or from another competent authority or resolution authority under the terms and procedure of this Act in the exercise of their functions, unless the information is

disclosed in the exercise of their functions under this Act in summary form such that individual institutions or entities referred to in Article 1(1), items 3 – 7 for which it refers cannot be identified, or with the express and prior consent of the BNB, the Commission respectively, the authority or the institution or the entity referred to in Article 1(1), items 3 – 7, which provided the information.

(5) When disclosing information under paragraph 4, the possible effects of disclosing it on the public interest as regards financial, monetary or economic policy, on the commercial interests of natural and legal persons, on the purpose of inspections, on investigations and on audits, shall be assessed. The procedure for checking the effects of disclosing information shall include a specific assessment of the effects of any disclosure of the contents and details of recovery and resolution plans and the result of the assessments of the recovery plans and the possibility of resolution.

(6) The requirements of paragraphs 1 - 5 shall not prevent:

1. (amended, SG No. 37/2019, effective 7.05.2019) employees and persons working for the authorities or entities under paragraph 2, items 1 – 10, to exchange information with each other within each authority or entity, or

2. (supplemented, SG No. 37/2019, effective 7.05.2019) employees and persons working for the BNB, for the Commission respectively, to exchange, for the purposes of planning or execution of a resolution action, information with each other, with the other resolution authority in the Republic of Bulgaria, with other resolution authorities in the European Union, with other competent bodies of the European Union, with the Ministry of Finance, with the BDIF, with the ICF, with the competent court for the bankruptcy proceedings, with the auditors of the financial statements of the institutions or entities referred to in Article 1, paragraph 1, items 3 – 7, with the EBA, with the SRB or third country authorities performing resolution functions or, subject to the confidentiality requirements, with a potential acquirer.

(7) Notwithstanding the other provisions of this Article, the BNB, the Commission respectively, in full compliance with the confidentiality requirements, may share information with other entities where this is necessary for the purposes of planning and carrying out a resolution action.

(8) This Article shall not apply to the disclosure of information for the purposes of court proceedings in civil or criminal cases, which shall be carried out in accordance with the relevant procedure.

Chapter Nineteen
RIGHT OF APPEAL AND EXCLUSION OF OTHER ACTIONS

Right of appeal of decisions

Article 117. (1) The decision to take a crisis prevention measure or the decision to exercise a power hereunder, other than the application of a crisis management measure, shall be subject to appeal before the Supreme Administrative Court (SAC).

(2) The decision to undertake a crisis management measure shall be subject to an appeal before SAC by all affected parties. In these cases the court shall determine in due time and shall

justify its determination on the basis of the complex economic assessments of the facts made by the BNB, the Commission respectively.

(3) The appeal under paragraphs 1 and 2 shall not suspend the implementation of the decisions of the BNB, the Commission respectively.

(4) Cancellation of decisions of the BNB, the Commission respectively, under paragraphs 1 and 2 shall not affect the validity of any subsequent administrative acts and the rights of third persons who have acted in good faith, acquired on the basis of the cancelled decision or the administrative acts issued thereon. In this case compensation may be sought only for damages suffered as a result of an unlawful decision or action of the BNB and the Commission.

Restrictions on other proceedings

Article 118. (1) When the conditions for resolution have been met, normal insolvency proceedings in respect of a company under Article 1(1), items 2 - 5 shall be commenced only at the request of the resolution authority under Article 2 or Article 3 or with the prior written consent of the resolution authority.

(2) (Supplemented, SG No. 37/2019, effective 7.05.2019) In the cases referred to in paragraph 1, the court shall notify the resolution authority of any application for the opening of insolvency proceedings under Article 1, paragraph 1, items 2 – 5. In these cases, the court shall decide on the application upon receipt of information from the resolution authority that it does not intend to take resolution actions in relation to an investment firm or entity of the group. The resolution authority shall submit the information to the court within seven days from the date of the notification referred to in the first sentence.

(3) The resolution authority may ask the court to suspend any legal action or proceedings to which an institution under resolution is or will be a party, where this is necessary for the effective application of the resolution tools and powers, and without prejudice to the limitations of performance in relation to secured interests imposed pursuant to Article 102.

Chapter Twenty
CROSS-BORDER GROUP RESOLUTION

General principles regarding decision-making involving more than one Member State

Article 119. When making decisions or taking action pursuant to this Act which may have an impact in one or more other Member States, the BNB, the Commission respectively, shall have regard to the following general principles:

1. the imperatives of efficacy of decision-making and minimising costs when taking resolution action;

2. decisions shall be made and action shall be taken in a timely manner and with due urgency when required;

3. the BNB, the Commission respectively, shall cooperate with relevant resolution authorities, competent authorities and other authorities of Member States to ensure that decisions are made and action is taken in a coordinated and efficient manner;

4. when an institution authorised in the Republic of Bulgaria, is a subsidiary of an EU parent undertaking, the interests of the Member State in which the undertaking is established shall be given due consideration, including the impact of any decision or action or omission to act on financial stability, fiscal resources, the resolution funding mechanism, the deposit guarantee scheme or investor compensation scheme of that Member State;

5. due consideration shall be given to the interests of each individual Member State where a subsidiary of a parent undertaking is established, which is subject to supervision by the BNB, the

Commission respectively, including the impact of any decision or action or omission to act on the financial stability, fiscal resources, resolution funding mechanisms, deposit guarantee schemes or investor compensation schemes of those Member States;

6. due consideration shall be given to the interests of each Member State where a significant branch of an institution authorised in the Republic of Bulgaria is located, in particular the impact of any decision or action or omission to act on the financial stability of those Member States;

7. due consideration shall be given to the balancing of the interests of the various Member States involved and of avoiding unfairly prejudicing or unfairly protecting the interests of the Republic of Bulgaria or another Member State, including avoiding unfair burden allocation across Member States;

8. any obligation under this Act to consult an authority before any decision or action is taken implies at least that such an obligation to consult that authority on those elements of the proposed decision or action which have or which are likely to have an effect on the relevant EU parent undertaking, a subsidiary or a significant branch, or which have or which are likely to have an impact on the stability of the Member State where the EU parent undertaking, the subsidiary or the significant branch, is established or located;

9. when taking resolution actions, the BNB, the Commission respectively, shall take into account and apply the resolution plans unless the BNB, the Commission respectively, and relevant resolution authorities consider, taking into account the circumstances of the case, that the resolution objectives will be achieved more effectively by taking actions which are not provided for in the resolution plans;

10. providing the necessary degree of transparency, whenever a proposed decision or action is likely to have implications on the financial stability and fiscal resources of the Republic of Bulgaria and the affected Member States, BRF, BDIF, IFRF, ICF, and resolution funds, deposit guarantee schemes or investor compensation schemes of any affected Member States; and

11. coordination and cooperation to achieve overall reduction of the cost of resolution.

Resolution colleges

Article 120. (1) (Amended, SG No. 12/2021, effective 12.02.2021) The Bulgarian National Bank, the Commission respectively, where it is the group-level resolution authority, shall establish resolution colleges to carry out the tasks referred to in Articles 17 – 20, 27, 30, 69 – 72, Articles 125, 126 and 128, and, where appropriate, shall ensure cooperation and coordination with third-country resolution authorities.

(2) The resolution college under paragraph 1 shall consist of the following authorities:

1. the Bulgarian National Bank, the Financial Supervision Commission respectively, in its capacity as a group-level resolution authority and a consolidating supervisor;

2. the Ministry of Finance of the Republic of Bulgaria;

3. the Bank Deposit Insurance Fund where the BNB is a consolidating supervisor;

4. the European Banking Authority, without voting right;

5. the resolution authorities of each Member State in which a subsidiary is established, falling within the scope of supervision on a consolidated basis, exercised by the BNB, the Commission respectively;

6. the resolution authorities of the Member States in which an entity under Article 1(1), item 5 is established, which is part of the group and is the parent undertaking of one or more institutions in the group;

7. the resolution authorities of the Member States in which significant branches are located;

8. the competent authorities of the Member States for which the resolution authority is a

member of the college;

9. the competent ministries, if they are not resolution authorities;

10. the authority responsible for the deposit guarantee scheme of the Member State where the relevant resolution authority is a member of the college.

(3) The Bulgarian National Bank, the Commission respectively, the other resolution authorities and the other competent authorities shall participate in the work of the resolution colleges under paragraph 1 in accordance with the powers vested in them to perform the following objectives and tasks:

1. exchanging information relevant for the development of group resolution plan, for the application to group of preparatory and preventative powers and for group resolution;

2. developing a group resolution plan;

3. assessing the resolvability of the group pursuant to Article 27;

4. exercising powers to address or remove impediments to the resolvability of the group pursuant to Article 30;

5. deciding on the need to establish a group resolution scheme as referred to in Articles 125 and 126;

6. coordinating public communication of group resolution strategies and schemes;

7. coordinating the use of resolution financing arrangements;

8. (amended, SG No. 12/2021, effective 12.02.2021) setting the minimum requirements for groups and at subsidiary level under Articles 69 – 72.

(4) If the competent authority of a Member State under paragraph 2, item 8 is not a central bank, it may decide to be accompanied by a representative of the relevant central bank.

(5) When the parent undertaking or an institution that is part of the group under paragraph 1 has a subsidiary or a branch, which would be considered significant if it is located in the European Union, the resolution authorities of relevant third countries may, at their request, be invited to participate in the resolution college as observers, provided that the BNB, the Commission respectively, considers that confidentiality requirements apply to these authorities that are equivalent to those under Article 133.

(6) The Bulgarian National Bank, the Commission respectively, shall manage the activities of the college under paragraph 1 as follows:

1. shall approve written rules and procedures for the operation of the college after consultation with the other members;

2. shall coordinate all activities of the resolution college;

3. shall convene and conduct all meetings and shall provide in advance to all members of the college full information on the organisation of the meetings, the main issues for discussion and the points that will be considered;

4. shall notify the members of the college of all scheduled meetings so that they can apply for participation;

5. shall decide which members and observers to be invited to attend particular meetings of the college taking into account the relevance of the issue to be discussed for those members and observers, in particular the potential impact on financial stability in the Member States concerned;

6. shall inform on a regular basis all members of the college of the decisions and the results of the meetings under item 5.

(7) The Bulgarian National Bank, the Commission respectively, the Ministry of Finance, the Management Board of BDIF shall maintain close cooperation with the members of the college under paragraph 1. When the college under paragraph 1 is chaired by the Commission, it

may invite a representative of the BNB to participate in it in the capacity of a central bank.

(8) When carrying out the assessment under paragraph 6, item 5, the BNB, the Commission respectively, shall invite:

1. all resolution authorities, members of the college, where the agenda includes issues which are subject to a joint decision-making process, or

2. the relevant resolution authority, where the agenda includes issues relating to an entity of the group established in the Member State;

3. the European Banking Authority.

(9) The Bulgarian National Bank, the Commission respectively, may not establish a college under paragraph 1 if another group or college carries out the functions and tasks under paragraph 3 and meets the conditions and procedures referred to in this Article and in Article 123, and in this case a resolution college within the meaning of this Act shall be deemed to be that other group or college.

Participation in resolution college

Article 121. (1) The Bulgarian National Bank, the Commission respectively, the Ministry of Finance and BDIF shall participate in the resolution college organised by the relevant group-level resolution authority or in another group or college that performs the same functions and tasks, where:

1. the Bulgarian National Bank, the Commission respectively, is a resolution authority on an individual basis in relation to an institution that is a subsidiary of an EU parent undertaking;

2. a significant branch of an institution of the group is established in the Republic of Bulgaria, or

3. a subsidiary established in the Republic of Bulgaria is the parent undertaking of one or more institutions within the group and is an entity under Article 1(1), item 5.

(2) In case of participation in the college under paragraph 1 the BNB, the Commission respectively, shall perform the tasks under Article 120(3) in accordance with the powers conferred thereon.

(3) The Bulgarian National Bank, the Commission respectively, shall have the right to participate in any meeting of the college under paragraph 1, where the agenda includes issues which are subject to a joint decision-making process or which refer to an institution authorised in the Republic of Bulgaria, or a group entity under Article 1(1), items 3 - 5.

(4) The Bulgarian National Bank, the Commission respectively, the Ministry of Finance, and BDIF shall maintain close cooperation with the members of the college under paragraph 1. When the Commission participates in the college under paragraph 1, it may invite a representative of the BNB to participate in it in the capacity of a central bank.

European resolution colleges

Article 122. (1) (Amended, SG No. 12/2021, effective 12.02.2021, SG No. 63/2025) Where a third-country institution or a third-country parent undertaking has a subsidiary institution or a parent undertaking in the European Union licensed in the Republic of Bulgaria, as well as subsidiaries or parent undertakings from the European Union established in other Member States, or a significant branch established in the Republic of Bulgaria, as well as significant branches established in other Member States, the relevant resolution authority under Article 2(1) or Article 3(1) and the resolution authorities of the Member States in which the subsidiaries, parent undertakings from the European Union, and significant branches are established shall set up an European resolution college.

(2) (Amended, SG No. 15/2018, effective 16.02.2018, SG No. 12/2021, effective 12.02.2021) Where the EU parent undertaking established in the Republic of Bulgaria is the

owner of all EU subsidiaries of a third-country institution or of a third-country parent undertaking, the European resolution college shall be chaired by the resolution authority under Article 2 or Article 3, as applicable.

(3) (New, SG No. 12/2021, effective 12.02.2021) The resolution authority under Article 2 or Article 3, as applicable, shall participate as a member of the European resolution college when the EU parent undertaking that is established in another Member State is the owner of all EU subsidiaries of a third-country institution or of a third-country parent undertaking. In these cases the European resolution college shall be chaired by the resolution authority of the Member State in which the EU parent undertaking is established.

(4) (Renumbered from Paragraph 3, amended, SG No. 12/2021, effective 12.02.2021) Where the conditions of paragraphs 2 or 3 do not apply, the resolution authority of an EU parent undertaking or an EU subsidiary with the highest value of total on-balance sheet assets held shall chair the European resolution college.

(5) (Renumbered from Paragraph (4), SG No. 12/2021, effective 12.02.2021, amended, SG No. 63/2025) The European resolution college shall perform the functions and tasks laid down in Article 120 in respect of subsidiary enterprises and, where applicable, in respect of the significant branches.

(6) (New, SG No. 12/2021, effective 12.02.2021) When setting the minimum requirements under Articles 69 – 72, the members of the European resolution college shall take into account the global resolution strategy, if any, adopted by the third-country authorities.

(7) (New, SG No. 12/2021, effective 12.02.2021, amended, SG No. 63/2025) Where, in accordance with the global resolution strategy, subsidiaries established in the European Union or an EU parent undertaking and its subsidiary institutions are not resolution entities and the members of the European resolution college agree with that strategy, subsidiaries established in the European Union or the Union parent undertaking, on a consolidated basis, shall comply with the requirement under Article 70a by issuing instruments referred to in items 1 and 2 of Article 70a(6) to:

1. their ultimate parent undertaking established in a third country;

2. the subsidiaries of that ultimate parent undertaking that are established in the same third country or

3. (amended, SG No. 63/2025) other entities under the conditions set out in item 1 "a" and item 2 "b" of Article 70a(6).

(8) (Renumbered from Paragraph 5, amended, SG No. 12/2021, effective 12.02.2021) The resolution authority under Article 2 or Article 3 respectively, and the other resolution authorities under paragraph 1 may, by mutual consent, waive the requirement for the establishment of the European college under paragraph 1 if another group or college, including a resolution college under Articles 120 and 121, performs the duties and tasks referred to in paragraphs 2 – 7 and complies with the conditions and procedures referred to in this Article and in Article 123, and in this case as European resolution college within the meaning of this Act shall be deemed that other group or college. In this case the consent of the members of the other group or college are also required.

Information exchange

Article 123. (1) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) Subject to compliance with the requirements of Article 116, the BNB, the

Commission respectively, shall provide upon request to the SRB, other resolution authorities and other competent authorities all the information that is necessary for the execution of their tasks in relation to the recovery and resolution of institutions and entities from their groups.

(2) Where the BNB, the Commission respectively, is a group-level resolution authority it shall coordinate the exchange of all the relevant information between the resolution authorities, including providing on a timely basis to the other resolution authorities all the necessary information in order to facilitate the implementation of the tasks referred to in Article 120(3), items 2 - 8.

