

# CENTRAL DEPOSITORY

## **Rules of Procedure of Central Depository AD**

*(approved by Resolution No 537-CD of 10.07.2013 of the Deputy Chairperson of the Financial Supervision Commission in charge of the Investment Supervision Division, in force from 1 January 2014, amendments approved by Resolution No 758-CD of 25.08.2014, in force from 12 September 2014, amendments approved by Resolution No 715-CD of 25.08.2015, in force from 15 September 2015, amendments approved by Resolution No 430-CD of 17.03.2017, in force from 1 April 2017, amendments approved by Resolution No 1434-CD of 13.11.2017, in force from 2 December 2017, amendments approved by Resolution No 890-CD of the FSC of 17.09.2018, in force from 3 October 2018, amendments approved by Resolution No 1316-CD of the FSC of 19.12.2019, in force from 7 January 2020, amendments approved by Resolution No 225-CF of the FSC of 20.04.2021, in force from 5 May 2021, amendments approved by Resolution No 203-CD of the FSC of 15.03.2022, in force from 30 March 2022, amendments approved by Resolution No 497-CD of the FSC of 27.04.2023, in force from 12 May 2023\*)*

### **Part One General provisions**

#### **Chapter One General principles and provisions**

**Article 1.** (1) *(amended – Minutes No 11 of 14.04.2021)* These Rules lay down the terms and conditions for performance of the operations of Central Depository AD (the Central Depository, the CD) in accordance with the Public Offering of Securities Act (POSA), the Markets in Financial Instruments Act (MFIA), their implementing instruments, and other statutory instruments applicable to the Central Depository.

(2) The Rules of Procedure of the Central Depository (the Rules) lay down:

1. the general operating principles of the CD;
2. the conditions and procedures for acceptance of members and for their temporary or final expulsion;
3. the rights, obligations and requirements for the members of the CD;
4. *(amended – Minutes No 11 of 14.04.2021)* the conditions and procedure for the performance of the activities set out in Article 127a(1) and (3) of the POSA and in Ordinance No 8 of 3.09.2020 of the Financial Supervision Commission (FSC) laying down the requirements for the activities of the central securities depositories, the central securities register and other persons carrying out activities related to the settlement of securities (Ordinance No 8), as well as of the activities set out in Title Five of the MFIA;
5. the organisation of the internal control function;
6. the conditions and procedure for the imposition of sanctions on the members of the CD;
7. the operating rules of the system with settlement finality and the contents of the arrangements of the settlement system operated by the CD;
8. the conditions and procedure for providing information regarding the services performed, the requirements for keeping the registers of the CD, as well as the control of the compliance with these requirements;
9. the conditions and procedure for raising the funds and for the management of the guarantee fund referred to in Article 132 of the POSA and for payment of compensations out of this fund;
10. *(new – Minutes No 11 of 14.04.2021)* the rules of the central securities register (CSR);
11. *(renumbered from subparagraph 10, Minutes No 11 of 14.04.2021)* other matters related to the activity of the CD according to the extant legislation.

**Article 2.** (1) *(amended – Minutes No 13 of 10.09.2018, Minutes No 11 of 14.04.2021)* Amendments to these Rules shall be adopted by the Board of Directors (BD) of the CD and are subject to prior approval by the Financial Supervision Commission pursuant to Article 130(3) of the POSA in conjunction with Article 167(4) and (5) of the MFIA.

(2) The BD of the CD shall adopt operating rules – instructions, procedures and guidelines – which ensure the operation of the systems and registers operated by it and are obligatory for the members and participants in the systems.

(3) The standard forms of documents provided for in these Rules shall be approved by the Executive Director of the CD and shall be published on the website of the CD.

(4) The Central Depository shall issue a periodic newsletter about its operations in electronic form.

(5) The Central Depository shall notify its members about its resolutions by means of the newsletter and/or by electronic means. The publication of the information in the newsletter of the CD or sending it by electronic means is considered an official notification.

(6) (*amended – Minutes No 11 of 14.04.2021*) Amendments to the Rules of the CD which concern its members, as well as changes to the rules referred to in paragraph 2 shall be adopted by the BD of the CD after preliminary coordination with the members of the CD. The CD shall publish the draft amendments on its website, and the members of the CD shall be given sufficient time to submit proposals and opinions on the draft. Where applicable, the changes in these Rules shall also be coordinated with the Users' Committee of the CD.

**Article 3.** (1) (*amended – Minutes No 11 of 14.04.2021*) The CD shall keep the central register of securities by organising and managing a registration system for dematerialised financial instruments (registration system, register), and shall furthermore perform the following activities:

1. opening and keeping of accounts for dematerialised financial instruments in the registration system;
2. recording of issues of dematerialised financial instruments;
3. administration of dematerialised financial instruments, including keeping of registers of the holders of dematerialised shares and bonds, distribution of dividends, interests and other payments;
4. recording and servicing of corporate actions in relation to registered issues;
6. blocking and unblocking of dematerialised financial instruments;
7. immobilisation of financial instruments in the cases provided for by law;
8. (*new – Minutes No 11 of 14.04.2021*) organising the distribution of dividends by public companies, as well as the distribution and payment of interest, principal and other payments, including making notifications and performing other actions relating to administering the distribution of dividends, distribution and payment of interest, principal and other payments.

(2) The Central Depository shall set up and operate a clearing and settlement system (CSS, the settlement system) with settlement finality for dematerialised financial instruments, including by performing the following activities:

1. opening and keeping of accounts for dematerialised financial instruments in the CSS;
2. recording and providing the finality of transactions in dematerialised financial instruments;
3. keeping of cash accounts and carrying out payments related to transactions in financial instruments;
4. recording of repurchase transactions and reverse repurchase transactions in financial instruments;
5. management of a Settlement Guarantee Fund for transactions in financial instruments;
6. operation of a centralised information system for intermediary services (pool) in financial instruments lending.

(3) The Central Depository shall maintain and keep registers of:

1. dematerialised financial instruments;
2. special pledges on dematerialised securities;
3. compensation instruments within the meaning of the Transactions in Compensation Instruments Act (TCIA);
4. repurchase transactions and reverse repurchase transactions;
5. other registers in the cases provided for in the extant legislation.

(4) Orders for the execution of operations in the CSS shall be submitted by the participants in the system in compliance with the operating rules of the system.

(5) The CD shall reflect in the registration system the changes in ownership resulting from the recording of the transactions finalised in the CSS on the basis of the information received from its members in accordance with the procedure laid down in Part Four of these Rules.

(6) The Central Depository shall perform the functions of a national numbering agency regarding the assignment of ISINs (International Securities Identification Number) and keeping a register of ISINs of securities issues.

(7) The CD shall liaise with foreign depository institutions for the purposes of dual listing and cross-listing, and cross-border settlement.

(8) (*new – Minutes No 13 of 10.09.2018*) The CD shall perform its operations in accordance with the requirements set out in Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (Regulation (EU) No 909/2014) and the relevant delegated and implementing acts adopted pursuant to Regulation (EU) No 909/2014.

(9) (*new – Minutes No 13 of 10.09.2018*) The CD shall provide services for issuing and maintaining of legal entity identifiers (LEI codes) in accordance with the rules adopted by the BD. The services shall be provided after the necessary permits are obtained in accordance with the applicable legislation.

(10) (*new – Minutes No 9 of 18.04.2023*) The CD is a participant in the common securities settlement platform of the Eurosystem TARGET2-Securities (T2S) for the purposes of pan-European settlement of transactions in financial instruments from issues denominated in EUR.

**Article 4.** The Central Depository shall collect for the services performed in carrying out its activities fees according to a tariff adopted by the Board of Directors. The tariff shall be published on the website of the CD.

(2) Fees in accordance with the tariff shall be payable for all services provided by the CD through the registration system and the clearing and settlement system, except in the cases provided for in a statutory instrument.

(3) Article 2(6) applies to any amendments in the tariff relevant to the members of the CD.

(4) (*new – Minutes No 9 of 18.04.2023*) Services provided through T2S are subject to a fee in accordance with the Tariff, which includes the fee charged by T2S.

**Article 5.** (1) (*amended – Minutes No 13 of 10.09.2018, Minutes No 11 of 14.04.2021*) The Central Depository shall provide to its members mechanisms for settlement of transactions in dematerialised financial instruments when acting as an operator of a settlement finality system in accordance with Article 227a of the MFIA and Chapter Eight, Section I of the Payment Services and Payment Systems Act (PSPSA).

(2) The Central Depository shall provide to the companies that have issues of dematerialised financial instruments mechanisms for:

1. recording of issues of financial instruments;
2. execution of corporate actions and recording of changes in the registration system;
3. deregistration of issues of financial instruments.

(3) The Central Depository shall provide to its clients mechanisms for access to registers and registering circumstances in said registers, and shall maintain the registers in compliance with the requirements of the extant statutory framework.

**Article 6.** The activities of the Central Depository must be carried out in compliance with the following principles:

1. provision of a level playing field for access to and participation in the clearing and settlement system for all of its members, subject to the chosen type of membership;
2. provision of a level playing field for all issuers of financial instruments of the same type and class;
3. application of unified rules for recording and execution of corporate actions;
4. application of unified rules for finalisation of transactions in and transfers of financial instruments;
5. application of objective standards, fairness and impartiality with regard to the various clients and members of the CD and their clients when processing the operations ordered by them;
6. provision of unbundled services;
7. unbundling and relative independence of the services provided by the CD and relating to the registration system and the clearing and settlement system for transactions in dematerialised financial instruments.

## **Chapter Two Membership in the CD**

### **Section I General provisions**

**Article 7.** (1) A member of the Central Depository is a legal person which meets the conditions for membership according to these Rules and which has signed a membership agreement with the CD.

(2) (*amended – Minutes No 11 of 14.04.2021*) Members of the CD can be participants in the settlement system.

(3) All members of the CD have equal standing and equal rights and obligations according to the type of membership.

(4) The members of the CD are obliged to comply with the provisions of these Rules, the applicable legislation and the membership agreement.

(5) The CD shall provide access to clearing and settlement services for and through its members or participants in the settlement system.

(6) The choice of the type of membership is voluntary and is determined by the applicant provided that the latter meets the criteria for the respective type of membership.

(7) Changes in the type of membership shall be allowed in the following cases:

1. the person no longer meets the criteria for the respective type of membership;
2. at the choice of the respective member, provided that the relevant requirements are met.

**Article 8.** (1) The types of membership in the Central Depository are as follows:

1. clearing member;
2. direct member;
3. non-clearing member.

(2) Clearing members perform in the settlement system the operations specified in Article 9(2) on their own behalf and for their own account, on behalf and for the account of their clients, as well as on behalf and for the account of non-clearing members and/or clients of non-clearing members. Clearing members may also perform operations on behalf and for the account of non-clearing members in cases where non-clearing members enter into transactions in dematerialised financial instruments for their own account and/or for the account of their clients.

(3) Direct members perform in the settlement system the operations specified in Article 9(3) on their own behalf and for their own account, and on behalf and for the account of their clients.

(4) Clearing and direct members of the CD perform operations in the CSS as direct participants in the system.

(5) Non-clearing members may perform in the settlement system the operations specified in Article 9(4) only through a clearing member on the basis of contractual relationships with said clearing member. Non-clearing members are indirect participants in the settlement system.

(6) Clearing and direct members of the CD may also perform activities in the following capacities:

1. a register operator – an activity relating to the recording in the registration system of changes in ownership resulting from the recording in the CSS of finalised transactions in financial instruments;
2. a registration agent – an activity relating to the recording of transfers of financial instruments related to transactions, donations and inheritance operations concluded at an earlier time between the parties.

**Article 9.** (1) The members of the CD shall carry out their functions in compliance with their authorisation and the chosen type of membership.

(2) Clearing members can perform on their own behalf and for their own account, on behalf and for the account of their clients, as well as on behalf and for the account of non-clearing members and/or clients of non-clearing members, operations concerning:

1. finalisation of transactions in dematerialised financial instruments;
2. opening and keeping of accounts for dematerialised financial instruments and registration of clients;
3. opening and keeping of cash accounts and carrying out payments related to transactions in dematerialised financial instruments;
4. recording and depositing of dematerialised financial instruments;
5. representation in ordering and executing corporate actions, including regarding the discharging of monetary and non-monetary obligations of an issuer of dematerialised financial instruments to owners of financial instruments and to the CD;

6. custodian services – safekeeping of financial instruments and cash of clients in a depository institution and related services;

7. other functions relating to the operations of the CD according to these Rules.

(3) Direct members can perform on their own behalf and for their own account, as well as on behalf and for the account of their clients, operations concerning:

1. finalisation of transactions in dematerialised financial instruments;

2. opening and keeping of accounts for dematerialised financial instruments and registration of clients;

3. opening and keeping of cash accounts and carrying out payments related to transactions in dematerialised financial instruments;

4. recording and depositing of dematerialised financial instruments;

5. representation in ordering and executing corporate actions, including regarding the discharging of monetary and non-monetary obligations of an issuer of dematerialised financial instruments to owners of financial instruments and to the CD;

6. custodian services – safekeeping of financial instruments and cash of clients in a depository institution and related services;

7. other functions relating to the operations of the CD according to these Rules.

(4) Non-clearing members can perform through clearing members operations concerning:

1. finalisation of transactions in dematerialised financial instruments;

2. opening and keeping of accounts for dematerialised financial instruments and registration of clients;

3. opening and keeping of cash accounts and carrying out payments related to transactions in dematerialised financial instruments;

4. recording and depositing of dematerialised financial instruments;

5. representation in ordering and executing corporate actions, including regarding the discharging of monetary and non-monetary obligations of an issuer of dematerialised financial instruments to owners of financial instruments and to the CD;

6. custodian services – safekeeping of financial instruments and cash of clients in a depository institution and related services;

7. other functions relating to the operations of the CD according to these Rules.

(5) When ordering operations in accordance with paragraph 4 the clearing member shall indicate the respective non-clearing member on whose behalf the operation is performed.

(6) Register operator activities within the meaning of these Rules may only be carried out by clearing and direct members of the CD.

(7) (*amended – Minutes No 11 of 14.04.2021*) Registration agent (RA) activities within the meaning of Chapter Eight of Ordinance No 38 of the FSC laying down the requirements to the activities of investment firms (Ordinance No 38) may only be carried out by clearing and direct members of the CD.

(8) (*amended – Minutes No 11 of 14.04.2021*) Management companies and the persons managing alternative investment funds in accordance with the Collective Investment Schemes and Other Undertakings for Collective Investments Act (CISOU CIA) shall operate only as direct members of the CD.

**Article 10.** (1) (*amended – Minutes No 11 of 14.04.2021*) A register operator shall carry out the activities set out in these Rules by transmitting to the registration system (CSR and other registers kept by the CD) messages containing instructions for operations, as follows:

1. opening and closing of accounts in the registration system;

2. registration of clients;

3. recording of changes in the registration system resulting from the activities of the CSS participants;

4. establishing links between the client accounts in the registration system and the CSS.

(2) A register operator may also perform in the registration system operations on behalf of other members of the CD.

(3) (*amended – Minutes No 11 of 14.04.2021*) A registration agent shall carry out the activities set out in Article 109 of Ordinance No 38 by submitting messages for the recording of:

1. transactions in financial instruments concluded at an earlier time directly between the parties;

2. transfers of financial instruments in cases of donation and succession;

3. changes in the details regarding the holders of financial instruments, corrections of erroneous data, issuance of copies of certification documents and information about portfolios of financial instruments.

(4) Clearing and direct members of the CD shall become entitled to carry out the activities specified in paragraphs 1 and 3 after the submission, respectively approval, of an order to the CD via the electronic data exchange system.

(5) (*new – Minutes No 9 of 18.04.2023*) Credit institutions that are members of the CD shall also be able to operate as direct participants in T2S (Directly Connected Party) if they comply with the rules and satisfy the requirements of T2S and are authorised as a directly connected party by the BNB.

(6) (*new – Minutes No 9 of 18.04.2023*) The credit institution shall enter with the CD into a contract for being connected to T2S as a Directly Connected Party (DCP). Said contract shall set out:

1. the rights and obligations of the parties in connection with the authorisation to execute direct operations in T2S as a DCP;
2. the obligations of the relevant credit institution to pass the necessary tests required for obtaining access;
3. the rules and procedures in case of emergency situations;
4. the responsibilities of the credit institution in connection with the operations executed in T2S.

(7) (*new – Minutes No 9 of 18.04.2023*) The CD shall authorise the relevant credit institution with rights to execute direct operations in T2S after said institution has successfully passed the necessary tests and fulfilled the other requirements laid down in these Rules of Procedure.

(8) (*new – Minutes No 9 of 18.04.2023*) The procedure for conducting the tests required for authorisation shall be laid down in an operating instruction adopted by the CD in accordance with the requirements for direct T2S connectivity published by the ECB.

(9) (*new – Minutes No 9 of 18.04.2023*) The members of the CD that are authorised to carry out activities as DCPs shall be liable to the CD for any damages caused by them in connection with the operations they execute in T2S. Said liability shall be set out in the contract referred to in paragraph 6.

## **Section II**

### **Membership conditions and requirements**

**Article 11.** (1) (*amended – Minutes No 11 of 14.04.2021*) The persons specified in Article 131(2) of the POSA and Article 76(1) of Ordinance No 8 that have been approved by the Board of Directors of the CD in accordance with the terms and conditions laid down in these Rules can be members of the Central Depository.

(2) Only banks authorised by the BNB to perform investment activities or entitled to perform such activities on the territory of the Republic of Bulgaria under the conditions of mutual recognition in accordance with the Credit Institutions Act can be clearing members of the CD.

(3) Clearing and direct members must meet the financial, technical and operational requirements provided for in Articles 12, 13 and 14.

(4) Non-clearing members must meet the financial requirements set out in Article 12.

(5) (*new – Minutes No 9 of 18.04.2023*) The requirements to be met by members of the CD acting as DCPs are set out in the rules and procedures for direct T2S connectivity published by the ECB.

**Article 12.** (1) (*amended – Minutes No 11 of 28.11.2019*) The financial requirements for membership are as follows:

1. payment of the contributions due to the guarantee fund for damages and to the settlement guarantee fund, as applicable;
2. maintaining the required cash balances on the declared cash settlement accounts;
3. maintaining the required cash balances on accounts to cover the liabilities to the CD arising as a result of performed services;
4. (*new – Minutes No 11 of 28.11.2019*) payment of (affiliation and annual) membership fees to the CD.

(2) (*repealed – Minutes No 11 of 28.11.2019*)

(3) (*amended – Minutes No 11 of 28.11.2019*) The members of the CD must have repaid all financial liabilities for services provided by the CD not later than the 15<sup>th</sup> day of the month following the month to which the respective liabilities relate.

(4) (*new – Minutes No 11 of 28.11.2019*) If the financial liabilities have not been paid within the time limit specified in paragraph 3, the following measures shall be applied:

1. the defaulting member shall be required to provide a positive balance in the accounts referred to in paragraph 1(3) at the end of each month, starting from the month of default;

2. where necessary, sanctions in accordance with the procedure laid down in Chapter Three of these Rules shall be imposed on the defaulting member.

(5) (*new – Minutes No 11 of 28.11.2019*) After the expiration of a six-month period as of the month following that of the failure to discharge the financial obligations, the respective member shall have the right to submit a request to be released from the obligation specified in paragraph 4(1). The BD of the CD shall issue a resolution on the submitted request after assessing all the circumstances of the case.

(6) (*new – Minutes No 11 of 28.11.2019*) Membership fees for the CD shall be paid in accordance with the procedure and within the time limits provided for in the Tariff of Fees Collected by the CD.

(7) (*new – Minutes No 11 of 28.11.2019*) In the event of failure to pay fees, sanctions in accordance with the procedure laid down in Chapter Three of these Rules shall be imposed on the defaulting member.

**Article 13.** (1) The technical requirements for membership are as follows:

1. availability and maintaining in working order of the information systems interconnecting with the systems of the CD;
2. compliance of the information systems with the technical rules and communication standards established by the CD;
3. observance of the procedure for exchange of information established in these Rules and in the technical rules for data exchange;
4. established security and protection procedures, including organisational and information tools, for use of the systems operated by the CD.

(2) The CD shall establish common rules and set uniform standards for communication with all its members, including for the exchange of data and messages by electronic means.

(3) All electronic communications and notifications by the CD have unconditional effect.

(4) The CD may issue instructions to its members regarding the technical parameters for the implementation of the communication.

(5) The CD shall conduct tests to verify the technical and information preparedness for connection with the systems operated by it.

**Article 14.** The operational requirements for membership are as follows:

1. availability of the internal organisation and qualified personnel required to ensure that the obligations to the CD are fulfilled in accordance with the extant statutory framework;
2. employees authorised to access the communication systems with the CD should be informed and receive regular training on security and protection procedures.

**Article 14a.** (1) (*new – Minutes No 13 of 10.09.2018*) CD AD shall perform a comprehensive risk assessment following a request for access by a participant in the CSS, another central securities depository (CSD), central counterparty or trading venue, taking into account the following risks arising from the access to the services of CD AD:

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

(2) The assessment of the relevant risks shall be carried out in compliance with the requirements laid down in Regulation (EU) No 909/2014 and in Commission Delegated Regulation (EU) 2017/392 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on authorisation, supervisory and operational requirements for central securities depositories (Regulation (EU) 2017/392).

(3) In the cases of request for access according to paragraph 1 the requesting party shall submit additional documents required for carrying out a comprehensive risk assessment, namely:

1. a risk assessment questionnaire where applicable;
2. a statement of origin of the funds on the basis of which the initial capital has been formed (in the case of a request for initial recording of an issue of financial instruments);
3. an opinion regarding the legal capacity (for participants in the CSS), if requested by the CD;
4. an opinion regarding the country (for participants in the CSS from countries outside the EEA), if requested by the CD;
5. the rules and procedures for access or membership, trading, clearing and settlement of transactions (in the case of a request for access by a trading venue);

6. where necessary, additional information depending on the specific case.

(4) The BD shall approve risk assessment questionnaires for the following requests for access:

1. from legal persons that intend to become members and participants in accordance with Article 33 of Regulation (EU) No 909/2014;
2. from issuers in accordance with Article 49 of Regulation (EU) No 909/2014;
3. from other CSDs in accordance with Article 52 of Regulation (EU) No 909/2014;
4. from trading venues and other market infrastructures in accordance with Article 53 of Regulation (EU) No 909/2014.

### **Section III**

#### **Procedure for acceptance of members and changes in the type of membership**

**Article 15.** (1) An application form shall be submitted for acceptance of new members and for changing the type of membership.

(2) (*amended – Minutes No 11 of 14.04.2021*) The following information shall be enclosed with the application for membership:

1. UIC or an equivalent identification code (if no UIC is available);
2. (*new – Minutes No 13 of 10.09.2018*) legal entity identifier;
3. (*renumbered from subparagraph 2, Minutes No 13 of 10.09.2018*) copy of the authorisation to conduct operations issued by the Financial Supervision Commission (FSC), respectively by the Bulgarian National Bank (BNB). Persons authorised in a Member State shall produce a copy of the notification from the relevant competent body to conduct operations in the territory of the Republic of Bulgaria;
4. (*renumbered from subparagraph 3, Minutes No 13 of 10.09.2018*) declaration using a standard form regarding the numbers of the bank accounts for receiving funds from corporate actions;
5. (*renumbered from subparagraph 4, Minutes No 13 of 10.09.2018*) declaration using a standard form regarding the numbers of the bank accounts for participation in the settlement system;
6. (*renumbered from subparagraph 5, Minutes No 13 of 10.09.2018*) consent for direct debit, in compliance with the extant statutory framework, for carrying out payments for transactions in dematerialised financial instruments through the Real-Time Interbank Gross Settlement System (RINGS) – for the participants in the CSS;
7. (*repealed – Minutes No 6 of 19.06.2015, renumbered from subparagraph 6, Minutes No 13 of 10.09.2018*);
8. (*renumbered from subparagraph 7, Minutes No 13 of 10.09.2018*) declaration regarding the communication channels through which the applicant will interconnect with the CD, with indicated usage priorities, as well as regarding the organisation established to ensure that the applicant's obligations to the CD are discharged;
9. (*renumbered from subparagraph 8, Minutes No 13 of 10.09.2018*) other documents provided for in a statutory instrument;
10. (*new – Minutes No 13 of 10.09.2018*) the applicable documents set out in Article 14a(3) that enable the CD to perform a risk assessment.

(3) Documents certifying that the conditions for the relevant type of membership are met shall be enclosed with the application for change of the type of membership.

(4) The application shall indicate whether the applicant intends to carry out functions as a register operator and/or as a registration agent.

(5) (*amended – Minutes No 13 of 10.09.2018, Minutes No 11 of 14.04.2021*) If the documents are submitted by foreign persons, documents equivalent to those set out in paragraph 3 shall be submitted. Documents in a foreign language shall be accompanied by a translation into Bulgarian and must be legalised in compliance with the requirements set out in the extant legislation.

(6) Copies of documents enclosed with the application must be certified with the signature of the legal representative of the company and a stamp reading “true copy of the original”.

**Article 16.** (1) Applications for acceptance of new members or changing the type of membership shall be considered and approved by the Board of Directors of the CD.

(2) If the submitted documents are incomplete or incorrect, or additional information is needed, the CD shall send to the applicant a notification of the ascertained incompleteness and inconsistencies or a notification regarding the additional information and documents requested.



(3) The Board of Directors shall pass a resolution on the application within 30 days of its receipt, and when additional information and/or documents have been requested – within 30 days of their provision.

(4) (*amended – Minutes No 13 of 10.09.2018*) The applicant shall be notified in writing of the resolution made within three days of its issuance, but not later than 30 days after the receipt of the application or of the additional information, as the case may be.

(5) (*new – Minutes No 6 of 19.06.2015*) Within three days of the announcement of the resolution to approve the application for membership, the applicant is obliged to pay the affiliation membership fee, as well as the respective contributions to the funds provided for in these Rules.

(6) (*renumbered from paragraph 5, Minutes No 6 of 19.06.2015*) The Board of Directors shall rule to reject the application if:

1. the provisions of the statutory instruments or the requirements set out in these Rules have not been complied with;
2. the applicant has provided false data or documents;
3. the applicant has not eliminated the ascertained incompleteness and inconsistencies or has not submitted the required additional information and documents within the time limit set by the Board of Directors.

(7) (*renumbered from subparagraph 6, Minutes No 6 of 19.06.2015, amended – Minutes No 13 of 10.09.2018*) The refusal of the Board of Directors to admit the person as a member or to approve the requested change in the type of membership must be justified in writing and is subject to appeal in accordance with Article 33(3) of Regulation (EU) No 909/2014.

(8) (*renumbered from subparagraph 6, Minutes No 6 of 19.06.2015*) The CD shall publish information about the members and their functions on its website.

**Article 16a.** (*new – Minutes No 13 of 10.09.2018*) In the case of a request for access from another CSD or market infrastructure, the requirements of this section of these Rules shall apply accordingly.

**Article 16b.** (*new – Minutes No 9 of 18.04.2023*) (1) A CSD that is a participant in T2S (participating CSD) may submit a request for access to the CD.

(2) After receiving the request referred to in paragraph 1, the CD shall immediately provide access to the services provided through T2S.

(3) After obtaining access to the CSS, the CSD may carry out the activities set out in Article 163h of these Rules of Procedure subject to equal standing with the members of the CD.

#### **Section IV**

#### **Membership agreement and obligations of the members of the CD**

**Article 17.** (1) The membership in the CD shall become effective upon the execution of a written membership agreement.

(2) The agreement referred to in paragraph 1 is standardised and contains the specific rights and obligations for the relevant type of membership.

(3) (*amended – Minutes No 11 of 14.04.2021*) The membership agreement shall be concluded after the Board of Directors has passed a resolution to approve the application for membership, respectively after the FSC or the Arbitration Court of the CD has adopted a ruling to repeal a refusal of the Board of Directors to accept a new member.

(4) In the applicable cases, the membership agreement may also include the clauses of an agreement for participation in the settlement finality system operated by the CD.

(5) The participants in the settlement system shall obtain access to the CSS after the execution of the agreement for participation and after the other conditions set out in these Rules have been complied with.

(6) The members of the CD shall notify via the electronic data exchange system the register operator/s through which any changes in ownership resulting from concluded transactions will be recorded in the registration system in the following cases:

1. after the execution of a membership agreement for participation in the system;
2. in the event of a change in the declared data.

**Article 18.** (1) The members the CD shall be liable for the actions carried out by them, including for the data and information they provide while carrying out operations in the systems operated by the CD.

(2) The CD shall not be liable for the legality of the actions of its members and for the accuracy of the data provided by them. The CD is not a party to the contractual relationship between the members of the CD and their clients or third parties.

(3) The CD shall not be liable for damages related to the recording and settlement of transactions in dematerialised financial instruments caused as a result of incomplete, incorrect or inaccurate information provided by the members of the CD.

(4) *(new – Minutes No 9 of 18.04.2023)* Members of the CD acting as DCPs in T2S shall be responsible for their actions, including for the data and information they provide when carrying out operations in T2S.

**Article 19.** (1) The members of the CD are be obliged to immediately inform the CD of any changes in the information contained in the documents on the basis of which they were accepted as members, as well as of any changes in the data related to the execution of the operations ordered by them.

(2) The CD may at any time require from its members to provide the necessary information and documents related to their activity under these Rules.

(3) The members are obliged to provide the information and documents required within the time limit indicated by the CD, and in case of failure to fulfil this obligation the CD may impose the sanctions provided for in these Rules.

(4) The CD may request from the FSC and its bodies to assist by carrying out inspections and/or imposing administrative measures within their competence.

## **Section V**

### **Suspension and termination of membership**

**Article 20.** (1) Membership in the CD shall be terminated by a resolution of the Board of Directors (BD) in the following cases:

1. upon a written request by the member for termination of the membership;
2. upon revocation of the authorisation to conduct operations by the relevant competent body;
3. upon imposition of the sanction “termination of the membership in the CD” in accordance with the procedure set out in these Rules.

(2) The CD shall notify the member of the termination of membership within 3 days of the respective resolution.

(3) The membership termination date, respectively the agreement termination date, shall be the date of the resolution of the BD to terminate the membership or the date explicitly indicated in the resolution.

**Article 21.** (1) The termination of membership shall result in the deletion of the member from the registers of the CD. The resolution of the BD shall enter into force on the date of enactment, unless the BD decides otherwise.

(2) In the cases covered by Article 20(1)(1) the BD shall terminate the membership after the respective member settles its relations with the other participants and its clients.

(3) In the cases covered by Article 20(1)(2) and (3) the BD shall specify in its resolution a deadline for settling the relations of the respective member with the other participants and its clients.

(4) Prior to the termination of the membership all financial instruments on the client accounts with the respective member must be transferred to accounts with other members or to owner accounts in the CD.

(5) Until the date of the resolution of the BD to terminate the membership, the respective member shall owe all applicable fees determined and accrued according to the Tariff of Fees collected by the CD.

(6) Within 3 business days of the notification date of the resolution of the BD to terminate the membership, the respective member shall submit to the CD information about the amount of the paid/outstanding dividends to its clients.

(7) Termination of the membership shall not lead to liquidation of the liabilities to the CD.

(8) The operations and corrections ordered in the system by the respective member before the date of the resolution of the BD to terminate the membership shall be carried out in order to be finalised.

**Article 22.** (1) (*amended – Minutes No 11 of 14.04.2021*) The BD has the right to temporarily suspend the membership in the cases set out in Chapter Three of these Rules and according to the procedure laid down in that chapter.

(2) (*new – Minutes No 11 of 14.04.2021*) In the cases covered by Article 20(1)(2) and Article 26(3)(4) the Executive Director of the CD may order that the access of the respective member to the CSS be temporarily restricted until the BD of the CD passes a resolution in order to ensure the security of the CSS and protect the interests of holders of financial instruments.

(3) (*new – Minutes No 11 of 14.04.2021*) The respective member of the CD whose access has been restricted in accordance with paragraph 2 shall be provided with a technical possibility to submit orders for operations that are necessary for settling the relations with its clients in accordance with the procedure laid down in the MFIA.

**Article 23.** (1) For the period of the suspension and in the case of a termination of membership, the CD shall only execute operations for transactions concluded before the date of the suspension, as well as actions to correct errors that occurred before this date.

(2) In the cases of suspension, only execution of orders for transfer of balances on client accounts to other members, without change of ownership, shall be allowed.

(3) In the cases covered by paragraph 1 the respective member of the CD shall perform the necessary actions on the operations started in connection with corporate actions and shall submit a report to the CD within a time limit set by the BD.

(4) In the cases of terminated membership, suspension or revocation of an authorisation to conduct operations, the CD may allow or make official transfers of assets from client accounts to owner accounts in the CD in case of a proven and justified inability of the respective member to make the transfers.

(5) (*new – Minutes No 9 of 28.07.2014*) Ordered transfers of financial instruments without change of ownership shall be recorded in the system of the CD, in the cases covered by paragraphs 2 and 4, after the submission of:

1. a request by the owner of the financial instruments;
2. a document notifying the respective member of the CD with which the financial instruments are kept;
3. (*amended – Minutes No 6 of 19.06.2015*) in the case of a transfer to a client account – a document confirming the transfer and the opening of a client account by the respective member of the CD with which the financial instruments will be kept;
4. other data and documents required to make the recording and establish proper identification and authorisation.

(6) (*renumbered from subparagraph 5, Minutes No 9 of 28.07.2014, amended – Minutes No 13 of 10.09.2018*) The procedure laid down in Articles 131–134 of the PSPSA shall be applied in the case of reorganisation measures or termination proceedings against a member of the CD or a participant in the settlement system.

(7) (*renumbered from paragraph 6, Minutes No 9 of 28.07.2014*) The member of the CD shall notify its clients about the suspension or termination of its membership.

**Article 24.** (*amended – Minutes No 9 of 18.04.2023*) The CD shall announce the information regarding the suspension or termination of a membership on its website. Where applicable, the CD shall notify the relevant supervisory authorities (including the ECB in the case of settlement via T2S) of the suspension/termination of membership.

**Article 25.** (*amended – Minutes No 13 of 10.09.2018*) Any person whose membership has been terminated in accordance with the procedure set out in these Rules (in the cases covered by Article 20(1)(3)) may apply for membership of the CD after six months have expired from the date of the resolution by the BD of the CD to terminate its membership.

### **Chapter Three Sanctions**

**Article 26.** (1) The following sanctions may be imposed on members of the Central Depository:

1. suspension or restriction of the operations executed in the clearing and settlement system;
2. temporary suspension of membership;

3. termination of membership;
4. cash penalty.

(2) Sanctions shall be imposed:

1. by a resolution of the BD;
2. automatically by the CD system in the cases set out in these Rules.

(3) Sanctions shall be imposed in the following cases:

1. failure to fulfil settlement obligations;
2. violation of the requirements and obligations set out in these Rules and/or of the obligations set out in the membership agreement/the agreement for participation in the CSS;
3. in case of refusal or delay of information, or provision of incorrect or incomplete information required by the CD;
4. in case of an enforcement of an administrative measure imposed by a supervisory body;
5. in other cases in which the security and normal operation of the settlement system for transactions in financial instruments is endangered.

(4) When determining the sanction, the BD shall take into consideration the severity of the violation, the circumstances under which it was committed, and its consequences for the security and the normal operation of the systems and registers administered by the CD.

(5) Members of the BD who are interested parties shall not participate in the discussion and voting of the sanctions.

(6) Interested parties under the previous paragraph shall be:

1. members of the management and supervisory bodies of a member of the CD, procurators and employees;
2. (*amended – Minutes No 13 of 10.09.2018*) persons who directly or indirectly own or control at least 10 % or more than 10 % of the capital or of the voting rights in the general meeting of the member of the CD or who control said member;
3. other persons who will benefit, directly or indirectly, from the imposition or non-imposition of the sanction.

(7) The resolution whereby the sanction is imposed shall be notified to the member within 3 days of its passing.

(8) (*amended – Minutes No 13 of 10.09.2018*) Within 7 days of the notification of the sanction the BD may revoke it if the violation has resulted from a malfunction in the systems of the CD or illegal actions of an employee of the CD.

(9) The resolution of the BD to impose the sanctions specified in Article 26(1)(1)–(3) may be appealed before the Arbitration Court of the CD within 7 days of its notification, in compliance with the Rules of Procedure of the Arbitration Court.

**Article 27.** (1) (*amended – Minutes No 11 of 28.11.2019*) If a member of the CD has outstanding financial liabilities in connection with the performance of the activity, said member shall be suspended from operations in the CSS until the liabilities are paid. The suspension according to the first sentence shall constitute a restriction of the rights to enter instructions into the CSS, with the exception of instructions for transactions currently being settled. Financial liabilities shall be considered outstanding if they have not been paid within the time limits specified in Article 12(3) and (6).

(2) All operations ordered before the occurrence of the financial liability shall be executed in accordance with the procedures set out in these Rules.

(3) Sanctions constituting a suspension of a member's rights to execute operations in the system shall be imposed and cancelled automatically by the clearing and settlement system.

(4) The CD shall not be held responsible for the non-execution of operations after the imposition of a sanction according to paragraph 1.

**Article 28.** (1) In the cases specified in Article 26(3) the BD of the CD can temporarily suspend the membership for a period of up to 90 (ninety) days or for a longer period which corresponds to a measure imposed by a supervisory body. The resolution to temporarily suspend membership shall outline the conditions for reinstatement of the rights of the respective member of the CD.

(2) Within 10 days of the expiration of the period of suspension of membership the BD shall pass a resolution to reinstate membership if the relevant conditions have been met. If the suspension has resulted from an imposed administrative measure, the membership shall be reinstated after the submission of a statement from the relevant supervisory body.

(3) The BD may extend the term of temporary suspension of membership, respectively change the conditions for reinstatement of membership, if additional circumstances are found which are relevant to the reinstatement of membership.

**Article 29.** In addition to the cases specified in Article 26(3), the BD may terminate a membership:

1. when, after the expiry of the period of a membership suspension, the conditions for reinstatement of the membership have not been met;
2. when the authorisation to conduct operations has been withdrawn;
3. when it is established that the person no longer meets the respective requirements;
4. in case of systematic violations of these Rules.

**Article 30.** (1) (*amended – Minutes No 5 of 2.03.2022*) In case of delay (deferral) of the settlement of transactions in financial instruments, the following financial sanctions shall be imposed for the period of the delay on the members of CD that caused the delay:

1. For transactions whose settlement has been delayed as a result of shortage of financial instruments:
  - (a) for transactions in shares for which a liquid market within the meaning of Article 2(1)(17)(b) of Regulation (EU) No 600/2014 of the European Union and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (Regulation (EU) No 600/2014) exists – 1.0 basis point of the total market value of the financial instruments, subject of the transaction, for each business day of delay;
  - (b) for transactions in shares for which there is no liquid market within the meaning of Article 2(1)(17)(b) of Regulation (EU) No 600/2014 – 0.5 basis points of the total market value of the financial instruments, subject of the transaction, for each business day of delay. If the instructions for the transaction do not specify the price of the financial instruments subject to the transaction, the nominal value of these financial instruments multiplied by their number shall be considered as the reference price;
  - (c) for transactions in debt instruments issued or guaranteed by: a sovereign issuer as defined in Article 4(1)(60) of Directive 2014/65/EU; a third-party sovereign issuer; a local authority; a central bank; any of the multilateral development banks specified in the second subparagraph of Article 117(1) and in Article 117(2) of Regulation (EU) No 575/2013; the European Financial Stability Facility and the European Stability Mechanism – 0.10 basis points of the total market value of the financial instruments, subject of the transaction, for each business day of delay;
  - (d) for transactions in financial instruments traded in SME growth markets, except for the debt instruments referred to in point (e) – 0.25 basis points of the total market value of the financial instruments, subject of the transaction, for each business day of delay;
  - (e) for transactions in debt instruments traded in SME growth markets – 0.15 basis points of the total market value of the financial instruments, subject of the transaction, for each business day of delay;
  - (f) for transactions in all other debt instruments other than those referred to in points (c) and (e) – 0.20 basis points of the total market value of the financial instruments, subject of the transaction, for each business day of delay. If the financial instruments are not traded on a regulated market and/or another trading venue, the amount of the sanction shall be 0.20 basis points of the transaction price. If there is no information about the value of the transaction, the reference price shall be determined based on the nominal value of the financial instruments;
  - (g) for transactions in financial instruments that are not covered by points (a)–(e) – 0.5 basis points of the total market value of the financial instruments, subject of the transaction, for each business day of delay;
  - (h) for transactions in compensation instruments – 1.0 basis points of the total market value of the financial instruments, subject of the transaction, for each business day of delay.

The market value is the closing price at the trading venue in which the transaction was closed.

2. For transactions delayed as a result of insufficient cash resources:

- (a) for transactions in BGN – the official overnight loan interest rate charged by the BNB; in the absence of such a rate, the official EUR overnight loan interest rate charged by the ECB shall apply; *According to instructions from the FSC in connection with a BNB opinion, a temporary approach will be applied when calculating the financial sanctions under Article 30(1)(2)(a), as follows: an alternative interest rate proposed by the BNB – the base rate percentage announced in accordance with Article 35 of the BNB Act, plus the difference between the ECB's marginal lending facility rate and the ECB's interest rate on the main refinancing operations.*
- (b) for transactions in EUR – the official overnight loan interest rate charged by the ECB.

3. For transactions delayed as a result of missing information:

- (a) 1 day – 0.05 % of the transaction amount for each delayed transaction;
- (b) 2 days – 0.2 % of the transaction amount for each delayed transaction;
- (c) 3 days – 0.4 % of the transaction amount for each delayed transaction;
- (e) 4 days – 0.6 % of the transaction amount for each delayed transaction.

For each day after the fourth day of delay, a sanction of 0.1 % shall be imposed.

(2) If the amount of the imposed sanction is less than BGN 1 (one), a sanction of BGN 1 (one) shall be imposed.

(3) (*new – Minutes No 5 of 2.03.2022*) The sanctions shall be imposed, collected and allocated in accordance with the requirements set out in Section II of Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline (Regulation (EU) 2018/1229).

(4) (*renumbered from subparagraph 3, amended – Minutes No 5 of 2.03.2023, amended – Minutes No 9 of 18.04.2023*) The sanctions according to paragraph 1 shall be applied automatically after the finalisation of the transactions. The amounts of imposed sanctions shall be collected ex officio from the settlement accounts on the 15<sup>th</sup> day of the month following the month in which they were imposed.

(5) (*renumbered from subparagraph 4 – Minutes No 5 of 2.03.2022*) In case of systematic violations resulting in settlement delays, the BD may pass a resolution to impose sanctions under Article 26(1)(2) and (3) of these Rules. A total of 20 or more days of delays of transactions within a period of 6 months shall be regarded as systematic violation resulting in settlement delays.

(6) (*renumbered from subparagraph 5 – Minutes No 5 of 2.03.2022*) In case of delay of transactions in financial instruments caused by a register operator, the sanctions set out in paragraph 1 shall apply.

(7) (*renumbered from subparagraph 6, amended – Minutes No 5 of 2.03.2022*) The amounts of the sanctions imposed for delay of transactions in financial instruments shall be distributed ex officio by the CD to the accounts of the participants in the CSS which are affected by the failed settlement at the last settlement processing on the system day following the day of settlement. On the same day the CD shall notify the participants in the CSS of the sanctions imposed.

(8) (*new – Minutes No 3 of 16.03.2017, renumbered from subparagraph 7 – Minutes No 5 of 2.03.2022*) When no instructions containing information regarding the allocation of financial instruments to accounts of final owners are submitted in the registration system, the sanction specified in paragraph 1 shall be imposed, but not less than BGN 50 (fifty) for each individual transaction. The amounts of the sanctions imposed for failure to submit instructions containing information regarding the allocation of financial instruments shall be contributed to the Settlement Guarantee Fund for transactions in financial instruments.

(9) (*new – Minutes No 5 of 2.03.2022*) In case of systematic failure to fulfil the obligations for submission of instructions containing information regarding the allocation of financial instruments to accounts of final owners, the BD may pass a resolution to impose sanctions under Article 26(1)(2) and (3) of these Rules. Failure to submit instructions for allocation of financial instruments from the collective accounts in the CSS in respect of one or more transactions within three consecutive days shall be considered a systematic violation.

## **Chapter Four** **Arbitration**

**Article 31.** (1) An arbitration court shall function at the Central Depository.

(2) (*amended – Minutes No 11 of 14.04.2021*) The Arbitration Court with the CD is an independent judicial institution for out-of-court settlement of disputes, established on the basis of Article 127a(9) of the POSA.

**Article 32.** The general meeting of shareholders of the CD shall adopt the Rules of Procedure of the Arbitration Court and elect its chairperson and deputy chairperson.

**Article 33.** (1) The Arbitration Court shall consider and resolve disputes:

- 1. between members of the CD;
- 2. between the CD and its members;
- 3. between participants in the settlement system;
- 4. between the CD and participants in the settlement system operated by the CD.

5. *(repealed – Minutes No 13 of 10.09.2018)*

(2) The members of the CD and the participants in the settlement system shall sign an agreement to the effect that the disputes covered by paragraph 1 are to be submitted for consideration by the Arbitration Court.

(3) The Arbitration Court shall also settle other disputes related to the activities carried out by the CD.

**Part Two**  
**Rules regarding the central securities register. Recording of dematerialised financial instruments. Corporate action services**  
*(title amended – Minutes No 11 of 14.04.2021)*

**Chapter Five**

**Section I**  
**General rules regarding the central securities register**  
*(new – Minutes No 11 of 14.04.2021)*

**Article 33a.** (1) The recording, keeping, safe-keeping and access to the central securities register (CSR) according to the POSA and its implementing instruments shall be regulated in these Rules with respective application of the other parts of the Rules of Procedure of the CD.

(2) The CD shall carry out the activity of keeping the CSR by organising and managing a registration system for dematerialised and immobilised financial instruments (registration system, register).

(3) The registration system shall consist of electronic records of issues of dematerialised financial instruments and shall include:

1. the CSR;
2. a register of issues of financial instruments which are not subject to recording in the CSR;
3. other registers kept by the CD in accordance with the extant legislation.

(4) Through the registration system the CD shall perform the functions of:

1. keeping and maintaining the CSR;
2. providing the notary services and the central maintenance services within the meaning of Regulation (EU) No 909/2014.

**Article 33b.** (1) The following issues of dematerialised financial instruments shall be recorded in the registration system of the CD:

1. dematerialised equity securities issued by companies with registered office in the Republic of Bulgaria;
2. dematerialised non-equity securities and shares in collective investment undertakings issued in accordance with the legislation of the Republic of Bulgaria;
3. dematerialised securities issued by companies domiciled in another country for the purpose of registration in a trading venue in the Republic of Bulgaria;
4. other issues of dematerialised financial instruments in accordance with the extant legislation.

(2) The securities specified in subparagraphs 1 and 2 shall be recorded in the CSR which shall be functionally and systemically separated from the other registers kept by the CD in accordance with the extant legislation.

**Article 33c.** (1) Issues of financial instruments shall be recorded and maintained in the CSR in accordance with the POSA and its implementing instruments, as well as in accordance with the applicable requirements of Regulation (EU) No 909/2014 and the delegated acts on its implementation.

(2) The CD shall ensure the normal operation of the CSR and the normal storage of the information in it in accordance with the procedures laid down in these Rules and the applicable legislation.

(3) The measures for security and protection of the information systems of the CD provided for in these Rules shall apply to the CSR.

**Article 33d.** (1) The CD shall not be liable for damages related to the organisation and management of the registration system caused as a result of incomplete, incorrect or inaccurate information provided by its members, by issuers of financial instruments or by another depository institution.

(2) The CD shall not be held responsible for the accuracy of the data received from its members, issuers, other depository institutions and other authorised bodies and persons, nor for the legality of their actions related to making entries in the registration system, unless an employee of the CD was aware that the information provided to the depository was incomplete, incorrect or inaccurate.

(3) The CD shall be liable for damages caused as a result of actions or omissions by it or by its employees in violation of the law, the by-laws, these Rules and other internal rules governing its activity. Liability under the previous sentence for actions and omissions by persons related to employees of the CD may arise only if the damages were caused jointly with employees of the CD. Claims for damages shall be filed in accordance with the general claims procedure.

## **Section II**

### **Recording in and access to the CSR** *(new – Minutes No 11 of 14.04.2021)*

**Article 34.** (1) *(amended – Minutes No 11 of 14.04.2021)* The following information shall be entered in the CSR:

1. the names of the holder of financial instruments referred to in Article 127 of the POSA, as well as the names of the person referred to in Article 133 of the MFIA which holds financial instruments of other persons on its own behalf in an omnibus account;
2. personal identity number (PIN)/personal number of a foreigner (PNF) of a natural person, UIC or another identification number of a legal entity;
3. legal entity identifier, if any;
4. type of transaction;
5. trade date;
6. settlement timestamp;
7. number of financial instruments;
8. value of the transaction;
9. name of the issue;
10. securities issue identifier;
11. issuer identifier;
12. identifiers of the issuers' securities accounts;
13. identifiers of the participants' securities accounts;
14. transaction intermediaries;
15. details regarding the central securities depository with which the issue is registered;
16. special pledges and financial collaterals on financial instruments;
17. reservation, respectively transfer of the voting right and the right to dividend in transactions with transfer, respectively reservation of the ownership of the financial instruments.

(2) *(amended – Minutes No 11 of 14.04.2021)* For each registered issue of financial instruments that give equal rights, the CD shall open an account for financial instruments of the company that issued the financial instruments and accounts of the holders of financial instruments. The data specified in Articles 4–6 of Ordinance No 8 shall be maintained in the register in connection with the accounts specified in the previous sentence.

(3) *(amended – Minutes No 11 of 14.04.2021)* The following data shall be entered in the register in connection with concluded repurchase or reverse repurchase transactions:

1. the parties to the repurchase transaction;
2. term of the agreement;
3. the date of the unconditional and irrevocable commitment to repurchase the dematerialised financial instruments;
4. price at which the unconditional and irrevocable commitment will be fulfilled;
5. persons exercising the rights attached to the dematerialised financial instruments, as well as the conditions for exercising the voting right.

(4) *(amended – Minutes No 11 of 14.04.2021)* The accounts in the CSR shall be opened and kept in accordance with Part Three of these Rules.

(5) *(amended – Minutes No 11 of 14.04.2021)* The CD shall keep the registers of the holders of dematerialised securities referred to in Article 127(1) of the POSA in accordance with the procedure laid down in Chapter Seven of these Rules.



(6) (*new – Minutes No 11 of 14.04.2021*) The CD shall maintain the system for recording of financial instruments in the CSR in compliance with the requirements set out in Article 85 of Ordinance No 8.

(7) (*new – Minutes No 11 of 14.04.2021*) Encumbrances on issues of financial instruments registered in the CSR shall be entered in accordance with the procedure laid down in Part Seven of these Rules.

**Article 35.** (*amended – Minutes No 11 of 14.04.2021*) (1) The initial recording of an issue of financial instruments and the changes in the recorded circumstances shall be made on the basis of an application form (published on the website of the CD) in paper form or submitted through the electronic portal of the CD by:

1. an issuer of financial instruments;
2. a member of the CD;
3. the Public Enterprises and Control Agency (PECA);
4. other bodies and persons in the cases provided for in the law.

(2) The documents set out in these Rules or in another statutory instrument, and a document confirming that a fee has been paid according to the Tariff of Fees collected by the CD shall be enclosed with the applications.

(3) In the cases where the documents for recording and for changes in recorded circumstances are submitted by a member of the CD, a certified copy of an agreement for underwriting/servicing of the issue or an explicit power of attorney for the performance of the respective recording activities shall be enclosed.

(4) (*amended – Minutes No 11 of 14.04.2021*) Applications shall be submitted electronically or on paper by the company's representative(s) or an expressly authorised person. When an application is submitted electronically via the website of the CD, a valid electronic signature of the legal representative of the applicant or of a person authorised by the legal representative is mandatory.

(5) (*amended – Minutes No 11 of 14.04.2021*) Documents shall be submitted electronically in compliance with technical requirements (procedure) for electronic recording published on the website of the CD.

(6) (*repealed – Minutes No 11 of 14.04.2021*).

(7) (*amended – Minutes No 9 of 18.04.2023*) Copies of documents enclosed with the application must be certified with the signature of the legal representative of the company, accompanied by a stamp (if any) and the text "true copy of the original". Copies of the documents can also be submitted in electronic format in accordance with the procedure set out in paragraph 5, and shall be signed by the representative of the issuer using a qualified electronic signature according to the applicable legislation.

(8) (*amended – Minutes No 11 of 14.04.2021*) The CD may require applicants to provide documents and information where this is necessary for recording or for making changes in recorded circumstances.

(9) (*new – Minutes No 11 of 14.04.2021*) The CD shall service securities issues on the basis of a standard agreement for administration of financial instruments.

**Article 36.** (1) (*amended – Minutes No 11 of 14.04.2021*) Records in the CSR related to concluded transactions in financial instruments shall be made by the members of the CD that have the status of a register operator within the meaning of these Rules or on the basis of information received from another CSD in its capacity as a depository institution providing the settlement of the transaction.

(2) (*amended – Minutes No 13 of 10.09.2018, Minutes No 11 of 14.04.2021*) Information regarding changes in ownership resulting from transactions in financial instruments shall be provided by:

1. the members of the CD not later than 5:00 p.m. on the day on which the settlement took place;
2. CSDs at all times, and the changes in the CSR shall be registered as follows:

(a) information received by 4:00 p.m. shall be registered by midnight on the same day;

(b) data received after 4:00 p.m. shall be registered by the end of the business day following the day of receipt.

(3) (*new – Minutes No 13 of 10.09.2018, amended – Minutes No 11 of 14.04.2021*) The register operator shall submit messages with instructions for operations to the CSR in accordance with these Rules, as follows:

1. opening and closing of accounts in the CSR;
2. registration of clients;
3. recording of changes in the CSR resulting from the activities of the CSS participants;
4. establishing links between the client accounts in the CSR and the CSS.

**Article 36a.** (*new – Minutes No 11 of 14.04.2021*) (1) The access to the CSR and the other registers of financial instruments kept by the CD shall be carried out under the conditions and according to the procedure laid down in Article 131(1) and (2) and Article 133(5) of the POSA.

(2) The CD shall provide an opportunity for electronic access of the holders of financial instruments to the information specified in Article 131(1) of the POSA through an information portal on its website.

**Article 36b.** (*new – Minutes No 11 of 14.04.2021*) (1) The CD shall provide CDCs with an opportunity to provide the information necessary for recording in the CSR according to Article 127(2) of the POSA through a secure information channel in the following ways:

1. directly by the CSD with which the issue is registered;

2. through a member of the CD that functions as a register operator.

(2) In the cases covered by subparagraph 1 (direct provision) the respective CSD shall receive access to an information system/electronic portal in accordance with a technological procedure for authorisation adopted by the BD of the CD.

(3) The CD shall administer the access to the information system (electronic portal) and, in the cases of established risk for the information system, shall have the right to take measures to limit said risk in accordance with the procedure laid down in these Rules.

(4) In the cases covered by subparagraph 2 (provision through a register operator) the respective CSD shall provide the information through a member of the CD that functions as a register operator, through the communication channels provided for the members of the CD.

(5) The information shall be provided within the deadlines set out in Article 36 of these Rules by means of a message containing the details specified in the instructions for the operation of the CSS.

(6) The CD shall register the respective circumstances in the CSR within the deadlines set out in Article 36(2) of these Rules.

(7) If the message whereby information is provided does not contain the data necessary for the recording, the CD shall send a notification of incompleteness and inconsistencies. In said notification the CD shall set a deadline for the submission of the information which may not be less than 3 hours. The record in the CSR shall be made after all the information necessary for recording the relevant circumstance has been received.

(8) Information for recording corporate actions in the CSR shall be submitted by the respective CSD in a format determined by the CD with a minimum required content. The record shall be made within the deadlines set out in Article 36(2).

(9) Where necessary, the CD shall provide the respective CSD with an extract from the register of holders of financial instruments and with other reports concerning circumstances entered in the CSD. The information shall be provided by the end of the following working day at the latest.

**Article 36c.** (*new – Minutes No 11 of 14.04.2021*) (1) The initial recording of issues of financial instruments issued by companies domiciled in the Republic of Bulgaria, as well as of financial instruments issued under the legislation of the Republic of Bulgaria at CD AD in its capacity as a CSD, and the recording of changes in such issues shall be made automatically in the CSR.