(3) The Bulgarian National Bank, the Commission respectively, shall provide information obtained from the resolution authority of a third country, only with the express consent of that authority.

(4) The Bulgarian National Bank and the Commission shall exchange information with the Ministry of Finance, where the information concerns a decision or issue that requires notification, approval or consent of the ministry or may have implications for the public finances.

Group resolution involving a subsidiary in the Republic of Bulgaria

Article 124. (1) Where a resolution authority decides that an institution authorised in the Republic of Bulgaria or any entity established in the Republic of Bulgaria under Article 1(1), items 3 - 5 that is a subsidiary in a group meets the resolution conditions, the resolution authority under Article 2 or Article 3 shall notify the following information without delay to the group-level resolution authority, to the consolidating supervisor, and to the members of the resolution college for the group concerned:

1. the decision that the institution or entity referred to in Article 1(1), items 3 - 5 meets the resolution conditions;

2. the resolution actions or actions leading to the opening of insolvency proceedings that the resolution authority under Article 2 or Article 3 considers to be appropriate for that institution or entity referred to in Article 1(1), items 3 - 5.

(2) The resolution authority under Article 2 or Article 3 may take action under paragraph 1, where:

1. the group-level resolution authority, after consulting the other members of the relevant resolution college, assesses that the resolution actions or procedures are not likely to lead to the fulfilment of the resolution conditions in relation to a person of the group in another Member State, or

2. within 24 hours of receipt of the notification under paragraph 1 from the group-level resolution authority it has not made assessment under item 1.

(3) The time limit referred to in paragraph 2, item 2 may be extended with the consent of the resolution authority under Article 2 or Article 3.

(4) When the conditions under paragraph 2 are not met, on a proposal by the group-level resolution authority a scheme for the resolution of the group shall be adopted in the form of a joint decision of that authority, of the resolution authority under Article 2 or Article 3 and of the resolution authorities of the subsidiaries included in the scheme.

(5) (Amended, SG No. 63/2025) The resolution authority under Article 2 or Article 3 may request assistance from EBA in reaching a joint decision under paragraph 4 in accordance with Article 31(2)(c) of Regulation (EU) No. 1093/2010.

(6) Where the resolution authority under Article 2 or Article 3 does not agree with the group resolution scheme proposed by the group-level resolution authority, and where it intends to deviate from it or considers that in the interest of financial stability individual resolution actions or procedures other than those proposed in the scheme should be carried out in relation to the

institution or entity under Article 1(1), items 3 - 5, it shall set out in detail the reasons for the disagreement or the reasons to depart from the group resolution scheme to the group-level resolution authority and to the other resolution authorities covered by the scheme, and shall notify them about the actions or measures it will take. When setting out the reasons for its disagreement, the resolution authority under Article 2 or Article 3 shall take into consideration the resolution plan, the potential impact on financial stability in the Member States concerned, as well as the potential effect of the individual actions or measures on other parts of the group.

(7) The joint decision referred to in paragraph 4 and the decision under paragraph 6 taken by the resolution authority under Article 2 or Article 3 shall be final.

Resolution involving a subsidiary outside the Republic of Bulgaria where the BNB, the Commission respectively, is a group-level resolution authority

Article 125. (1) Upon receipt of notification from a resolution authority of a Member State that a subsidiary of a group in relation whereof the BNB, the Commission respectively, is the group-level resolution authority, meets the resolution conditions, the BNB, the Commission respectively, after consulting the other members of the resolution college, shall assess the likely impact of the resolution actions or other measures proposed by that authority in respect of the subsidiary could have on the group and on the entities of the group in the Republic of Bulgaria and other Member States, and whether the resolution actions or the other measures are likely to result in fulfilment of the resolution conditions in respect of an entity of the group in the Republic of Bulgaria or another Member State.

(2) Where, after consultation with the other members of the resolution college, the group-level resolution authority under paragraph 1 considers that the resolution actions or the other measures, about which it has been notified under paragraph 1, are likely to result in the fulfilment of the resolution conditions in respect of an entity of the group in the Republic of Bulgaria or another Member State concerned, no later than 24 hours after receipt of the notification under paragraph 1, the group-level resolution authority shall propose a scheme for the resolution of the group and shall submit it to the resolution college.

(3) The time limit referred to in paragraph 2 may be extended with the consent of the resolution authority of the other Member State under paragraph 1.

(4) The group resolution scheme under paragraph 2 shall:

1. be consistent with and shall follow the resolution plan, unless the relevant group-level resolution authority and the other resolution authorities consider that the resolution objectives will be achieved more effectively through actions which are not provided for in the resolution plan;

2. determine resolution actions to be taken by the BNB, the Commission respectively, and by the other resolution authorities with regard to the EU parent undertaking and entities of the group in order to achieve the objectives of the resolution under Article 50 and to comply with the principles of Article 53;

3. describe the manner of coordination of the resolution actions under item 2;

4. (amended, SG No. 12/2021, effective 12.02.2021) contain a financing plan that conforms to the plan for the resolution of the group, the liability sharing principles set out in item 7 of Article 17(7) and (8), and for the joint use of resources under Article 143.

(5) The group resolution scheme under paragraph 2 shall be adopted in the form of a joint decision of the group-level resolution authority and the resolution authorities of the subsidiaries covered by the scheme.

(6) (Amended, SG No. 63/2025) The group-level resolution authority may request EBA, in accordance with Article 31(2)(c) of Regulation (EU) No. 1093/2010, to assist in reaching a joint

decision under paragraph 5.

(7) Where one or more resolution authorities have expressed disagreement or intend to not apply the resolution scheme under paragraph 2, the BNB, the Commission respectively, and the other resolution authorities may reach a joint decision on a resolution scheme under paragraph 5.

(8) The joint decisions under paragraphs 5 and 7 shall be final.

Group resolution where the BNB, the Commission respectively, is the group-level resolution authority

Article 126. (1) When the BNB, the Commission respectively, is a group-level resolution authority and where it determines that the EU parent undertaking meets the resolution conditions, it shall communicate the information referred to in Article 124(1) without delay to the members of the group resolution college.

(2) Actions under Article 124(1), item 2 may include the application of a group resolution scheme, prepared in accordance with Article 125(4), where one of the following circumstances applies:

1. the actions at the level of the parent undertaking, communicated in accordance with Article 124(1), item 2, are likely to lead to the fulfilment of the resolution conditions in respect of a group entity in another Member State;

2. resolution actions at the level of the parent undertaking only are not sufficient to address the problem situation or are not likely to provide an optimum outcome;

3. one or more subsidiaries meet the conditions for resolution in accordance with the findings of the resolution authorities of those subsidiaries, or

4. resolution actions or procedures at group level will benefit the subsidiaries of the group in a way that makes the application of a group resolution scheme appropriate.

(3) (Amended, SG No. 37/2019, effective 7.05.2019) Where the actions proposed by the group-level resolution authority under paragraph 1 do not include a group resolution scheme, the group-level resolution authority shall take its decision after consulting the members of the resolution college.

(4) The decision referred to in paragraph 3 shall take into account:

1. the resolution plan unless the group-level resolution authority and other resolution authorities assess that resolution objectives will be achieved more effectively by taking actions which are not provided for in the resolution plan;

2. the financial stability of the Member States concerned.

(5) Where the actions proposed under paragraph 1 include a group resolution scheme, the group resolution scheme shall take the form of a joint decision of the group-level resolution authority and the resolution authorities responsible for the subsidiaries that are covered by the group resolution scheme.

(6) (Amended, SG No. 63/2025) The group-level resolution authority may request EBA, in accordance with Article 31(2)(c) of Regulation (EU) No. 1093/2010, to assist in reaching a joint decision under paragraph 3.

(7) Where one or more resolution authorities have expressed disagreement or intend to depart from the resolution scheme under paragraph 3, the group-level resolution authority and the other resolution authorities may reach a joint decision on a resolution scheme.

(8) The joint decisions under paragraphs 5 and 7 shall be final.

Group resolution where the BNB, the Commission respectively, is a subsidiary resolution authority

Article 127. (1) Where a group-level resolution authority proposes the adoption of a group resolution scheme and the scheme involves action in respect of a subsidiary institution authorised

in the Republic of Bulgaria or in respect of a group entity under Article 1(1), items 3 - 5, the scheme shall be adopted by a joint decision of the group-level resolution authority, the resolution authority under Article 2 or Article 3 and the other authorities for resolution of subsidiaries that are covered by the group resolution scheme.

(2) (Amended, SG No. 63/2025) The resolution authority under Article 2 or Article 3 may request assistance from EBA in reaching a joint decision under paragraph 1 in accordance with Article 31(2)(c) of Regulation (EU) No. 1093/2010.

(3) The resolution authority under Article 2 or Article 3 shall participate in the consultation on the initiative of the group-level resolution authority involving a subsidiary authorised in the Republic of Bulgaria or a group entity under Article 1(1), items 3 - 5, where that authority determines that the EU parent undertaking meets the resolution conditions, but does not propose a group resolution scheme under paragraph 1.

(4) Where the resolution authority under Article 2 or Article 3 does not agree with the group resolution scheme proposed by the group-level resolution authority, and where it intends to depart from it or considers that in the interest of financial stability individual resolution actions or procedures other than those proposed in the scheme should be carried out in relation to the institution or entity under Article 1(1), items 3 - 5, it shall set out in detail the reasons for the disagreement or the reasons to depart from the group resolution scheme to the group-level resolution authority and to the other resolution authorities covered by the scheme, and shall notify them about the actions or measures it will take. When setting out the reasons for disagreement, the relevant resolution authority under Article 2 or Article 3 shall take into account the potential impact on financial stability in the Member States concerned, as well as the potential effect of the individual actions or measures on other parts of the group.

(5) The joint decision referred to in paragraph 1 and the decision of the resolution authority under Article 2 or Article 3 and paragraph 4 shall be final.

Cooperation in the resolution of group entities

Article 128. (1) Where a group resolution scheme is not applied and the resolution authority under Article 2 or Article 3 takes resolution action in relation to a group entity, it shall cooperate closely with the other resolution authorities within the resolution college with a view to achieving a coordinated resolution strategy for all group entities that are failing or likely to fail.

(2) When taking resolution action in respect of a group entity, the resolution authority under Article 2 or Article 3 respectively shall inform regularly and fully the members of the resolution college about the ongoing progress.

(3) The resolution authority under Article 2 or Article 3 respectively shall take without delay the applicable actions under Articles 124 - 127 and under this Article, taking into account the urgency of the situation.

Chapter Twenty One
RELATIONS WITH THIRD COUNTRIES

Recognition and enforcement of third-country resolution proceedings

Article 129. (1) Third-country resolution proceedings shall be recognised and applied in accordance with the agreements entered into with the third countries concerned. Where there are no such agreements, they have not entered into force or do not contain provisions concerning recognition and enforcement proceedings, the provisions of this Article shall apply.

(2) Where there is a European resolution college, the resolution authority under Article 2 or Article 3 shall participate as a member in taking a joint decision on recognition of third-country

resolution proceedings relating to a third-country institution or a parent undertaking when there is no such agreement that has entered into force, governing the recognition and enforcement of the third-country resolution proceedings and subject to the restrictions in Article 130.

(3) The joint decision on the recognition of third-country resolution proceedings under paragraph 2 shall apply to the extent it is not in conflict with Bulgarian law.

(4) In the absence of a European resolution college, or in the absence of a joint decision by the resolution authorities participating in the European resolution college, the resolution authority under Article 2 or Article 3 shall make its own decision, subject to the restrictions of Article 130, on whether to recognise and enforce the third-country resolution proceedings relating to a third-country institution or a parent undertaking, giving due consideration to the interests of the Republic of Bulgaria and the other Member States concerned in which the institution or the parent undertaking operates, in particular to the potential impact of the recognition and enforcement of the third-country resolution proceedings on the other parts of the group and the financial stability in those Member States.

(5) In case of a decision on applying third-country resolution proceedings, the resolution authority under Article 2 or Article 3 shall have the right to use the resolution powers provided for in this Act.

(6) Where it is necessary to safeguard the public interest, the BNB, the Commission respectively, may take resolution action in respect of a parent undertaking for which it is a resolution authority, when in the opinion of the relevant authority of the third country an institution of that third country meets the resolution requirements in accordance with its national legislation. When taking resolution action Article 100 shall apply.

(7) The recognition and enforcement of third-country resolution proceedings shall not apply in case of insolvency proceedings under the Bank Bankruptcy Act or under Part Four of the Commerce Act.

Right to refuse recognition or enforcement of third-country resolution proceedings

Article 130. The resolution authority under Article 2 or Article 3 respectively may refuse to recognise or enforce third-country resolution proceedings, and where a European resolution college is established, after consulting other resolution authorities, it may refuse to recognise or to enforce third-country resolution proceedings, if it considers:

1. that the third-country resolution proceedings would have adverse effects on the financial stability in the Republic of Bulgaria or in another Member State;

2. that the third-country home resolution action is necessary in accordance with Article 131 in relation to a branch in the Republic of Bulgaria in order to achieve the resolution objectives;

3. that as a result of the recognition or enforcement of the third-country home resolution proceedings creditors, including in particular depositors located or payable in the Republic of Bulgaria or another Member State, would not receive the same treatment as third-country creditors, including depositors, with similar legal rights;

4. that the recognition or enforcement of the third-country home resolution proceedings would have material fiscal implications for the Republic of Bulgaria, or

5. that the effects of such recognition or enforcement would be contrary to the Bulgarian law.

Resolution of a branch of a third-country institution

Article 131. (1) Where no third-country resolution proceedings is applied in respect of a branch of an institution authorised to carry on business in the Republic of Bulgaria, or the resolution authority under Article 2 or Article 3 respectively has refused recognition of the proceedings on the grounds of Article 130, it shall apply the resolution powers under this Act.

When taking resolution action Article 100 shall apply.

(2) The resolution authority under Article 2 or Article 3 may exercise the powers under paragraph 1, when it considers that the resolution action will benefit the public interest and if at least one of the following conditions obtains:

1. the branch in the Republic of Bulgaria no longer meets, or is likely to not meet, the conditions for its authorisation with a seat in a third country for conduct of banking business, business as investment firm through a branch respectively, and the conditions for conduct of business, and there is no prospect that any private sector, supervisory or relevant third-country action would restore the branch to compliance or prevent the institution's failure in a reasonable timeframe;

2. the third-country institution is, in the opinion of the resolution authority under Article 2 or Article 3 respectively, unable or unwilling, or is likely to be unable, to pay its obligations to creditors of the Republic of Bulgaria or another Member State, or obligations that have been created or booked in the balance sheet of the branch or administered thereby, as they fall due, and no third-country resolution proceedings or insolvency proceedings have been or will be initiated in relation to that third-country institution in accordance with the third-country national law in a reasonable timeframe;

3. the relevant third-country authority has initiated third-country resolution proceedings in relation to the third-country institution, or has notified to the resolution authority under Article 2 or Article 3 respectively its intention to initiate such a proceeding.

(3) Where the relevant resolution authority under Article 2(1) or Article 3(1) takes an independent action in relation to a branch in the Republic of Bulgaria, it shall have regard to the resolution objectives and take the action in accordance with:

1. the principles set out in Article 53;

2. the requirements relating to the application of the resolution tools.

(4) (New, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) Where the resolution of a branch of a credit institution from a third country requires the use of funds from the BRF, Article 137 shall apply with funds from the sub-fund under Article 134, paragraph 1, item 1.

(5) (New, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) Where the resolution of a branch of an investment firm from a third country requires the use of funds from the IFRF, Article 137 shall apply with funds from the sub-fund under Article 135, paragraph 1, item 1.

Cooperation with third-country authorities

Article 132. (1) When EBA has entered into framework cooperation arrangements with relevant third-country authorities, the BNB and the Commission may conclude non-binding framework cooperation arrangements with them as well, where it is appropriate in accordance with the framework arrangements.

(2) The non-binding cooperation arrangements under paragraph 1 may govern the following issues:

1. sharing information necessary for the preparation and maintenance of resolution plans;

2. consultations and cooperation in developing resolution plans, including the principles of exercising the powers under Articles 129 and 131 and similar powers under the law of the relevant third countries;

3. sharing information necessary for the application of the resolution tools and for the exercise of the resolution powers and similar powers under the law of the relevant third countries;

4. early warning to or consultation of parties to the cooperation arrangement before taking any significant action under this Act or relevant third-country law affecting the institution or group to which the arrangement relates;

5. the coordination of public communication in the case of joint resolution actions;

6. the procedures and arrangements for the exchange of information and cooperation in accordance with items 1 - 5, including, where appropriate, through the establishment and operation of crisis management groups.