(2) Companies domiciled outside the Republic of Bulgaria that have issued securities and do not satisfy the conditions set out in Article 127(1) of the POSA may request the recording of issues of financial instruments issued by them in CD AD in its capacity as a CSD.

## **Chapter Six**

### **Recording of issues of financial instruments**

#### **Section I**

#### **Recording of issues of dematerialised financial instruments**

##### **ISIN assignment**

**Article 37.** (1) The Central Depository, in its capacity as a national numbering agency, shall issue ISINs for the issues of dematerialised and materialised financial instruments of issuer companies.

(2) For each issue of dematerialised financial instruments providing equal rights to their holders, an ISIN shall be assigned.

(3) For the assignment of an ISIN, an application form shall be submitted, with which a document confirming the payment of a fee shall be enclosed.

(4) The CD shall register the ISIN within 2 (two) business days. After the recording the CD shall issue a certificate of ISIN which shall be provided to the legal representative of the company or to an expressly authorised person.

(5) (*amended – Minutes No 9 of 18.04.2023*) In the event of a change in the rights attached to financial instruments for which an ISIN has been issued, the CD, after receiving a written application from the issuer company, shall determine a new ISIN of the financial instruments to which the change applies, respectively, a new FISN (Financial Instrument Short Name ISO 18774) where applicable.

(6) (*new – Minutes No 11 of 14.04.2021, amended – Minutes No 9 of 18.04.2023*) The CD shall issue a FISN and a CFI (Classification of Financial Instruments ISO 10962) to companies which have issued financial instruments on the basis of an application form with which a document confirming the payment of a fee is enclosed. For each issue of financial instruments providing equal rights to their holders a separate code shall be assigned.

(7) (*new – Minutes No 9 of 18.04.2023*) The issuer shall apply for the issuance of the new codes referred to in paragraph 5 not later than 2 days before the announcement of the corresponding corporate action.

(8) (*new – Minutes No 9 of 18.04.2023*) At the time of recording of an issue of financial instruments, the CD shall issue a FISN and a CFI based on the application form referred to in paragraph 3.

### **Initial recording of issues of financial instruments**

**Article 38.** (1) (*amended – Minutes No 11 of 14.04.2021*) An issue of financial instruments shall be registered on the basis of an application form containing:

1. UIC or an equivalent identification code (if no UIC is available);
  2. (*new – Minutes No 13 of 10.09.2018*) legal entity identifier (LEI);
  3. (*renumbered from subparagraph 2, Minutes No 13 of 10.09.2018, amended – Minutes No 9 of 18.04.2023*) identification details of the issue: ISIN, FISN and CFI;
  4. (*renumbered from subparagraph 3, Minutes No 13 of 10.09.2018*) a resolution of the competent authority of the issuer regarding the issuance of the financial instruments;
  5. (*renumbered from subparagraph 4, Minutes No 13 of 10.09.2018, Minutes No 11 of 14.04.2021*) information about the financial instruments (number and type according to the circumstances registered in the Commercial Register and Register of Non-profit Legal Entities, where applicable);
  6. (*renumbered from subparagraph 5, Minutes No 13 of 10.09.2018*) list of the holders of dematerialised financial instruments on paper and on a magnetic medium containing the following data:
    - (a) in respect of local natural persons – full name of the shareholder, PIN, address, number of financial instruments;
    - (b) in respect of local legal entities – company name, headquarters and registered address, UIC, number of financial instruments;
    - (c) in respect of foreign natural persons – full name, official number assigned by the CD, address, number of financial instruments;
    - (d) in respect of foreign legal entities – company name, legal form, registration number of the record in the register of the relevant country/UIC (if any), headquarters, address of registration, number of financial instruments.
  7. (*renumbered from subparagraph 6, Minutes No 13 of 10.09.2018*) agreement for administration of the issue in accordance with Article 42 of these Rules, signed in 2 counterparts by the legal representative/s of the company;
  8. (*renumbered from subparagraph 7, Minutes No 13 of 10.09.2018*) document confirming the payment of a fee for recording;
  9. (*renumbered from subparagraph 8, Minutes No 13 of 10.09.2018*) other documents provided for in a statutory instrument;
  10. (*new – Minutes No 13 of 10.09.2018, amended – Minutes No 11 of 14.04.2021*) the CSD with which the financial instruments will be recorded if recording with another CSD is envisaged.
- (2) (*new – Minutes No 11 of 14.04.2021*) If the issue is subject to recording in the CD in accordance with Regulation (EU) No 909/2014, the application shall contain the following additional information:
1. legal entity identifier (LEI);
  2. the applicable documents set out in Article 14a(3) that enable the CD to perform a risk assessment.

(3) *(renumbered from subparagraph 2 – Minutes No 11 of 14.04.2021)* In the cases where no personal details regarding the holders of financial instruments are available, the financial instruments shall not be registered in individual accounts but in a separate deposit account of the company.

(4) *(renumbered from subparagraph 3 – Minutes No 11 of 14.04.2021)* After the required personal data are submitted, the financial instruments shall be transferred from the omnibus deposit account to the individual account of the respective holder.

(5) *(new – Minutes No 11 of 14.04.2021)* The registers kept by the CD in which the corresponding issue is to be registered shall be identified in the application.

(6) *(new – Minutes No 9 of 18.04.2023)* Documents that have been announced in the Commercial Register and Register of Non-profit Legal Entities shall not be submitted together with the application.

**Article 39.** (1) On the basis of the documents provided the CD shall assess whether the conditions for recording have been met. If the data and documents provided are incomplete or incorrect, or additional information or evidence about the truthfulness of the data is needed, the CD shall send a notification of the ascertained incompleteness and inconsistencies or a notification regarding the additional information and documents requested.

(2) *(amended – Minutes No 13 of 10.09.2018)* The CD shall perform the recording within 5 business days of the receipt of the application, and where additional information or documents have been requested – of their receipt, unless another time limit is provided for in a statutory instrument.

(3) *(amended – Minutes No 13 of 10.09.2018)* An issue of debt securities shall be registered within one business day of the receipt of the full set of documents required for recording, unless a longer time limit is provided for in a statutory instrument.

(4) *(new – Minutes No 13 of 10.09.2018)* In cases of factual complexity, the time limits specified in paragraphs 2 and 3 may be extended within the time period set out in Article 49(2) of Regulation (EU) No 909/2014 and the applicant shall be explicitly notified of this.

(5) *(renumbered from subparagraph 4 – Minutes No 13 of 10.09.2018)* The CD may refuse to register the financial instruments if:

1. not all data (documents) required are available or the data (documents) have not been submitted in accordance with the due procedure;

2. any of the specified details are missing in the documents or there are inaccuracies and contradictions in the data provided;

3. if there are statutory prohibitions or restrictions;

4. *(new – Minutes No 13 of 10.09.2018)* the requirements laid down in Regulation (EU) No 909/2014 have not been complied with.

(6) *(new – Minutes No 13 of 10.09.2018)* Upon request for recording of an issue of financial instruments in accordance with Article 49 of Regulation (EU) No 909/2014, CD AD shall perform a risk assessment in accordance with Article 14a of these Rules.

(7) *(renumbered from subparagraph 5 – Minutes No 13 of 10.09.2018)* In the cases covered by subparagraphs 1 and 2 of paragraph 4 the CD may refuse to register the issue only if the applicant has not remedied the irregularities in accordance with the instructions given within the time limit set.

(8) *(renumbered from subparagraph 6 – Minutes No 13 of 10.09.2018)* The refusal of the CD to register financial instruments shall be justified in writing and is subject to appeal in accordance with the procedure laid down in Article 49(4) of Regulation (EU) No 909/2014.

(9) *(renumbered from subparagraph 7 – Minutes No 13 of 10.09.2018)* The applicant shall be notified in writing of the resolution made within three days.

(10) *(new – Minutes No 11 of 14.04.2021)* The CD shall administer the issues of financial instruments registered in the CSR in compliance with the applicable requirements for the provision of notary services as laid down in Regulation (EU) No 909/2014.

(11) *(new – Minutes No 11 of 14.04.2021)* The issuer undertakes to notify the CD of any change in circumstances subject to recording in the Commercial Register and relating to its legal status (address, UIC, representative/s, transformation, liquidation, insolvency, etc.) and/or of any changes in the information regarding the issue (nominal value, number of financial instruments, structure of capital, etc.) within the time limits and in accordance with the procedure laid down in the General terms and conditions applicable to agreements with issuers of financial instruments.

## **Recording of issues of financial instruments that have been recorded with another CSD**

**Article 39a.** (*new – Minutes No 9 of 18.04.2023*) (1) Issues of financial instruments that have been recorded in the register of another CSD shall be recorded at the request of a member of the CD, a trading venue or another competent institution.

(2) The recording shall be made on the basis of an application form which must contain information regarding:

1. the name of the issuer;
2. the LEI of the issuer;
3. the type of currency;
4. the total amount of the issue;
5. the number of financial instruments with which the issue will be initially recorded in the CD;
6. the identification details of the issue: ISIN, FISN and CFI.

(3) The member of the CD that has requested the recording shall open accounts of their clients after receiving confirmation by the CD that the issue has been recorded. In the event that the recording is requested by another person, the CD shall open the relevant accounts.

(4) In the cases where the issue has been recorded in T2S, the CD shall take appropriate actions to obtain access to the CSD (participant in T2S) with which the issue has been recorded.

(5) In the cases where the issue has been recorded in an international depository institution (Issuer CSD), the CD shall take the appropriate actions to establish contact with the relevant institution.

(6) After having obtained the access referred to in paragraphs 4 and 5, the CD shall open in the relevant depository institution its own account in which the financial instruments shall be recorded.

(7) After receiving confirmation of the initial balance from the depository institution in relation to which CD AD is an Investor CSD for the purposes of finalising the transaction in financial instruments, the CD shall distribute the financial instruments in accordance with the instructions received from the participants in the CSS.

(8) The CD shall perform a daily reconciliation of the issues in relation to which it is an Investor CSD. Said reconciliation shall be performed by comparing the total number of registered financial instruments from the relevant issue that have been allocated to the accounts of the final owners with the number of financial instruments kept on the CD account in the relevant depository institution.

## **Recording in case of transfer restrictions**

**Article 40.** (1) (*amended – Minutes No 11 of 14.04.2021*) If restrictions on the transfer of the shares are provided for in the statutes of the respective company, an additional application (in a standard form) shall be submitted for registering the restrictions in the CSR and blocking the shares in the issue. Details regarding the persons authorised to give consent for transfers shall be stated in the application.

(2) The orders for transfer of shares according to paragraph 1 shall be submitted by the members of the CD to the CSS in compliance with the general procedure. The members of the CD shall provide a written request containing details regarding the client and the number of the submitted transfer order. A consent form by the respective company for unblocking and execution of the transfer shall be enclosed with the request.

(3) On the basis of the received instructions for transfer and the documents deposited in accordance with paragraph 2, and if they match, the CD shall unblock the respective shares and process the transfer orders. After the transfer the shares shall be blocked in relation to the restrictions under paragraph 1.

## **Section II**

### **Recording of issues of physical financial instruments**

**Article 41.** (1) The CD shall register physical securities after they are immobilised in accordance with these Rules.

(2) An application form shall be submitted for the immobilisation and recording of an issue of physical securities. The application shall be accompanied by originals of the documents that provide the physical form of the securities, respectively the provisional certificates referred to in Article 167 of the Commerce Act (CA).

(3) The handing over of the original documents that provide physical form to the securities shall be certified with a standard acceptance protocol. The acceptance protocol shall contain the following information:

1. details regarding the holders;
2. type of securities;
3. denomination numbers;
4. denomination structure of the securities – number, nominal value and total nominal value;
5. serial numbers of the securities.

(4) The acceptance protocol shall be signed by a representative of the applicant and by an authorised employee of the CD.

(5) The CD shall record all encumbrances on the issue of financial instruments imposed before the immobilisation and recording in the CD on the basis of an application form.

(6) The CD shall register the holders and shall transfer the relevant number of securities from the company account into the individual accounts of the holders.

(7) After the transfer according to paragraph 6 the CD shall issue in accordance with these Rules a registration certificate and certificates of the financial instruments held.

### **Recording of issues of derivative financial instruments**

**Article 41a.** (*new – Minutes No 11 of 14.04.2021*) (1) Issues of derivative financial instruments shall be recorded on the basis of an application form in accordance with the procedure laid down in these Rules.

(2) Transactions in derivative financial instruments shall be settled in compliance with the requirements set out in these Rules and with the technological procedure for processing messages in the CSS which shall be adopted by the BD.

(3) The BD shall adopt separate technological procedures depending on the type of derivative instruments.

(4) The CD shall provide a guarantee mechanism for finalising transactions in derivative financial instruments.

(5) The CD may establish a guarantee fund for finalising transactions in derivative financial instruments. The fund shall operate and be managed by applying accordingly Section X, Chapter Eleven of these Rules.

(6) The fund shall be established by the resolution of the BD to adopt the procedure referred to in paragraph 3. The resolution of the Board of Directors shall also set up a Fund Management Committee which shall include a representative of the operator at the respective trading venue. The Management Committee shall adopt a methodology for determining the contributions to the fund in accordance with the procedure laid down in Article 150(3).

### **Section III**

#### **Issue administration agreement. Certificates**

##### **Agreement**

**Article 42.** (1) After the issue of financial instruments is recorded, the company shall conclude a written agreement with the CD for administration (maintenance and safekeeping of the data) of the issue and for provision of related services.

(2) The contract shall be in a standard form and shall be terminated after the issue of financial instruments is deregistered from the registration system and an act of deregistration is issued.

##### **Certificates**

**Article 43.** (1) (*amended – Minutes No 11 of 14.04.2021*) After an issue of dematerialised financial instruments is recorded, the CD shall issue an act of recording which is an extract of the data recorded in the relevant register and contains information regarding:

1. the issue of financial instruments;
2. a list of the holders of financial instruments;
3. the number of financial instruments.

(2) The instrument of recording shall be provided to the legal representative of the company or to an expressly authorised person.

**Article 44.** At the request of the company the CD shall issue certificates for the holders of financial instruments that have personal accounts.

**Article 45.** The CD shall issue documents certifying records in the registers kept by it against payment of the respective fee according to the Tariff of Fees collected by the CD.

## **Chapter Seven**

### **Recording and servicing of corporate actions**

#### **Section I**

#### **General provisions**

**Article 46.** (1) In the event of changes in details regarding an issue of financial instruments and forthcoming corporate actions, the issuer company shall notify the CD of the changes or the forthcoming action after the respective competent authority has passed a resolution.

(2) Changes and/or corporate actions shall be recorded on the basis of an application form with which the current documents reflecting the respective changes and a document confirming the payment of a fee are enclosed. UIC or an equivalent identification code (if no UIC is available) shall be indicated in the application.

(3) Changes shall be recorded after they have been entered in the Commercial Register, except in the cases provided for in the extant legislation. The applicant shall indicate the number of the entry of the respective circumstances on the account of the company in the Commercial Register.

(4) Changes shall be recorded within 5 (five) business days of the receipt of the application if no other time limits are provided for in a statutory instrument.

(5) In the event that encumbrances have been recorded in relation to the respective financial instruments, the applicant shall declare that it has implemented the measures and procedures for protection of creditors provided for in the extant legislation. In these cases the application and the documents accompanying it shall be submitted to the CD after the instructions received from the creditors are executed.

(6) In the cases where a statutory instrument provides that a creditor or an enforcement agent (in the case of recorded encumbrances) shall submit to the CD a consent or another document, these documents shall be submitted together with the application in accordance with the procedure laid down in these Rules.

(7) The CD shall perform the actions relating to recording or servicing of corporate events on the basis of the data submitted by the applicant, except in the cases provided for in these Rules.

(8) After the changes are recorded, the CD shall issue certificates in accordance with the procedure set out in these Rules.

(9) Articles 38 and 39 shall apply accordingly.

(10) *(new – Minutes No 11 of 14.04.2021)* The recording of corporate actions through the CD's system shall be reflected automatically in the respective accounts in the CSR.

(11) *(new – Minutes No 11 of 14.04.2021)* Corporate actions can also be recorded on the basis of information provided by another CSD in accordance with the procedure laid down in Article 36b.

#### **Section II**

#### **Recording of changes in the capital**

##### **Recording of capital increases through issuance of new shares**

**Article 47.** (1) The CD shall record a capital increase through issuance of new shares after the resolution regarding the capital increase is entered in the Commercial Register.

(2) The recording shall be made on the basis of an application form with which the following are enclosed:

1. a resolution of the competent authority of the company regarding the capital change;
2. a list of the shareholders who have acquired new shares from the capital increase on paper and on a digital medium.

(3) In the case of a capital increase by means of a subscription of shares through the system of the CD, the new shares shall be recorded in client accounts with the investment firm – member of the CD through which the subscription has been carried out.

(4) In case of a capital increase where the subscription of shares is not carried out through an investment firm and through the system of the CD, the new shares shall be recorded in individual accounts of the shareholders.

**Article 48.** (1) In the case of a capital increase through issuance of new shares, without the value of the shares of the increase being paid in, the issuer company of the new dematerialised shares may declare the capital increase in accordance with the subscribed capital entered in the Commercial Register.

(2) In these cases the applicant shall instruct that the new dematerialised shares be blocked on the accounts of the shareholders. The CD shall unblock the new shares upon an instruction of the company after the full amount of the contributions for the capital increase has been paid in and this circumstance has been entered in the Commercial Register.

#### **Recording of a capital increase through increase in the nominal value of shares**

**Article 49.** (1) Capital increases through increase in the nominal value of shares shall be recorded on the basis of an application form with which the following are enclosed:

1. a copy of a resolution of the competent authority of the company regarding the capital change;
2. a notification of the finalisation of the capital increase procedure.

(2) In the event that the shareholders have not paid the value of the shares from the capital increase within the specified deadlines and said shares need to be cancelled, the following documents shall be enclosed with the application:

1. a list of the shareholders whose shares are to be cancelled with details regarding the shareholders and the number of the shares to be cancelled;
2. a copy of the document declared in the Commercial Register for subscription and payment of additional instalments from the capital increase;
3. a declaration by the legal representative of the company regarding the fact that the shareholders have not paid in the shares of the capital increase within the specified deadline.

#### **Recording of a capital increase through a rights issue and subscription of shares against rights**

**Article 50.** (1) Capital increases through a rights issue and subscription of shares against rights shall be recorded on the basis of an application form.

(2) In the case of an initial capital increase of a shareholding special purpose vehicle (SSPV), the rights shall be registered on the account of a CD member (underwriter of the issue) or on a client issue account of the issuer with the member of the CD servicing the capital increase.

**Article 51.** (1) The issuer company may request the issuance of certificates of the rights registered in its own accounts through a member of the CD. The documents shall be provided to the holders in the manner indicated by the company.

(2) If the company does not request the issuance of certificates, it shall notify the CD that it has concluded with a member of the CD an agreement for servicing of the investors with rights held in personal accounts including a clause authorising the respective member of the CD to request information from the CD and to issue a document certifying the rights held. The certificate shall contain the following details:

1. name of the CD member that issued the document;
2. number of the document and date of issuance;
3. full name and PIN, or respectively name and BULSTAT/UIC, of the rights holder;
4. number of the personal account of the rights holder (title holder);
5. number of rights available in the account at the time of the verification;
6. ISIN of the rights issue;
7. name of the company that issued the rights.



(3) The verification of the owned rights and the issuance of a document shall be carried out only through a member of the CD with which the company has signed an agreement. The verification shall be carried out via the communication system of the CD.

(4) The members of the CD may provide information about the result of the verification and a document certifying the rights held only to the rights holder or to a person expressly authorised by the rights holder on the basis of a presented power of attorney with a certification of the signature by a notary.

**Article 52.** (1) After the rights issue is recorded, the CD shall issue an instrument of recording of the issue.

(2) Rights shall be exercised and shares against right shall be acquired through a member of the CD.

(3) Rights shall be exercised (shares against rights shall be subscribed and/or the rights shall be sold) from a client account of the holder with a member of the CD.

### **Subscription of shares against rights**

**Article 53.** (1) *(amended – Minutes No 11 of 14.04.2021)* The members the CD shall submit information regarding each client that wishes to subscribe shares against the rights it holds.

(2) *(amended – Minutes No 11 of 14.04.2021)* Shares against rights shall be subscribed by means of a bilateral confirmation by the member servicing the capital increase and the member whose client is subscribing the shares.

(3) If the data match, the CD shall block on the account from which the subscription is made the respective number of rights corresponding to the number of shares which the client has subscribed.

(4) The payment for the shares may be carried out simultaneously with their subscription. In these cases the members of the CD shall also provide information about the amount and details of the accounts.

(5) After the completion of the capital increase procedure, the issuer or the member of the CD servicing the capital increase shall notify the CD within 3 (three) business days.

### **Recording of rights in subscribed shares**

**Article 54.** (1) In the cases where the prospectus for capital increase of a public issuer company envisages the issuance of rights against subscribed shares in accordance with Article 112b(13) of the POSA, the company shall apply before the CD for issuance of an interim ISIN code and recording of an interim issue of securities for the period between the completion of the subscription and the recording of the capital increase.

(2) The company shall notify the CD of the results of the subscription on the day following its completion.

(3) The members of the CD shall report the shares subscribed in the capital increase and the payments made.

(4) On the basis of the information received, the CD shall issue a report to the company on the shares subscribed in the capital increase and the payments made.

(5) The rights in the subscribed shares shall be recorded on client sub-accounts for each person that has subscribed shares from the capital increase in accordance with the instructions received from the members of the CD in the proportion provided for in the prospectus. Transactions in rights to subscribed shares shall be registered in the CSS in compliance with the general procedure.

(6) When the capital increase is recorded, the shares of the increase shall be allocated in accordance with the recorded rights in subscribed shares, after which the issue of rights in subscribed shares shall be deregistered.

(7) The encumbrances recorded in relation to the rights in subscribed shares shall be reflected accordingly in the register when the capital increase is recorded.

### **Recording in the case of a sale of rights under the conditions of an open-bidding auction in accordance with Article 112b(7) of the POSA**

**Article 55.** (1) The company or the member of the CD servicing the capital increase shall notify the CD about the forthcoming auction not later than 3 business days before the date of the auction and shall apply for the issuance of a certificate regarding the exercised and non-exercised rights.

- (2) The members of the CD servicing the capital increase shall open a client account for the rights issue of the respective issuer company.
- (3) On the following business day (two business days before the auction) the CD shall issue a certificate regarding the exercised and non-exercised rights which shall indicate the number of rights against which shares were subscribed at the end of the previous business day, including the rights with initiated succession procedures recorded in the portfolio of the legator for which no transfer instructions have been issued.
- (4) At the time of preparation of the report regarding these certificates, the rights included in reports regarding portfolios related to initiated succession procedures for which no transfer instructions have been issued shall be unblocked. The rights included in the report in respect of which, due to a succession procedure, transfer instructions have already been issued, shall remain blocked until the completion of the transfer.
- (5) All rights included in the certificate shall be transferred by means of an ex-officio transaction to the client's account of the company.
- (6) After all transactions concluded during the auction are finalised, the companies or the members of the CD servicing the capital increase shall apply to the CD for the issuance of a certificate regarding the cash amounts transferred to the account of the CD in consideration for the sale of rights.
- (7) In the case of an existing instruction for attachment of assets, including rights, the enforcement agent who has ordered the attachment shall be notified about the availability of rights in the portfolio of the debtor.
- (8) (*amended – Minutes No 11 of 14.04.2021*) The competent enforcement agent shall give permission to dispose of the rights before the auction. When shares are subscribed against the rights, the attachment shall be transferred to the newly issued shares.
- (9) (*new – Minutes No 11 of 14.04.2021*) If no permission is given in accordance with paragraph 8, after the sale of the rights the amount received shall be transferred to an account specified by the enforcement agent after the end of the auction. If the capital increase was unsuccessful, the amount received shall be returned to the buyer of the rights.
- (10) (*renumbered from subparagraph 9 – Minutes No 11 of 14.04.2021*) Transactions closed during the auction shall be settled in the CSS according to the general procedure provided for in these Rules.

**Article 56.** (1) In the event that not all rights are sold during the auction, the total number of unsold rights shall be allocated on the basis of an algorithm described in an instruction published on website of the CD.

(2) The rights not sold during the auction and allocated according to the algorithm shall be returned to the accounts of their holders on the business day following the settlement of all the transactions in the auction.

(3) The company or the member of the CD servicing the capital increase shall apply to the CD for the issuance of a report on the subscribers of rights. Said report shall be prepared within 2 business days.

(4) After the capital increase is recorded, the CD shall transfer the cash amounts from the sale of rights to the accounts of the members of the depository through which the sale has been made. The cash amounts received from the sale of rights under individual accounts which have been sold during the auction shall be transferred to an account specified by the company.

(5) The shares acquired against rights shall be recorded in accordance with the procedure for recording of capital increases, and the following details shall be provided additionally:

1. a list of the shareholders, which has to contain, in addition to the general data, the names and global numbers of the members the CD through which the rights for each shareholder have been subscribed;
2. a list of the shareholders who have subscribed rights but have not paid the full amount of the shares due to them from the capital increase;
3. a list of the shareholders who have subscribed rights but have not paid the shares due to them from the capital increase.

### **Recording in case of an initial public offering**

**Article 57.** (1) When an issue of financial instruments is recorded in the cases of initial public offering, an interim issue of shares/bonds shall be recorded in the CD.

(2) The interim issue shall be recorded in accordance with the general procedure for initial recording of issues of financial instruments, and the following documents shall also be enclosed with the application for recording:

1. a copy of the resolution of the competent body of the company regarding a capital change through initial public offering;
2. a copy of the resolution of the FSC approving the prospectus for the initial public offering;
3. (*amended – Minutes No 11 of 14.04.2021*) a certificate from a servicing bank regarding an open and blocked account in accordance with Article 89I(1) of the POSA;
4. an agreement for the servicing of the capital increase or an explicit power of attorney to carry out the actions relating to the recording.

(3) The acquired financial instruments from the interim issue shall be recorded in client accounts with the members of the CD through which they have been bought.

(4) After the interim issue is recorded, the CD shall issue an instrument of recording which shall contain details about the issue, a list of the names of the holders of dematerialised financial instruments and the instruments held by them.

(5) After the capital increase is entered in the Commercial Register, the CD shall record the underlying issue of financial instruments in accordance with the general procedure.

(6) The shares of the capital increase shall be recorded in accounts of the persons who have acquired financial instruments from the interim issue with the same members of the CD with which the accounts for the interim issue have been opened.

(7) The CD shall record the issue with a permanent ISIN and shall issue the relevant certificates.

**Article 58.** (1) (*amended – Minutes No 11 of 14.04.2021*) (1) If the initial public offering is unsuccessful, the company or the member of the CD through which the offering is carried out shall notify the CD of this in writing within the time limit set in Article 89I(4) of the POSA and shall request the preparation of a list containing details regarding the persons who have acquired financial instruments from the interim issue, the number of the financial instruments acquired by them, the cash amount paid by them for the acquisitions and the member of the CD through which they have acquired the instruments.

(2) The CD shall prepare and provide to all members through which financial instruments from the interim issue were acquired lists containing details of the clients which have acquired financial instruments and the cash amounts which are to be refunded.

**Article 59.** (1) All transactions for acquisition of financial instruments from the interim issue shall be processed and settled in the CSS in accordance with the general procedure.

(2) (*amended – Minutes No 11 of 14.04.2021*) The member of the CD servicing the public offering shall submit messages regarding each sale of financial instruments from the interim issue containing details about the account referred to in Article 89I(1) of the POSA.

### **Recording of capital increases by means of conversion of bonds into shares**

**Article 60.** (1) The CD shall record a capital increase by means of conversion of bonds into shares through subscription in accordance with the procedure set out in Article 112b(11) of the POSA and through direct conversion after the general meeting of the bondholders/shareholders has passed the relevant resolution.

(2) The CD shall record the new shares in an interim issue until the capital increase is entered in the Commercial Register.

(3) The bond issue shall be deregistered in accordance with the general procedure

**Article 61.** (1) Capital increases by means of conversion of bonds into shares shall be recorded through a member of the CD on the basis of an application form with which the following documents shall be enclosed:

1. a copy of the resolution of the general meeting of the bondholders, where applicable;
2. a copy of the resolution of the competent body of the company to convert the bonds into shares, where applicable;
3. a power of attorney for the performance of the respective recording activities.