(3) The Bulgarian National Bank and the Commission shall notify EBA of any cooperation arrangements concluded in accordance with paragraph 1.

Exchange of confidential information

Article 133. (1) The Bulgarian National Bank, the Commission and the Ministry of Finance shall provide information that represents professional secrecy under Article 116 to the relevant resolution authorities, the competent authorities and the competent ministries of third countries, if:

1. those third-country authorities are subject to confidentiality requirements at least considered to be equivalent to those imposed by Article 116 and comply with the applicable Union and Republic of Bulgaria data protection laws;

2. the information is necessary for the performance by the relevant third-country authorities of their resolution functions under national law that are comparable to those imposed hereunder.

(2) Where confidential information originates in another Member State, that information may be disclosed to relevant third-country authorities only with the consent of the authorities of the Member State only for the purposes for which the consent is granted.

(3) When providing confidential information to another Member State, the BNB, the Commission and the Ministry of Finance may indicate that the information may be disclosed only with express consent of the BNB, the Commission or the Ministry of Finance respectively, and specify the purposes for which consent is given.

Chapter Twenty Two
RESOLUTION FINANCING ARRANGEMENTS

Banks Resolution Fund

Article 134. (Amended, SG No. 37/2019, effective from the first 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) (1) The resolution authority under Article 2, paragraph 1 shall manage the banks resolution fund, which shall consist of separate sub-funds:

1. a sub-fund for funding the application of the resolution tools and powers under this Act in relation to branches of credit institutions from third countries.

2. a sub-fund for raising contributions under Articles 69, 70 and 71 of Regulation (EU) No. 806/2014 and their transfer to the SRF.

(2) The funds of the separate sub-funds shall be invested in accordance with the requirements of this Act without mixing them.

(3) (Amended, SG No. 13/2024, effective from the date of entry into force of the Decision of the Council of the European Union on the adoption by the Republic of Bulgaria of the euro) Expenses related to the management of the BRF shall be funded from the fees collected in relation to the BNB resolution function, pursuant to Article 56 of the Bulgarian National Bank Act.

(4) The resolution authority under Article 2, paragraph 1 shall prepare separate financial statements of the BRF.

(5) The resolution authority under Article 2, paragraph 1 shall take decision on the use of funds from the BRF only in accordance with the purposes of the resolution under Article 50 and with the principles under Article 53.

Investment Firms Resolution Authority

Article 135. (1) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) An Investment Firms Resolution Fund, which shall consist of separate sub-funds:

1. a sub-fund for funding the application of the resolution tools and powers under this Act in relation to investment firms under Article 1, paragraph 1, item 2, which do not fall within the scope of Regulation (EU) No. 806/2014, and in relation to branches of investment firms from third countries under Article 1, paragraph 1m item 6, and

2. a sub-fund for raising contributions under Articles 69, 70 and 71 of Regulation (EU) No. 806/2014 and their transfer to the SRF; the sub-fund is established in case an investment firm falls within the scope of Article 2 of Regulation (EU) No. 806/2014.

(2) The Investment Firms Resolution Fund shall be managed by the management board of ICF. The costs for the management of that Fund shall be part of the total administrative costs of ICF and shall be funded in accordance with the procedure set out in the Public Offering of Securities Act.

(3) The Management Board of ICF shall prepare separate financial statements of the IFRF.

(4) The Commission as the resolution authority under Article 3 shall decide on the use of IFRF funds and shall instruct the ICF Management Board to implement that decision.

(5) The decision referred to in paragraph 4 may be taken only in accordance with the resolution objectives under Article 50 and the principles in Article 53.

Management of the resolution funds

Article 136. (1) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article

2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The resolution authority under Article 2, paragraph 1, the Management Board of the ICF respectively, shall take decisions on:

1. (amended, SG No. 37/2019, effective from the first 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) collecting from the branches of credit institutions from third countries, investment firms respectively, which do not fall within the scope of Regulation (EU) No. 806/2014, and from the branches of investment firms from third countries of annual contributions in accordance with Article 139;

2. (amended, SG No. 37/2019, effective from the first 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) collecting from the branches of credit institutions from third countries, investment firms respectively, which do not fall within the scope of Regulation (EU) No. 806/2014, and from the branches of investment firms from third countries of extraordinary contributions in accordance with Article 140 where the contributions under item 1 are insufficient, and

3. the conclusion of loan agreements and other forms of support and loan granting under the terms and procedure of Articles 141 and 142;

4. investment of the funds of the BRF, IFRF respectively;

5. appointment of a registered auditor for carrying out an independent financial audit of the annual financial statements of the BRF, IFRF respectively;

6. performance of obligations assigned hereunder, including obligations under Chapter Eleven and Chapter Twelve;

7. (amended, SG No. 12/2021, effective 12.02.2021) adoption of the annual financial statements of the BRF, the IFRF respectively, and their publication by 30 April.

(2) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The funds of the BRF shall be held in an account at the BNB and shall be invested in accordance with the Bulgarian National Bank Act.

(3) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the

European Central Bank concerning policies relating to the prudential supervision of credit institutions) The funds of the IFRF may be invested in financial instruments in compliance with the principles of security, liquidity and diversification as follows:

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) deposits in EUR or other financial instruments offered by the Bulgarian National Bank;

2. deposits in EUR at foreign banks, which have one of the three top credit ratings assigned by two credit rating agencies;

3. debt instruments in EUR, without embedded options, issued by foreign countries, foreign banks, foreign financial institutions, international financial organisations, foreign agencies or other foreign companies which instruments or issuers have one of the three top credit ratings assigned by two credit rating agencies.

(4) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The Investment Firms Resolution Fund shall have the right:

1. (amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) to effect repo transactions (repurchase agreements) in euro with foreign banks, foreign financial institutions or international financial organisations having one of the three highest ratings assigned by two credit rating agencies;

2. (amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) to loan against equivalent collateral the debt instruments held thereby under paragraph 3, item 3 to foreign banks, foreign financial institutions or international financial organisations having one of the three highest ratings assigned by two credit rating agencies.

(5) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) Subject to compliance with the requirements of this Act and of the Bulgarian National bank Act, the funds of the IFRF may be entrusted for management to the BNB against

consideration.

(6) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The rules and restrictions on investing IFRF funds and amendments thereof shall be adopted by the management board of the ICF.

Use of amounts from resolution funds

Article 137. (1) The resolution authority under Article 2 or Article 3 respectively, shall take a decision on the use of BRF amounts, IFRF amounts respectively, to the extent necessary to ensure the effective application of the resolution tools. Such amounts may be used to finance one or more of the following actions:

1. to guarantee the assets or the liabilities of the institution under resolution, its subsidiaries, a bridge bank, a bridge investment firm or an asset management vehicle;

2. to purchase assets of the institution under resolution;

3. to acquire ordinary shares issued by a bridge bank, a bridge investment firm, a bridge financial holding company or an asset management vehicle;

4. (amended, SG No. 37/2019, effective from the first 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) payment of compensations to shareholders, partners or creditors pursuant to Article 107;

5. contributions to the resolution institution, when the bail-in tool is applied and the resolution authority under Article 2 or Article 3 respectively decides to exclude certain creditors from the scope of bail-in in accordance with Article 67;

6. to lend to other financing arrangements on a voluntary basis.

(2) When applying the sale of business tool, the actions under paragraph 1 may be taken with respect to the purchaser.

(3) The funds from the BRF, the IFRF respectively, shall not be used directly to absorb the losses of an institution or an entity referred to in Article 1(1), items 3 - 5, nor for the recapitalisation of the institution or the entity. When the use of funds under paragraph 1 leads to a partial transfer of the losses of an institution or an entity referred to in Article 1(1), items 3 - 5 to BRF, IFRF respectively, the requirements of Article 67 shall apply.

Sources of Funds

Article 138. (Amended, SG No. 37/2019, effective from the first 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) (1) The sources of funds for the BRF, the IFRF respectively, shall be from:

1. annual and extraordinary contributions by banks and branches of credit institutions from third countries, investment firms and branches of investment firms from third countries respectively;

2. income earned from investment of the funds of BRF, IFRF respectively;

3. amounts received by BRF, IFRF respectively, from refunding of funds used for the purposes of resolution in accordance with the procedure referred to in the application of relevant resolution tools, as well as related income and compensation;

4. other sources.

(2) The Bulgarian National Bank shall be the depository of the funds of the IFRF.

Annual contributions

Article 139. (Amended, SG No. 37/2019, effective from the first 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) (1) By 31 March of the current year, the resolution authority under Article 3 shall determine the total amount of the annual contributions to the IFRF for the respective year, taking into account the phase of the economic cycle and the corresponding impact on the financial position of the investment firms. The resolution authority under Article 3 shall inform the management board of the ICF about the total amount determined, within the time limit referred to in sentence one.

(2) By 1 May of the current year, the resolution authority under Article 3 shall determine the individual annual contributions for the investment firms authorised in the Republic of Bulgaria, not falling within the scope of Regulation (EU) No. 806/2014, and for the branches from third countries within the amount referred to in paragraph 1 and shall submit to the management board of the ICF the information about the individual contributions in the same timeframe.

(3) By 1 May of the current year, the resolution authority under Article 2, paragraph 1 shall notify the branches of third-country credit institutions of the individual contributions due to the BRF.

(4) The resolution authority under Article 3 shall notify each investment firm authorised in the Republic of Bulgaria, which does not fall within the scope of Regulation (EU) No. 806/2014, and a third-country branch of an investment firm of the individual annual contribution to the IFRF within the time limit under paragraph 2.

(5) A third-country branch of a credit institution, of an investment firm respectively, authorised in the Republic of Bulgaria, which does not fall within the scope of Regulation (EU) No. 806/2014, and a third-country investment firm shall allocate to the BRF, the IFRF respectively, the individual annual contribution within 30 days from the date of the notification under paragraph 3, paragraph 4 respectively.

(6) The contribution under paragraph 3 shall be a fixed lump-sum set out in accordance with a BNB ordinance.

(7) The contribution under paragraph 2, which is due by investment firms not falling within the scope of Regulation (EU) No. 806/2014, and by the branches of third-country investment firms shall be proportionate to the relative share of the liabilities of the investment firm or the

third-country branch (except for equity) in the total liabilities of all investment firms and third-country branches (except for equity). The amount of the contribution shall also take into account the risk profile of the investment firm or the branch and shall be calculated in accordance with the rules laid down in the Commission Delegated Regulation (EU) No. 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements (OJ, L 11/44 of 17 January 2015).

(8) The resolution authority under Article 3 shall exercise control over the execution of the obligations of investment firms and branches of third-country investment firms. The Management Board of the ICF shall inform the resolution authority under Article 3 of the payment of annual contributions and shall assist it in the exercise of control under sentence one.

(9) In the event of non-payment of the annual contribution within the prescribed time limit, the resolution authority under Article 2, paragraph 1, the Management Board of the ICF respectively, shall charge interest on the amount due for the period of delay at the rate of the legal interest.

(10) Where an investment firm or a branch of a third-country investment firm fails to pay a due contribution within the prescribed time limit, the Management Board of the ICF shall immediately inform the resolution authority under Article 3.

(11) The annual contributions under this Article shall be reported as accounting expenses for the current year.

Extraordinary contributions

Article 140. (Amended, SG No. 37/2019, effective from the first 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) (1) Where the amount of the funds allocated in the BRF, the ICF respectively, is not sufficient to cover the expenses related to the resolution, extraordinary contributions shall be collected from the branches of third-country credit institutions, from the investment firms respectively, authorised in the Republic of Bulgaria, which do not fall within the scope of Regulation (EU) No. 806/2014, and from the branches of third-country investment firms.

(2) The resolution authority under Article 2, paragraph 1 shall determine the amount of the extraordinary contribution of a branch of a third-country credit institution, which may not exceed three times the latest annual contribution determined in accordance Article 139, paragraph 6.

(3) The resolution authority under Article 3 shall determine the total amount of the extraordinary contributions of the investment firms which do not fall within the scope of Regulation (EU) No. 806/2014, and of the branches of third-country investment firms, which may not exceed three times the latest annual contribution determined in accordance Article 139, paragraph 7.

(4) The total amount of individual extraordinary contributions under paragraph 3 for investment firms which do not fall within the scope of Regulation (EU) No. 806/2014, and for

branches of third-country investment firms shall be allocated among them in accordance with the rules set out in Article 139, paragraph 7.

(5) With the decision under paragraph 2, under paragraph 3 respectively, the resolution authority under Article 2, Article 3 respectively, shall determine the time limit within which the extraordinary contributions shall be paid in full.

(6) If the payment of extraordinary contributions should threaten the liquidity of a branch of a third-country credit institution or the liquidity or solvency of an investment firm not falling within the scope of Regulation (EU) No. 806/2014, or of a branch of a third-country investment firm, the resolution authority under Article 2, Article 3 respectively, may postpone in full or in part the execution of the obligation for a period of up to 6 months. The postponement may be extended for a period of up to 6 months at the request of a branch of a third-country credit institution, of an investment firm or of a branch of a third-country investment firm, after assessment of its justification.

(7) The requirements for control under Article 139, paragraph 8 shall also apply to the extraordinary contributions of investment firms not falling within the scope of Regulation (EU) No. 806/2014, and to branches of third-country investment firms.

(8) The rules under Article 139(9) and (10) shall also apply to non-payment of an extraordinary contribution within the time limit set.

Contributions to the SRF

Article 140a. (New, SG No. 37/2019, effective from the first 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) (1) Upon receipt of a notice from the SRB, the resolution authority under Article 2, paragraph 1, Article 3, paragraph 1 respectively, shall notify each institution, each investment firm respectively, falling within the scope of Regulation (EU) No. 806/2014, of the amount of the contribution due under Articles 69, 70 and 71 of Regulation (EU) No. 806/2014.

(2) Credit institutions shall pay to the BRF, investment firms falling within the scope of Regulation (EU) No. 806/2014 respectively, shall pay to the IFRF within the time limit indicated in the notification by the relevant resolution authority under paragraph 1.

(3) The resolution authority under Article 2, paragraph 1, the ICF through the resolution authority under Article 3, paragraph 1 respectively, shall promptly transfer to the SRF the contributions raised from the credit institutions, the investment firms respectively, which fall within the scope of Regulation (EU) No. 806/2014.

Alternative funding means

Article 141. In the event that the amounts raised from annual contributions and extraordinary contributions are not sufficient to cover the expenses related to resolution financing, the BRF, the IFRF respectively, may be funded from borrowings or other forms of support from banks, financial institutions or other third parties, where such options are immediately available on reasonable terms.

Borrowing between financing arrangements

Article 142. (1) The Banks Resolution Fund, the IFRF respectively, may make a request to borrow funds from other financing arrangements within the European Union, in the event that:

1. the amount raised from annual contributions is not sufficient to cover the expenses incurred by the BRF, the IFRF respectively, in relation to the resolution;

2. extraordinary contributions are not collected in due course;

3. the borrowing of funds and the other forms of support under Article 141 are not immediately available on reasonable terms.

(2) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) Funds of the BRF, of the IFRF respectively, may be used for making loans to other resolution financing arrangements in the European Union. A decision to make such loans shall be taken by the resolution authority under Article 2, paragraph 1, the management board of the ICF respectively, upon approval by the Ministry of Finance, and in case of making loans to the IFRF, also by the resolution authority under Article 3, and if such loans are sought as a result of equivalent terms to those described in paragraph 1.

(3) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The Ministry of Finance, the resolution authority under Article 2, under Article 3 respectively, and the management board of the ICF shall make their assessments and shall take relevant decisions under paragraph 2 in accordance with the time limits set out in the financing arrangement request of the other Member State.

(4) (Amended and supplemented, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The rate of interest, the repayment period and the other conditions on the loan under paragraph 1 or 2 shall be negotiated between the resolution authority under Article 2, paragraph 1, the management board of the ICF respectively, and the management bodies of the other participating resolution financing arrangements. The agreed rate of interest, repayment period and other terms and conditions shall apply to all participating financing arrangements in a given loan agreement, unless all participating financing arrangements agree otherwise.

(5) (Amended and supplemented, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) The amounts with which the BRF, the IFRF respectively, participates in making loans under paragraph 2 shall be agreed by the resolution authority under Article 2, paragraph 1, by the Management Board of the ICF respectively. The arrangement shall ensure allocation of the commitments for the funds provided among the participating financing arrangements pro rata to the amount of covered deposits in the relevant Member State with

respect to the aggregate of covered deposits in the Member States participating in the arrangement, unless agreed otherwise.

(6) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) When making a loan under paragraph 2, the amount of the loaned funds shall not be reduced in accordance with the collected funds at the BRF, the IFRF respectively.

Utilisation of resolution funds in case of a group resolution

Article 143. (1) (Amended, SG No. 37/2019, effective from the first day of application of the Decision of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) When producing of a group resolution scheme pursuant to Articles 124 – 127, which includes an entity under Article 2 of Regulation (EU) No. 806/2014 and provides for a financing plan, Regulation (EU) No. 806/2014 shall apply. For entities other than those referred to in sentence one, the resolution authority under Article 3, paragraph 1 shall take a decision for participation in the resolution financing in accordance with the adopted plan for financing group-level resolution actions.

(2) The financing plan shall include:

1. a valuation in accordance with Article 55 in respect of the affected group entities;

2. the losses to be recognised by each affected group entity at the moment the resolution tools are exercised;

3. for each affected group entity, the losses that would be suffered by each class of shareholders and creditors;

4. any contribution that the BDIF would make in accordance with Article 144 and the other deposit guarantee schemes;

5. the total contribution by resolution financing arrangements and the purpose and form of the contribution;

6. (amended, SG No. 37/2019, effective from the first 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) the basis of calculation of the amounts the IFRF and the other resolution financing arrangements of Member States in which the affected entities of the group are located shall provide for financing the resolution in order to reach the total contribution set out in item 5;

7. (amended, SG No. 37/2019, effective from the first 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) the amounts the IFRF and the other resolution financing arrangements for the affected entities of the group shall provide for the financing of the resolution, and the form of such contributions;

8. (amended, SG No. 37/2019, effective from the first 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) the amounts the IFRF and the other resolution financing arrangements of the Member States in which the affected entities of the group are located may receive as a loan from institutions, financial institutions and other third parties;

9. (amended, SG No. 37/2019, effective from the first 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) time limits for use of the IFRF and the other resolution financing arrangements of the Member States in which the affected entities of the group are established, which may be extended, where necessary.

(3) (Amended, SG No. 37/2019, effective from the first 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, SG No. 12/2021, effective 12.02.2021) Unless otherwise agreed in the financing plan, the basis for pro rata participation of BRF, IFRF respectively, in the contribution under paragraph 2, item 5 shall be consistent with the principles under Article 17(7), item 7 and shall have regard to:

1. the proportion of the group's risk-weighted assets held at institutions and entities referred to Article 1(1), items 3 – 5, established in the Republic of Bulgaria;

2. the proportion of the group's assets held at institutions and entities referred to Article 1(1), items 3 – 5, established in the Republic of Bulgaria;

3. (amended, SG No. 37/2019, effective from the first 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) the portion of the losses having led to the need of the resolution of the group, which is due to entities falling under the supervision of the Commission, and

4. the proportion of the total contribution under paragraph 2, item 5 which, under the financing plan, is expected to be used directly to benefit group entities established in the Republic of Bulgaria.

(4) (Amended, SG No. 37/2019, effective from the first 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) When taking a decision under paragraph 1, the resolution authority under paragraph 3, jointly with the management board of the ICF, shall envisage the required measures for he amounts the IFRF and the other resolution financing arrangements to ensure opportunities for immediate payment of the portion of the contribution due under the financing plan when taking resolution actions.

(5) (Amended, SG No. 37/2019, effective from the first day of application of the Decision

of the European Central Bank on the close cooperation in accordance with Article 2019 of Council Regulation (EU) No. 7 of 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions) In performance of the obligations under paragraph 4, the management board of the ICF may conclude, pursuant to Article 141, loan agreements or other form of support, and may provide guarantees on contracts concluded under the group-level resolution financing arrangement in accordance with the adopted financing plan.

(6) Any proceeds or benefits that arise from the use of the group resolution financing arrangements shall be allocated among respective financing arrangements in accordance with their contributions under paragraph 2.

Use of BDIF in the process of resolution

Article 144. (1) (Amended, SG No. 37/2019, effective from the first 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) When taking resolution action in respect of a credit institution under Article 1, paragraph 1, item 1 or a branch of a third-country credit institution, the BDIF shall participate in the financing of the resolution with a monetary contribution to cover losses, provided that depositors shall preserve the access to their deposits, subject to the following restrictions:

1. (supplemented, SG No. 37/2019, effective from the first 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) when using the bail-in tool – the amount of the contribution due by the BDIF shall be determined on the basis of the amount by which the guaranteed deposits would be impaired for assuming the losses of the bank pursuant to Article 73, paragraph 1, item 1, Regulation (EU) No. 806/2014 respectively, if the guaranteed deposits fell in the scope of effects of the tool and were subject to impairment as claims of a creditor with ranking under Article 94, paragraph 1, item 4 of the Bank Bankruptcy Act.

2. when using other resolution tools - the amount of the contribution due shall be determined by the amount of losses that the depositors, whose deposits are covered, would suffer in insolvency proceedings as a creditor with a ranking of claims under Article 94(1), item 4 of the Bank Bankruptcy Act.

(2) The amount of the contribution under paragraph 1 shall not exceed the lower of:

1. the amount of losses that the BDIF would have suffered in insolvency proceedings under the Bank Bankruptcy Act.

2. the minimum amount of the available funds of the BDIF under § 8 of the transitional and concluding provisions of the Bank Deposit Guarantee Act.

(3) (Supplemented, SG No. 37/2019, effective from the first 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) Where the bail-in tool is used, the contribution from the BDIF may not be used for recapitalisation pursuant to Article 73, paragraph 1, item 2, Regulation (EU) No. 806/2014

respectively, of the bank or the bridge bank.

(4) (Supplemented, SG No. 37/2019, effective from the first 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) The contribution due by the BDIF under paragraph 1 shall be determined as part of the assessment under Article 55, Regulation (EU) No. 806/2014 respectively.

(5) Where the eligible deposits at a bank under resolution are transferred to another person through the sale of business or the bridge bank tool, depositors shall have no right of claim against the BDIF for the portion of their deposits at the bank under resolution that has not been transferred, if the amount of funds transferred is equal to or higher than the total amount of the guarantee under Chapter Three, Section I of the Bank Deposit Guarantee Act.

Chapter Twenty Three
ADMINISTRATIVE PENALTY PROVISIONS

Administrative violations and penalties

Article 145. (1) On failure to comply with the requirements under Articles 6, 8 or 9 for preparation, maintenance or updating of the recovery plans, under Article 14(9) and (11), Article 40(1) or Article 113(1), the following shall be imposed on:

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) a natural person – a fine of up to EUR 5 million;

2. a legal entity - a financial penalty of up to 10 per cent of the total annual net turnover; when the entity is a subsidiary, the net turnover shall be the turnover in the consolidated accounts of the EU parent undertaking for the previous year.

(2) Where the amount of the profit earned or loss avoided as a result of the infringement under paragraph 1 can be determined, the person shall be sanctioned with a fine, a financial penalty respectively, up to the double amount of the profit gained, the loss avoided.

(3) Where the natural person referred to in paragraph 1, item 1 is a senior management member of the bank, of the investment firm or entity under Article 1(1), items 3 - 5 respectively or is another responsible natural person, with the punishment under paragraph 1, item 1 or under paragraph 2 a temporary ban for taking up positions in banks, investment firms or entities under Article 1(1), items 3 - 5 may be imposed thereon as well.

(4) (New, SG No. 12/2021, effective 12.02.2021) The sanctions under paragraphs 1 – 3 shall furthermore apply in case of a breach of the minimum requirement for own funds and eligible liabilities under Article 70 or Article 70a.

(5) (Renumbered from Paragraph 4, amended, SG No. 12/2021, effective 12.02.2021) Apart from the cases referred to in paragraphs 1 – 4, for commitment or suffering another to commit a violation of this Act or of the statutory instruments for its implementation, unless the act constitutes a criminal offence, the following shall be imposed on:

1. a natural person – a fine of BGN 1,000 to BGN 4,000, and for repeated violation – BGN 3,000 to BGN 12,000;

2. an institution, a financial institution or a parent undertaking – a financial penalty in the amount of BGN 50,000 to BGN 200,000 BGN, and for repeated infringement – from BGN

200,000 to BGN 500,000;

3. a legal entity other an institution, a financial institution or a parent undertaking – a financial penalty in the amount of BGN 5,000 to BGN 20,000 BGN, and for repeated infringement – from BGN 20,000 to BGN 50,000.

Establishment of violations and imposition of penalties

Article 146. (1) The acts of established violations under Article 145 shall be drawn up by persons authorised by the Governor of the BNB when the violation is committed by the entities under Article 1(1) falling under the supervision of the BNB, by the members of their management bodies or by senior management staff, or by natural persons who are responsible for those entities.

(2) In the cases referred to in paragraph 1 penalty decrees shall be issued by the Governor of the BNB or by persons authorised thereby for the entities under Article 1(1) falling under the supervision of the BNB, the members of their management bodies or senior management staff, or for natural persons who are responsible for those entities.

(3) The acts of established violations under Article 145 shall be drawn up by persons authorised by the Chairperson of the Commission, when the violation is committed by entities under Article 1(1) falling under the supervision of the Commission, by the members of their management bodies or by senior management staff, or by natural persons who are responsible for those entities.

(4) In the cases referred to in paragraph 3 penalty decrees shall be issued by the Chairperson of the Commission or by persons authorised thereby for the entities under Article 1(1) falling under the supervision of the Commission, the members of their management bodies or senior management staff, or for natural persons who are responsible for those entities.

(5) The drawing up of written statements, the issue, appeal against, and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

Publication of information on administrative penalties imposed

Article 147. (1) The Bulgarian National Bank, the Financial Supervision Commission respectively, shall publish on a timely basis on its official website information about all penal provisions in force, which impose penalties for violations of this Act and its implementing acts, including the infringement, the offender, the type and amount of penalty.

(2) The Bulgarian National Bank, the Financial Supervision Commission respectively, shall publish the information under paragraph 1 in summary form, when it considers that:

1. the publication of personal data about a natural person on whom an administrative penalty is imposed is excessive;

2. the publication would jeopardise the stability of financial markets or an ongoing criminal proceedings;

3. the publication would cause excessive damage to the bank, the investment firm or entity under Article 1(1), items 3 - 5 respectively, and the affected natural persons.

(3) The publication referred to in paragraph 1 shall be postponed for an appropriate period of time if there is a likelihood that the circumstances under paragraph 2 will cease to exist.

(4) The published information shall be available on the official website of the BNB, the Commission respectively, within a period of not less than 5 years.

(5) Subject to the requirements of professional secrecy pursuant to Article 111 the BNB, the Commission respectively, shall inform the EBA of all administrative penalties imposed, including any appeal thereon and the outcome thereof.

ADDITIONAL PROVISIONS

§ 1. Within the meaning of this Act:

1. "Shareholders" means holders of instruments of ownership.

1a. (New, SG No. 12/2021, effective 12.02.2021, effective 12.02.2021) "Common Equity Tier 1 capital" means the common Tier 1 equity calculated in accordance with Article 50 of Regulation (EU) No. 575/2013.

2. "Senior management staff" means natural persons who exercise executive functions at an institution and who are responsible and accountable to its management body in relation to its current management.

3. "Depositor" is a term within the meaning of § 1, item 6 of the additional provisions of the Bank Deposit Guarantee Act.

4. "Intra-group guarantee" means a contract by which one group entity guarantees the obligations of another group entity to a third party.

5. "Covered deposits" means deposits under Chapter Three of the Bank Deposit Guarantee Act to the indicated amount.

5a. (New, SG No. 12/2021, effective 12.02.2021) "Global systemically important institution (G-SII)" is a term within the meaning of Article 4, paragraph 1, item 133 of Regulation (EU) No. 575/2013.

5b. (New, SG No. 63/2025) "Global systemically important institution" or "G-SII" shall be a concept within the meaning of Item 136 of Article 4 (1) of Regulation (EU) No. 575/2013.

6. "Group" means a parent undertaking and its subsidiaries.

6a. (New, SG No. 12/2021, effective 12.02.2021) "Resolution group" means:

a) a resolution entity and its subsidiaries other than:

aa) resolution entities themselves;

bb) subsidiaries of other resolution entities;

cc) entities established in a third country that are not included in the resolution group in accordance with the resolution plan and their subsidiaries; or

b) credit institutions permanently affiliated to a central body and the central body itself, when at least one of those credit institutions or the central body is a resolution entity, and their respective subsidiaries.

7. "Resolution action" means the decision:

a) to place a bank or entity referred to in Article 1(1), items 2 - 4 under resolution pursuant to Article 51 or 52;

b) to apply a resolution tool;

c) to exercise one or more resolution powers.

8. (Amended, SG No. 8/2023) "Derivatives" shall be a concept within the meaning of Article 2 (5) of Regulation (EU) No. 648/2012.

9. "Debt instruments" within the meaning of Article 94(2), items 7 and 10 are bonds and other forms of negotiable debt, instruments which create or recognise debt, and instruments giving rise to rights for acquisition of debt instruments.

10. (Amended, SG No. 12/2021, effective 12.02.2021)) "Subsidiary" is a concept within the meaning of Article 4(1), item 16 of Regulation (EU) No. 575/2013. For the purposes of application of Articles 8, 9, 17, 29 – 33, 69 – 72c, 89 – 93 and 124 – 128 to resolution groups under item 6a "b" the term "subsidiary" covers, where applicable, credit institutions permanently affiliated to a central body and the central body itself, and their respective subsidiaries.

10a. (New, SG No. 12/2021, effective 12.02.2021) "Bail-inable liabilities" means the liabilities and equity instruments that do not qualify as Common Equity Tier 1, Additional Tier 1 capital and Tier 2 capital of an institution or company under Article 1(1), items 3 – 5 that are not excluded from the scope of the bail-in tool under Article 66(2) – (5) and Article 67(2).

11. "Affected creditor" means a creditor whose claim relates to a liability that is reduced or converted to shares by the exercise of the write down or conversion power pursuant to the use of the bail-in tool.

12. (Amended, SG No. 15/2018, effective 16.02.2018) "Significant branch" means a branch that would be considered to be significant within the meaning of Article 87a or 87b of the Credit Institutions Act, respectively under Article 228 of the Markets in Financial instruments Act.

12a. (New, SG Нол 25/2026) "Legal entity identifier" means a code that complies with the requirements laid down in Article 2 of Commission Implementing Regulation (EU) 2025/1338 of 10 July 2025 laying down implementing technical standards for the application of Regulation (EU) 2023/2859 of the European Parliament and of the Council with regard to the functionalities of the European single access point (OJ L 2025/1338, 11 July 2025).

13. "Extraordinary public financial support" means State aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union, the State Aids Act, or any other public financial support at supra-national level, which, if provided for at national level, would constitute State aid, that is provided in order to preserve or restore the viability, liquidity or solvency of an institution or entity referred to in Article 1(1), items 3 - 5 or of a group of which such an institution or entity forms part.

14. "Extraordinary liquidity assistance" means the provision by a central bank of central bank money, or any other assistance that may lead to an increase in central bank money, to a solvent bank, or group of solvent banks, that is facing temporary liquidity problems, without such an operation being part of monetary policy.

15. (Amended, SG No. 25/2022, effective 29.03.2022) "Investment firm" shall be an investment firm that in accordance with Article 4 (1)(22) of Regulation (EU) 2019/2033:

1. has been licensed under the terms and procedure of the Markets in Financial Instruments Act and is subject to the requirement of initial capital provided for in Article 10, paragraph 1 of the same Act;

2. is from another Member State licensed to provide investment services and perform investment activities pursuant to its national legislation transposing Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation 2002/92/EC and Directive 2011/61/EU (OJ, L 173/349 of 12 June 2014) and is subject to the requirement of initial capital provided for in Article 9(1) of 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).

16. "Investor" is an investor within the meaning of the Public Offering of Securities Act.