(2) (*new – Minutes No 11 of 14.04.2021*) If a collateral has been registered in respect of the financial instruments, a declaration (using a standard form) shall be attached in order to notify the pledge

creditors and the enforcement agents in case of a recorded attachment. Changes in the relevant collaterals shall be recorded together with the recording according to paragraph 1.

### **Subscription of shares against bonds**

**Article 62.** Shares against bonds shall be subscribed through the members of the CD in compliance with the following procedure:

1. the members of the CD shall provide to the CD information about each of their clients which intends to subscribe shares against the bonds held by it and the number of the shares to be acquired;
2. after the subscription of the shares is finalised, the relevant member of the CD shall submit an application for issuance of a certificate of the subscribed shares and a list of the bondholders who have subscribed shares. The certificate shall be prepared by the CD within one business day;
3. when the bond issue matures, the CD shall register the subscribed shares in an interim issue on the basis of the blocked bonds until the capital increase is recorded in the Commercial Register;
4. the principal shall be paid to bondholders who have not subscribed shares against the bonds held by them in accordance with the procedure for payments of interests and/or principals under bond issues.

### **Direct conversion**

**Article 63.** (1) In case of a capital increase by means of direct conversion of all issued convertible bonds into shares which is mandatory for the bondholders, the company shall notify the CD in writing and shall submit an application with which a copy of the resolution of the competent body regarding the capital increase through direct conversion of bonds into shares is enclosed.

(2) After the capital increase is entered in the Commercial Register, the company shall submit an application form for recording of the capital increase in accordance with the procedure set out in Article 47 of these Rules.

(3) After the capital increase is recorded, the CD shall deregister the bond issue.

### **Recording of warrants and capital increases through warrants issues**

**Article 64.** (1) Warrants issues shall be recorded in accordance with the general procedure for initial recording of issues of financial instruments.

(2) Subscriptions of shares against warrants shall be recorded on the basis of an application by a member of the CD which has a signed agreement with the company for servicing of the warrants issue.

(3) Warrants shall be converted into shares through registration of an interim issue where the subscribed shares from the capital increase shall be indicated.

**Article 65.** (1) The holders of warrants that intend to exercise their right to subscribe shares against such warrants shall declare this via a member of the CD.

(2) Within 3 (three) business days of the completion of the procedure for conversion of warrants into shares, the member of the CD servicing the capital increase shall notify the CD of said completion in writing.

(3) For the recording to be effected, the consent of the enforcement agent which has instructed the recording of an attachment on the warrants in the issue through which the capital increase is carried out shall also be provided. The consent for participation in the capital increase, respectively the number of the account where the funds from the sale are to be transferred, shall be provided not later than 3 business days before the end of the subscription period.

(4) After the procedure for subscription of shares against warrants is completed, the member of the CD servicing the capital increase shall submit to the CD an application for recording of the shares from the capital increase in accordance with the general procedure for recording of capital increases through issuance of new shares.

(5) The member of the CD servicing the capital increase shall apply to the CD for the issuance of a report on the persons who have subscribed shares against warrants held by them. The report shall be prepared within one business day.

(6) After the expiration of the term for which the warrants issue is recorded and after the capital increase is recorded, the company that issued the warrants or the relevant member of the CD shall submit an application for deregistration of the issue.

## **Recording of contributions in the form of dematerialised financial instruments**

**Article 66.** (1) Contributions of dematerialised financial instruments shall be recorded on the basis of an application form with which the following documents shall be enclosed:

1. a resolution of the competent body of the company/client of the holder to participate in the incorporation of another company or in the capital increase through a contribution of shares held;
2. a resolution amending the company's statutes with a full description of the contribution and the contributor;
3. a written consent by the contributor/holder with a description of the contribution under the second sentence of Article 73(1) of the Commerce Act.

(2) Article 47 of these Rules shall apply to capital increases through contribution of dematerialised financial instruments.

## **Recording of capital increases through reorganisation by merger**

**Article 67.** (1) Capital increases through reorganisation by merger shall be recorded on the basis of an application form with which the following documents shall be enclosed:

1. a copy of the resolution of the competent bodies of the companies subject to reorganisation;
2. a list of the holders of dematerialised securities, on paper and on an electronic medium, containing the following details:
  - (a) in respect of local natural person – full name, PIN, address according to the identity document, number of shares;
  - (b) in respect of local legal entities – company name, headquarters and registered address, UIC, number of shares;
  - (c) in respect of foreign natural persons – full name, personal number (PIN, insurance number), permanent address and number of shares;
  - (d) in respect of foreign legal entities – company name, registration number of the record in the register of the relevant country/UIC (if any), headquarters, address of registration and number of shares.

(2) The CD shall record the capital increase after the entry in accordance with the procedure set out in Article 263c of the Commerce Act is made.

(3) (*new – Minutes No 11 of 14.04.2021*) If a collateral has been registered in respect of the financial instruments, a declaration (using a standard form) shall be attached in order to notify the pledge creditors and the enforcement agents in case of a recorded attachment. Changes in the relevant collaterals shall be recorded together with the recording according to paragraph 1.

(4) (*renumbered from subparagraph 3 – Minutes No 11 of 14.04.2021*) For the purposes of certifying before the Commercial Register that an application for registration of the reorganisation has been filed in accordance with Article 262w(5) of the Commerce Act, the representative(s) of the company shall file the application referred to in paragraph 1 in order to receive an incoming number from the CD.

(5) (*renumbered from subparagraph 4 – Minutes No 11 of 14.04.2021*) The requirements for the issuance of new shares shall be applied accordingly.

## **Recording of capital decreases through cancellation of shares**

**Article 68.** (1) The recording shall be made on the basis of an application form with which the following documents are enclosed:

1. a copy of the resolution of the competent authority of the company regarding the capital decrease;
2. a list of the persons whose shares shall be cancelled containing shareholder details and the number of shares of each shareholder to be cancelled.

(2) (*new – Minutes No 11 of 14.04.2021*) If a collateral has been registered in respect of the financial instruments, a declaration (using a standard form) shall be attached in order to notify the pledge creditors and the enforcement agents in case of a recorded attachment. Changes in the relevant collaterals shall be recorded together with the recording according to paragraph 1.

**Article 69.** (1) When shares are cancelled through repurchase by the company, the member of the CD servicing the repurchase shall open a client account of the company in which all shares repurchased by the company shall be collected.

(2) The company shall notify the CD about the repurchase in writing, attaching the following documents:

1. a copy of the resolution of the competent body regarding the repurchase of shares for the purpose of their subsequent cancellation;
2. a written notification by the applicant about the start of the repurchase of shares;
3. an application for issuance of a certificate regarding the number of repurchased shares.

**Article 70.** (1) During the repurchase process the shares shall be registered in a company account with the member of the CD servicing the repurchase.

(2) After the expiry of the repurchase term, an application form for cancellation of the shares shall be submitted with which a copy of the resolution of the company's competent body to cancel the shares shall be enclosed.

(3) After the procedure is completed, the CD shall issue an instrument of recording stating the new capital amount.

### **Recording of capital decreases through reducing the nominal value of shares**

**Article 71.** (1) Capital decreases through reducing the nominal value of the shares shall be recorded on the basis of an application form with which a copy of the resolution of the company's competent body regarding the capital decrease shall be enclosed.

(2) (*new – Minutes No 11 of 14.04.2021*) If a collateral has been registered in respect of the financial instruments, a declaration (using a standard form) shall be attached in order to notify the pledge creditors and the enforcement agents that have imposed an attachment. Changes in the relevant collaterals shall be recorded together with the recording according to paragraph 1.

### **Recording of splits**

**Article 72.** The recording of a split shall consist of operations reflecting the simultaneous increase of the nominal value and reduction of the number of shares or the simultaneous increase of the number of shares and reduction the nominal value of the shares. Each of the operations shall be carried out separately.

**Article 73.** (1) Splits shall be recorded on the basis of an application form with which the following documents are enclosed:

1. a resolution of the competent body of the company to change the issue details;
2. an application to the Bulgarian Stock exchange (BSE) to suspend trade for the respective period due to the registration of a split of a public company;
3. an order to suspend the trade outside a regulated market for a term of not less than one business day after the longest settlement cycle;
3. a list of the holders of financial instruments with indicated exact number of financial instruments for each shareholder.

(2) (*new – Minutes No 11 of 14.04.2021*) If a collateral has been registered in respect of the financial instruments, a declaration (using a standard form) shall be attached in order to notify the pledge creditors and the enforcement agents that have imposed an attachment. Changes in the relevant collaterals shall be recorded together with the recording according to paragraph 1.

(3) (*renumbered from subparagraph 2 – Minutes No 11 of 14.04.2021*) A date for registration of the split shall be indicated in the application.

(4) (*renumbered from subparagraph 3 – Minutes No 11 of 14.04.2021*) The changes shall be recorded after all ongoing transactions have been settled and all instructed transfers initiated before the suspension of the trade have been executed, on the date specified by the company, and the suspension period shall always precede immediately the date of recording.

(5) (*renumbered from subparagraph 4 – Minutes No 11 of 14.04.2021*) The procedure for recording the changes shall be carried out within one business day.

### **Recording of consolidations of issues of dematerialised shares without changes in capital**

**Article 74.** (1) Consolidations of issues of different classes of shares shall be recorded on the basis of an application form.

(2) The ISIN of the initially recorded issue shall be assigned to the consolidated issue of shares.

### Section III

#### Recording of changes related to the reorganisation of a company that has issued dematerialised financial instruments

**Article 75.** (1) To have a company reorganisation recorded, the company or a member of the CD with which the company has signed an agreement for servicing the issue shall submit an application form indicating the type of the new accounts – personal and client accounts. The following shall be enclosed with the application:

1. a resolution of the company's competent body which has passed the resolution regarding the reorganisation – for all companies included in the reorganisation;
2. an agreement or reorganisation plan demonstrating the exchange ratio and the allocation of the shares after the reorganisation;
3. a list of the holders of financial instruments with the shares held by them after the reorganisation.

(2) At the time of recording the reorganisation, the CD shall transfer the shares acquired in exchange, together with the encumbrances registered on them, if any, in compliance with Article 261d(2) of the Commerce Act.

(3) (*amended – Minutes No 9 of 28.07.2014, Minutes No 6 of 19.06.2015*) A reorganisation by means of a change of the legal form of a client company (holder of financial instruments) shall be recorded on the basis of an application form with which the following shall be enclosed:

1. a resolution of the competent body regarding the reorganisation;
2. a document confirming that a fee has been paid.
3. (*repealed – Minutes No 11 of 14.04.2021*).

(4) (*new – Minutes No 11 of 14.04.2021*) If a collateral has been registered in respect of the financial instruments, a declaration (using a standard form) shall be attached in order to notify the pledge creditors and the enforcement agents that have imposed an attachment. Changes in the relevant collaterals shall be recorded together with the recording according to paragraph 1 and paragraph 3.

(5) (*new – Minutes No 6 of 19.06.2015, renumbered from subparagraph 4 – Minutes No 11 of 14.04.2021*) The registration covered by paragraph 3 can also be performed in accordance with Article 174 through a message submitted by a registration agent.

**Article 76.** In the cases covered by Article 262w(5) of the Commerce Act, the application shall be signed by a representative of the management body, and when the application is submitted by a member of the CD, it shall be signed by the representative of the investment firm and by a representative of the management body.

**Article 77.** (*amended – Minutes No 11 of 14.04.2021*) In the case of a capital decrease of a company by means of division and partial division, the rules for cancellation of shares set out in these Rules shall apply. If a collateral has been registered in respect of the financial instruments, a declaration (using a standard form) shall be attached in order to notify the pledge creditors and the enforcement agents that have imposed an attachment. Changes in the relevant collaterals shall be recorded together with the recording of the capital decrease.

**Article 78.** (1) In the case of a reorganisation of a client with a change of the legal form of a joint-stock company with dematerialised shares, the general provision for initial recording of issues of dematerialised shares shall apply.

(2) In the case of a reorganisation with a change of the legal form of a company that has issued an issue of dematerialised shares into another type of capital company, the rules for deregistration of issues of dematerialised shares shall apply.

**Article 79.** In the case of a reorganisation through merger, the newly established company shall be registered in accordance with the procedure for an initial recording set out in these Rules.

## Section IV

### Recording of a transfer of shares in case of a tender offer for purchase according to Article 157a of the POSA

**Article 80.** (1) (*amended – Minutes No 11 of 14.04.2021*) The authorised investment firm shall notify the CD in writing of the acquisition of 95 % of the capital shares of the company on behalf of the person referred to in Article 157a(1) of the POSA that exercises its right to buy out the voting shares of the remaining shareholders.

(2) (*amended – Minutes No 11 of 14.04.2021*) The notification shall contain the following information:

1. start and end date of the procedure for buy-in of shares in accordance with the procedure set out in Article 157a of the POSA;
2. details of the shareholders of the company whose shares are not the subject of the buy-in offer (in the cases where the person referred to in Article 157a, directly or by virtue of a concluded agreement, holds over 95 % of the shares of the company);
3. a copy of the FSC approval of the proposal for share buy-in in accordance with the procedure set out in Article 157a of the POSA.

(3) (*amended – Minutes No 11 of 14.04.2021*) At the request by the authorised investment firm or by the person referred to in Article 157a(1) of the POSA, the CD shall issue a certificate of the structure of the company's capital in which the number of shares and the number of shareholders in the company after the expiration of the term of the initial tender offer shall be indicated, as well as a certificate stating the number of shares held by the person exercising the right referred to in Article 157a(1) and the other persons referred to in Article 149(2) with whom said person jointly submits the offer, where applicable.

(4) (*amended – Minutes No 6 of 19.06.2015, Minutes No 11 of 14.04.2021*) The authorised investment firm shall submit an application on behalf of the person referred to in Article 157a(1) of the POSA with the following content:

1. the starting date for suspension of trading outside a regulated market for a period of not less than one business day after the longest settlement cycle (the suspension period shall always precede immediately the date according to subparagraph 2);
2. the date on which the CD is to transfer the shares from the accounts of the shareholders who have not fulfilled their obligation to sell to the account of the issuer company which has been opened in advance with the servicing member of CD AD.

The application shall be filed within not more than 4 business days of the publication of the buy-in tender offer in accordance with the procedure laid down in the POSA.

(5) (*amended – Minutes No 11 of 14.04.2021*) The CD shall suspend the announcement of positions and the registration of instructions for transactions regarding the relevant issue until the application is executed.

(6) (*amended – Minutes No 11 of 14.04.2021*) The application referred to in paragraph 4 shall be executed after the transactions currently being settled at the time of its submission are completed.

(7) (*amended – Minutes No 11 of 14.04.2021*) At the request of the applicant referred to in paragraph 4, CD AD shall issue a certificate of the shares held by other persons and details of an official account opened with the CD for the purposes of the transfer.

(8) (*new – Minutes No 11 of 14.04.2021*) In case of encumbrances, the procedure shall be considered finalised after all collaterals have been lifted or the encumbrances have been transferred to the person referred to in Article 157a(1) of the POSA.

(9) (*new – Minutes No 11 of 14.04.2021*) In case of registered attachments, the enforcement agent which has ordered the attachment shall be notified of the procedure under Article 157a of the POSA in order to lift the attachment.

(10) (*new – Minutes No 11 of 14.04.2021*) If no instruction to lift the attachment according to paragraph 9 is provided, after the transfer of the shares the amount received shall be transferred to an account specified by the enforcement agent after the end of the procedure according to Article 157a of the POSA.

**Article 81.** (1) (*amended – Minutes No 11 of 14.04.2021*) The authorised investment firm shall instruct that shares be transferred to the client's account of the person referred to in Article 157a(1) of the POSA.

(2) (*amended – Minutes No 11 of 14.04.2021*) The CD may ensure the distribution of funds for the shareholders who are clients of the investment firm on the respective accounts with the custodians, and



the amount remaining after the distribution shall be transferred to the account of the investment firm servicing the buy-in tender offer.

(3) *(new – Minutes No 11 of 14.04.2021)* The person referred to in Article 157a(1) of the POSA who made the buy-in tender offer shall submit an explicit application for the payment. Said application may also be submitted through the authorised investment firm. The price determined for the buy-in of the shares shall be indicated in the application.

(4) *(new – Minutes No 11 of 14.04.2021)* The amounts shall be paid by applying of the procedure for making payments through the system of the CD.

(5) *(amended, renumbered from subparagraph 3 – Minutes No 11 of 14.04.2021)* After the transfer, the person referred to in Article 157a(1) of the POSA may request through the authorised investment firm to be issued with a certificate containing details of the funds distributed in accordance with paragraph 2.

(6) *(new – Minutes No 11 of 14.04.2021)* The transfer of shares buy-in pursuant to Article 157b of the POSA shall be carried out through a member of the CD performing functions as a registration agent.

## **Section V**

### **Deregistration of issues of dematerialised financial instruments**

**Article 82.** Deregistration is the deletion of financial instruments from the issue in the company's account and leaving this account with a zero balance.

**Article 83.** (1) Issues of financial instruments shall be deregistered by the CD after the submission of an application form by the company that issued the financial instruments. A document certifying that the deregistration fee has been paid shall be enclosed with the application.

(2) *(amended – Minutes No 11 of 14.04.2021)* The deregistration shall be carried out on the condition that the relevant company has repaid all its financial obligations to the CD.

**Article 84.** (1) Upon deregistration in the case of a change of the type of shares from dematerialised to physical, the following documents shall be enclosed with the application:

1. a resolution of the competent body of the company to deregister the issue;
2. a document issued by the FSC for deregistration of the issue from the register referred to in Article 30(1)(3) of the Financial Supervision Commission Act, where applicable.

(2) In the cases of deregistration in accordance with paragraph 1, the CD shall keep a register of the dematerialised financial instruments until they are deregistered under the conditions and according to the procedures set out in these Rules and in the agreement signed with the issuer.

(3) *(amended – Minutes No 11 of 14.04.2021)* In the case of termination of an issuer, the issue shall be deregistered from the register of the CD before the recording of the deletion in the Commercial Register kept by the Registry Agency. Deregistration shall be carried out on the basis of an application by the representative of the company/the liquidator.

(4) *(new – Minutes No 11 of 14.04.2021)* In cases of deregistration due to liquidation, the application shall be accompanied by documents confirming that the liquidation procedure has been completed:

1. a resolution of the competent managing body to approve the balance sheet and the annual report of the liquidator and to distribute the property of the company, and/or;
2. a declaration by the competent managing body that the assets have been distributed and the relations with the holders of the respective financial instruments have been finally settled.

(5) *(new – Minutes No 11 of 14.04.2021)* When an issue of units is deleted, an application shall be submitted by the representative of the respective management company accompanied by a declaration as per paragraph 4, subparagraph 2.

**Article 85.** If encumbrances are recorded on the issue which is to be deregistered, a declaration in a standard form shall be enclosed with the application by the representatives of the company confirming their obligation to register the encumbrances in the register of physical shares.

**Article 86.** (1) In the case of deregistration of an issue of debt financial instruments, the relevant company shall submit an application form after the maturity of the issue.

(2) The CD shall carry out the deregistration after the due fee has been paid.

(3) After an act of deregistration of the bond issue is issued, the issuer company and the trustee bank may apply for and receive a report regarding the date, type and size of the payments made on the

deregistered issue. The application for the report shall be in free text and shall include the name and the UIC of the company that issued the financial instruments and the ISIN of the bond issue. The report shall be issued within one business day of the submission of the application.

**Article 87.** (*amended – Minutes No 11 of 14.04.2021*) (1) The CD shall issue an act of deregistration which shall indicate the holders of the financial instruments from the respective issue and the number of the instruments held by them at the time of deregistration.

(2) (*new – Minutes No 11 of 14.04.2021*) The deregistration of an issue of financial instruments recorded in CD AD, in its capacity as a CSD, shall be recorded in the CSR.

## **Section VI**

### **Payments through the system of the CD Notifications of general meetings.**

#### **Payments of dividends and payments under bond issues**

**Article 88.** (1) Issuers of dematerialised financial instruments shall notify the CD about forthcoming payments of dividends and under bond issues after the relevant company body has passed a resolution.

(2) Dividends shall be paid and payments under bond issues shall be made through the system of the CD under the terms and conditions of a signed agreement between the relevant company and the CD and after an application has been filed.

(3) The issuer shall transfer to a CD account the amount to be paid through the system of the CD after deduction of the due taxes, within the time limits set out in Ordinance No 8 and these Rules.

(4) The issuer shall transfer the amount referred to in paragraph 3 after implementing the measures for creditor protection set out in the Commerce Act and in compliance with the instructions received from the creditors.

**Article 89.** (1) Payments of dividends shall be made in accordance with the procedure set out in these Rules after a notification of the general meeting's resolution on the total amount of the dividend is received and an agreement between the CD and the relevant company is concluded.

(2) Payments under bond issues shall be made after the conditions for payments of interest and/or principal on the respective bond issue are fulfilled and an agreement between the CD and the relevant company is concluded.

(3) For the respective payments, a special account shall be opened and declared to the CD for receipt of the amounts intended for payments of dividends/interests and principals under bond issues; said account shall be different from the settlement account opened by members of the CD with which client accounts have been opened.

(4) The CD shall open a special account for the payment of the amounts under this Section.

(5) (*new – Minutes No 9 of 18.04.2023*) The CD shall register a special account (T2S Dedicated Cash Account, T2S DCA) in a credit institution that is a participant in TARGET2 and T2S for the payment of amounts for corporate actions on issues recorded in T2S to other Investor CSDs.

**Article 90.** (*amended – Minutes No 11 of 14.04.2021*) The CD shall distribute the dividends, interests and principals to an account of the members of the CD, and where the securities in relation to which the payments are made are held in a personal account – in accordance Article 62(1) and Article 71(2) of Ordinance No 8.

#### **Conditions for payment of dividends through the system of the CD**

**Article 91.** (1) The company or a member of the CD authorised by the company shall submit an application for dividend distribution which shall contain the following information as a minimum:

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

2. the amount of the dividend per share;

3. (*amended – Minutes No 11 of 14.04.2021*) the date on which the shareholders list is to be defined in accordance with Article 115c(3) of the POSA.

The CD shall carry out the dividend payment service on the specified date and shall not be held responsible if this date does not comply with the requirement set out in Article 115c(3) of the POSA;

4. the starting date for the dividend payment;

5. (*new – Minutes No 11 of 14.04.2021*) details of the person appointed by the company in accordance with Article 64 of Ordinance No 8 through which dividend payments under Art 61(2)(2) of Ordinance No 8 shall be paid, in particular: name, bank account to which the CD should transfer the dividend and e-mail address to which the list of persons with personal accounts shall be sent.

(2) The following shall be enclosed with the application:

1. the minutes of the general meeting at which the resolution for dividend payment has been passed;
2. a signed agreement for payment services between the company that issued the dematerialised shares and the CD.

### **Dividend payment procedure**

**Article 92.** (1) (*amended – Minutes No 11 of 14.04.2021*) The shareholders entitled to receive dividends shall be defined as of the date specified in the application referred to in Article 91. At the request of the company the CD shall issue a register of the shareholders as of that date.

(2) (*amended – Minutes No 11 of 14.04.2021*) After the register of shareholders is prepared, the CD shall provide to the company information about any encumbrances on the issue.

(3) On the basis of the information in the register of shareholders and the information about client accounts, the CD shall prepare the following lists of the amount to be paid:

1. list of the shareholders, natural and legal persons, with personal accounts;
2. list of the shareholders, natural and legal person, with client accounts.

(4) The lists specified in paragraph 3 shall contain the following information:

1. details about the issue – ISIN;
2. information regarding each shareholder – full name of the natural person or name of the legal person, PIN (foreign resident number) or UIC;
3. data regarding the amount to be distributed to each shareholder;
4. (*amended – Minutes No 11 of 14.04.2021*) information regarding encumbrances on the issue in accordance with paragraph 2.

(5) (*amended – Minutes No 11 of 14.04.2021*) The lists specified in paragraph 3, together with the register of the shareholders referred to in paragraph 1, shall be provided to the company within 5 business days of the receipt of the application.

(6) (*amended – Minutes No 11 of 14.04.2021*) Within 5 business days of receiving the information specified in paragraph 5 the company shall confirm it or shall require from the CD to remove any incompleteness and inconsistencies found in it.

(7) (*new – Minutes No 11 of 14.04.2021*) The CD shall remove the incompleteness and inconsistencies found, if any, and shall prepare the lists specified in paragraph 3 within 3 business days of the confirmation or of the receipt of the request according to paragraph 6.

(8) (*new – Minutes No 11 of 14.04.2021*) The lists provided to and confirmed by the company shall be entered in the system of CD AD for payment of the dividend on the day indicated by the issuer.

**Article 93.** (*amended – Minutes No 11 of 14.04.2021*) After deducting the due taxes, the company shall transfer the entire amount of dividend to be paid to a CD account not later than 4 business days before the starting date for dividend payment.

**Article 94.** (*amended – Minutes No 11 of 14.04.2021*) The company shall transfer to a CD account the entire amount of the dividend to be distributed after the completion of the procedure laid down in Article 73c of the Commerce Act.

**Article 95.** (1) On the basis of the data provided by the company and the information about the client sub-accounts, the CD shall prepare lists, by investment firms, of the distributed dividend amounts to be paid.

(2) (*amended – Minutes No 11 of 14.04.2021*) Said lists shall be provided to each investment firm with which client sub-accounts of shareholders are opened using the established manner of communication between the CD and its members. The lists shall contain the information set out in Article 61(2) of Ordinance No 8

(3) After receiving the amount determined for distribution, on the day indicated by the issuer the CD shall transfer the amounts for dividend payments to the accounts of the custodians with which client sub-accounts have been opened.

(4) (*repealed – Minutes No 11 of 14.04.2021*)

(5) (*amended – Minutes No 11 of 14.04.2021*) The members of the CD shall transfer the dividend to their clients within 3 business days of receiving the amount for the dividend payment. Any undistributed amounts shall be transferred to CD AD within 3 business days after the expiration of the term specified in the first sentence. The members of the CD shall submit to the CD lists of paid and unpaid dividends in electronic form and declare the size of unpaid amounts.

(6) (*amended – Minutes No 11 of 14.04.2021*) The unpaid amounts for dividend due shall be transmitted by a bank transfer to the account of the CD.

(7) (*new – Minutes No 11 of 14.04.2021*) The CD shall reimburse the unpaid amounts within 3 business days of receiving the amounts referred to in paragraph 5 to an account notified by the respective company in advance.

(8) (*amended, renumbered from subparagraph 7 – Minutes No 11 of 14.04.2021*) In respect of shareholders with personal accounts, the CD shall provide to an authorised representative of the person referred to in Article 64 of Ordinance No 8 a list of the dividend distributed by shareholders and shall transfer the amounts to a bank account specified by the company in advance.

(9) (*new – Minutes No 11 of 14.04.2021*) The person referred to in Article 64 of Ordinance No 8 shall provide to the CD by electronic means, to an e-mail specified by the CD in advance, monthly reports on the amounts paid. The company may receive the monthly report on the dividend payments from the person referred to in Article 64 of Ordinance No 8 in accordance with the agreement between them.

(10) (*new – Minutes No 11 of 14.04.2021, amended – Minutes No 9 of 18.04.2023*) The person referred to in Article 64 of Ordinance No 8 shall transfer to the account of the CD the unpaid dividend and shall provide to the CD a list of the persons to whom the dividend has been paid and has not been paid within 3 business days of the expiration of the deadline set in accordance with Article 62(4) of Ordinance No 8.

(11) (*new – Minutes No 9 of 18.04.2023*) In the event that the account notified in advance and referred to in paragraph 7 changes, not later than 10 days before the expiration of the deadline set in accordance with Article 62(4) of Ordinance No 8 the issuer shall indicate a bank account on which the CD shall transfer the amount received in accordance with paragraph 10. The CD shall order the transfer of the unpaid dividend within 3 business days of receiving said dividend.

(12) (*new – Minutes No 9 of 18.04.2023*) In the cases where payments for corporate actions are made to Investor CSDs that are participants in T2S and provide custodial services for their clients, the CD shall transfer the corresponding amounts to an account specified by them, and with this the corresponding amounts shall be considered paid.

### **Payments under bond issues**

**Article 96.** The CD shall make through its system payments under bond issues to bondholders with client accounts and shall provide to the company lists of the bondholders with personal accounts for payment of interest/principal.

**Article 97.** (1) Payments under bond issues shall be carried out on the basis of an application submitted by the company or a member of the CD authorised by the company, which shall contain the following information:

1. identification of the issue – ISIN code, number of bonds, nominal value per bond;
2. amount of the payment due per bond and the total amount to be paid;
3. date on which the list of the bondholders is to be defined;
4. due date of the payment.

(2) A separate application shall be submitted for each payment of interest or principal, including when the dates of both payments coincide. The payments are executed independently of each other.

(3) The following information regarding the subsequent payment under the issue shall be provided in the application according to paragraph 1:

1. date and type of the payment;
2. applicable interest rate.

**Article 98.** (*amended – Minutes No 11 of 14.04.2021*) (1) If necessary, the company shall request that a register of bondholders is issued as of the date on which the list of the bondholders entitled to receive payment is determined, or as of another date on which it is necessary to determine the group of bondholders.

(2) (*new – Minutes No 11 of 14.04.2021*) Upon receipt of an application for distribution of interest and principal according to an agreement with an issuer, the CD shall calculate the amount of interest and principal due for each bondholder, as well as the total amount of interest and principal due to persons who keep and administer financial instruments in respect of the bonds held in their own accounts and on accounts for financial instruments of their clients. The application shall specify the date on which the list of the bondholders entitled to receive payment is to be determined, as well as the starting date for the payment of interest or principal.

(3) (*new – Minutes No 11 of 14.04.2021*) Within 5 business days of the date as of which the list of the bondholders is determined, the issuer has the right, upon request, to receive from the CD the information specified in paragraph 2.

**Article 99.** (1) On the day following the payment, the company shall inform the CD of the date of the next payment on the bond issue and of the amount of the interest for the respective period.

(2) In case of changes in the parameters of the bond issue, the company shall notify the CD on the day following the resolution for the change.

**Article 100.** After receiving an application for execution of the payment and for preparation of a list of the bondholders, the CD shall provide to the company information about any existing encumbrances on the issue – attachments, pledges and financial collaterals.

**Article 101.** The company may instruct that the bond payment amounts be blocked until the completion of the creditor protection procedures.

**Article 102.** (1) The company shall transfer to a CD account the net amount for distribution after deducting the due taxes and shall provide a final list of the amounts to be distributed to each bondholder, certified by the person(s) representing the company.

(2) The company shall transfer the amount to be paid to the CD account not later than 4 business days before the starting date for the payment.

(3) On the basis of the data contained in the application and the information regarding the client accounts, the CD shall prepare lists with the distribution of the bond payment amounts.

(4) Said lists shall be provided to each investment firm with which client accounts of bondholders are opened as of the date on which the register of bondholders was issued.

(5) The lists shall be sent using the established manner of communication between the CD and its members. The lists shall contain the following information:

1. details about the issue – ISIN, nominal value;
2. information regarding each bondholder – full name of the natural person or name of the legal person, PIN or BULSTAT/UIC;
3. client number of the bondholder with an investment firm;
4. data regarding the amount to be distributed to each bondholder.

(6) On the business day following the receipt of the total amount of the payment into the CD account, the CD shall transfer the relevant amounts to the accounts of the investment firms with which the respective client accounts have been opened.

**Article 103.** (1) (*amended – Minutes No 11 of 14.04.2021*) The investment firms are obliged to pay the amounts to the bondholders in accordance with the list on the due dates for the respective payments, within the time limits set out in Article 71 of Ordinance No 8.

(2) (*amended – Minutes No 11 of 14.04.2021*) For bondholders with personal accounts, the amounts can be paid on the day following the receipt of the amount for the payment by the CD:

1. to a bank account specified by the company. In this case, the CD shall provide to the servicing bank a list of the bondholders with personal accounts;
2. in cash at the company. In this case, the CD shall provide to an authorised representative of the company the list with the distribution of payments for bondholders with personal accounts.

The payment of the amounts shall be made in compliance with the requirements and the time limits set out in Article 62(3) and (4) of Ordinance No 8.

**Corporate event notifications**  
*(title amended – Minutes No 11 of 14.04.2021)*

**Article 104.** (1) *(amended – Minutes No 11 of 14.04.2021)* Upon receipt of a notification of an upcoming corporate event from an issuer company of dematerialised financial instruments, the CD shall send the relevant information to its members through its electronic system.

(2) *(amended – Minutes No 11 of 14.04.2021)* Information regarding corporate events shall be transmitted in accordance with Commission Implementing Regulation (EU) 2018/1212.

(3) *(amended – Minutes No 11 of 14.04.2021)* Companies shall receive information regarding upcoming corporate events only through the electronic platform of the CD. Information in accordance with Article 110d of the POSA regarding corporate events shall be sent by the issuer company to the CD electronically through the information system of the CD.

**Providing regulatory reporting**

**Article 104a.** *(new – Minutes No 13 of 10.09.2018)* (1) CD AD may provide to the issuers of financial instruments services for reporting of data to the FSC in connection with the regulatory requirements for disclosure of information regarding corporate actions.

(2) The service referred to in paragraph 1 shall be carried out on the basis of an agreement which shall contain:

1. detailed description of the service and scope of the information regarding corporate actions which CD AD shall report to the FSC;
2. obligation of the issuer to provide the relevant information to the CD by electronic means through the information system of the CD;
3. the responsibilities of the parties in connection with the reporting of the data.

(3) CD AD shall provide the regulatory reporting service in accordance with the extant legislation.

**Section VII**

**Management of pending settlement transactions when performing corporate actions**  
**(Transaction Management)**

*(title amended – Minutes No 6 of 19.06.2015)*

**General provisions**

**Article 105.** (1) *(amended – Minutes No 6 of 19.06.2015, Minutes No 11 of 14.04.2021, Minutes No 9 of 18.04.2023)* The rules set out in this section shall apply to the deferred settlement of transactions in financial instruments concluded at a trading venue, when the planned settlement date is before or on the date on which the persons entitled to participate in the corporate action are determined (record date).

(2) *(amended – Minutes No 6 of 19.06.2015)* The management of pending settlement transactions in the event of corporate actions shall be carried out by performing the following procedures:

1. market claim – the procedure whereby ex-officio transactions in financial instruments and cash are executed in order to satisfy a claim from the buyer to the seller in relation to rights and/or assets from corporate actions – dividend payment, payment of interest on bond issues, capital increase with own funds and other distributions of rights and/or assets.

2. *(amended – Minutes No 9 of 18.04.2023)* transformation – the procedure whereby those not completed by the end of the business day on the date of recording with reorganisation of financial instruments, with a new ISIN and/or cash, are cancelled and replaced with new ones in accordance with the terms and conditions defined by the issuer.

(3) *(new – Minutes No 9 of 18.04.2023)* Buyer protection is a procedure whereby the buyer instructs the seller in order to exercise rights related to corporate action with options.

(4) *(new – Minutes No 6 of 19.06.2015, renumbered from subparagraph 3 – Minutes No 9 of 18.04.2023)* The procedures for management of pending settlement transactions shall be implemented in accordance with the requirements for irrevocability of transfer orders and settlement finality set out in Article 129 of these Rules..

## Market claims in cases of pending settlement

**Article 106.** (1) (*amended – Minutes No 6 of 19.06.2015*) In the cases covered by Article 105(2)(1) the CD shall send to the parties to pending settlement transactions information about any market claim detected in the CSS.

(2) (*amended – Minutes No 6 of 19.06.2015, Minutes No 9 of 18.04.2023*) Market claims shall be detected automatically in the CSS at the close of business on the record date in cases where the information has been disclosed in the registers of the CD, or, in the remaining cases, when a corporate action is performed.

(3) (*amended – Minutes No 6 of 19.06.2015*) The submission of standard transfer instructions to the CSS in connection with the underlying transaction authorises the CD to execute the market claim procedure, unless a prior waiver in accordance with Article 106(4) of these Rules has been declared.

(4) (*new – Minutes No 6 of 19.06.2015*) The participants in the CSS may declare a prior waiver for the execution of a market claim procedure by including in the instructions submitted by both parties to the transaction a special identifier according to the instructions for the operation of the CSS.

(5) (*repealed – Minutes No 9 of 18.04.2023*)

(6) (*new – Minutes No 6 of 19.06.2015*) An activated procedure for market claim execution shall authorise the CD to perform the following actions:

1. in respect of cash received as a result of a corporate action:

(a) The CD shall record in the list of shareholders/bondholders the circumstances recorded in the registries in respect of the market claim procedure by recording all sellers and buyers involved in those transactions and recalculating the amounts based on the financial instruments sold. The recalculation shall be performed as follows: in respect of sellers, the number of financial instruments sold under these transactions shall be deducted from the total balance on the accounts; and in respect of each buyer of financial instruments, the amount corresponding to the financial instruments that should have been transferred to its account at the close of business on the record date shall be recorded.

(b) The cash received from the company shall be transferred to the accounts of the participants in the CSS acting on behalf of the buyers of the financial instruments under the pending settlement transactions.

2. in respect of financial instruments received as a result of a corporate action:

(a) At the time of the initial recording of the corporate action, the CD shall credit the seller's account.

(b) The CD shall generate an ex-officio transaction for the execution of the market claim by transferring from the seller's account under the underlying transaction to the account of each buyer the respective number of financial instruments received as a result of the conducted corporate action. The ex-officio transaction shall involve the same number and type of financial instruments that were received by the seller as a result of the deferral of the settlement of the transaction.

3. (*new – Minutes No 9 of 18.04.2023*) In relation to transactions concluded via T2S, the CD shall send an automatic market claim message on behalf of the relevant participant. Directly connected participants shall send a separate instruction to the CD, based on which the CD shall send the corresponding claim to T2S. The assets received shall be reflected on the account of the relevant participant in T2S or in the relevant cash account for receiving funds from corporate actions.

(7) (*new – Minutes No 6 of 19.06.2015*) When a corporate action results in fractions of securities, they shall be rounded down to the nearest whole number.

(8) (*new – Minutes No 6 of 19.06.2015, amended – Minutes No 9 of 18.04.2023*) When the issuer provides a cash compensation for the fractions of the number of securities to be allocated, an additional (independent) payment transaction (payment free of delivery) to the beneficiary shall be generated in the amount of the product of the residual fraction and the unit price of the financial instrument specified by the issuer.

(9) A market claim procedure shall be executed if the following conditions are met:

1. the settlement of the underlying transfer has been completed;

2. (*amended – Minutes No 9 of 18.04.2023*) the corporate action is serviced and the assets under it are distributed via the system of the CD or via T2S in the applicable cases.

(10) (*new – Minutes No 6 of 19.06.2015, amended – Minutes No 11 of 19.06.2015, Minutes No 9 of 18.04.2023*) If the required conditions are not met within 20 business days of the detection of the market claim, the CD shall not generate an ex-officio transfer transaction.

(11) (*new – Minutes No 6 of 19.06.2015*) The CD shall send to the participants in the CSS information about the transfers made in the course of the market claim execution.

**Transformation in cases of pending settlement**  
*(title amended – Minutes No 6 of 19.06.2015)*

**Article 107.** (1) *(amended – Minutes No 6 of 19.06.2015, Minutes No 9 of 18.04.2023)* In the cases covered by Article 105(2)(2), when corporate actions resulting in reorganisation of an issue of financial instruments are performed, the CD shall establish the pending settlement transactions.

(2) *(repealed – Minutes No 9 of 18.04.2023)*

(3) *(new – Minutes No 6 of 19.06.2015, amended – Minutes No 9 of 18.04.2023)* After having established the pending settlement transactions, the CD shall automatically cancel the pending transactions and shall send reversal instructions to T2S when necessary.

(4) *(new – Minutes No 6 of 19.06.2015, amended – Minutes No 9 of 18.04.2023)* The participants shall send new instructions containing the new ISIN after the corporate action is recorded in the CD. The new instructions must contain the relevant transaction parameters and reflect the change in the financial instruments.

(5) *(new – Minutes No 9 of 18.04.2023)* In cases where the transactions were to be completed in T2S, the CD shall send the instructions referred to in paragraph 4 to T2S immediately after receiving confirmation that the old ones were cancelled.

(6) *(new – Minutes No 9 of 18.04.2023)* Direct participants shall receive from the CD the relevant confirmation messages (for cancellation, status of the new instructions sent, settlement) sent by T2S.

(7) *(new – Minutes No 9 of 18.04.2023)* The settlement of the new transaction shall be effected not earlier than the date of recording of the corporate action and the intended settlement date of the main transaction. When the transaction is to be completed in T2S, the settlement of the new transaction shall be effected not earlier than the date of payment and the intended settlement date of the main transaction. After the transaction is executed according to the additional instructions received, the transaction shall be marked as completed in the CSS.

(8) *(repealed – Minutes No 9 of 18.04.2023)*

(9) *(new – Minutes No 6 of 19.06.2015, renumbered from subparagraph 5 – Minutes No 9 of 18.04.2023)* When a corporate action results in fractions of securities, they shall be rounded down to the nearest whole number.

(10) *(new – Minutes No 6 of 19.06.2015, renumbered from subparagraph 6 – Minutes No 9 of 18.04.2023)* When the issuer provides a cash compensation for the fractions of the number of securities to be allocated, an additional (independent) payment transaction (payment free of delivery) to the buyer shall be generated in the amount of the product of the residual fraction and the unit price of the financial instrument specified by the issuer.

(11) *(new – Minutes No 6 of 19.06.2015, renumbered from subparagraph 7, amended – Minutes No 9 of 18.04.2023)* The participants in the CSS may declare a prior waiver for the execution of a transformation procedure by including in the instructions submitted by both parties to the transaction a special identifier.

(12) *(new – Minutes No 6 of 19.06.2015, renumbered from subparagraph 9, amended – Minutes No 9 of 18.04.2023)* Where as a result of the transformation it is necessary to generate several ex-officio transactions, each transaction shall be settled independently of the others (with different ISIN numbers). Instructions for all transactions that were to be completed in T2S shall be sent to T2S, and their completion shall be reflected in the CSS upon receipt of a confirmation from T2S that the settlement has been completed.

(13) *(new – Minutes No 6 of 19.06.2015, renumbered from subparagraph 10 – Minutes No 9 of 18.04.2023)* The CD shall send to the participants in the CSS information about the transfers made in the course of the execution of the transformation procedure.

**Buyer protection in cases of pending settlement**  
*(title amended – Minutes No 6 of 19.06.2015)*

**Article 108.** (1) *(amended – Minutes No 6 of 19.06.2015, Minutes No 9 of 18.04.2023)* In the cases covered by Article 105(3), when corporate actions with options are performed, the buyer shall send to the seller an instruction that contains information about how to exercise the rights in the financial instruments subject to the transaction.

(2) *(amended – Minutes No 6 of 19.06.2015, Minutes No 9 of 18.04.2023)* Instructions to the seller regarding the exercising of the rights in financial instruments must correspond to the number or denomination of the financial instruments subject of the pending settlement transaction.



(3) *(new – Minutes No 6 of 19.06.2015, amended – Minutes No 9 of 18.04.2023)* Any instruction that is sent by the buyer before the end of the business day preceding the day on which the persons entitled to participate in the corporate action are determined and is related to a transaction for which the transaction date is before or on the date on which participation in the corporate event is guaranteed, shall be considered valid and shall be accepted by the seller.

(4) *(new – Minutes No 6 of 19.06.2015, amended – Minutes No 9 of 18.04.2023)* Transactions for which an instruction has been sent, but which are not yet completed at the end of the business day preceding the day on which the persons entitled to participate in the corporate action are determined, shall be cancelled by both the buyer and the seller. The transaction must be cancelled at the latest before the last processing for the day preceding the date on which the persons entitled are determined. For T2S transactions, the deadline is 5:30 p.m. on the day preceding the date on which the persons entitled are determined.

(5) *(new – Minutes No 6 of 19.06.2015, amended – Minutes No 9 of 18.04.2023)* The parties to the transaction shall send new instructions (in case of corporate actions involving a change of rights in financial instruments, the instructions shall contain a new ISIN), in accordance with the buyer's instructions, on the next day. For T2S transactions, new instructions shall be sent immediately after the cancellation instructions are sent. The transaction shall be processed and completed on the same day.

(6) *(new – Minutes No 6 of 19.06.2015, amended – Minutes No 9 of 18.04.2023)* In the event that the settlement of the transaction occurs before the end of the business day preceding the day on which the persons entitled to participate in the corporate action are determined or, for transactions in T2S, before 5:30 p.m. on the day preceding the date on which the persons entitled are determined, the instructions sent to protect the buyer shall be considered invalid.

(7) *(new – Minutes No 6 of 19.06.2015, amended – Minutes No 13 of 10.09.2018, amended – Minutes No 9 of 18.04.2023)* The instruction regarding the exercising of the rights in financial instruments can be changed by the buyer not later than the end of the business day preceding the day on which the persons entitled to participate in the corporate action are determined. For T2S transactions, the deadline is 5:30 p.m. at the end of the business day preceding the day on which the persons entitled to participate in the corporate action are determined.

(8) *(new – Minutes No 6 of 19.06.2015, amended – Minutes No 9 of 18.04.2023)* In the event that the buyer does not send to the seller an instruction regarding the exercising of the rights in financial instruments by the end of the business day preceding the day on which the persons entitled to participate in the corporate action are determined, the seller shall declare to the issuer the default option in connection with the corporate action.

(9) *(new – Minutes No 9 of 18.04.2023)* Cash payments shall be made in accordance with the standard procedure for cash transactions in corporate actions.

## **Section VIII**

### **Extracts from the register**

#### **Preparation of statements on the basis of the register**

**Article 109.** (1) The CD shall prepare the following statements/reports regarding the circumstances recorded in the registers it keeps:

1. certificates of the capital structure of companies;
2. statements of transfers recorded on the account of an issuer company;
3. portfolios of companies/clients;
4. statements of percentage holdings of shareholders;
5. reports on capital amounts and recorded encumbrances on issues;
6. reports on dividends/interest and principals paid;
7. other certificates.

(2) The statements/reports shall be prepared on the basis of an application which shall contain: company details, type of and information about the statement, format of the statement, date as of which the statement shall be issued.

(3) Applications for preparation of statements/reports shall be submitted on paper or by electronic means by filling in a form in electronic format.

(4) *(amended – Minutes No 11 of 14.04.2021)* Statements/reports shall be provided in compliance with the requirements set out in Article 133 of the POSA regarding the provision of information by the CD.

(5) The statements/reports shall be received by the applicant or by a person authorised thereby upon provision of a document certifying that the fee for the statement preparation has been paid.

(6) The CD shall set up and administer an automated electronic system (portal) for provision of statements/reports to government authorities and to other entities with functions assigned by the State which are entitled to access the information in the registers of the CD pursuant to a statutory instrument.

(7) (*amended – Minutes No 13 of 10.09.2018*) The electronic portal referred to in paragraph 6 shall allow registration of applications, issuance and receiving of statements/reports in electronic form and their electronic transmission in accordance with the requirements set out in the Electronic Documents and Electronic Signature Act (EDESA).

(8) The CD shall provide access for automated registration of applications for issuance of statements/reports in the electronic portal via a protected information channel by means of a qualified electronic signature.

(9) The information in accordance with paragraph 6 shall be provided in compliance with the statutory requirements and procedures for disclosure of the relevant information, as follows:

1. (*amended – Minutes No 13 of 10.09.2018*) information intended for bodies specified in Article 133(5) of the POSA and Article 91(2)(4) and (5) of the MFIA (the bodies of the FSC, NRA, the Commission for Combating Corruption and Confiscation of Illegally Acquired Property (KPKONPI), etc.) shall be provided by the CD free of charge;

2. information intended for other entities entitled to access pursuant to a statutory instrument (state and private enforcement agents, etc.) shall be provided by the CD against payment in an amount and according to a procedure determined in the Tariff of Fees collected by the CD.

(10) The conditions and procedures for interconnection and data exchange with the entities referred to in paragraph 6 shall be set out in separate technological procedures.

(11) After the system referred to in paragraph 6 is commissioned, the relevant information about all types of statements/reports, with the exception of those not covered by the system's functionality, shall be provided by the CD only electronically, in compliance with the requirements of EDESA.

### **Register of holders of dematerialised financial instruments**

**Article 110.** (1) The Central Depository shall provide the register of holders of financial instruments to the issuer at the request of the issuer's representative. The CD shall provide the register of bondholders at the request of the trustee representing them.

(2) The preparation of a register of the holders of dematerialised financial instruments shall be requested as of a specific date in a pre-selected format. For this purpose the authorised persons referred to in paragraph 1 shall submit to the CD an application form in writing in the CD's premises, by mail, fax or e-mail.

(3) The application shall contain the following information:

1. company name, UIC, headquarters and registered address;

2. date as of which the register of the holders of dematerialised financial instruments is to be issued.

(4) The application may be submitted online via the electronic system of the CD by filling in an electronic form in accordance with the procedure for registration published on the CD's website.

(5) In case of a change in the data specified in paragraph 3, a new application form shall be submitted. Each submitted application shall be processed separately.

(6) Hard copies of the registers of holders of dematerialised financial instruments shall be received by the representative of the applicant or by a person expressly authorised thereby. In order to receive the list, the following documents must be provided:

1. power of attorney if the register is received by an authorised person;

2. identity document of the recipient;

3. a document confirming that a fee has been paid.

**Article 111.** (1) The CD shall prepare and provide a register of the holders of dematerialised financial instruments as well as the statements set out in Article 109 concerning information recorded in the register kept by the CD after an official inspection regarding the existence of due and outstanding liabilities of the applicant company for fees for administration of the relevant issue of financial instruments.

(2) If outstanding liabilities for fees under the Tariff of Fees collected by the CD exist, the applicant shall be notified about the size of and grounds for the amounts payable.

(3) In the cases falling within paragraph 2, the documents, statements/reports and extracts relating to circumstances recorded in the register, issued by CD, shall be provided to the entitled persons upon presentation of a document certifying the payment of the fees due.

(4) (*new – Minutes No 11 of 14.04.2021*) Paragraph 3 shall apply accordingly in case of established failure to fulfil the notification obligation set out in Article 39(11) of these Rules. In these cases the CD shall have the right to provide the requested statements/reports after the data required for updating the information in the registration system are submitted.

### **Part Three Opening and keeping of accounts**

#### **Chapter Eight General provisions**

**Article 112.** (1) The CD shall open and keep accounts for financial instruments under the conditions and according to the procedures set out in these Rules and in compliance with the extant legislation.

(2) Financial instruments shall be recorded on the accounts of:

1. holders of dematerialised financial instruments – personal or client accounts;
2. persons holding in omnibus accounts in their own name dematerialised financial instruments of two or more other persons.

(3) Operations on personal accounts for financial instruments can be ordered only to transfer financial instruments from and to the client account of the relevant holder.

(4) Operations relating to financial instruments in the CSS shall be ordered from and to client accounts in the CSS.

(5) At the time of opening of client accounts, the type of the service performed by the member of the CD for the client, for the purposes of which the account is requested, shall be indicated, in particular:

1. investment firm;
2. custodian;
3. underwriter;
4. management company;
5. other, if the nature of the activity so requires.

**Article 113.** (1) The CD and its members shall maintain the accounts for financial instruments in compliance with the following principles:

1. double-entry bookkeeping;
2. separate recording of each financial instrument;
3. completeness;
4. interdependence;
5. clarity.

(2) Principle of double-entry bookkeeping – every operation relating to financial instruments is recorded in at least two accounts. The entries or the sum total of the entries recorded on one side must be balanced by equivalent entries on the other side in another account. In special cases these entries can be made in one account only, when they refer to a change in the status of the financial instruments in the same account.

(3) Principle of separate recording – the financial instruments of one issuer which grant identical rights to their holders shall be recorded in a separate deposit account and all operations relating to these financial instruments shall be registered by the members of the CD in personal and/or client accounts specially opened for this purpose.

(4) Principle of completeness – all operations relating to financial instruments shall be recorded.

(5) Principle of interdependence – the operations relating to financial instruments shall be recorded in their entirety and in a meaningful way with regard to facts.

(6) Principle of clarity – the entries shall unambiguously and correctly reflect the financial instruments recorded in the accounts.

**Article 113a.** (*new – Minutes No 13 of 10.09.2018*) (1) The CD shall take reconciliation measures pursuant to Article 37(1) of Regulation (EU) No 909/2014 with regard to recorded issues of financial instruments, as follows:

1. method of recording the issue – the issue shall be recorded in its completeness and totality according to the classes of financial instruments;
  2. method of maintaining the issue details – the changes of ownership shall be reflected in compliance with the principle of double-entry accounting (each credit record on an account for financial instruments shall correspond to the respective debit record on another account for financial instruments maintained by the CD);
  3. obligations have been introduced for the participants in the CSS to send the necessary information on the basis of which the reconciliation should be performed;
  4. each issue shall be reconciled each time when instructions are received from a participant in the CSS for changing ownership, from an issuer for changing the parameters of the issue or from a competent body ordering the recording of changes in the register.
- (2) The CSD shall compare the previous end-of-day balance with all the settlements processed during the day and the current end-of-day balance for each issue and financial instruments account. When instructions for processing are submitted by participants in the CSS, the comparison under the previous sentence shall be made at the end of the respective processing session for each issue and account for financial instruments.
- (3) Where the reconciliation process concerns securities subject to immobilisation, the CD shall put in place adequate measures to protect the physical securities from theft, fraud and destruction. The CD shall keep the physical securities in a specially designated premise which guarantees a high degree of protection against floods, earthquakes, fires and other disasters. The BD of the CD shall adopt a procedure for putting in place measures to protect physical securities from theft, fraud and destruction.
- (4) The persons involved in the internal audit in the CD shall carry out annual inspections of the premises in which physical securities are stored. The results of the performed inspections shall be communicated to the FSC within 7 days of the submission of the audit report to the BD of the CD.

## **Chapter Nine**

### **Accounts for financial instruments**

- Article 114.** (1) The CD shall open accounts for dematerialised financial instruments on the basis of received unilateral instructions.
- (2) Accounts for financial instruments in the registration system shall be opened on instructions from a register operator, issuer of financial instruments and other authorised bodies and persons.
- (3) Accounts for financial instruments in the CSS shall be opened on instructions from the direct participants in the system (clearing and direct members of the CD).
- (4) Non-clearing members may open accounts by submitting instructions through a clearing member.
- (5) In the cases provided for in a statutory instrument, the CD may also open accounts based on instructions from authorised bodies and persons.
- (6) The accounts for financial instruments shall be broken down by issue, holder and number.
- (7) Each holder of financial instruments can have more than one account for the same issue with each member of the CD.
- (8) IBAN coding shall be used to set up the relevant account numbers.

**Article 115.** The CD shall open and keep accounts for financial instruments as follows:

1. (*amended – Minutes No 11 of 14.04.2021*) in the registration system (CSR and other registers of financial instruments operated by the CD):
  - (a) personal accounts for financial instruments of holders of financial instruments outside the client registers maintained by the members of the CD;
  - (b) client accounts for financial instruments opened by members of the CD in the name of their clients;
  - (c) client accounts of persons holding in omnibus accounts in their own name financial instruments of two or more other persons. When a register of bondholders/shareholders is issued, the existence of such accounts and the balances on them shall be recorded in the register;
  - (d) issue accounts for financial instruments of companies with issues of financial instruments;
  - (e) accounts containing bookmarking for collaterals in regard to margin purchases, short sales, special pledges, financial collateral arrangements and repurchase transactions;
  - (f) special accounts opened by the CD in the name of its members for temporary safekeeping of financial instruments in case of missing data or incorrectly submitted data relating to the distribution of financial instruments, until specific instructions are received;

(g) (*new – Minutes No 11 of 14.04.2021*) special accounts managed by enforcement agents for the purposes of enforcement under the Civil Procedure Code and the Tax and Social Insurance Procedure Code, by the KPKONPI or by other bodies authorised in accordance with the applicable regulations;

2. in the settlement system:

(a) settlement accounts for financial instruments – personal accounts of members of the CD and client accounts in the CSS of holders of financial instruments linked to the accounts in the registration system. The balances in these accounts shall reflect the number of financial instruments designated for trade in the account of the same holder maintained by the relevant member in the register;

(b) collective settlement accounts of clients with a member of the CD – accounts for financial instruments in which financial instruments of one issue held by different holders are aggregated. The balances of the collective accounts shall represent the sum of the total number of financial instruments designated for trade;

(c) collective settlement accounts for management of financial instruments of foreign clients and other members – accounts on which the total number of financial instruments designated for trade by the clients of another member of the CD are recorded;

(d) accounts for margin purchases and short sales.