17. "Institution" means a credit institution or an investment firm.

18. "Parent undertaking in a Member State" is term within the meaning of Article 4, paragraph 1, item 28 of Regulation (EU) No. 575/2013.

19. "EU parent undertaking" is term within the meaning of Article 4, paragraph 1, item 29 of Regulation (EU) No. 575/2013.

20. "Institution under resolution" means a bank, an investment firm, financial institution, a financial holding company, a mixed financial holding company, a mixed-activity holding company, a parent financial holding company in a Member State, an EU parent financial holding

company, a mixed financial holding company in a Member State or an EU parent mixed financial holding company in respect of which a resolution action is taken.

21. "Third-country institution" means an entity, the head office of which is established in a third country, that would, if it were established within the European Union, be covered by the definition of an institution or an investment firm.

22. "Common Equity Tier 1 instruments" means capital instruments that meet the conditions laid down in Article 28(1) to (4), Article 29(1) to (5) or Article 31(1) of Regulation (EU) No. 575/2013.

23. "Additional Tier 1 instruments" means capital instruments that meet the conditions laid down in Article 52(1) of Regulation (EU) No. 575/2013.

24. "Tier 2 instruments" means capital instruments or subordinated loans that meet the conditions laid down in Article 63 of Regulation (EU) No. 575/2013.

25. "Instruments of ownership" means shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership.

26. "Capital requirements" means the requirements of Articles 92 - 98 of Regulation (EU) No. 575/2013.

27. "Branch" is term within the meaning of Article 4 (1), item 17 of Regulation (EU) No. 575/2013.

28. "Conversion rate" means the factor that determines the number of shares into which a liability of a specific class will be converted, by reference either to a single instrument of the class in question or to a specified unit of value of a debt claim.

28a. (New, SG No. 12/2021, effective 12.02.2021) "Combined buffer requirement" is a term within the meaning of Article 39(2) of the Credit Institutions Act.

29. "Competent authority" means a competent authority as defined in Article 4(1), item 40 of Regulation (EU) No. 575/2013, including the European Central Bank with regard to specific tasks conferred on it by 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 (OJ, L 287/63 of 29 October 2013).

30. "Competent ministries" means finance ministries or other ministries of the Member States which are responsible for economic, financial and budgetary decisions at the national level according to national competencies.

31. "Consolidating supervisor" means consolidating supervisor as defined in Article 4(1), item 41 of Regulation (EU) No. 575/2013.

32. "Credit institution" means credit institution as defined in Article 4(1), item 1 of Regulation (EU) No. 575/2013.

33. "Critical functions" means activities, services or operations the discontinuance of which is likely in the Republic of Bulgaria or another Member State, to lead to the disruption of services that are essential to the real economy or to disrupt financial stability due to the size, market share, external and internal interconnectedness, complexity or cross-border activities of an institution or group, with particular regard to the substitutability of those activities, services or operations.

34. "Group financing arrangement" means the financing arrangement or arrangements of the Member State of the group-level resolution authority.

35. "Micro, small and medium-sized enterprises" is a company whose annual turnover does not exceed the annual turnover referred to in Article 3(1), item 2 of the Small and Medium-Sized Enterprises Act.

36. "Crisis prevention measure" means the exercise of powers to direct removal of

deficiencies or impediments to recoverability under Article 7(7) and (8), the exercise of powers to address or remove impediments to resolvability under Article 29, the application of an early intervention measure under Article 44, the appointment of a temporary administrator under Article 46 or the exercise of the write down or conversion powers under Article 89.

37. "Crisis management measure" means a resolution action or the appointment of a special manager under Article 54.

38. "On a consolidated basis" is term within the meaning of Article 4(1), item 48 of Regulation (EU) No. 575/2013.

39. "Supervisory college" means a college of supervisors within the meaning of Article 92e or Article 92f of the Credit Institutions Act.

39a. (New, SG No. 12/2021, effective 12.02.2021) "Retail client" is a concept within the meaning of § 1, item 11 of the additional provisions of the Markets in Financial Instruments Act.

40. "Secured liability" means a liability where the right of the creditor to payment or other form of performance is secured by a charge, pledge or lien, or other collateral arrangements including liabilities arising from repurchase transactions and other title transfer collateral arrangements.

41. "Mirror transaction" means a transaction entered into between two group entities in order to transfer all or part of the risk arising from another transaction entered into by one of those group entities and a third party.

42. "Resolution authority" means an authority designated by a Member State, which is authorised to apply the resolution tools and exercise the resolution powers.

43. "Group-level resolution authority" means the resolution authority in the Member State in which the consolidating supervisor is situated.

44. "Core business lines" means business lines and associated services which represent material sources of revenue, profit or which have other value added for a group or for an institution.

45. "Eligible deposits" means eligible deposits as defined in § 1, item 5 of the additional provisions of the Bank Deposit Guarantee Act or by virtue of equivalent law of a Member State.

46. "Appropriate authority" means the authority of a Member State that possesses the powers to write down or convert capital instruments.

46a. (New, SG No. 12/2021, effective 12.02.2021) "Subordinated eligible instruments" means instruments that meet the conditions laid down in Article 72a and Article 72b, paragraphs 1, 2, 6 and 7 of Regulation (EU) No. 575/2013.

47. (Amended, SG No. 25/2022, effective 29.03.2022) "Covered bonds" shall have the meaning assigned to this term in Article 25 of the Covered Bonds Act or shall be bonds issued prior to the 8th day of 2022 by a credit institution which has its registered office in a Member State, which is subject to supervision designed to protect bondholders, including the requirement that sums deriving from the bond issue be invested in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the payment of the obligations to the bondholders.

48. "Recovery capacity" means the capability of an institution to restore its financial position following a significant deterioration.

49. "State aid legal framework of the European Union" is the framework created in Articles 107, 108 and 109 of the Treaty on the Functioning of the European Union and regulations, as well as other instruments, including guidelines, communications and notices drawn up or adopted in accordance with Article 108(4) or Article 109 of the Treaty on the Functioning of the

European Union.

50. "Termination right" means a right to terminate a contract, a right to accelerate, close out, set-off or net obligations or any similar provision that suspends, modifies or extinguishes an obligation of a party to the contract or a provision that prevents an obligation under the contract from arising that would otherwise arise.

51. "Parent undertaking" is term within the meaning of Article 4(1), item 15 "a" of Regulation (EU) No. 575/2013.

52. "EU parent undertaking" means a Union parent institution, a Union parent financial holding company or a Union parent mixed financial holding company.

53. "Third-country parent undertaking" means a parent undertaking, a parent financial holding company or a parent mixed financial holding company, established in a third country.

54. "Resolution" means the application of a resolution tool in order to achieve one or more of the resolution objectives.

55. "Group resolution" means:

a) the taking of resolution action at the level of a parent undertaking or of an institution subject to consolidated supervision, or

b) the coordination of the application of resolution tools and the exercise of resolution powers by the BNB or another resolution authority in relation to group entities that meet the conditions for resolution.

56. (Amended, SG No. 12/2021, effective 12.02.2021, SG No. 63/2025) "Eligible instruments" means bail-inable liabilities and capital instruments that fulfil, as applicable, the conditions of Article 69a or item 1 of Article 70a(6), and Tier 2 instruments that meet the conditions of point (b) of Article 72a(1) of Regulation (EU) No. 575/2013.

57. "Recipient" means the entity to which instruments of ownership, debt instruments, assets, rights or liabilities, or any combination of those items are transferred from an institution under resolution.

58. "Insolvency proceedings" means collective insolvency proceedings which entail the partial or total divestment of a debtor and the appointment of a liquidator or an administrator normally applicable to institutions under applicable law and either specific to those institutions or generally applicable to any natural or legal person.

59. (Amended, SG No. 63/2025) "Third-country resolution proceedings" shall mean actions under the law of a third country to manage the failure of a third-country institution or a third-country parent undertaking that are comparable, in terms of objectives and anticipated results, to resolution actions under this Act and Directive 2014/59/EC.

60. "Business day" means a day other than a Saturday, a Sunday or a public holiday in the Republic of Bulgaria.

61. "Regulated market" means a regulated market within the meaning of the Markets in Financial Instruments Act.

62. "Recapitalisation" means the restoration of the Common Equity Tier 1 ratio.

62a. (New, SG No. 12/2021, effective 12.02.2021) "Risk of excessive leverage" is a term within the meaning of Article 4, paragraph 1, item 94 of Regulation (EU) No. 575/2013.

63. "Management body" means 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(1), items 3 - 5 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.

63a. (New, SG No. 12/2021, effective 12.02.2021) An "Systemic risk" is a concept within

the meaning of § 1, item 36 of the Supplementary Provisions of the Credit Institutions Act.

64. "Systemic crisis" means a disruption in the financial system with the potential to have serious negative consequences for the markets and the real economy. All types of financial intermediaries, markets and infrastructure may be potentially systemically important.

65. "Mixed financial holding company" means a mixed financial holding company as defined in Article 4(1), item 21 of Regulation (EU) No. 575/2013.

66. "Parent financial holding company in a Member State" means a parent financial holding company in a Member State as defined in Article 4(1), item 32 of Regulation (EU) No. 575/2013.

67. "EU parent financial holding company" means an EU parent financial holding company in a Member State as defined in Article 4(1), item 33 of Regulation (EU) No. 575/2013.

68. "Own funds" means own funds as defined in Article 4(1), item 118 of Regulation (EU) No. 575/2013.

69. (Amended, SG No. 20/2018, effective 6.03.2018, SG No. 8/2023, SG No. 67/2025) "Netting arrangement" means an arrangement under which a number of claims or obligations can be converted into a single net claim, including close-out netting arrangements under which, on the occurrence of an enforcement event, the obligations of the parties are accelerated so as to become immediately due or are terminated, and in either case are converted into or replaced by a single net claim, including "close-out netting provision arrangement" as defined in the Financial Collateral Arrangements and Close-Out Netting Act and "netting" within the meaning of § 1, item 25 of the additional provisions of the Payment Services and Payment Systems Act.

70. "Set-off arrangement" means an arrangement under which two or more claims or obligations owed between the bank under resolution and a counterparty can be set off against each other.

71. "Title transfer financial collateral arrangement" means a title transfer financial collateral arrangement as defined in the Payment Services and Payment Systems Act.

71a. (New, SG No. 63/2025) "Liquidation entity" shall mean:

a) a legal entity established in the European Union for which the group resolution plan or, for entities that are not part of a group, the resolution plan provides for the entity to be wound up under normal insolvency proceedings; or

b) an entity within a resolution group other than the resolution entity in respect of which the group resolution plan does not provide for the exercise of write-down and conversion powers.

71b. (New, SG No. 12/2021, effective 12.02.2021, renumbered from Item 71a, SG No. 63/2025) "Resolution entity" means:

a) a legal person established in the European Union, which, in accordance with Article 17, is identified by the resolution authority as an entity in respect of which the resolution plan provides for resolution action; or

b) an institution that is not part of a group that is subject to consolidated supervision pursuant to Articles 90 and 92 of the Credit Institutions Act or pursuant to Articles 230 and 231 of the Markets in Financial Instruments Act , in respect of which the resolution plan provides for resolution action.

72. "Group entity" means a legal person that is part of a group.

73. "Deposit-guarantee scheme" means a deposit guarantee scheme introduced with the Bank Deposit Guarantee Act or equivalent law of another Member State.

74. "Relevant third-country authority" means a third-country authority responsible for carrying out functions comparable to those of resolution authorities or competent authorities pursuant to this Act.

75. "Relevant parent institution" means a parent institution in a Member State, an EU

parent institution, a financial holding company, a mixed financial holding company, a mixed-activity holding company, a parent financial holding company in a Member State, an EU parent financial holding company, a parent mixed financial holding company in a Member State, or an EU parent mixed financial holding company, in relation to which the bail-in tool is applied.

76. "Relevant capital instruments" means Additional Tier 1 instruments and Tier 2 instruments.

76a. (New, SG No. 12/2021, effective 12.02.2021) "Material subsidiary" means a material subsidiary as defined in point (135) of Article 4(1) of Regulation (EU) No. 575/2013.

77. "Cross-border group" means a group having group entities established in more than one Member State.

78. "Conditions for resolution" means the conditions referred to in Article 51 and Article 52.

79. "Financial holding company" means a financial holding company as defined in Article 4(1), item 20 of Regulation (EU) No. 575/2013.

80. "Parent financial holding company in a Member State" means a parent financial holding company in a Member State as defined in Article 4(1), item 30 of Regulation (EU) No. 575/2013.

81. "EU parent financial holding company" means an EU parent financial holding company in a Member State as defined in Article 4(1), item 31 of Regulation (EU) No. 575/2013.

82. "Financial institution" means financial institution as defined in Article 4(1), item 26 of Regulation (EU) No. 575/2013.

83. "Financial contracts" includes the following contracts and agreements:

(a) securities contracts, including:

aa) contracts for the purchase, sale or loan of a security, a group or index of securities;

bb) options on a security or group or index of securities;

cc) repurchase or reverse repurchase transactions on any such security, group or index;

b) commodities contracts, including:

aa) contracts for the purchase, sale or loan of a commodity or group or index of commodities for future delivery;

bb) options on a commodity or group or index of commodities;

cc) repurchase or reverse repurchase transactions on any such commodity, group or index;

c) futures and forwards contracts, including contracts (other than a commodities contract) for the purchase, sale or transfer of a commodity or property of any other description, service, right or interest for a specified price at a future date;

d) swaps agreements, including:

aa) swaps and options relating to interest rates; spot or other foreign exchange agreements; currency swaps and options; an equity index or equity swaps and options; a debt index or debt swaps and options; commodity indexes or commodities swaps and options, weather, emissions or inflation swaps and options;

bb) total return, credit spread or credit swaps;

cc) any agreements or transactions that are similar to an agreement referred to in "aa" and "bb", which is the subject of recurrent dealing in the swaps or derivatives markets;

e) inter-bank borrowing agreements where the term of the borrowing is three months or less;

f) master agreements for any of the contracts or agreements referred to in letters "a" - "e".

84. "Mixed financial holding company" means a mixed financial holding company as defined in Article 4(1), item 22 of Regulation (EU) No. 575/2013.

85. "Central counterparty" means a central counterparty as defined in Article 2(1) of

Regulation (EU) No. 648/2012.

86. "Resolution objectives" means the resolution objectives referred to in Article 50(2).

§ 2. (1) When the BNB applies the resolution tools and exercises the resolution powers in relation to financial institutions and parent undertakings falling within the scope of this Act the provisions of Chapter Thirteen of the Credit Institutions Act shall apply.

(2) (Amended, SG No. 15/2018, effective 16.02.2018) When the Commission applies the resolution tools and exercises the resolution powers in relation to financial institutions and parent undertakings falling within the scope of this Act the provisions of Chapter Ten, Sections II – V of the Markets in Financial Instruments Act shall apply.

§ 3. When the BNB, the Commission respectively, applies resolution tools and exercises resolution powers in relation to financial institutions and parent undertakings falling within the scope of this Act the following shall not apply: Articles 72, 150, 151, 152, 153, Article 192(2) and (3), Articles 192a, 193, 194, Article 196(1), Articles 197, 199, 200, 201, 202, Article 222(3), Article 231(3) and (4), the provisions concerning conversion pursuant to Chapter Sixteen, Section II and Section V of the Commerce Act.

§ 4. (Supplemented, SG No. 12/2021, effective 12.02.2021, amended, SG No. 54/2025) This Act implements the requirements of:

1. Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012, of the European Parliament and of the Council (OJ L 173/190, 12 June 2014);

2. Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (OJ L 150/296, 7 June 2019).

3. Article 5 of 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).

4. (New, SG No. 63/2025) Directive (EU) 2024/1174 of the European Parliament and of the Council of 11 April 2024 amending Directive 2014/59/EU and Regulation (EU) No. 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities (OJ, L 2024/1174 of 22 April 2024).

5. (New, SG No. 25/2026) Directive (EU) 2023/2864 of the European Parliament and of the Council of 13 December 2023 amending certain Directives as regards the establishment and functioning of the European single access point (OJ, L 2023/2864 of 20 December 2023).

§ 4a. (New, SG No. 37/2019, effective from the first 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, supplemented, SG No. 54/2025, amended, SG No. 63/2025) This Act provides for measures for the application of Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (OJ, L 225/1 of 30 July 2014).