## **Chapter Ten**

### **Cash accounts**

**Article 116.** (1) The members of the CD shall declare to the Depository the following cash accounts:

1. settlement cash accounts – cash accounts of members of the CD that are participants in the CSS, opened with a bank which is a participant in RINGS and declared to the CD with a consent for direct debit. Settlement cash accounts may be debited only through:

(a) an order for settlement of transactions the payment for which is made through the settlement system of the CD;

(b) an application to the CD for a cash transfer in relation to a settled transaction for sale of financial instruments and settlement with an end client;

2. other cash accounts under general management used for:

(a) payments between the members of the CD and their clients after the settlement of transactions for sale of financial instruments;

(b) receiving cash from corporate actions. The accounts shall be in the currency in which the issues of financial instruments with upcoming or completed payments under corporate action have been registered;

(c) (*amended – Minutes No 11 of 14.04.2021*) payments under margin purchases and short sales. For margin purchases and short sales, the members of the CD shall open cash accounts and shall declare consent for direct debit in the CSS of the depository. Cash related to margin purchases or short sales shall be credited to such accounts.

(2) All cash accounts shall be opened with the bank branch administering the settlement cash account of the respective CSS participant.

(3) (*new – Minutes No 10 of 18.10.2017*) For the needs of the settlement of transactions in EUR, the CSS participants shall declare to the CD cash accounts specified in paragraph 1(1) with a consent for direct debit, opened with a bank that is a participant in the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2).

(4) (*new – Minutes No 9 of 18.04.2023*) For the needs of the settlement of transactions in EUR in T2S, the CSS participants shall declare to the CD the cash account specified in paragraph 3, as well as a special cash account in EUR for securities transactions (T2S Dedicated Cash Account, T2S DCA) that is opened by a bank that is a participant in TARGET2 and is used for cash payments in connection with the settlement of securities in T2S.

**Part Four**  
**Settlement of transactions in dematerialised financial instruments and operations relating to dematerialised financial instruments**

**Chapter Eleven**  
**Operational rules of the financial instruments settlement system**

**Section I**  
**General provisions**

**Article 117.** (1) The Central Depository shall set up and manage the clearing and settlement system for transactions in dematerialised financial instruments carried out by its members and shall:

1. adopt technical procedures for operation of the CSS and provide the participants with access to them;
2. exercise control to ensure compliance with the operational rules and procedures for the system;
3. adopt internal operational rules for the CSS in order to ensure a level of protection of the system and of the information and operational reliability;
4. have the right to temporarily restrict and suspend a participant in the CSS under the conditions and according to the procedures set out in these Rules;
5. maintain the operation of the CSS by providing equal access to the participants in compliance with the system rules and procedures;
6. administer the system and provide access to it to the participants on the basis of reliable mechanisms for protecting the access to the incoming information and the information recorded in the CSS;
7. provide a reliable information system for the operation of the CSS in a protected communication environment;
8. notify all participants in advance when making adjustments to the operation of the system and ensure sufficient time for preparation and testing of participants' systems for interconnection with the CSS.

(2) The operating rules of the settlement system shall also cover:

1. the conditions for access to the CSS;
2. the conditions for leaving or termination of a participant from the CSS;
3. the manner of submission of transfer orders in the settlement system and the requirements to the format and structure of the information provided for execution of operations in settlement accounts;
4. the operational principles of the financial instruments settlement system, the interconnections with the payment system, the interconnections between different systems for settlement finality of financial instruments, the interaction with clearing houses, as well as the interconnection with the national registration system;
5. the periods of time during which the financial instruments settlement system accepts orders;
6. the moment of irrevocability of a transfer order accepted by the settlement system;
7. the manner for providing the cash and the financial instruments for completion of the settlement of the transfer orders submitted to the settlement system;
8. the currency/ies with which the settlement system operates;
9. the potential financial, operational and technical risks for the participants in the system, as well as the risk management measures;
10. the rules and technical arrangements for protecting the information against illegal access or use;
11. the rules for operating in emergency situations.

(3) Separate instructions and procedures for the CSS shall be provided to define the technical operation and organisation, and the manner and procedures for exchange with the participants in the system of the data required for the settlement.

(4) The CD shall organise the drawing up of a written agreement for the settlement system operated by it. The agreement shall contain provisions regarding:

1. the relationship between the parties with regard to the recording and settlement of transactions in dematerialised financial instruments pursuant to the legal requirements;
2. the rights and obligations of the parties in connection with the opening and keeping of accounts, the submission of transfer orders and the execution of operations in the system;
3. the operational and technical requirements for execution of operations on the settlement accounts;

4. the responsibilities of the parties with regard to the recording and settlement of transactions in dematerialised financial instruments;
  5. resolving disputes related to the operation of the CD by the Arbitration Court of the CD;
  6. the law applicable to the operations in the system.
- (5) The services provided through the CSS shall be paid pursuant to the Tariff referred to in Article 4 of these Rules.
- (6) (*amended – Minutes No 13 of 10.09.2018*) The members of the CD and the other legal entities specified in Article 78c of the PSPSA which have signed the agreement for the settlement system can be participants in the settlement system.
- (7) An applicant for participation in the CSS shall submit to the CD an application in writing for provision of access to the system. The CD shall conduct tests on the technical, technological and information capability of the applicant to be included in the system.
- (8) Access to the CSS shall be provided after the tests have been passed successfully, the agreement for participation in the settlement system has been signed and the contributions and fees payable to the CD in accordance with these Rules and the Tariff have been paid.
- (9) The rules set out in Chapters Two and Three of Part One of these Rules shall apply to the conditions and procedures for suspension or termination of participants from the CSS and to the imposition of sanctions on them.
- (10) In its capacity as a system operator the CD shall maintain an electronic connection with the Real-Time Interbank Gross Settlement System (RINGS) in compliance with the electronic data exchange procedure defined by the BNB. The CD may also participate in other systems which provide settlement finality under the conditions of the extant legislation.
- (11) (*new – Minutes No 9 of 18.04.2023*) In its capacity as a T2S participant, the CD shall use the services provided by T2S to settle transactions in financial instruments from issues denominated in EUR, as well as from issues of financial instruments that are quoted in EUR on trading venues.

**Article 118.** (1) The settlement of transactions in dematerialised financial instruments may involve:

1. cash transfers according to the DVP (delivery versus payment) principle where the transfers of financial instruments from the account of the transferor to the account of the transferee and the respective transfers of cash from the account of the transferee to the account of the transferor are linked. The transfer of financial instruments shall be carried out on a gross basis, and the transfer of cash shall be carried out on a net basis (DVP – Model 2);
  2. no cash transfers (DFP – delivery free of payment) where the parties to the transaction shall settle their payments among themselves.
- (2) The settlement of transactions shall be carried out in accordance with the principle of bilateral notification – one request for finalisation of the transaction by each of the parties.
- (3) Transactions in dematerialised financial instrument shall be recorded on the basis of the following:
1. (*amended – Minutes No 11 of 14.04.2021*) with regard to transactions settled on a trading venue – data provided by the operator of the trading venue and by the parties to the transaction through a member of the CD;
  2. (*amended – Minutes No 11 of 14.04.2021*) with regard to transactions settled outside a trading venue – data provided by the parties to the transaction through a member of the CD.
- (4) The participants in the settlement system are obliged to provide the cash and the financial instruments required for the settlement of the concluded transactions in dematerialised financial instruments.
- (5) The participants in the settlement system shall be responsible for discharging the financial obligations arising from the transfer orders submitted in the system.
- (6) (*amended – Minutes No 10 of 18.10.2017*) The operational currencies of the CSS shall be BGN and EUR.

**Article 119.** (1) The settlement in the CSS shall be carried out as follows:

1. for DVP transactions the payment account of the transferee shall be debited and the payment account of the transferor shall be credited with the amount indicated in the transaction order and at the same time the transferor's account for financial instruments shall be debited and the transferee's account for financial instruments shall be credited with the nominal value of the financial instruments subject of the transaction;

2. for DFP the transferor's account for financial instruments shall be debited and the transferee's account for financial instrument shall be credited with the nominal value of the financial instruments subject of the transaction.

(2) Payments requested for settlement in RINGS shall be settled in compliance with the "Operating Rules and Procedures of the Real-time Interbank Gross Settlement System (RINGS)", according to the schedule of the RINGS system day.

(3) The principles, organisation and technology for settlement of interbank and internal bank payments for transactions in financial instruments shall be laid down in instructions of the CD and the BNB.

(4) (*new – Minutes No 9 of 18.04.2023*) Payments under transactions shall be settled in T2S on a delivery-versus-payment basis in cash in a central bank in accordance with these Rules of Procedure and the T2S operating rules and procedures.

**Article 120.** (1) The clearing and settlement system (CSS) shall:

1. receive, process and execute transfer orders submitted by the participants in the system;
2. following a predetermined schedule and format, submit to RINGS requests for net settlement of the results obtained from the re-calculation on a multi-lateral basis of the mutual obligations of the participants in the system;
3. following the receipt of information for a successfully processed request for net settlement, transfer the financial instruments subject of the transaction to the relevant settlement account;
4. submit to every participant in the system information about the results of the settlement for the orders executed through the system.

(2) The CD may refuse to accept a transfer order for settlement:

1. if the account balances of the parties to the transaction are insufficient for execution of the operation relating to the transaction within the settlement time frame;
2. (*amended – Minutes No 11 of 14.04.2021*) if discrepancies are found when comparing the data provided by the parties to the transaction, except in the cases of tolerance for settlement amounts determined in accordance with Article 6 of Commission Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline (Regulation (EU) 2018/1229);
3. if there are statutory prohibitions or restrictions;
4. in other cases set out in the extant legislation.

(3) The CD shall record the data relating to the settled transactions in the registration system on the basis of the information received from its members in accordance with Section IV of Chapter Eleven.

(4) (*new – Minutes No 11 of 14.04.2021*) The tolerance level referred to in paragraph 2(2) and the operational procedures for its application shall be adopted by a resolution of the BD of CD AD. The resolution of the BD shall be sent to the participants in the CSS through the CD's system and shall be published on the website of the CD.

(5) (*new – Minutes No 5 of 2.03.2022*) Transfer orders shall be processed automatically by the CSS. A manual intervention in the automated settlement process shall be allowed only in the cases set out in Article 4(3) of Regulation (EU) 2018/1229.

**Article 121.** (1) The settlement shall be carried out in accordance with a predetermined schedule for operation of the system (schedule for the CSS system day) which shall be approved by the Board of Directors and shall be published on the website of the CD. A system day shall be any business day between 8 a.m. and 7 p.m.

(2) Changes of temporary nature in the schedule (up to 5 days) may be approved by the Executive Director of the CD. The CD shall promptly notify the participants in the CSS through the electronic data exchange system about changes in the schedule.

(3) (*new – Minutes No 9 of 18.04.2023*) Settlement in T2S shall follow the schedule of the system day and the working hours of T2S.

## **Section II**

### **Receiving and processing of information**

**Article 122.** (1) The communication between the CD, in its capacity as a system operator of the CSS, and the participants in the CSS regarding requests for execution of operations submitted in the system shall be carried out electronically.



(2) Direct participants in the system shall submit electronic messages containing orders and/or instructions for execution of operations in the CSS via the communication channels defined in the technical instructions for the operation of the system. The messages shall be based on standard ISO (International Standard Organization) 15022.

(3) The structure, form, recording rules and manner of submission of messages shall be defined in the technical instructions for the operation of the system.

(4) The CSS shall carry out syntactic checks of the messages for compliance with the required standard and shall return the check results. Non-compliant messages are excluded from further processing.

(5) (*amended – Minutes No 9 of 18.04.2023*) Transfer orders shall be considered recorded in the CSS from the time of their registration as compliant with the technical requirements.

(6) (*amended – Minutes No 5 of 2.03.2022*) Transfer orders shall contain the following mandatory details as a minimum:

1. type of the instruction – purchase/receipt or sale/transfer;
2. instruction type – DvP/DfP/FoP, etc.;
3. sender
4. date of preparation of the order
5. settlement date (in case of DVP);
6. number of financial instruments;
7. cash amount – per unit and total;
8. issue;
9. counterparty to the transaction (member of the CD).

(7) Additional details for the individual types of transfer orders shall be indicated in the standard forms attached to the technical instructions for the operation of the system.

**Article 123.** (1) (*amended – Minutes No 5 of 2.03.2022*) Messages which require bilateral confirmation are matched in the CSS for compliance based on the following details:

1. type of the instruction – the message shall state if the instruction concerns purchase/receipt or sale/transfer;
2. settlement date;
3. trade date;
4. trade currency – except the FoP instructions;
5. delivery or receipt of financial instruments or cash;
6. total number of financial instruments;
7. cash amount per unit;
8. total amount in cash;
9. transaction number in the trading venue or common number of the transaction agreed by the participants – parties to the transaction;
10. issue identified by its ISIN;
11. identifier of the participant in the CSS that delivers the financial instruments or cash;
12. identifier of the participant in the CSS that receives the financial instruments or cash;
13. indicator of a preliminary waiver of execution of market claim and transformation procedures in the case of delayed settlement.

(2) (*new – Minutes No 5 of 2.03.2022*) In the cases where transfer orders are submitted in order to carry out specific operations, matching of the following additional criteria is also required:

1. identifier of a repurchase transactions;
2. identification of borrowing of financial instruments;
3. identification for movement of financial instruments, provided as collateral – release or provision;
4. other types of operations, the instructions for which are subject to execution by the CD's system after bilateral confirmation – for example, subscription of rights or conversion of bonds.

(3) (*new – Minutes No 5 of 2.03.2022*) The CSS shall provide the participants with the opportunity to send instructions that are to be matched automatically, based on the criteria specified in paragraphs 1 and 2, continuously during each processing performed by CD AD in the system day.

(4) (*new – Minutes No 5 of 2.03.2022*) All instructions shall be processed automatically by the CSS and information regarding the result of the processing at each stage shall be sent to the respective participants.

**Article 124.** (1) (*amended – Minutes No 5 of 2.03.2022*) After the messages are successfully matched, the data from them shall be collected in a transfer with the number of the message submitted by the transferor. The number of the transfer for a transaction closed on a trading venue is the corresponding unique identifier assigned by the trading venue operator. The number of a transaction concluded directly between two participants or between their clients, or between the clients of one participant is the unique code that the participants have assigned in accordance with the technical instructions for the operation of the CSS.

(2) Messages which are submitted unilaterally and do not require matching of details shall be processed as independent instructions.

(3) (*new – Minutes No 5 of 2.03.2022*) Messages that are related to corporate events and that do not require bilateral confirmation are considered already matched.

### Section III

#### Conditions for settlement of transactions and moment of finality

**Article 125.** (1) DVP transactions shall be settled if a sufficient number of free dematerialised financial instruments are available in the account of the transferor and sufficient cash is available in the payment account of the transferee.

(2) DFP transactions shall be settled if a sufficient number of free dematerialised financial instruments are available in the account of the transferor.

(3) (*amended – Minutes No 11 of 14.04.2021*) Partial transfers of financial instruments and partial payments on transactions shall not be allowed, provided that the settlement system operated by the CD meets the conditions set out in Article 12 of Regulation (EU) 2018/1229.

(4) (*new – Minutes No 5 of 2.03.2022*) The CD shall not apply a hold and release mechanism, provided that the settlement system operated by it meets the conditions set out in Article 12 of Regulation (EU) 2018/1229.

(5) (*renumbered from subparagraph 55 – Minutes No 5 of 2.03.2022*) Banks shall submit information regarding the balance on the accounts not later than 60 minutes before the beginning of the relevant settlement session. The CSS shall regard as up-to-date the information received with the latest message. If no messages have been received, the account shall be regarded as containing a zero balance.

**Article 126.** (1) The total cash amount of the transactions shall be equal to the product of the unit price and the number of financial instruments subject of the transaction. The unit price shall be provided to the nearest ten digits after the decimal point, and the total value – to the nearest two digits after the decimal point.

(2) For all ordered transfers the register and the settlement system must contain clients registered in advance and accounts opened in advance for the issue for which the transactions are concluded.

(3) DVP transactions amounting to a total of less than BGN 0.01 shall be declared and settled with a payment of BGN 0.01.

**Article 127.** (1) All actions of the CD and of the participants in the system related to concluded transactions shall be processed successively according to the day marked with a “T”, which shall be defined as follows:

1. (*amended – Minutes No 11 of 14.04.2021*) in respect of transactions on a trading venue – the day on which the operator of the trading venue has received the information regarding the transactions;

2. (*amended – Minutes No 11 of 14.04.2021*) in respect of transactions outside a trading venue – the day of finalisation of the process of comparison and matching the details of the messages for the transactions and the formation of the transfer.

(2) The maximum duration of the settlement cycle shall be T+2 (the second business day after T).

(3) (*amended – Minutes No 11 of 14.04.2021*) Transactions concluded on a trading venue shall be settled on day T+2.

(4) (*amended – Minutes No 11 of 14.04.2021*) The parties to a transaction concluded outside a trading venue may choose the date of settlement, which shall not be earlier than T and later than T+2. Where a settlement date has been chosen but the messages of the one or both parties have not been submitted on time, the settlement shall be postponed for the following settlement session.

(5) (*new – Minutes No 13 of 10.09.2018*) The requirement set out in paragraph 3 shall not apply to the following transactions:

1. transactions negotiated in advance but performed at trading venues;
  2. transactions performed bilaterally but reported to a trading venue;
  3. the first transaction in which the relevant transferable securities are subject to initial recording in dematerialised form in accordance with Article 3(2) of Regulation (EU) No 909/2014.
- (6) (*new – Minutes No 13 of 10.09.2018*) In transactions in derivative financial instruments the settlement cycle shall be applied in accordance with the terms and conditions of the respective financial instruments.

**Article 128.** (1) The CSS shall process DVP transactions settlement (settlement sessions) according to the schedule for the system day. Transactions which are not settled during the first settlement session shall be settled during subsequent sessions within the system day.

(2) Transactions for which the cash payment is executed outside the system of the CD shall be processed according to the schedule for the system day. Such transactions shall be settled during the first processing after the transfer is formed, if the same date is indicated in the messages, or during the first processing for the day on the date specified as the settlement date in the messages.

(3) The transactions shall be considered to be settled after the financial instruments subject of the transaction are recorded in the respective account.

**Article 129.** (1) The moment after which the order for recording of a transfer accepted by the system of the CD cannot be cancelled by a participant in the system or by a third party and the execution of the order cannot be prevented in another way shall be defined as follows:

1. (*amended – Minutes No 11 of 14.04.2021*) for transactions concluded on a trading venue and transactions recorded and messaged through the trading venue, the moment of irrevocability and finality shall be the moment when the information about the transaction received by the trading venue and the received messages identifying the end transferor are matched;

2. (*amended – Minutes No 11 of 14.04.2021*) for transactions concluded outside a trading venue, the moment of irrevocability and finality shall be the moment of when a transfer is formed from the instructions received by the parties to the transaction.

(2) No participant in the CSS or third party can cancel an order accepted by the system or prevent in another way the execution of an order accepted by the system after the moment defined in accordance with paragraph 1. After that moment the CD shall not apply attachments or execute orders for registration of pledges and other collateral on the financial instruments subject of the relevant transaction.

(3) In case of an incorrectly submitted order, the participant in the CSS may correct it for the purpose and if the settlement of the respective transaction is ensured. Corrections under the previous sentence are allowed until the financial instruments are blocked for the purposes of settlement.

(4) (*new – Minutes No 11 of 14.04.2021, in force from 1.06.2021*) Bilateral cancellation of settlement instructions agreed by the CSS, which are part of the same transaction, shall be allowed until the financial instruments are blocked for the purposes of settlement. The facility for bilateral cancellation by the participants according to Article 7 of Regulation (EU) 2018/1229 shall be defined in the instructions for the operation of the CSS.

(5) (*renumbered from subparagraph 4 – Minutes No 11 of 14.04.2021*) Transfer orders accepted by the CSS shall be executed regardless of any disputes or claims, except in the cases set out in the extant legislation. Compensations for damages shall be regulated by the provisions of the commercial and civil law.

(6) (*renumbered from subparagraph 5 – Minutes No 11 of 14.04.2021, amended – Minutes No 13 of 10.09.2018*) Orders accepted by the CSS shall be executed in accordance with the requirements provided for in Chapter Eight of the PSPSA and in compliance with the requirements set out in Article 39 (5) of Regulation (EU) No 909/2014.

**Article 129a.** (*new – Minutes No 9 of 18.04.2023*) (1) The moment of recording of a transfer order in T2S shall be determined in accordance with Article 122(5).

(2) The moment of irrevocability of a transfer order in T2S shall be determined in accordance with Article 129(1).

(3) When the instructions are subject to matching in T2S, the transfer orders shall be considered recorded at the moment when the T2S platform determines that they comply with the technical rules of T2S, and irrevocable at the moment when the transaction receives the status “matched” in the T2S platform.

**Article 130.** (1) (*amended – Minutes No 13 of 10.09.2018, Minutes No 9 of 18.04.2023*) Upon receipt of a notification from the BNB regarding the suspension or temporary restriction of a bank which is a participant in the system and in respect to which reorganisation measures or winding up procedures have been implemented in accordance with Article 131 of the PSPSA, the CD shall notify its members by publishing the notification on its website. In the cases where the settlement is carried out via T2S, the CD shall notify the ECB immediately after receiving the information from the BNB.

(2) From the moment the CD has been notified of the suspension or temporary restriction of a bank, all members of the CD which have accounts with that bank shall be obliged to stop the submission of instructions for transaction payments through those accounts. This obligation shall not apply to already submitted instructions with regard to concluded transactions at stages T+0, T+1, or to unsettled transactions at stage T+2 or later. After being notified of the suspension or temporary restriction of a bank, the members of the CD shall declare accounts in banks other than the bank in respect of which the notification has been received.

(3) If an instruction for a net settlement on behalf of the CD is rejected by the BNB because a suspended or temporarily restricted member is involved in it, the CD shall prepare a new instruction for net settlement and shall exclude from the netting system all payment orders from and to that bank. The CD shall prepare and send to the BNB a request in writing with regard to the excluded payment orders. A request in writing shall also be prepared and submitted on the settlement day of the transactions regarding instructions for payments under transactions which at the time of receipt of the notification were not at stage T+2, but at stage T+1 or T+0.

(4) After receiving a response from the BNB about the status of the ordered operations, the CD shall prepare information for its members whose payments are related to a suspended or temporarily restricted bank.

**Article 131.** (1) Financial instruments subject of a transaction shall be provided before the beginning of the relevant settlement session according to the schedule for the CSS system day. Financial instruments shall be considered provided if they are available on the account of the transferor or are delivered through a transaction which is to be settled within the same settlement session.

(2) Transactions shall be considered delayed if they have not been settled on day T+2 in accordance with Article 127(2) of these Rules.

(3) (*amended – Minutes No 11 of 14.04.2021*) In the event that financial instruments or cash related to transactions concluded on a trading venue have not been provided, the settlement shall be postponed for the first settlement session following the provision of the required balance. In these cases the financial instruments or cash may be provided by the Settlement Guarantee Fund in compliance with its rules.

(4) In the event that financial instruments or cash related to transactions concluded outside a regulated market are not sufficient, said transactions shall be processed within 10 business days of the date of the settlement indicated in the messages. After the end of this period the system shall stop their processing and the transfers shall be ordered by means of new messages.

#### **Section IV**

##### **Interconnection between the CSS and the registration system. Instructions by a register operator**

**Article 132.** (1) The interconnection between the accounts for financial instruments in the registration system and in the CSS is executed by means of special messages submitted to the CD by a member of the CD acting as a register operator.

(2) After operations with accounts in the CSS are executed, the participants managing the respective accounts are obliged to record the relevant changes in the registration system. For operations in respect of accounts specified in Article 115(2)(c), the obligations under the previous sentence arise for the relevant member in whose name the account is opened.

(3) The obligations specified in paragraph 2 shall be performed through the submission of messages to the registration system by the register operator.

(4) (*amended – Minutes No 1 of 27.01.2017*) Failure to discharge the obligations specified in paragraph 2 shall result in the imposition on the respective members of the sanctions for settlement delay (deferral) set out in Article 30 of these Rules.

(5) The details of the settled transactions shall be recorded in the registration system, as follows:

1. for transactions in financial instruments on settlement accounts specified in Article 115(2)(a) (in the cases of a direct connection between an account in the registration system and an account in the CSS of the same holder): the relevant number of financial instruments shall be credited automatically on the account in the register both in the CSS and in the registration system;
2. for transactions in financial instruments on collective accounts specified in Article 115(2)(b) and (c): the account in the register shall be credited on the basis of messages submitted by a register operator containing instructions for distribution of the financial instruments.
- (6) Changes made to accounts in the CSS shall be recorded in the registration system by the relevant register operator in accordance with the information set out in Article 17(6) of these Rules.
- (7) (*amended – Minutes No 1 of 27.01.2017*) Instructions for the distribution of financial instruments from collective accounts in the CSS, the balances on which change as a result of transactions, to the accounts of the ultimate owner in the registration system, shall be sent not later than the beginning of the penultimate processing for the system day.
- (8) Entries in the registration system shall be made for each transaction and for each client separately.
- (9) (*amended – Minutes No 1 of 27.01.2017*) In case that by the expiration of the deadline specified in Article 133(5) of these Rules there are missing data or incorrectly submitted data, the undistributed financial instruments shall be transferred to a special account for temporary keeping of undistributed financial instruments of the respective member of the CD in the register until the relevant instructions are received. Until the instructions referred to in the previous sentence are received, the financial instruments shall be marked as undistributed in the special account in the register of holders of financial instruments.
- (10) (*new – Minutes No 1 of 27.01.2017*) In the cases covered by paragraph 9 the CD shall send to the respective member a message about the performed operations and the obligations incurred by the respective member of the CD in connection with the undistributed financial instruments in accordance with the procedure laid down in the instructions for the operation of the CSS.
- (11) (*new – Minutes No 1 of 27.01.2017*) Not later than the beginning of the last processing for the system day on the settlement date, the respective member of the CD shall send additional messages for distribution of financial instruments in the registration system in accordance with the instructions received from its clients.
- (12) (*new – Minutes No 1 of 27.01.2017*) If no data regarding the distribution are submitted, the respective member is obliged to perform all operations provided for in the instructions for the operation of the CSS, as well as to settle with its clients the relations which arose as a result of the failure to send the distribution instructions.

**Article 133.** (1) The messages submitted by a register operator shall contain instructions regarding the exact distribution of the financial instruments subject of the transaction to the accounts of the end clients with the relevant member of the CD.

(2) Financial instruments subject to a transaction shall be distributed by one message containing a reference to the relevant transaction.

(3) A distribution message shall be submitted by one register operator for each party to the transaction.

(4) With a view to finalising the transaction within the settlement period, the register operator shall submit the message for distribution of the financial instruments immediately after receiving instructions from the relevant participant who is a party to the transaction.

(5) The distribution message shall be submitted by the register operator not later than the beginning of the last settlement session on the settlement date. Where it is necessary to provide the financial instruments for sale in advance, the distribution message shall be submitted by the register operator before the relevant settlement session during which the transaction will be settled.

## **Section V Priorities**

**Article 134.** The priorities according to which the CSS arranges the transactions for processing during a settlement session shall be as follows:

1. by order of receipt of the information, in descending order:

(a) transactions the settlement of which has been deferred from previous dates;

(b) transactions the settlement of which has been deferred from the same date (for the second settlement session for the day);

(c) same-date settlement transactions.

2. by type of transaction, in descending order:

(a) client transactions;

(b) transactions of members of the CD.

3. (*amended – Minutes No 11 of 14.04.2021*) depending on the place where the transaction is concluded, in descending order:

(a) transactions on a trading venue;

(b) transactions outside a trading venue.