§ 4b. (New, SG No. 63/2025) Measures for the implementation of the following instruments are provided for in this Act:

1. Articles 2 and 3 of Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No. 575/2013 and Directive 2014/ 59/EU as regards the prudential treatment of global systemically important institutions that are subject to a multi-point-of-entry resolution strategy and methods for indirect recording of instruments eligible to meet the minimum requirement for own funds and eligible liabilities (OJ, L 275/1 of 25 October 2022);

2. 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).

TRANSITIONAL AND CONCLUDING PROVISIONS

§ 5. The Ministry of Finance shall notify EBA and the European Commission of the resolution powers of the BNB and the Financial Supervision Commission and shall designate BNB as the contact authority for the purposes of cooperation and coordination with relevant authorities in other Member States.

§ 6. (Repealed, SG No. 37/2019, effective from the first 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).

§ 7. The Bulgarian National Bank shall determine the annual amount of the contribution referred to in Article 139(1) and the individual contributions referred to in Article 139(2) for 2015 within three months from entry into force of this Act.

§ 8. The Financial Supervision Commission shall determine the annual amount of the contribution referred to in Article 139(1) and the individual contributions referred to in Article 139(2) for 2017 by 31 March 2017.

§ 9. (1) In order to ensure efficient functioning of the financial system and in view of the need to ensure greater transparency of the operations on the financial market in the Republic of Bulgaria and in accordance with the National Reform Programme Europe 2020 adopted by Decision No. 28 of 2015 of the Council of Ministers, the BNB shall arrange a review of the asset quality of the total banking system, including a check of the quality and adequacy of the asset valuations, accepted collaterals and impairment and provisioning practices, with the participation of external persons of high professional reputation. The review referred to in sentence one shall be carried out within 12 months from entry into force of this Act.

(2) The review referred to in paragraph 1 shall be carried out according to a methodology corresponding to the one applied by the European Central Bank upon the establishment of the single supervisory mechanism and taking due account of the need to ensure financial stability and restore the confidence in the financial system.

(3) After taking into account the results of the review referred to in paragraph 1, the BNB shall conduct stress tests of the total banking system within the meaning of Article 80b of the Credit Institutions Act in order to identify the banks' capacity to bear unexpected losses in extraordinary stress situations.

(4) Based on the results of the review referred to in paragraph 1 and the stress tests referred to in paragraph 3, the BNB shall take the required measures within its legal powers to ensure

cover by the banks of the potential capital shortfall identified as a result of the asset quality review or in line with the need to strengthen the capacity of the banking system to bear unexpected losses in extraordinary stress situations.

(5) The costs related to the review under paragraph 1 for a specific bank shall be borne by the respective bank.

§ 10. (1) In order to ensure efficient functioning of the financial system and the need to ensure greater transparency of the operations on the financial market in the Republic of Bulgaria and in accordance with the National Reform Programme Europe 2020 adopted by Decision No. 28 of 2015 of the Council of Ministers, the Financial Supervision Commission shall arrange a review of the assets of pension funds and the balance sheets of insurance companies, with the participation of external persons of high professional reputation. The review referred to in sentence one shall be carried out within 12 months from entry into force of this Act.

(2) The review referred to in paragraph 1 shall be carried out according to a methodology developed by the Financial Supervision Commission in collaboration with the competent authorities of the Member States.

(3) The Financial Supervision Commission shall designate and announce the persons who will carry out the review under paragraph 1, and the costs for the review shall be borne by the pension funds and the insurance companies.

(4) (New, SG No. 59/2016) The Financial Supervision Commission shall assign the development of the methodology for stress tests of insurers and reinsurers, their organisation and conduct to an independent outside party by 31 December 2016. The costs of development of the methodology and conducting the stress tests shall be at the expense of the state budget.

§ 11. The Bank Bankruptcy Act (promulgated, SG No. 92/2002; amended, No. 67/2003, No. 36/2004, Nos. 31 and 105/2005, Nos. 30, 34, 59 and 80/2006, Nos. 53 and 59/2007, No. 67/2008, No. 105/2011, No. 98/2014, Nos. 22, 41 and 50/2015) shall be amended and supplemented as follows:

1. In Article 9(2), sentence two, the words "issued order by the managing director" shall be replaced by "issued decision by the Governing Council of the Central Bank".

2. In Article 11(3) after the word "conservators" the words "or by the temporary trustees in bankruptcy appointed in accordance with Article 12(1), item 2" shall be added.

3. In Article 12(1), item 2 after the words "proposed by the Fund" a full stop shall be added and the remaining text shall be deleted.

4. In Article 13(4) after the words "and of the conservators" the words "temporary trustees in bankruptcy respectively" shall be added.

5. In Article 19(1) after the words "the conservators" the words "or the temporary trustees in bankruptcy" shall be added.

6. In Article 49:

a) in paragraphs 1 and 2 after the words "the conservators" the words "or the temporary trustees in bankruptcy" shall be added;

b) paragraph 5 shall be created:

"(5) Where no temporary trustees in bankruptcy have been appointed, the actions under this

Article shall be carried out by the trustees in bankruptcy upon their taking office."

7. In Article 50(2) and (3) after the words "the conservators" the words "or the temporary trustees in bankruptcy" shall be added.

8. In Article 94(1):

a) in item 3 at the end shall be added "as well as costs of the Central Bank, the Ministry of Finance, the Banks Resolution Fund and the Investment Firms Resolution Fund in relation to resolution actions under the Recovery and Resolution of Credit Institutions and Investment Firms Act";

b) in item 4 after the word "subrogated" a semi-column shall be inserted and the remaining text shall be deleted;

c) a new item 4a shall be created:

"4a. claims of depositors who are natural persons or micro, small or medium-sized enterprises, for the portion exceeding the amount of the guarantee under the Bank Deposit Guarantee Act;"

d), item 4b shall be created:

"4b. claims of other depositors not covered by the deposit guarantee system;"

e) the existing item 4a shall become item 4c.

9. In § 1 of the additional provisions:

a) a new item 6 shall be created:

"6. "Micro, small and medium-sized enterprise" is an enterprise whose annual turnover does not exceed the annual turnover referred to in Article 3(1), item 2 of the Small and Medium-Sized Enterprises Act.";

b) the existing item 6 shall become item 7.

§ 12. Paragraph 11, item 8 shall not apply to the bankruptcy proceedings initiated before the entry into force of this Act.

§ 13. Article 16 of the Bulgarian National Bank Act (promulgated, SG No. 46/1997; amended, Nos. 49 and 153/1998, Nos. 20 and 54/1999, No. 109/2001, No. 45/2002, Nos. 10 and 39/2005, Nos. 37, 59 and 108/2006, Nos. 52 and 59/2007, Nos. 24, 42 and 44/2009, Nos. 97 and 101/2010, and No. 48/2015) shall be amended and supplemented as follows:

1. A new item 17 shall be created:

"17. take decisions as a resolution authority in the cases provided for in the Recovery and Resolution of Credit Institutions and Investment Firms Act;".

2. Item 18 shall be created:

"18. take decisions under Article 20, paragraph 1, item 2 of the Bank Deposit Guarantee Act that bank deposits are unavailable;".

3. The existing item 17 shall become item 19.

§ 14. The Financial Supervision Commission Act (promulgated, SG No. 8/2003; amended, Nos. 31, 67 and 112/2003, No. 85/2004, Nos. 39, 103 and 105/2005, Nos. 30, 56, 59 and 84/2006, Nos. 52, 97 and 109/2007, No. 67/2008, Nos. 24 and 42/2009, Nos. 43 and 97/2010, No. 77/2011, Nos. 21, 38, 60, 102 and 103/2012, Nos. 15 and 109/2013, and No. 34/2015) shall be amended and supplemented as follows:

1. In Article 1(2), item 1 after the words "the Market in Financial Instruments Act" a comma shall be inserted and the text "the Recovery and Resolution of Credit Institutions and Investment Firms Act" shall be added".

2. In Article 12(1):

a) in item 2 the words "and the Market in Financial Instruments Act" shall be replaced by the words "the Market in Financial Instruments Act and the Recovery and Resolution of Credit Institutions and Investment Firms Act";

b) a new item 9 shall be created:

"9. is a resolution authority under the Recovery and Resolution of Credit Institutions and Investment Firms Act;"

c) the existing item 9 shall become item 10.

3. In Article 13(1):

a) in item 4 after the words "the Market in Financial Instruments Act" the text "the Recovery and Resolution of Credit Institutions and Investment Firms Act" shall be added;

b) a new item 13 shall be created:

"13. exercise the powers of a resolution authority under the Recovery and Resolution of Credit Institutions and Investment Firms Act;".

4. In Article 15(1) a new item 12 shall be created:

"12. exercise the powers provided for in the Recovery and Resolution of Credit Institutions and Investment Firms Act as a competent authority, where such powers are not expressly conferred on the Commission;".

5. In Article 17a(1) sentence two shall be created:

"The member of the Commission under Article 3, item 5 shall assist the Commission in the exercise of its powers as a resolution authority and shall table proposals to the Commission for taking decisions under the Recovery and Resolution of Credit Institutions and Investment Firms Act".

6. In Article 18 everywhere after the words "the Market in Financial Instruments Act" the text "the Recovery and Resolution of Credit Institutions and Investment Firms Act" shall be added.

7. In Article 19(2), item 1 after the words "the Market in Financial Instruments Act" the text "the Recovery and Resolution of Credit Institutions and Investment Firms Act" shall be added.

8. In Article 24(5), item 1 after the words "the Market in Financial Instruments Act" the text "the Recovery and Resolution of Credit Institutions and Investment Firms Act" shall be added.

9. In Article 27(1):

a) in item 1 after the words "the Market in Financial Instruments Act" the text "the Recovery and Resolution of Credit Institutions and Investment Firms Act" shall be added;

b), item 11 shall be created:

"11. review and assessment of the recovery plan under the Recovery and Resolution of Credit Institutions and Investment Firms Act."

§ 15. Article 16 of the Financial Collateral Arrangements Act (promulgated, SG No. 68/2006; amended, No. 24/2009, No. 101/2010, No. 77/2011, Nos. 70 and 109/2013) shall be amended and supplemented as follows:

1. The existing text shall become paragraph 1.

2. Paragraph 2 shall be created:

"(2) The provisions of Articles 8, 10 and 11 shall not apply to restrictions on the implementation of financial collateral arrangements, restrictions on the effect of a financial collateral arrangement for provision of pledge, a netting or set-off clause applicable under Chapters Fifteen and Sixteen of the Recovery and Resolution of Credit Institutions and Investment Firms Act, or restrictions applicable under the relevant legislation of an EU Member State, which aims to facilitate the resolution of a person under Article 3(1), items 6 and 15, which shall be subject to at least equivalent protection to that granted under Chapter Seventeen of the Recovery and Resolution of Credit Institutions and Investment Firms Act."

§ 16. 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, 94 and 103/2012, No. 109/2013, and No. 34/2015) shall be amended and supplemented as follows:

1. Article 120b shall be created:

"Article 120b. (1) The provisions of Articles 115 - 116 and Article 117 shall not apply in cases where resolution measures are applied or resolution powers are exercised and arrangements are employed under the Recovery and Resolution of Credit Institutions and Investment Firms Act.

(2) In the cases of an increase of the capital of a public company in order to prevent occurrence of conditions for resolution under the Recovery and Resolution of Credit Institutions and Investment Firms Act, the call for the convening of a general meeting may be announced and published in a shorter period than the one provided for in Article 115(4), but in no less than 10 calendar days, if the general meeting decides to convene it by a two-third majority of the represented capital or if it amends the provisions of the Statute concerning the convening of the general meeting, and provided that the measures under Articles 44 and 46 of the Recovery and Resolution of Credit Institutions and Investment Firms Act have been applied."

2. In Article 148h:

a) the existing text shall become paragraph 1;

b) paragraph 2 shall be created:

"(2) The obligation to register a tender offer shall not arise upon the application of resolution measures or exercise of powers and employment of arrangements under the Recovery and Resolution of Credit Institutions and Investment Firms Act."

§ 17. The Market in Financial Instruments Act (promulgated, SG No. 52/2007; amended, No. 109/2007, No. 69/2008, Nos. 24, 93 and 95/2009, No. 43/2010, No. 77/2011, Nos. 21, 38 and

103/2012, Nos. 70 and 109/2013, Nos. 22 and 53/2014, and Nos. 14 and 34/2015) shall be amended and supplemented as follows:

1. In Article 20:

a) in paragraph 2 item 6 shall be created:

"6. if the reorganisation measures undertaken under Article 23a have yielded no result.";

b) paragraph 8 shall be created:

"(8) An extract from the decision of the Commission on the withdrawal of the authorisation of an investment firm referred to in Article 8(1) and (2) shall be published in the Official Journal of the European Union, as well as in two national dailies of each Member State in which the investment firm has a branch. An excerpt from the decision shall be submitted in Bulgarian."

2. Paragraph 7 shall be created in Article 21:

"(7) Liquidation under paragraph 1 of the investment firm under Article 23a shall not be an obstacle for undertaking reorganisation measures or opening liquidation proceedings."

3. Section IIa shall be created in Chapter Two, including Articles 23a - 23t:

"Section IIa

Reorganisation Measures and Winding-up Procedures

Article 23a. (1) Reorganisation measures shall be measures aimed to preserve or restore the financial position of an investment firm under Article 8(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 activities or reduction of claims. Those measures shall furthermore include the application of the resolution tools and the 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 referred to in paragraph 1 are those applied by the Commission, by the Deputy Chairperson respectively, and the competent authorities of another Member State measures in their capacity as supervisory authorities and resolution authorities.

(3) In case Article 115 of the Recovery and Resolution of Credit Institutions and Investment Firms Act applies, the provisions of Article 23b(3) shall not apply.

(4) The provisions of this section shall apply to the entities referred to in Article 1(1), items 3 - 7 of the Recovery and Resolution of Credit Institutions and Investment Firms Act.

Article 23b. (1) The Commission, its Deputy Chairperson respectively, shall be the competent authorities for the application of reorganisation measures in relation to an investment firm under Article 23a, including in relation to its branches in other Member States.

(2) The conditions 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 referred to in Article 23a, which has branches in other Member States, the Commission shall notify immediately, prior to the application of the measures, the competent authorities of those 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) The acts of the Commission, its Deputy Chairperson respectively, 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, its Deputy Chairperson respectively, 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, as well as in two national dailies of each Member State in which the investment firm has a branch. The excerpt from the act shall be submitted in Bulgarian.

(6) The summary 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.

Article 23c. 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.

Article 23d. (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 authorised in a third country shall be recognised directly and without formalities in the Republic of Bulgaria and of the moment they are subject to enforcement, they shall have effect in relation to the third parties in the Republic of Bulgaria.

Article 23e. (1) Competent for the liquidation or for the opening of bankruptcy proceedings against an investment firm authorised 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.

(2) Unless otherwise provided for in this Act, in case of liquidation proceedings and insolvency proceedings against an investment firm authorised 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;

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 who have obtained partial satisfaction after the opening of the insolvency 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.

Article 23f. (1) The Commission shall inform in good time the competent authority of the relevant Member States in which the investment firm carries on business through a branch that a liquidation has begun, informing it of the consequences resulting therefrom.

(2) The procedure for the notification under paragraph 1 shall also apply in the cases of a winding-up of a branch in the Republic of Bulgaria of the investment firm with its head office 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.

Article 23g. The invitation of the liquidator under Article 267 of the Commerce Act shall bear a heading in all official languages of the European Union "Invitation for lodgement of claim. Periods to be complied with."

Article 23h. (1) Every creditor in the liquidation proceedings, including a public authority, has the right to lodge 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".

(2) The liquidator shall have the right to require the submission of a translation in Bulgarian of the documents referred to in paragraph 1.

(3) Unless otherwise provided for by law, every creditor in the liquidation shall send copies of supporting documents certifying his claim, if any, and shall indicate the nature of the claim, the date of origination and its amount, the invocation of a privilege, the property collateral or lien provided, and what assets are covered by his collateral.

(4) The claims of all creditors of the investment firm under Article 23a in respect whereof a liquidation is conducted shall be treated equally and shall have payment subordination on the

basis of the same criteria, regardless of whether they have arisen in the territory of the Republic of Bulgaria or in the territory of other Member States.