## **Section VI**

### **Cash transfers from settlement to non-settlement accounts**

**Article 135.** (1) Cash transfers from settlement to non-settlement accounts shall be made on the basis of orders submitted by the members of the CD via unilateral messages to the CSS.

(2) Cash transfers from settlement to non-settlement accounts shall be made under the condition that the available balance is higher than or equal to the transfer amount ordered after the calculation of the net positions.

(3) The orders shall be recorded in the system before the start of the procedure for calculation of the net positions according to the schedule for the system day.

## **Section VII**

### **Netting**

**Article 136.** (1) All DVP transactions shall be settled on a net basis in relation to the cash payment.

(2) Netting shall be made for transactions for which it has been established that the financial instruments are sufficient, available and blocked for the purposes of the transaction.

(3) The cash which must be credited to the account shall be added to the balance in the settlement account, and then the cash for the transactions for which the account has to be debited shall be subtracted from this sum. The resulting net position is positive, negative or zero.

(4) Net positions shall be calculated before each settlement session for each member of the CD and for each settlement account of each member separately. In case of an insufficient cash balance, the purchase transactions shall be excluded one by one from the netting process according to the priorities in ascending order (from low to high) until zero or a positive net position is reached.

(5) Each transaction excluded from the netting process shall be marked as “pending settlement transaction due to lack of cash”.

(6) If a message “request for net settlement” is processed successfully, the CD shall prepare a message to the banks regarding the net positions on each settlement account with them as a result of the performed settlement of transactions with financial instruments. The CD reference number of the transaction shall be indicated as the basis for the performed operations.

## **Section VIII**

### **Provision of information to participants. Reporting of and disclosure on settlement fails**

*(title amended – Minutes No 5 of 2.03.2022)*

**Article 137.** (1) The CD shall inform the participants in the CSS about the settled transactions.

(2) The CD shall inform immediately the participants in the CSS about a failure to settle transactions to which they are parties. The information shall contain the reason for the failure of the settlement.

(3) The notification shall be made in accordance with the requirements set out in Ordinance No 8 through the information system of the CD.

(4) (*new – Minutes No 5 of 2.03.2022*) The CD shall report to the competent authorities and shall publish on its website the cases of settlement in accordance with the procedure and within the deadlines set out in Articles 14 and 15 of Regulation (EU) 2018/1229.

(5) (*new – Minutes No 5 of 2.03.2021*) The scope of the data to be reported and the reporting parameters shall be determined in accordance with the Guidelines on settlement fails reporting under Article 7 of Regulation (EU) No 909/2014 issued by the European Securities and Markets Authority.

**Section IX**  
**Transactions in units in contractual funds and shares in investment companies**

**Article 138.** (1) *(amended – Minutes No 11 of 14.04.2021)* Messages regarding the initial sale of units in contractual funds and shares resulting from the sale of units in contractual funds, of shares from issues of investment companies and of shares or units of a national open-end investment fund shall be sent to and processed by the CSS in accordance with the general procedure for processing of transfers and transactions outside a regulated market.

(2) Transfer orders for repurchase transactions of units in contractual funds and of shares from issues of investment companies shall be processed and settled during the first processing after the formation of the transfer.

(3) Changes in the accounts of the holders of the financial instruments shall be recorded through the submission of messages by a register operator.

**Section X**  
**Settlement Guarantee Fund for Financial Instruments**

**General provisions**

**Article 139.** (1) A Guarantee Fund for settlement of transactions in financial instruments is set up with the CD.

(2) *(amended – Minutes No 11 of 14.04.2021)* The Fund shall guarantee the settlement of transactions in financial instruments concluded on a regulated market in financial instruments and on other trading venues for financial instruments on the basis of an agreement with the operator of the trading venue.

(3) *(amended – Minutes No 11 of 14.04.2021)* Other funds can also be set up in the CD to guarantee settlement for various trading venues and financial instruments.

**Article 140.** (1) The Fund shall be transformed, dissolved and liquidated by resolution of the Board of Directors of the CD.

(2) Upon liquidation of the Fund after its obligations, if any, are paid, the remainder of its assets shall be distributed among the members of the CD that are participants in the settlement system in proportion to the monthly contributions made by them and the accrued income from the investing of its resources, while deducting the costs of maintenance of the resources in compliance with the procedures set out in these Rules.

(3) Subject to the conditions set out in these Rules, the Fund shall:

1. collect the affiliation instalments and monthly contributions from each of the participants in the settlement system;
2. invest its assets in the instruments admissible according to these Rules;
3. establish any facts and circumstances which have caused delays in the settlement of transactions;
4. use cash resources to cover the obligations of defaulting participants that are buyers in transactions in financial instruments;
5. use the cash resources to purchase financial instruments in order to cover the obligations of defaulting participants that are sellers in transactions in the same financial instruments.

**Management of the Fund**

**Article 141.** (1) The Fund shall be managed by a Management Committee.

(2) The Management Committee shall consist of five members – natural persons, as follows:

1. two representatives of the CD;
2. a representative proposed by a banking organisation;
3. a representative proposed by an organisation of the investment firms;
4. a representative proposed by the regulated market in financial instruments.

(3) The members of the Management Committee referred to in subparagraphs 2, 3 and 4 of the previous paragraph shall represent the organisations which have proposed them as Committee members. The members of the Management Committee referred to in subparagraphs 2, 3 and 4 of paragraph 2 may represent other organisations in addition to the ones indicated in subparagraphs 2, 3 and 4 of the previous paragraph.

(4) The Committee members shall elect a chairperson and deputy chairperson from among themselves. The Committee chairperson shall be elected from among the representatives of the CD.

(5) The Committee members shall have university education in the areas of economics, law, finance, banking or IT and professional experience of at least 5 years in the areas of finance, banking or trade in financial instruments.

(6) The following persons may not be Committee members:

1. persons who have been members of a managing or supervisory body or general partners in a company dissolved for bankruptcy, if any unsatisfied creditors have remained;
2. persons who are spouses or direct and collateral relatives up to the second degree of another Committee member;
3. persons who have prior conviction for an intentional offence prosecuted by public prosecution;
4. persons who are deprived of the right to occupy a position of property accountability.

(7) The Committee members shall be elected for a term of office of 5 years and may be re-elected without restriction.

(8) The term of office of a Committee member shall be terminated early in the following cases:

1. a written request by the member;
2. the occurrence of any of the circumstances indicated in paragraph 6 with regard to the member;
3. the member does not fulfil or has been physically unable to fulfil his/her duties for a period of more than six months;
4. the member is in violation of his/her official duties as a member of the Committee;
5. with his/her activity, the member is detrimental to the interests of the Fund;
6. the member's mandate is withdrawn and another representative of the relevant institution is proposed.

(9) The circumstances set out in paragraph 6 shall be established and the term of office of a Committee member shall be terminated by a resolution of the body which has proposed him/her.

(10) The Committee members shall be approved by the BD of the CD.

(11) The Committee members shall receive remuneration for their activity from the administrative cost account of the Fund and said remuneration shall be determined by the BD of the CD at the proposal of the Committee.

**Article 142.** (1) The Management Committee shall meet at least once a month.

(2) The Committee meetings shall be convened by the chairperson and in case of his/her absence – by the deputy chairperson.

(3) The Committee meetings may also be held in absentia, including in case of a need for extraordinary meetings.

(4) The Management Committee shall adopt resolutions by a majority of the members present, except in the cases where these Rules provide otherwise.

(5) Minutes shall be kept of the Committee's resolutions. Said minutes shall be signed by all members present and kept in the premises of the CD.

**Article 143.** (1) The Committee chairperson shall organise and manage the Fund's operating activities.

(2) The deputy chairperson shall carry out the functions of the chairperson in case of his/her absence.

**Article 144.** (1) The Management Committee shall:

1. define the amount and organise the collection of the affiliation instalments and monthly contributions to the Fund payable by each participant in the CSS;
2. *(repealed – Minutes No 11 of 14.04.2021)*
3. *(repealed – Minutes No 11 of 14.04.2021)*
4. designate the participants in the CSS that shall act on behalf of the Fund in purchases of financial instruments for the purpose of covering transaction settlement obligations, as well as the criteria for their selection;
5. carry out annual verifications for compliance by the participants selected in accordance with subparagraph 4 with the established criteria and, if necessary, designate new participants;
6. determine the interest rate charged on the liabilities of the participants in relation to the use of resources of the Fund for covering said liabilities;
7. confirm the appointment of the administrative secretary of the Committee;
8. adopt rules and give instructions for investment of the Fund's resources in compliance with the requirements set out in Article 159;



9. organise the use of the Fund's resources to cover the obligations of defaulting participants in the CSS relating to the settlement of transactions in financial instruments;

10. authorise the administrative secretary to prepare an annual report on the amount and structure of the Fund' assets, the amount of the resources collected as a result of the instalments and contributions made by each participant and the resources used to cover obligations related to the settlement of transactions.

(2) The Committee's resolutions requiring actions of disposal of assets of the Fund shall be signed by the Executive Director of the CD. The Executive Director shall be obliged to effect the Committee's resolutions within 1 (one) business day of the date of the resolution.

(3) A Committee's resolution concerning the determination, respectively the change of the interest rate referred to in paragraph 1(6) must be motivated and shall be based on the following criteria:

1. taking into account the current situation of the other reference interest rates;
2. taking into account the levels of the current spreads above the reference interest rates in lending resources with similar credit risk and periods;
3. prevention of misuse of the Fund's resources;
4. conformity with a market principle during its determination, in line with the respective risk associated with the use of the Fund's resources.

**Article 145.** Each Committee member, the administrative secretary, as well as every employee of the CD is obliged to disclose in writing to the Management Committee any commercial, financial or other business interests which affect the Fund, the use of its resources or its interests.

### **Raising of resources for the Fund**

**Article 146.** (*amended – Minutes No 11 of 14.04.2021*) (1) The resources of the Fund shall be raised from the following sources:

1. affiliation instalments and monthly contributions by the participants in the settlement system operated by the CD;
2. (*amended – Minutes No 5 of 2.03.2022*) the amounts of the financial sanctions imposed in accordance with the procedure laid down in Article 30(8);
3. the amounts specified in Article 152(4) and Article 153(9);
4. other sources.

(2) (*new – Minutes No 11 of 14.04.2021*) The resources of the Fund shall be kept in a special account of the CD with the Bulgarian National Bank (BNB), opened for the purposes of the Fund.

**Article 147.** (1) The instalments and contributions of the participants in the CSS shall be accumulated in individual accounts for each of the participants and may not be used to cover expenses of the CD.

(2) The resources referred to in paragraph 1 shall be reported by the Fund, respectively by the CD, as an obligation to each of the participants.

(3) The resources referred to in paragraph 1 are subject to refund when a resolution for liquidation of the Fund is passed by the BD.

(4) In case of termination of the participation in the CD, the resources referred to in paragraph 1 and accumulated in the individual account shall be refunded to the respective participant after its obligations to the Fund are deducted.

**Article 148.** (1) The affiliation instalment of each participant in the CSS shall be contributed as a lump sum after the agreement for participation in the settlement system is signed.

(2) The amount of the affiliation instalment shall be equal for all members of the CD according to the type of membership and shall be determined by a resolution of the Management Committee and communicated to the participants in the CSS.

(3) The participants shall be granted access to the CSS after paying in the affiliation instalment.

**Article 149.** (1) (*amended – Minutes No 11 of 14.04.2021*) Every participant in the CSS must indicate the special account of the Fund with the BNB as a back-up account for servicing of the transactions in financial instruments.

(2) Resources from the account referred to in paragraph 1 shall be used to cover transaction obligations as follows:

1. (*amended – Minutes No 11 of 14.04.2021*) for transactions with a value of up to and including 1 % of the total sum of the Fund's assets: automatically through the CSS, provided that the Management Committee has not resolved otherwise;
2. for transactions with a value between 1 % and 10 % of the total sum of the Fund's assets: by a resolution of the Committee's chairperson;
3. for transactions with a value between 10 % and 30 % of the total sum of the Fund's assets: by a resolution of the Committee passed by a simple majority;
4. for transactions with a value exceeding 30 % of the total sum of the Fund's assets: by a unanimous resolution of the Committee.

**Article 150.** (1) The amount of the monthly contributions to the Fund payable by the participants shall be determined by a resolution of the Management Committee communicated to the participants in the CSS.

(2) The amount of the monthly contributions shall be determined following an assessment of the risk and the trade turnover of each participant in the system for the previous 6-month period.

(3) (*amended – Minutes No 1 of 27.01.2017*) The amount of the monthly contributions shall be determined on the basis of a methodology adopted by the Committee. When the methodology is adopted, the volume of trade, the risk assessment for each participant in the system, as well as other criteria determined by the Committee may be taken into account. The methodology shall be published on the website of CD AD based on a decision of the Committee.

(4) The administrative secretary shall carry out a monthly verification of the value of the Fund's assets and of the compliance with the conditions laid down in the resolution referred to in paragraph 1.

(5) The monthly contributions shall be debited automatically from the analytical accounts of the participants in the CSS opened for covering costs to the CD.

#### **Settlement guarantee using resources from the Fund**

**Article 151.** (1) (*amended – Minutes No 11 of 14.04.2021*) The resources accumulated in the Fund shall be used to cover the participants' obligations related to transactions concluded on a regulated market or on another trading venue, for which there is a settlement delay, within the terms and according to the conditions set out in these Rules.

(2) The maximum amount to be covered by the Fund shall be equal to the total sum of its assets.

(3) The administrative secretary shall carry out daily verifications of all unsettled transactions within the standard settlement cycle.

(4) If a transaction in financial instruments is not settled by the end of day T+2 (standard settlement), the administrative secretary shall immediately notify all members of the Management Committee of the Fund and shall carry out a review of the facts and circumstances that caused the settlement delay.

(5) The participants in the CSS shall cooperate for establishing the reasons that caused the settlement delay.

(6) After receiving the notification referred to in paragraph 4, the chairperson or the deputy chairperson shall convene a meeting of the Committee for the following business day. The meeting may be held in absentia.

(7) The Management Committee shall examine the facts and circumstances that lead to the transaction not being settled and shall pass a resolution to cover the delivery obligation using Fund's resources, and, where necessary, shall pass a resolution to sell instruments in which the Fund has invested in order to ensure sufficient cash resources.

(8) The Management Committee may pass a resolution not to use the Fund only if:

1. there are sufficient reasons to consider that the transaction will be settled within the following two business days, or
2. the Fund's resources are not sufficient to fully cover the obligations of the respective participant regarding the settlement of the delayed transaction, or
3. the use of the Fund's resources for settlement of the transaction would cause lasting adverse consequences for the capital market.

(9) In the cases set out in paragraph 8(1) and (3) the Committee's resolution shall be justified in writing.

(10) (*amended – Minutes No 6 of 19.06.2015, Minutes No 13 of 10.09.2018*) The procedure for covering a delivery obligation from the Fund shall start on the fifth business day after day T+2.

**Article 152.** (1) Where the settlement is delayed as a result of lack of funds on the part of the buyer under the transaction and the preconditions set out in Article 149(2) exist, the Fund shall assume the obligation of the defaulting participant and shall take actions for the use of the Fund's resources to carry out the cash settlement of the delayed transaction.

(2) The Fund shall submit an order for cash settlement and on the basis of said order the CD shall take actions for a transfer in the CSS, using for the settlement the Fund's resources available in the back-up account referred to in Article 149.

(3) The respective participant in the CSS shall be notified of its obligation to refund to the Fund the amount used by the CD.

(4) The next monthly contribution of the respective participant shall be increased by the amount owed by said participant, the transaction costs on the transfer and the interest due.

**Article 153.** (1) Where the settlement has been delayed as a result of shortage of financial instruments on the seller's account and the preconditions set out in Article 149(2) exist, the Fund shall take actions to purchase the necessary financial instruments.

(2) The necessary financial instruments shall be purchased according to the standard procedure whereby the Fund, acting through the administrative secretary, shall submit an order to one or more of the participants in the CSS designated by the Management Committee to carry out purchases of financial instruments to cover transaction settlement obligations.

(3) The price of the order for purchase of the financial instruments constituting the shortfall shall not be higher than the highest of the following prices:

1. 150 % (one hundred and fifty percent) of the closing price of the respective financial instruments on the previous business day;

2. the highest price of a purchase order active in the system;

3. the highest price of a sell order active in the system.

(4) If there is a possibility to implement the purchase of the instruments constituting the shortfall through more than one transaction, the Fund shall be guided by the principle of minimising the total value of the instruments.

(5) After the transaction for purchase of the financial instruments is settled, the Fund shall provide said instruments to settle the transaction in the CSS by submitting an order to the defaulting participant in the system.

(6) Upon receipt of the financial instruments from the Fund, the defaulting participant in the CSS shall be liable to the Fund for the sum of: the value of the financial instruments and all other costs incurred by the Fund in relation to their purchase.

(7) The financial instruments received shall be blocked in order to effect the settlement of the transaction for which they have been purchased.

(8) The rights attached to the financial instruments and acquired as a result of the purchase shall be transferred separately to the non-defaulting party to the delayed transaction.

(9) The total purchase price of the instruments in deficit, the related transaction costs, the interest due and all other obligations incurred to the Fund as a result of the purchase and the subsequent transfer, including taxes, shall be included as an increase in the next monthly contribution of the defaulting participant in the CSS.

**Article 154.** (1) If after 10 (ten) business days of the submission of the order referred to in Article 153(2) the Fund cannot purchase the instruments constituting the shortfall, the transaction concerned shall be marked by the Fund as impossible to settle.

(2) The Fund shall abandon any further actions for purchase of financial instruments in connection with transactions marked as impossible to settle.

(3) The financial instruments purchased prior to the expiration of the term specified in paragraph 1 shall be sold in accordance with the procedure set out in Article 153(2), and Article 153(6)–(9) shall apply accordingly.

(4) The parties' obligations regarding the settlement of the transaction shall not be repaid.

**Article 155.** (1) In the case of a delay in the settlement of a transaction as a result of both shortage of funds and shortage of financial instruments, the Fund shall take the necessary actions set out in Article 152 and Article 153 simultaneously.

(2) For the purposes of paragraph 1, a transaction shall be considered to be delayed by fault of both parties if on the day proceeding the day of a resolution of the Committee to use the Fund there are deficits both in the buyer's cash account and in the seller's account for financial instruments.

(3) Article 152 and Article 153 shall apply accordingly. In this case the outstanding obligation is equal to the sum of the outstanding obligations for the purchase of the financial instruments and for their delivery.

**Article 156.** Transactions in respect of which a resolution has been passed to cover the obligations of the parties from the Fund shall be settled in accordance with the procedure set out in Article 152 and/or Article 153, except for the cases set out in Article 154.

**Article 157.** (1) In the cases where obligations arise under more than one transaction, they shall be repaid by the Fund in the order of occurrence.

(2) Where obligations in connection with delayed settlement by a participant in the CSS are covered, the resources accumulated in the account of the same participant shall be used with priority.

(3) Where the resources accumulated in the account of the defaulting participant are insufficient to cover its settlement obligation in full, the resources accumulated in the accounts of other participants shall be used proportionally.

**Article 158.** (1) The instalments and contributions to the Fund shall be made in BGN.

(2) Within 3 (three) business days of the end of each calendar month, based on a proposal by the administrative secretary, the Management Committee shall determine the size of the monthly contribution payable by each participant and of the obligations of the participants in the CSS in relation to the use of the Fund's resources as determined in accordance with Article 152(4) and Article 153(9).

(3) The Fund shall send a notice to all participants within 1 (one) business day of the resolution of the Management Committee whereby the amount of each contribution is determined.

(4) The participants in the CSS shall be obliged to allocate sufficient resources in their accounts opened with the bank servicing the CD by the 15<sup>th</sup> day of each calendar month. The CD shall transfer the resources accumulated to the depository bank on the first business day after debiting the participants' accounts.

(5) After receiving the amounts set out in Article 152(4) and Article 153(9), the Fund shall allocate the amounts back into the individual accounts of the participants.

### **Investing the Fund's resources. Accountability and control**

**Article 159.** (1) The Fund's resources accumulated in an account with the depository bank may be invested only in securities issued or guaranteed by the Bulgarian Government, in bank deposits and in debt securities issued by the Euro area member countries with a credit rating not lower than the highest current credit rating of the Republic of Bulgaria. In the event of a change in the circumstances set out in the first sentence, the Management Committee shall take action to bring the Fund's investment portfolio into compliance.

(2) The total value of free cash resources and the instruments in which the Fund has invested shall constitute its assets.

(3) Risk avoidance and asset liquidity maximisation shall be the underlying principles for investment of the resources.

(4) (*amended – Minutes No 11 of 14.04.2021*) The Fund shall maintain not less than 50 % (fifty percent) of its assets in the special payment account specified in Article 146(2). The Fund may invest up to 50 % (fifty percent) of its assets in bank deposits and up to 20 % (twenty percent) of its assets in securities in accordance with the provisions of paragraph 1.

(5) Not less than 10 % (ten percent) of the Fund's assets shall be cash resources in bank deposits without a fixed term or in bank deposits with a fixed term of up to 3 months, or in debt securities issued or guaranteed by the Bulgarian Government with a residual period to maturity of up to 90 (ninety) days.

(6) The revenues from the investment of the accumulated resources shall be used to cover the administrative and other costs related to the Fund's operation. The total annual amount of the administrative costs shall not exceed the amount of the revenues from the management of the Fund for the same period.

**Article 160.** (1) The CD shall designate an administrative secretary of the Fund from the CD personnel and shall nominate him/her for approval by the Management Committee.

(2) The administrative secretary must hold a university degree in the field of economics and have at least 3 years of professional experience in finance, banking or trade in financial instruments.

(3) The administrative secretary shall be responsible for the selection of the specific instruments in which the Fund's resources shall be invested in compliance with the requirements for permanent liquidity and these Rules.

(4) The investment in the selected instruments shall be carried out after approval by the Committee.

(5) In case of absence of the administrative secretary, his/her duties shall be performed by the representative of the CD in the Management Committee.

(6) The administrative secretary shall monitor the value of the Fund's assets and the compliance of their structure with Article 159 on a daily basis.

(7) Upon ascertainment of a decline in the market value of the Fund's assets for more than 3 (three) consecutive business days or by more than 1 % (one percent) within 1 (one) calendar day, with the exception of the cases where said assets have been used to cover obligations, the administrative secretary shall notify the chairperson of the Management Committee about the decline and about the causes for it.

(8) The chairperson may convene a meeting of the Management Committee to review the causes for the decline in the Fund's assets.

**Article 161.** (1) The administrative secretary shall prepare an annual report on the Fund to each participant of the CSS. Said report shall contain as a minimum:

1. the total amount and the structure of the Fund's assets;

2. the amount of the resources accumulated in the individual account of the respective participant from the contributions made to the Fund;

3. information about the use of the Fund's resources to cover obligations related to transactions during the previous month;

4. general information regarding the revenues from investment of the Fund's resources.

(2) The report shall be sent to the participants in the CSS within 10 (ten) business days of the end of each calendar year.

(3) At the request of a participant in the CSS the report referred to in paragraph 1 shall be drawn up and sent extraordinarily within 10 (ten) business days of the request.

(4) At the instruction by the Management Committee the administrative secretary shall organise the reimbursement of the resources accumulated in the individual account of the respective participant.

## **Section XI**

### **Security and protection. Risks**

**Article 162.** (1) The electronic database of the CSS shall be stored in a manner ensuring the integrity of the information and controlled access for submitting messages. The CSS shall maintain various categories of users and levels of access to the system.

(2) A back-up copy of the electronic database shall be made on a daily basis after the end of the business day.

(3) The electronic database shall be backed up on a separate electronic data storage medium at least once a week after the end of the last business day of the week.

(4) The CSS, as well as the messages, shall be protected from unlawful access by use of dedicated data encryption software and hardware and a universal electronic signature.

(5) The CD shall establish and maintain a main and a back-up information systems located in separate buildings situated at a distance from each other.

(6) Each operation performed in the CSS shall be recorded in the main and in the back-up information system.

(7) In the event of a crash in the main CSS information system, inaccessibility of the building or another emergency, the operation shall be taken over by the back-up system under the terms and according to the procedure set out in the procedures referred to in paragraph 9.

(8) In case of emergency, the CD shall immediately notify the FSC and the participants in the system.

(9) The CD shall develop and maintain an Action plan and procedures for emergency operation which shall be implemented in compliance with the deployed system for information security management complying with standard ISO 27001:2005.

**Article 163.** (1) The potential risks for the participants in the settlement system are as follows:

1. liquidity risk: the risk that a participant in the system is unable to fulfil a settlement obligation. In the event of liquidity risk, the obligation may be fulfilled at a later stage, including through the Settlement Guarantee Fund for Financial Instruments by applying the rules set out in Section X;

2. (*amended – Minutes No 9 of 18.04.2023*) operational risk: the risk of a crash of the hardware, software, communication equipment or of human error causing circumstances critical for the settlement, including in the T2S platform. In the event of operational risk, the CSS shall also provide an opportunity for the participants and for the acceptance and execution of orders and instructions in a manner defined by the CD in accordance with the procedures referred to in Article 162(9), and detailed instructions shall be sent to the participants in this connection;

3. system risk: the risk where the inability of one participant to fulfil his/her obligations in the CSS causes the inability of other participants to fulfil their obligations in a timely manner. In the event of a system risk, the rules regarding the response in case of liquidity risk shall apply.

(2) Each participant in the CSS is obliged to notify immediately the CD in writing in the event of a communication or another technical problem related to the submission or receipt of messages to/from the CSS which may cause an operational risk.

(3) In the event of disruption of the normal operation of the systems operated by the CD and/or of their communication environment in connection with the sending or receiving of messages to/from the CSS, the rules for information security management according to ISO 27001:2005 shall apply.

(4) The CD shall take relevant actions to ensure the normal operation of the system and shall notify the affected participant/s and send detailed instructions for actions. If the communication problem is caused by a specific participant, the CD shall provide an opportunity for submission of the messages for the relevant period in situ by providing them on an electronic medium.

(5) An emergency may occur in the following situations:

1. (*amended – Minutes No 13 of 10.09.2018*) a technical problem in the operation of the CSS, in participants in the CSS, which could lead to disruption of the normal operation of the CSS or to a substantial disruption of the schedule of the system day resulting in an inability of the CD to communicate the information required to the RINGS, as follows:

(a) the CSS is not operational for more than 30 minutes;

(b) there is a risk that the CSS will remain unoperational for more than 30 minutes;

(c) there is a significant delay in communication with the participants in the CSS – more than 2 hours;

(d) there is a significant delay in communication with the RINGS – more than 30 minutes;

(e) there is a failure of registers or special pledges modules for more than 3 hours;

2. (*amended – Minutes No 13 of 10.09.2018*) a problem with the SWIFT functionality and the communication channel operated by the CD which may cause an operational risk for the CSS;

3. force majeure circumstances.

4. (*amended – Minutes No 9 of 18.04.2023*) technical problem in the operation of T2S.

(6) (*amended – Minutes No 9 of 18.04.2023*) In the cases specified in subparagraphs 1, 2 and 3 of paragraph 5 the CD shall ensure that the normal operation of the settlement process is resumed within the shortest possible time. In the cases specified in subparagraph 4 of paragraph 5 the CD shall notify the affected participants and shall resume work after the problem is fixed by T2S.

(7) If necessary, the CD may transfer the operation of the CSS to the back-up information system and shall inform all participant and the relevant supervisory bodies about the change.

(8) The CD shall transfer the operations back to the main system on the first business day after resolving the problem.

### **Procedure in the event of default by a participant in the CSS**

**Article 163a.** (*new – Minutes No 13 of 10.09.2018*) (1) The procedure for action in case of default by a participant in the CSS according to Article 41 of Regulation (EU) No 909/2014 shall be determined in these Rules.