Article 23i. The liquidator shall regularly and appropriately inform the creditors of the investment firm under Article 23a in respect whereof a liquidation is carried out on the progress of the proceedings.

Article 23k. In the application of the reorganisation measures or the opening of the winding-up procedures in respect of the investment firm under Article 23a 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.

Article 23l. (1) The application of reorganisation measures or the opening of winding-up procedures against an investment firm under Article 23a 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 under Article 23a 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 winding-up procedure for the investment firm under Article 23a.

(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) The provision of paragraph 1 does not preclude the possibility to request announcement of certain legal acts null and void, voidable or unenforceable under Article 23e(2), item 12.

Article 23m. (1) The application of reorganisation measures or the opening of a winding-up procedure for the investment firm under Article 23a, 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 winding-up procedure for the investment firm under Article 23a the item was located in the territory of another Member State.

(2) The application of reorganisation measures or the opening of a winding-up procedure for the investment firm under Article 23a, which is the seller of an item under a contract for sale

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 winding-up procedure for the investment firm under Article 23a the item being the object of sale was located in the territory of another Member State.

(3) The provisions of paragraphs 1 and 2 shall not preclude the possibility to demand announcement of certain legal acts null and void, voidable or unenforceable under Article 23e(2), item 12.

Article 23n. (1) The application of reorganisation measures or the opening of a winding-up procedure for the investment firm under Article 23a shall not affect the right of its creditors to offset any of their claims against the claims of the investment firm under Article 23a on them, when the conditions for such set-off are in place in accordance with the law applicable to the claim of the investment firm under Article 23a.

(2) The provision of paragraph 1 shall not preclude the possibility to demand announcement of certain legal acts null and void, voidable or unenforceable under Article 23e(2), item 12.

Article 23o. In the application of the reorganisation measures or the opening of a winding-up procedure in respect of the investment firm under Article 23a the applicable law shall be:

1. for the right of ownership or other rights in financial instruments within the meaning of Article 4(1), item 50 "b" of Regulation (EU) No. 575/2013, the existence or transfer of which entails their recording in a register, account or in a centralised depository institution located or kept in a Member State - the law of the Member State where the relevant register, account or centralised depository institution is located or kept;

2. for the netting agreements - the law that applies to the agreement which provides for netting in accordance with the provisions of Articles 100 and 103 of the provisions of the Recovery and Resolution of Credit Institutions and Investment Firms Act or relevant legislation of a Member State;

3. for the repurchase agreements - the law that applies to the agreement which provides for reverse repurchase, provided that item 1 is not violated in the application of the provisions of Articles 100 and 103 of the provisions of the Recovery and Resolution of Credit Institutions and Investment Firms Act, or relevant legislation of a Member State;

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 23a has been divested - the law of the Member State where the relevant law suit is conducted.

Article 23p. (1) The persons who administer 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 winding-up procedure for the investment firm under Article 23a 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 winding-up procedure for the investment firm under Article 23a.

Article 23q. (1) The provision of Article 23e(2) shall not apply to the rules for announcing null and void, voidable or unenforceable acts that are harmful to all creditors, where the beneficial owner of the act provides evidence that applicable to the harmful act for all creditors is the law of another Member State and that law does not allow the appeal of the act in the specific case.

(2) Where a reorganisation measure, as determined by a judicial authority, contains rules relating to the voidness, voidability or unenforceability of acts damaging all creditors, which acts have been executed prior to the enforcement of the measure itself, the rule under Article 23d(1), sentence two shall not apply to the cases under paragraph 1.

Article 23r. The validity of an act executed after the application of a reorganisation measure or after the opening of a winding-up procedure for an investment firm under Article 23a by virtue of which the investment firm under Article 23a 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(1), item 50 "b" 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 centralised depository institution which is located in another 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.

Article 23s. (1) All persons who submit or receive information in connection with the notification or consultation procedures under this section shall be bound by professional secrecy.

(2) Paragraph 1 shall apply in case Article 116 of the Recovery and Resolution of Credit Institutions and Investment Firms Act does not apply.

Article 23t. (1) The decision of the competent authority in a Member State for the appointment of a person who administers the reorganisation measures or the winding-up procedures for an investment firm under Article 23a authorised in the 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 referred under Article 23a in the territory of the Republic of Bulgaria, unless this Act provides for otherwise. They shall assist the creditors of the investment firm under Article 23a 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 shall comply with the Bulgarian law, including the procedures for converting the assets into cash and the provision of information to employees. In the exercise of such powers they may not exercise coercion or resolve legal disputes."

4. Article 25a shall be amended as follows:

"Article 25a. An investment firm, with the exception of those referred to in Article 1(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 reorganisation programme and the procedure for its approval, as well as the procedure for the approval of the recovery plans shall be determined by an ordinance."

5. Article 25b shall be repealed.

6. In Article 122(1), item 2, after the word "firm" the text "in the cases where the investment firm does not fall within the scope of Article 1(1), item 2 of the Recovery and Resolution of Credit Institutions and Investment Firms Act or the conditions for the appointment of a special manager under Article 46 of the same Act are not in place" shall be added.

§ 18. This Act shall enter into force on the day of its promulgation in the State Gazette with the exception of:

1. Article 139 (1) - (4), (6) and (9) - (11), which shall enter into force in relation to investment firms on 1 January 2017.

2. (Repealed, SG No. 37/2019, effective from the first 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).

This Act was adopted by the 43rd National Assembly on 30 July 2015 and is stamped with the official seal of the National Assembly.

TRANSITIONAL AND FINAL PROVISIONS
to the Act on the amendment and supplement to the
Recovery and Resolution of Credit Institutions and Investment Firms Act
(SG No. 37/2019, effective from the first 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)

§ 54. (Effective 7.05.2019 - SG No. 37/2019) (1) For the purposes of establishing close cooperation with the European Central Bank under Article 7 of Regulation (EU) No. 1024/2013 and associated participation of the Republic of Bulgaria in the Single Resolution Mechanism pursuant to Regulation (EU) No. 806/2014 and in connection with the implementation of the Agreement on the transfer and mutualisation of contributions to the Single Resolution Fund (ratified by law, SG No. 96/2018) (SG No. 4/2019) by the date on which the close cooperation begins in accordance with the decision of the European Central Bank under Article 7, paragraph 2 of Regulation (EU) No. 1024/2013, the Bulgarian National Bank, the Commission respectively, may exchange information with the Single Resolution Board in relation to recovery and resolution of institutions and entities under Article 1, paragraph 1, items 3 – 5, including information comprising professional, bank and trade secret.

(2) For the purposes of paragraph 1, the institutions and entities under Article 1, paragraph 1, items 3 – 5 shall, at the request of the resolution authority under Article 2, paragraph 1, provide assistance and the necessary information to the Single Resolution Board in relation to the process of resolution preparation and planning, including information comprising professional, bank and trade secret.

§ 55. Effective from the date of application of the decision of the European Central Bank on close cooperation, when pursuant to Regulation (EU) No. 806/2014 the Single Resolution Board shall perform tasks and exercise powers which, according to this Act, are performed or exercised by the resolution authority under Article 2, paragraph 1, Article 3, paragraph 1 respectively, for the purposes of implementing Regulation (EU) No. 806/2014 and this Act the Resolution Board shall be considered the relevant national authority under Article 2, paragraph 1, Article 3, paragraph 1 respectively.

§ 56. (1) Effective from the date of application of the decision of the European Central Bank on close cooperation, the Management Board of the Bank Deposits Insurance Fund shall transfer the funds from the Banks Resolution Fund t the resolution authority under Article 2, paragraph 1. Upon the transfer of the Banks Resolution Fund, the Management Board of the Bank Deposits Insurance Fund shall submit to the resolution authority under Article 2, paragraph 1 financial statements as of the date of transfer and information about the share of funds comprising contributions collected from branches of third-country credit institutions. On the basis of the information received, the resolution authority under Article 2, paragraph 1 shall allocate the funds received to the sub-funds under Article 134, paragraph 1.

(2) Following relevant notification by the Single Resolution Board of the initial contribution, the resolution authority under Article 2, paragraph 1 shall order transfer of an amount from the sub-fund under Article 134, paragraph 1, item 2 in accordance with Article 8 of the Agreement on the transfer and mutualisation of contributions to the Single Resolution Fund. After the transfer of the funds, the remaining collected funds in the sub-fund under Article 134, paragraph 1, item 2, if any, shall be deducted from the liabilities of the institutions for future contributions to the Single Resolution Fund by a decision of the resolution authority until they run out.

.....

§ 64. The Act shall enter into force on the first 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, except for § 5, item 1, § 6, § 7, item 1, § 8, 9, 10, 13, 14, § 16, item 2, § 17, § 18, item 1, "b", "aa", § 19, § 20, item 1, "b", "aa", § 21, item 1, "a", § 24, 25, 26, 27, 29, 30, 31, 33, 34, 35, 36, 38, 53, 54, 59, 60, 61, 62 and 63, which shall enter into force on the day of promulgation of the Act in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing to the Recovery and Resolution of

Credit Institutions and Investment Firms and Investment Intermediaries Act

(SG No. 12/2021, effective 12.02.2021)

§ 77. (1) The resolution authorities under Article 2 and Article 3 shall set transitional periods in which the institutions or the companies referred to in items 3 – 5 of Article 1(1) established until entry into force of this Act shall reach the minimum requirements for own funds and eligible liabilities set out in the relevant application of Article 70 or Article 70a, or the requirements arising from the application of Article 69a(7) to (10), (11) to (13) or (16). Transitional periods shall be set within the deadlines for reaching the minimum requirements funder paragraph 3.

(2) When setting the transitional periods, the resolution authorities shall take into account:

1. the prevalence of deposits, and the absence of debt instruments, in the funding model;
2. the access to the capital markets for eligible liabilities;
3. the extent to which the resolution entity relies on its Common Equity Tier 1 capital to

meet the requirement referred to in Article 70.

(3) The deadline for reaching the minimum requirements under paragraph 1 shall be 1 January 2024. The resolution authority may set a transitional period that ends after 1 January 2024 based on the criteria under paragraph 2, taking into account:

1. the development of the financial situation; of the institution or company under items 3 – 5 of Article 1(1);

2. the probability that the institution or the company referred to in items 3 – 5 of Article(1) is able to ensure compliance with the requirements under Article 70 or Article 70a or a requirement that results from the application of Article 69a(7) to (10), (11) to (13) or (16);

3. whether the institution or the company under items 3 – 5 of Article 1(1) is able to replace liabilities that no longer meet the eligibility or maturity criteria laid down in Articles 72b and 72c of Regulation (EU) No. 575/2013, and Article 69b or Article 70a(5);

4. where the institution or the company under items 3 – 5 of Article 1(1) is not able to meet the conditions under item 3 – whether that inability is of an idiosyncratic nature or is due to market-wide disturbance.

(4) The maximum timeframe for resolution entities, in respect of which the requirements under Article 69d(1) and (2) or (3) to (5) apply, shall start to apply the minimum level of the requirements from 1 January 2022.

(5) To ensure a linear build-up of own funds and eligible liabilities the resolution authorities shall set intermediate target levels under paragraph 1 to be met by the institutions and companies under items 3 – 5 of Article 1(1) as of 1 January 2022.

(6) The resolution authorities shall communicate to the institutions and companies referred to in items 3 – 5 of Article 1(1) the planned minimum requirements for own funds and eligible liabilities for each 12-month period during the transitional periods, with a view to facilitating a gradual build-up of its loss-absorbing and recapitalisation capacity and reaching the minimum requirements set at the end of the transitional periods.

(7) Transitional periods under paragraph 1 and the planned minimum requirements for own funds and eligible liabilities for each 12-month period under paragraph 6 may be amended by the resolution authority in compliance with the requirements set out in paragraphs 1, 3 and 5.

§ 78. Article 67 shall apply to the sales of financial instruments issued after 28 December 2020.

§ 79. (1) The institutions and companies under items 3 – 5 of Article 1(1) shall meet the obligation for public disclosure of the minimum requirement for own funds and eligible liabilities under Article 72b(6) from 1 January 2024.

(2) Where the resolution authority under Article 2 or Article 3 has set for an institution or company under items 3 – 5 of Article 1(1) a transitional period to reach the minimum requirement for own funds and eligible liabilities which ends after 1 January 2024, the obligation under Article 72b(6) shall be met by the institution or company referred to in items 3 – 5 of Article 1(1) from the date of on which the transitional period ends.

§ 80. Article 103a shall apply to financial contracts entered into until the entry into force of this Act, which create new obligations or substantially amend existing obligations after the entry into force of the Act.

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TRANSITIONAL AND FINAL PROVISIONS
to the Covered Bonds Act
(SG No. 25/2022, effective 8.07.2022)

.....

§ 8. The Recovery and Resolution of Credit Institutions and Investment Firms Act (promulgated in the State Gazette No. 62 of 2015; amended and supplemented in No. 59 of 2016, Nos. 85, 91 and 97 of 2017, Nos. 15, 20 and 106 of 2018, No. 37 of 2019 and No. 12 of 2021) shall be amended as follows:

.....

§ 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 the Act to Amend and Supplement the Market in Financial Instrument Act
(SG No. 25/2022, effective 29.03.2022)

.....

§ 85. The Recovery and Resolution of Credit Institutions and Investment Firms Act (promulgated in the State Gazette No. 62 of 2015; amended and supplemented in No. 59 of 2016, Nos. 85, 91 and 97 of 2017, Nos. 15, 20 and 106 of 2018, No. 37 of 2019 and No. 12 of 2021) shall be amended and supplemented as follows:

.....

§ 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.

ACT
Amending and Supplementing the Recovery and
Resolution of Credit Institutions and Investment Firms Act
(SG No. 63/2025)

.....

§ 25. Throughout the Act, the words "Article 31(c) of Regulation (EU) No. 1093/2010" shall be replaced by "Article 31(2)(c) of Regulation (EU) No. 1093/2010".

.....

FINAL PROVISIONS
to the Act to Amend and Supplement
the Public Offering of Securities Act
(SG No. 25/2026)

.....

§ 16. (1) Effective 10 January 2030, the information referred to in Article 5a of the Recovery and Restructuring of Credit Institutions and Investment Intermediaries Act shall be made available for the first time on the European single access point.

(2) By 9 January 2030, entities under Article 43(1) and Article 72b(1) of the Recovery and Restructuring of Credit Institutions and Investment Intermediaries Act which do not possess a legal entity identifier shall obtain and maintain such an identifier.

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Appendix No. 1
to Article 6(6)
(Amended and supplemented, SG No. 54/2025)

Content of the recovery plan:

1. Summary of the main elements of the plan and of the overall potential for recovery of the institution.

2. Summary of significant changes in the institution after the last recovery plan presented to the BNB, the Commission respectively.

3. Public relations plan and disclosure of information describing the ways in which the institution intends to cope with the possible negative effects on the market.

4. A set of actions relating to the capital and liquidity that are necessary for the maintenance or restoration of the viability and financial position of the institution.

5. Provisional timetable for the implementation of each essential element of the plan.

6. A detailed description of any potential significant barriers to the effective and timely implementation of the plan, including analysis of the impact on the rest of the group, customers and counterparties.

7. Identification of the critical functions.

8. A detailed description of the processes for identification of the value of the main business activities, operations and assets of the institution and the possibility for their sale.

9. A detailed description of how the recovery planning complies with the corporate governance structure of the institution, as well as with the policies and procedures relating to the approval of the recovery plan, and indication of the individuals in the organisation responsible for the design and implementation of the plan.

10. Rules and measures for preservation or recovery of the institution's own funds.

11. Rules and measures providing appropriate access of the institution to financing sources in emergency situations, including sources of liquidity; assessment of the available assets that can be used as collateral and assessment of the ability to transfer liquidity between individuals and business activities of the group, to ensure the continuity of the operations and performance of its obligations when due.

12. Rules and measures to reduce the risk and the level of leverage.

13. Rules and measures for the restructuring of the liabilities.

14. Rules and measures for the reorganisation of business activities.

15. (Supplemented, SG No. 54/2025) Rules and measures providing continuous access to financial markets infrastructures.

16. (Amended, SG No. 54/2025) Rules and measures providing continuity of operational processes in the institution, including network and information systems established and operated in accordance with 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".

17. Preparatory measures to facilitate the sale of assets or business activities within periods allowing quick recovery of financial stability.

18. Other actions or strategies of the management for the restoration of financial stability and the anticipated financial effects.

19. Preparatory measures taken by the institution or which it plans to take to facilitate the implementation of the recovery plan, including the measures required to facilitate the timely recapitalisation of the institution.

20. Framework of indicators specifying the situations in which the actions listed in the plan can be taken.

Appendix No. 2
to Article 14(11) and (12)
(Amended, SG No. 12/2021, effective 12.02.2021,
amended and supplemented, SG No. 54/2025)

Content of the resolution plan:

1. A summary of the key elements of the plan.

2. A summary of the material changes to the institution that have occurred after the latest resolution information was filed.

3. (Amended, SG No. 12/2021, effective 12.02.2021, SG No. 54/2025) A demonstration of how critical functions and core business lines could be legally and economically separated, to the extent necessary, from other functions of the institution so as to ensure continuity and digital operational resilience upon the failure of the institution.

4. An estimation of the timeframe for executing each material aspect of the plan. 5. A detailed description of the assessment of the possibility of resolution, carried out in accordance with Article 14(4) and Article 26.

6. A description of all the measures required under Article 29 to address or remove impediments to resolvability identified as a result of the assessment carried out in accordance with Article 26.

7. A description of the processes for determining the value and marketability of the critical functions, core business lines and assets of the institution.

8. A detailed description of the measures that are necessary to ensure that the information required under Article 16 is up to date and at the disposal of the BNB, the Commission respectively, at any time.

9. Justification of the opportunities for financing of the resolution options besides the use of the arrangements set forth in Article 14(6).

10. A detailed description of the various resolution strategies that could be applied according to the different possible scenarios and the applicable timescales.

11. A description of critical interdependencies among functions and departments both within the institution and with external systems and markets.

12. A description of options for preserving access to payments and clearing services and other infrastructures and, an assessment of the portability of client positions.

13. An analysis of the impact of the plan on the employment relations with the employees of the institution, including an assessment of any associated costs.

14. A plan for communicating with the media and the public.

15. (Amended, SG No. 12/2021, effective 12.02.2021) The requirements under Articles 70 and 70a and deadline for reaching the minimum requirement level for own funds and eligible liabilities.

16. (Amended, SG No. 12/2021, effective 12.02.2021) Where applicable, a schedule for meeting the requirements under Article 69a(7) to (10) 10, and under Article 69a(11) to (13), or (16) by the resolution entity in compliance with the deadline under item 15.

17. (Supplemented, SG No. 54/2025) A description of essential operations and systems for maintaining the continuous functioning of the institution’s operational processes, including of the network and information systems referred to in Regulation (EU) 2022/2554.

18. Where applicable, the opinion of the institution in connection with the resolution plan.

Appendix No. 3
to Article 16(1), item 2
(Amended, SG No. 37/2019, effective 7.05.2019,
SG No. 12/2021, effective 12.02.2021,
amended and supplemented, SG No. 54/2025)

Minimum information required by the resolution authority from the institutions at stand-alone level and at group level, which is necessary for the development and updating of resolution plans:

1. A detailed description of the organisational structure of the institution, including a list of all entities in the group.

2. Indication of shareholders, the shares held by them and the voting rights therein, expressed in absolute terms and as percentage for each legal person.

3. The location, jurisdiction of incorporation, licensing and key management associated with each legal person in the group.

4. A mapping of the institution's critical operations and core business lines, including material asset holdings and liabilities relating the such operations and business lines, by reference to legal persons in the group.

5. A detailed description of the components of the institution's and all its legal entities' liabilities, separating, at a minimum by types and amounts of short term and long-term debt, secured, unsecured and subordinated liabilities.

6. (Amended, SG No. 12/2021, effective 12.02.2021) Detailed data on the bail-inable liabilities of the institution.

7. A description of the processes needed to determine to whom the institution has pledged collateral, the person that holds the collateral and the jurisdiction in which the collateral is located.

8. Description of the off-balance-sheet positions of the institution and the entities of the group, including a mapping to its critical operations and core business lines.

9. The material hedges of the institution including a mapping to the affected legal persons referred to in item 1.

10. Identification of the major or most critical counterparties of the institution as well as an analysis of the impact of the failure of major counterparties in the institution's financial situation.

11. The systems on which the institution conducts a material number or value amount of trades, including a mapping to the institution's legal persons under item 1, critical operations and core business lines of the institution.

12. Payment, clearing and settlement systems of which the institution is directly or indirectly a member, including a mapping to the institution's legal persons under item 1, critical operations and core business lines of the institution.

13. A detailed inventory and description of the key management information systems, including those for risk management, accounting and financial and regulatory reporting used by the institution including a mapping to the institution's legal persons under item 1, critical operations and core business lines of the institution.

14. (Amended, SG No. 54/2025) An dentification of the owners of the systems referred to in item 13, service level agreements and software, systems or licenses, including a mapping to their entities under item 1, critical operations and core business lines of the institution, as well as an identification of critical ICT third-party service providers as defined in Article 3(23) of Regulation (EU) 2022/2554.

15. (New, SG No. 54/2025) The results of institutions’ digital operational resilience testing

under Regulation (EU) 2022/2554.

16. (Renumbered from Item 15, SG No. 54/2025) A mapping of the legal persons under item 1 and the interconnections and interdependencies among the different legal persons such as:

a) common or shared facilities, personnels and systems;

b) capital, funding or liquidity arrangements;

c) existing or contingent credit exposures;

d) cross guarantee agreements, cross-collateral arrangements, cross-default provisions and cross-affiliate netting arrangements against the institution and related parties;

e) risks transfers and back-to-back trading arrangements, service level agreements.

17. (Renumbered from Item 16, SG No. 54/2025) The competent and resolution authority for each legal person under item 1.

18. (Renumbered from Item 17, SG No. 54/2025) The member of the management body responsible for providing the information necessary to prepare the resolution plan of the institution as well as those responsible, if different, for the different legal persons under item 1, critical operations and core business lines.

19. (Amended, SG No. 37/2019, effective 7.05.2019, renumbered from Item 18, SG No. 54/2025) A description of the arrangements that the institution has in place to ensure that, in the event of resolution, the resolution authority will have all the necessary information, as determined by the resolution authority, for applying the resolution tools and powers.

20. (Renumbered from Item 19, SG No. 54/2025) All the agreements entered into by the institution and its legal entities under item 1 with third parties the termination of which may be triggered by a decision of the resolution authority to apply a resolution tool and whether the consequences of termination may affect the application of the resolution tool.

21. (Renumbered from Item 20, SG No. 54/2025) A description of possible liquidity sources for supporting resolution.

22. (Renumbered from Item 21, SG No. 54/2025) Information on asset encumbrance, liquid assets, off-balance sheet activities, hedging strategies and booking practices.

Appendix No. 4
to Article 26(5) and Article 27(6)
(Amended, SG No. 12/2021, effective 12.02.2021,
amended and supplemented, SG No. 54/2025)

Matters that the resolution authority is to consider when assessing the resolvability of an institution or group:

1. The extent to which the institution is able to map core business lines and critical operations to legal persons.

2. The extent to which legal and corporate structures are aligned with core business lines and critical operations.

3. The extent to which there are arrangements in place to provide for essential staff, infrastructure, funding, liquidity and capital to support and maintain the core business lines and the critical operations.

4. (Amended, SG No. 54/2025) The extent to which the service agreements, including contractual arrangements on the use of ICT services, that the institution maintains are robust and fully enforceable in the event of resolution of the institution.

5. (New, SG No. 54/2025) The digital operational resilience of the network and information

systems supporting critical functions and core business lines of the institution, taking into account major ICT-related incident reports and the results of digital operational resilience testing under Regulation (EU) 2022/2554.

6. (Renumbered from Item 5, SG No. 54/2025) The extent to which the governance structure of the institution is adequate for managing and ensuring compliance with the institution's internal policies with respect to its service level agreements.

7. (Renumbered from Item 6, SG No. 54/2025) The extent to which the institution has a process for transitioning the services provided under service level agreements to third parties in the event of the separation of critical functions or of core business lines in a new legal person.

8. (Renumbered from Item 7, SG No. 54/2025) The extent to which there are contingency plans and measures in place to ensure continuity in access to payment and settlement systems.

9. (Renumbered from Item 8, SG No. 54/2025) The adequacy of the management information systems in ensuring that the resolution authority is able to gather accurate and complete information regarding the core business lines and critical operations so as to facilitate rapid decision making.

10. (Renumbered from Item 9, SG No. 54/2025) The capacity of the management information systems to provide the information essential for the effective resolution of the institution at all times even under rapidly changing conditions.

11. (Renumbered from Item 10, SG No. 54/2025) The extent to which the institution has tested its management information systems under stress scenarios set by the BNB, the Commission respectively.

12. (Renumbered from Item 11, SG No. 54/2025) The extent to which the institution can ensure the continuity of its management information systems both for the affected institution and the new bank in the case that the critical operations and core business lines are separated in it.

13. (Renumbered from Item 12, SG No. 54/2025) The extent to which the institution has established adequate processes to ensure that it provides the BNB and the other resolution authorities with the information necessary to identify depositors and the amounts covered by the Bank Deposit Guarantee Fund or by a deposit guarantee scheme of a Member State.

14. (Renumbered from Item 13, SG No. 54/2025) Where the group uses intra-group guarantees or back-to-back trading arrangements, the extent to which those guarantees or arrangements are provided/performed at market conditions and the risk management systems concerning those guarantees are robust.

15. (Renumbered from item 14, amended, SG No. 54/2025) The extent to which the use of guarantees and arrangements under item 13 increases the risk of increases contagion across the group.

16. (Renumbered from Item 15, SG No. 54/2025) The extent to which the legal structure of the group inhibits the application of the resolution tools as a result of the number of legal persons, the complexity of the group structure or the difficulty in aligning business lines to group entities.

17. (Amended, SG No. 12/2021, effective 12.02.2021, renumbered from Item 16, SG No. 54/2025) The amount and type of bail-inable liabilities of the institution.

18. (Renumbered from Item 17, SG No. 54/2025) Where the assessment involves a mixed activity holding company, the extent to which the resolution of group entities that are institutions or financial institutions could have a negative impact on the non-financial part of the group.

19. (Renumbered from Item 18, SG No. 54/2025) The existence and robustness of service level agreements.

20. (Renumbered from Item 19, SG No. 54/2025) Whether third-country authorities have the resolution tools necessary to support resolution actions by BNB and other Union resolution

authorities, and the scope for coordinated action among BNB, Union and third-country authorities.

21. (Renumbered from Item 20, SG No. 54/2025) The feasibility of using resolution tools in such a way which meets the resolution objectives, given the tools available and the institution's structure.

22. (Renumbered from Item 21, SG No. 54/2025) The extent to which the group structure allows the BNB, the Commission respectively, and the other resolution authorities to resolve the whole group or one or more of its group entities without causing a significant direct or indirect adverse effect on the financial system, market confidence or the economy and with a view to maximising the value of the group as a whole.

23. (Renumbered from Item 22, SG No. 54/2025) The arrangements and means through which resolution could be facilitated in the cases of groups that have subsidiaries established in different jurisdictions.

24. (Renumbered from Item 23, SG No. 54/2025) The credibility of using resolution tools in such a way which meets the resolution objectives, given possible impacts on creditors, counterparties, customers and employees and possible actions that third-country authorities may take.

25. (Renumbered from Item 24, SG No. 54/2025) The extent to which the impact of the institution's resolution on the financial system and on financial market's confidence can be adequately evaluated.

26. (Renumbered from Item 25, SG No. 54/2025) The extent to which the resolution of the institution could have a significant direct or indirect adverse effect on the financial system, market confidence or the economy.

27. (Renumbered from Item 26, SG No. 54/2025) The extent to which contagion to other institutions or to the financial markets could be contained through the application of the resolution tools and powers.

28. (Renumbered from Item 27, SG No. 54/2025) The extent to which the resolution of the institution could have a significant effect on the operation of payment and settlement systems. When assessing the possibility of a resolution of a group, references to a bank in this appendix shall be construed as including any institution or company under Article 1(1), items 3 - 5 within the group.

Appendix No. 5
to Article 28a
(New, SG No. 12/2021, effective 12.02.2021,
supplemented, SG No. 63/2025)

Calculation of the maximum amount to be distributed in relation to the minimum requirement for own funds and eligible liabilities (MREL)

1. The maximum amount to be distributed in relation to the minimum requirement for own funds and eligible liabilities (MREL) shall be calculated by multiplying the sum calculated in accordance with item 2 by the factor determined in accordance with item 3 and the result is reduced by any amount resulting from the actions referred to in Article 28a.

2. The sum under item 1 shall consist of the following items:

a) any interim profits not included in Common Equity Tier 1 capital pursuant to Article 26(2) of Regulation (EU) No. 575/2013, net of any distribution of profits or any payment resulting from the actions referred to in Article 28a;

b) any year-end profits not included in Common Equity Tier 1 capital pursuant to Article 26(2)

of Regulation (EU) No. 575/2013, net of any distribution of profits or any payment resulting from the actions referred to in Article 28a;

c) amounts which would be payable by tax if the items specified in points (a) and (b) of this paragraph were to be retained.

The amount under item 1 shall be calculated by subtracting from the sum of the items specified in points (a) and (b) the amount of the item referred to in pint (c).

3. The factor under item 1 shall be determined as follows:

a) (supplemented, SG No. 63/2025) where the Common Equity Tier 1 capital of the institution or undertaking referred to in Article 1(1)(4) and (5) that is not used to meet the requirements of Article 92a of Regulation (EU) No. 575/2013 and Article 69b – 69f, expressed as a percentage of the total risk exposure calculated in accordance with Article 92(3) of Regulation (EU) No. 575/2013, covers up to 25 per cent of the combined buffer requirement, the ratio under item 1 is 0;

b) (supplemented, SG No. 63/2025) where the Common Equity Tier 1 capital of the institution or undertaking referred to in Article 1(1)(4) and (5) that is not used to meet the requirements of Article 92a of Regulation (EU) No. 575/2013 and Article 69b – 69f, expressed as a percentage of the total risk exposure calculated in accordance with Article 92(3) of Regulation (EU) No. 575/2013, covers over 25 per cent but not more than 50 per cent of the combined buffer requirement, the ratio under item 1 is 0.2;

c) (supplemented, SG No. 63/2025) where the Common Equity Tier 1 capital of the institution or undertaking referred to in Article 1(1)(4) and (5) that is not used to meet the requirements of Article 92a of Regulation (EU) No. 575/2013 and Article 69b – 69f, expressed as a percentage of the total risk exposure calculated in accordance with Article 92(3) of Regulation (EU) No. 575/2013, covers over 50 per cent but not more than 75 per cent of the combined buffer requirement, the ratio under item 1 is 0.4;

d) (supplemented, SG No. 63/2025) where the Common Equity Tier 1 capital of the institution or undertaking referred to in Article 1(1)(4) and (5) that is not used to meet the requirements of Article 92a of Regulation (EU) No. 575/2013 and Article 69b – 69f, expressed as a percentage of the total risk exposure calculated in accordance with Article 92(3) of Regulation (EU) No. 575/2013, covers over 75 per cent of the combined buffer requirement, the ratio under item 1 is 0.6.

Appendix No. 6
to Article 69a(8) and (16)
(New, SG No. 12/2021, effective 12.02.2021)

1. Setting the part of the minimum requirement to be met through own funds, subordinated eligible instruments or liabilities under Article 69a(6) in the cases of Article 69a(8).

The following formula shall apply when determining the result under Article 69a(8):

(1-(X1/X2)) x 8 % of total liabilities, including own funds,

where, in view of the possible reduction under Article 72b(3) of Regulation (EU) No. 575/2013:

X1 = 3.5 % of the total risk exposure under Article 92(3) of Regulation (EU) No. 575/2013, and

X2 = the sum of 18% of the total risk exposure under Article 92(3) of Regulation (EU) No. 575/2013 and the amount of the combined buffer requirement.

2. Determining the amount under Article 69a(16).

The following formula shall apply when determining the amount under Article 69a(16):

2xA+2xB+C,

where:

A = is the amount arising from the requirement under point (c) of Article 92(1) of Regulation (EU) No. 575/2013;

B = is the amount arising from the requirement under Article 103a(2) of the Credit Institutions Act;

C = is the amount arising from the combined buffer requirement.