(2) The CD shall perform the following actions in the event of an established participant default:

1. (*amended – Minutes No 11 of 14.04.2021*) notify:

- a. the FSC regarding the received notification of default, all known circumstances relating to the default in accordance with Article 28(4) of Ordinance No 8, the measures taken in connection with the default, as well as the possible significant risks that said default may lead to;
  - b. the defaulting participant of the actions taken in respect of it and the operations in the CSS, and the other non-defaulting participants;
  - c. the regulated market or the other trading venue to which the CD provides services of the relevant transactions in respect of which the defaulting participant has submitted to the CD instructions for operations;
  - d. all other bodies and persons in accordance with Ordinance No 8, as applicable;
2. take measures to contain the consequences of the default, including:
    - a. suspend or restrict the operations performed in the CSS;
    - b. suspend or terminate the membership in the CD;
    - c. the actions set out in Article 130 of these Rules;
    - d. apply the rules for activation of the Settlement Guarantee Fund for Financial Instruments and/or a buy-in procedure in order to contain losses and liquidity pressures;
    - e. other measures provided for in the extant legislation.
- (3) The notification according to paragraph 2(1) shall be made through the communication channels established with the FSC and the members of the CD.
- (4) The measures set out in paragraph 2(2) shall be implemented by the competent bodies according to these Rules after assessment of the circumstances and risks related to the specific case of default. The measures shall be implemented in compliance with the requirements set out in these Rules depending on the type of action being taken.
- (5) The CD shall submit explicit instructions to the defaulting participant regarding the processing of the operations ordered by it in the CSS.
- (6) The operations referred to in paragraph 5 shall be carried out in compliance with the rules on settlement finality.
- (7) (*new – Minutes No 11 of 14.04.2021*) The BD of the CD shall develop and adopt rules and procedures in accordance with Article 27(1) of Ordinance No 8.

**Article 163b.** (*new – Minutes No 13 of 10.09.2018*) (1) The Central Depository shall perform periodic tests (once a year) of the participant default procedures in accordance with a plan adopted by the Board of Directors.

(2) Tests shall be also performed in the following cases:

1. in case of significant changes in the participant default rules and procedures;
2. at the request of the competent supervisory authority.

(3) (*amended – Minutes No 9 of 18.04.2023*) The CD shall participate in periodic technical and functional tests with T2S according to a schedule determined by the Eurosystem.

#### **Procedure in the case of withdrawal of authorisation**

**Article 163c.** (*new – Minutes No 13 of 10.09.2018*) (1) In the event of withdrawal of authorisation the CD shall ensure the settlement finality of all outstanding transactions in accordance with the requirements laid down in these Rules and the extant legislation.

(2) The CD shall provide an opportunity for transfer of the assets of participants and clients to another authorised CSD in accordance with the requirements of the applicable legislation and the instructions received from the FSC.

(3) The CD shall notify the participants and the clients about the financial instruments stored on their accounts through the established communication channels.

(4) The CD shall ensure the normal operation of the systems operated by it for the purpose of carrying out the transfer of the respective assets for the duration and according to the procedure laid down in the extant legislation and the decision for withdrawal of the authorisation.

(5) The BD of the CD shall adopt a technological plan for the transfer of the assets to another authorised CSD within five months in accordance with instructions given by the FSC.

**Section XII**  
**Settlement on the TARGET2-Securities platform**  
*(new – Minutes No 9 of 18.04.2023)*

**Article 163d.** *(new – Minutes No 9 of 18.04.2023)* (1) To carry out the settlement of financial instruments denominated in EUR, the CD shall use the services provided by T2S in compliance with the uniform rules and requirements established by the European Central Bank (ECB) for all participants in the platform.

(2) The link between the CSS and T2S, as well as the access to T2S, shall be in accordance with the procedure defined in the operating rules of the platform.

**Article 163e.** *(new – Minutes No 9 of 18.04.2023)* (1) Each member of the CD can open through the CD the following types of accounts in T2S:

1. collective account for financial instruments held by clients – contains a set of financial instruments of different holders from different issues;

2. collective account for financial instruments of the respective member – contains a set of financial instruments of the respective member from different issues.

(2) The CD shall keep in the CSS mirror copies of the accounts referred to in paragraph 1 in order to reflect the movements on them in the registration system.

(3) With regard to the accounts referred to in paragraph 1, restrictions regarding the financial instruments kept in them may be introduced resulting from:

1. requirements of the relevant trading venue;

2. requirements of the issuer of financial instruments;

3. requirements or bans stipulated in a statutory instrument.

(4) For the purposes of reconciling the issues registered by the CD in T2S as Issuer CSD, the CD shall open in T2S at least one collective (omnibus) account in its name, in which the financial instruments registered for trading in T2S and kept in the CSR shall be reflected.

(5) The CD shall keep on the account referred to in paragraph 4 the following financial instruments:

1. financial instruments registered in the CSR in relation to which the CD is an Issuer CSD and which are not recorded on accounts held by members of the CD in the CSS;

2. financial instruments in relation to which the CD is an Investor CSD.

(6) The account referred to in paragraph 4 shall be included in the reconciliation of the issue registered in T2S with the full amount of the issue registered in the CSR.

(7) The account referred to in paragraph 4 shall participate as a counterparty account in the transfers of the CD members used for the transfer of financial instruments between the CSS and the CSR.

(8) The CD shall keep in the CSS a mirror copy of the account referred to in paragraph 4.

**Article 163f.** *(new – Minutes No 9 of 18.04.2023)*(1) The operating mechanism when reflecting the transactions concluded through T2S shall include:

1. a mechanism of direct reflecting in which DVP – Model 1 is used: a delivery versus payment settlement in which the transfer of financial instruments and cash is carried out simultaneously on a gross basis.

The participants in the relevant transaction shall indicate in the settlement instruction whether the transaction should be directly executed in T2S. This circumstance should be confirmed bilaterally by the relevant participants. Instructions shall be sent immediately after the start of the system day on the day on which the transaction is settled.

2. a mechanism of mutual (shared) reflecting in which DVP Model 2 is used: a delivery versus payment settlement in which the transfer of financial instruments is carried out on a gross basis and the transfer of cash is carried out on a net basis.

The CD shall process the received instructions in accordance with the schedule of the system day and, based on the resulting net positions, shall generate instructions to T2S.

(2) Payments related to the transactions shall be made in accordance with the T2S operating rules, and the amounts due by the participants should be available on their cash settlement accounts, as follows:

1. DVP – Model 1: immediately after the start of the system day on which the transaction is settled;

2. DVP – Model 2: not later than one hour before the first system processing in the CSS on the day on which the transaction is settled.

(3) The transactions shall be settled in T2S, after which this shall be immediately reflected in the accounts of the CSS participants.



- (4) Instructions for execution of operations shall be submitted and processed in accordance with the rules on the operation of the CSS. The execution of DVP – Model 1 instructions shall take precedence over the execution of DVP – Model 2 instructions.
- (5) Changes in ownership resulting from the transactions shall be reflected in the CSR in accordance with the procedure laid down in these Rules of Procedure. The CD shall reflect any change that occurred after processing the instructions sent by it, after receiving confirmation from T2S of a successful transfer and/or another operation.
- (6) The CD shall send instructions to T2S when the pre-processing in the CSS has determined that the execution of these instructions is possible. In cases where, due to lack of financial instruments and/or funds or for any other reason, the execution of the order by the relevant members would not be possible in T2S, the CD shall postpone the sending of the instruction to T2S, regardless of whether it is for direct or shared reflecting.
- (7) Instructions the counterparty to which is a direct participant in T2S that has sent its part directly to T2S shall only be executed and reflected directly.
- (8) Direct participants in T2S may send instructions directly in T2S or via the CSS.
- (9) Members of the CD that are not direct participants in T2S shall send instructions via the CSS.

**Article 163g.** (1) (*new – Minutes No 9 of 18.04.2023*) Transactions using DVP – Model 2 requested in the CD shall be settled in a minimum of three main settlement cycles on the day of settlement in accordance with the schedule of the system day of the CSS.

(2) In each settlement cycle, all transactions with a settlement date – the date of the system day for which the availability of financial instruments and cash is ensured, shall participate. The condition for providing financial instruments and/or cash shall be considered fulfilled if there is an executable countertransaction in the same settlement cycle that will deliver the required financial instruments or cash.

(3) Transactions shall be considered executable at the time of the relevant settlement cycle if the following conditions are met:

1. the number of available and provided financial instruments held by the delivering party is greater than or equal to those involved in the transaction;
2. the amount of available and provided cash held by the receiving/paying party is greater than or equal to those involved in the transaction.

(4) For the purposes of settlement of transactions in T2S, the CD shall open a technical (buffer) account in T2S in its own name. Financial instruments of all delivering parties shall be temporarily stored in the specified account and shall be transferred to receiving parties within a single settlement cycle.

(5) The CD shall keep in the CSS a mirror copy of the account referred to in paragraph 4.

(6) For the purposes of settlement under DVP – Model 2, the CD shall perform netting, as follows:

1. netting of cash involved in the transactions determined to be settled in a given settlement cycle;
2. technical netting of financial instruments involved in the transactions determined to be settled in a given settlement cycle, using the account referred to in paragraph 4.

(7) For the purposes of cash netting, the CD shall open and declare a buffer settlement account in a credit institution linked to a T2S DCA account in T2S.

(8) Cash netting shall be carried out for all transactions in a single settlement cycle at two stages/levels:

1. level 1: calculation of net positions on settlement accounts declared by the members for the specific transactions for transactions with a specific ISIN;
2. level 2: calculation of net positions on T2S DCA in T2S based on the net positions obtained at level 1 and the declared CSS links between specific settlement accounts and T2S DCA in T2S.

(9) Level 1 netting shall be carried out by summing up the amounts of cash that a member of the CSS will receive (transferring party) and subtracting from them the obligations (receiving/buying party) of the relevant member in all transactions in the specific settlement cycle in which that member is a participant and for which it has declared the specific settlement account. The netting result is a net position in respect of a specific settlement account of the respective member.

(10) Level 2 netting shall be carried out by summing up all net positions calculated in level 1 on settlement accounts declared to a specific T2S DCA account. Level 1 credit items shall be taken with a plus sign, and debit items – with a minus sign. The resulting positions shall be netted against the T2S DCA accounts.

(11) The technical netting of positions in financial instruments shall be carried out according to the algorithm defined in the instructions for the operation of the CSS.

(12) Transactions shall not be subject to netting in the following cases:

1. the parties to the transaction have announced in advance that the transfer of financial instruments and cash under the transaction will be on a gross basis (DVP Model 1);
2. one of the parties to the transaction is a direct participant in T2S (DCP) and has sent instructions to T2S independently.

**Article 163h.** (*new – Minutes No 9 of 18.04.2023*) (1) In its capacity as an Issuer CSD, the CD shall provide each Investor CSD that is a participant in T2S (participating CSD) with access to the services provided subject to equal standing with the remaining members of the CD.

(2) After submitting an explicit request, the Investor CSD shall obtain access to the services and the system of the CD and can perform on its own behalf and for its own account, as well as on behalf and for the account of its clients/users, holding and administration operations in relation to financial instruments held by third parties, including:

1. safekeeping of securities, distribution of interest and dividends on securities under safekeeping, and processing of corporate actions with regard to these securities;
2. opening and keeping of accounts for dematerialised financial instruments and registration of clients;
3. recording of dematerialised financial instruments;
4. representation in ordering and executing corporate actions including regarding the discharging of monetary and non-monetary obligations of an issuer of dematerialised financial instruments to owners of financial instruments and to the CD;
5. custodian services – holding of financial instruments of clients and related services;
6. other functions relating to the operations of the CD according to these Rules.

(3) The Investor CSD can perform functions as a register operator in accordance with these Rules of Procedure.

(4) The Investor CSD can open collective accounts in the registration system of the CSS in accordance with Article 133 of the MFIA for the purposes of the custodian activities.

(5) The Investor CSD shall have the right to receive information from the CD regarding the corporate actions it serves.

(6) The Investor CSD (participant in T2S) shall provide to the CD the necessary information for the purposes of recording circumstances in the CSR.

(7) The Investor CSD that provides custodian services shall provide information necessary for the identification of clients in the cases covered by Article 133 of the MFIA and Article 110c(3) of the POSA and in accordance with the procedure established by said articles.

**Article 163i.** (*new – Minutes No 9 of 18.04.2023*) (1) The issues of financial instruments registered in the CSR and denominated in EUR shall be recorded for trading in the T2S platform, as follows:

1. all issues of transferable securities;
2. issues of shares of collective investment undertakings – based on an application by the relevant person;
3. issues of transferable securities quoted in EUR on a trading venue.

(2) At the request of an Investor CSD in T2S, CD AD shall immediately provide access to the relevant issues specified in paragraph 1 without additional payment, and shall also open the CSD accounts necessary for the purpose.

**Article 163j.** (*new – Minutes No 9 of 18.04.2023*) (1) Corporate actions in T2S with regard to financial instruments registered in the CSR shall be administered in accordance with these Rules of Procedure, using the messaging system for communication determined according to the rules and procedures of T2S.

(2) The members of the CD may communicate with the CD on the occasion of corporate actions via the communication system of the CD, via SWIFT or via the T2S system.

(3) In the cases of corporate action regarding financial instruments that are administered by another Investor CSD, communication shall be carried out via T2S. The previous sentence shall also apply in cases where members of the CD that are directly connected in T2S have a position in the specific issue of financial instruments.

(4) All payments for corporate action with regard to issues registered in T2S shall be made through the T2S system. Where applicable, the CD shall receive and forward corporate action instructions via the T2S system.

## **Chapter Twelve** **Operations involving dematerialised financial instruments**

### **Section I** **Instructions for operations**

**Article 164.** (1) All instructions for operations in the CSS by the members of the CD shall be submitted by means of ISO 15022 messages adjusted and compatible for transfer through the SWIFT network.

(2) The registration of a client in the CSS shall be carried out by submission of a unilateral instruction by a register operator.

(3) The opening of accounts for financial instruments shall be carried out by submission of unilateral instructions to the CSS by the members of the CD.

(4) In the cases provided for in a statutory instrument, the CD may also open accounts on instructions from authorised bodies and third persons.

**Article 165.** (1) (*amended – Minutes No 11 of 14.04.2021*) The balances on the accounts in the CSS shall match the balances in the accounts in the registration system of the CD up to the trade amount declared by the holder.

(2) For finalisation of a transfer of financial instruments, the following conditions shall be required: a registered client; opened accounts; financial instruments available in the account of the transferor; sufficient cash in the account of the transferee of the financial instruments in the cases where the transfer is also linked to a payment through the system of the CD.

(3) With one transfer a transfer of financial instruments may be ordered, in whole or in part, from only one issue and to only one account.

**Article 166.** (1) The system shall execute the following types of transfer orders:

1. transfer from a personal account to an account in a client sub-register with a member of the CD. The member of the CD shall register the client and shall submit instructions for the opening of the relevant account. The register operator shall order the transfer through a unilateral instruction submitted by the relevant member of the CD;

2. transfer from an account with one member of the CD to an account with another member in the name of the same holder. It shall be carried out by the CSS on the basis of a bilateral instruction submitted by a register operator;

3. transfer from an account in a client sub-register kept by a member of the CD to a personal account outside the client sub-registers. It shall be carried out by the CSS on the basis of a unilateral instruction submitted by a register operator;

4. transfer of financial instruments from and to collateral accounts for margin purchases and short sales. The instructions shall be submitted by the members of the CD depending on the required alteration in the amount of the collateral;

5. transfer in the case of sales of financial instruments.

(2) Transfers of financial instruments as a result of a concluded transaction shall be carried out upon receipt of transfer instructions by the participants that are parties to the transaction.

(3) The information regarding the distribution of the financial instruments to the accounts for financial instruments in the register shall be submitted by a register operator, and each party to the particular transaction can have only one register operator.

(4) The information regarding the distribution of the financial instruments has to be received before the relevant settlement session during which the transaction will be settled.

(5) (*amended – Minutes No 11 of 14.04.2021*) In the cases where the information referred to in paragraph 4 has not been received before the relevant settlement session, the transaction shall be settled by transferring the financial instruments to a special account of the relevant member of the CD. After the information required is received, the financial instruments shall be transferred to the relevant accounts referred to in Article 6 of Ordinance No 8.

(6) If there are active corporate actions in the cases covered by paragraph 5, the rules for management of pending transactions in corporate actions provided for in these Rules shall be applied accordingly.

(7) In the event that, for a certain transaction, messages have been submitted indicating the same cash account for debiting and crediting, the system shall not generate a payment order but only an order for transfer of financial instruments.

**Article 167.** A transfer order accepted by the CSS may be cancelled before the moment defined in accordance Article 129(1) of the Rules, as follows:

1. for bilateral instructions – on the basis of a bilateral confirmation;
2. for unilateral instructions – on the basis of a unilateral confirmation.

## **Section II**

### **Correction of incorrect entries**

**Article 168.** (1) If incorrect settlement instructions have been submitted to the CSS, a message whereby the provided data are corrected shall be submitted in accordance with Article 129(3) of these Rules.

(2) (*amended – Minutes No 11 of 14.04.2021*) If incorrect data are recorded in the registers of the CD, the corrections shall be made in accordance with the procedures set out in Article 9 of Ordinance No 8 on the basis of a written request submitted via a member of the CD. The request shall be submitted together with information about the reason for the submission of the incorrect data and copies of the documents relating to the relevant entry.

(3) The CD shall carry out a verification and, if there are grounds for the correction, shall correct the records and notify the interested parties.

(4) (*new – Minutes No 11 of 14.04.2021*) In order to ensure compliance with the requirements for irrevocability of the transfer order and settlement finality, the correction of an incorrect entry may not lead to a change in the parameters of a settled transaction.

(5) (*new – Minutes No 11 of 14.04.2021*) In the cases where the correction of the data is ordered by an effective instrument issued by a court, the CD shall make the correction in accordance with the ruling explicitly issued by the respective court. The correction shall be made on the basis of an application by an interested party accompanied by a transcript of the effective instrument certified by the court. The CD shall make the correction and notify the interested parties, and shall apply the preceding paragraphs accordingly.

(6) (*new – Minutes No 11 of 14.04.2021*) In the event that a transaction in financial instruments concluded on a trading venue is declared null and void by a court ruling, the parties to the transaction shall settle the relations between them in accordance with the commercial and civil legislation.

## **Section III**

### **Operations and services ordered by a registration agent. Issuance of certificates to holders of financial instruments**

#### **General provisions**

**Article 169.** (1) Financial instruments relating to transactions already concluded between the parties shall be transferred and actions related to donations and successions shall be recorded on the basis of documents in the form required by law, submitted by the parties to the registration agent (RA) and substantiating the respective transaction.

(2) (*amended – Minutes No 11 of 14.04.2021*) The RA shall carry out a verification of the identity and of the representative authority of the clients, respectively of their attorneys, in accordance with the procedure set out in Chapter Eight of Ordinance No 38.

(3) For transfers covered by paragraph 1 the RA may open client accounts of the parties to the transaction in financial instruments.

(4) (*amended – Minutes No 11 of 14.04.2021*) The RA shall instruct the recording of the transfers referred to in paragraph 1 based on the presented documents in accordance with the provisions of Chapter Eight of Ordinance No 38 and the other extant statutory instruments.

(5) The instructions for registration of clients, opening of accounts and recording of transfers covered by paragraph 1 shall be submitted and executed in compliance with the operational rules of the CSS.

(6) (*amended – Minutes No 13 of 10.09.2018*) The registration documents presented by the clients to the RA shall be kept by the investment firm in accordance with the procedures and for the time periods specified in the extant national and European law.

(7) The RA shall instruct transfers covered by paragraph 1 in accordance with the requirements of the extant legislation by exercising due professional care and acting in the best interest of its clients.

### **Recording of already concluded transactions**

**Article 170.** (1) The RA shall submit an instruction to the CD for the recording of transactions in financial instruments already concluded directly between the parties upon provision of:

1. a written agreement (an original or a copy certified by a notary) for the transfer of the financial instruments, a judicial instrument or another document substituting the agreement for transfer of financial instruments;
2. an original certificate of ownership of the financial instruments subject of the transaction;
3. order for the transfer of financial instruments signed by the transferor.

(2) After verifying the documents specified in paragraph 1, the investment firm acting as a RA shall submit an order for the transfer of the financial instruments.

### **Recording of donations**

**Article 171.** (1) The RA shall submit an instruction to the CD for the recording of a transfer of financial instruments through donation upon provision of:

1. a written agreement for donation (an original or a copy certified by a notary);
2. an original document certifying the ownership of the financial instruments subject of the donation;
3. order for the transfer of financial instruments signed by the transferor.

(2) After verifying the documents specified in paragraph 1, the investment firm acting as a RA shall submit an order for the transfer of the financial instruments.

### **Recording of succession by law**

**Article 172.** (1) The RA shall submit an instruction to the CD for the recording of a transfer of financial instruments by means of succession by law upon provision of:

1. (*amended – Minutes No 6 of 19.06.2015*) an original or a copy certified by a notary of a certificate of succession, respectively an equivalent foreign document accompanied by a certified translation and legalisation;
2. a request for provision of a statement of the financial instruments owned by the legator signed by all heirs/successors or persons authorised by them;
3. an agreement for voluntary distribution between all heirs/successors listed in the certificate of succession with the signatures certified by a notary. On the basis of the statement referred to in subparagraph 2, the agreement must cover all financial instruments subject of the succession, apart from the ones which are the subject of a testamentary succession;
4. an order for the transfer of the relevant shares of the financial instruments from the account of the legator to the relevant accounts of the heirs/successors, signed by all heirs/successors or by the persons authorised by them. The order shall be signed only by the heirs/successors receiving a succession share under the agreement for voluntary distribution;
5. an original document certifying the ownership of the financial instruments subject of the succession. If the heirs/successors do not possess such a document, a declaration to that effect shall be presented by the persons referred to in subparagraph 2;

(2) After verifying the documents specified in paragraph 1, the RA shall:

1. submit to the CD a request for provision of a statement of the financial instruments held by the legator according to paragraph 1(2) and for their blocking;
2. provide the statement issued by the CD to the heirs/successors;
3. register the heirs/successors receiving a succession share pursuant to the agreement for voluntary distribution as clients and open the relevant client accounts;
4. in compliance with the agreement for voluntary distribution among the successors, the RA shall order the transfer of the relevant financial instruments on the basis of the order referred to in paragraph 1(4) from the account of the legator to the relevant accounts of the heirs/successors. A separate message shall be submitted for the transfer to the account of each successor.

(3) After receiving the messages for the transfer, the CD shall:

1. open client accounts of the heirs/successors with the RA and debit ex-officio the relevant accounts by crediting the account of the legator;
2. in the cases where the legator is not a client of the RA, after receiving a request referred to in paragraph 2(1), at the time of blocking the financial instruments subject of the succession the CD shall register the legator as a client of the RA by assigning him/her an official client number;
3. submit a message to the relevant member with which accounts for financial instruments subject of the succession were held and have been transferred ex-officio in accordance with subparagraph 2.

**Article 172a.** (*new – Minutes No 9 of 28.07.2014*) (1) In cases of lack of will on the part of the heirs/successors for voluntary distribution, the RA shall submit to the CD an instruction for recording of a transfer of financial instruments by means of succession by law after an application form is submitted accompanied by:

1. an original or a copy certified by a notary of a certificate of succession, respectively an equivalent foreign document accompanied by a certified translation and legalisation;
2. a request for a statement of the financial instruments held by the legator signed by the heir/successor or person authorised by him/her;
3. an original document certifying the ownership of the financial instruments subject of the succession. If the heir/successor does not possess such a document, a declaration to that effect shall be presented;
4. documents certifying in an indisputable manner the amount of the succession share with regard to the recording of the individually acquired financial instruments:
  - (a) an effective instrument issued by a court whereby successor rights are established, and/or
  - (b) another document on the basis of which the number of financial instruments to be acquired by the heir/successor by succession can be determined;
  - (c) a declaration (using a standard form) of consent to the recording based on the succession share;
5. an instruction for opening an account and transfer of the financial instruments corresponding to the succession share from the account of the legator to the account of the heir/successor.

(2) The RA may require that the applicant provides additional data and documents with regard to the recording of the transfer.

(3) After verifying the documents specified in paragraph 1, the RA shall:

1. submit to the CD a request for a statement of the financial instruments held by the legator and their blocking;
2. provide the heir/successor with the statement issued by the CD;
3. register the heir/successor as a client and open a client account with the CD;
4. in accordance with the documents listed in paragraph 1, order the transfer of the respective share of the financial instruments on the grounds of the instruction referred to in paragraph 1(5) from the account of the legator to the account of the heir/successor.

(4) The registration shall be performed by opening an account of the heir/successor with the CD and recording in said account the number of dematerialised financial instruments corresponding to the share of the heir/successor. Article 172 shall apply accordingly.

(5) At a request by a competent court, the CD shall issue a statement of the financial instruments held by the heir/successor for the purposes of legal proceedings pursuant to Article 110 of the Civil Procedure Code.

(6) The CD shall not be held liable for the correctness, accuracy and completeness of the data and information provided by its members, the heirs/successors initiating the procedure and other authorised bodies and persons, nor for the legality of their actions with regard to the recording of a succession by law.

**Article 172b.** (*new – Minutes No 6 of 19.06.2015*) (1) If the financial instruments subject to succession are kept in a client account with a member of the CD other than the registration agent who submitted the instruction for recording the transfer, the CD shall notify the respective member of the requested procedure after receiving the application for issuing the statement referred to in Article 172(2)(1).

(2) Within five business days of receiving the notification referred to in paragraph 1 the member of the CD with which the financial instruments of the legator are kept shall make all reasonable efforts to check the information recorded with it regarding the legator who is the holder of the account for financial instruments.

(3) The registration agent who has submitted an instruction for recording of succession shall send electronically to the CD the scanned documents presented in the procedure in the following cases:

1. the total nominal value of the financial instruments subject of the succession exceeds BGN 10 000 (ten thousand);

2. a succession procedure with regard to a foreign person has been requested.

(4) The CD shall send the documents received from the registration agent to the respective member with which the financial instruments of the legator are kept so that said member can perform the check referred to in paragraph 2.

(5) The Central Depository shall perform checks in the Unified System for Civil Registration and Administrative Services of the Population (ESGRAON) at the “Civil Registration and Administrative Services” General Directorate where the relevant prerequisites for the ESGRAON providing data regarding the legator who is the account holder of the account for financial instruments exist. The members of the CD participating in the recording procedure shall be notified of the results of the check in order to take the necessary actions in accordance with the statutory instruments.

(6) If there is data regarding illegal disposal of the financial instruments subject of succession, the member of the CD with which the financial instruments of the legator are kept shall send a message to the CD to stop the procedure. The message shall be sent within the time limit specified in paragraph 2 and shall contain information about the data referred to in the previous sentence. The CD shall notify its members participating in the recording procedure, as well as the competent authorities, where necessary, that the procedure has been stopped.

(7) If it does not receive a message from the member of the CD with which the financial instruments are kept, the CD shall record the transfer of financial instruments requested by the RA after the expiration of the time limit specified in paragraph 2.

### **Recording of testamentary succession**

**Article 173.** (1) The RA shall submit an instruction to the CD for the recording of a transfer of financial instruments by testamentary succession upon provision of:

1. a certificate of succession (an original or a copy certified by a notary);

2. a copy of a handwritten testament or a notary testament drawn up in the form required by the Succession Act, containing all required details and certified by a notary;

3. a statement by a notary regarding the announcement of the testament.

(2) After verifying the documents specified in paragraph 1, the RA shall:

1. submit to the CD an application for issuance of a statement and for blocking the portfolio of financial instruments of the legator;

2. after receiving the statement on the legator’s portfolio, notify the successor who has requested it only up to the portion of the financial instruments held by the legator to be inherited by the successor according to the testament;

3. in compliance with the testament, order the transfer of the relevant inherited portion of the legator’s financial instruments from his/her account to the relevant accounts of the successors who requested the succession procedure. A separate message shall be submitted for the transfer to the account of each successor.

(3) Article 172 shall apply accordingly to all matters not settled in these Rules.

### **Amendment and correction of personal data**

**Article 174.** (1) Amendment and correction of incorrect personal data shall be instructed by the RA on the basis of a request by a holder of financial instruments with the following documents attached to it:

1. (*amended – Minutes No 11 of 14.04.2021*) an original certificate of the financial instruments held; If the person does not possess such a document, a declaration to that effect shall be presented;

2. an original certificate issued by the relevant civil status authority in the case of a change of the PIN data;

3. an original certificate issued by the relevant municipal authority in the case of a change of the address data;

4. a court ruling or an administrative instrument (an original or a certified copy) in the case of a change of name.

(2) After verifying the provided documents, the RA shall carry out the following actions:

1. register as a client the person referred to in paragraph 1 by submitting to the CD a message featuring the personal data as initially recorded at the CD (respectively the incorrect personal data);
2. submit to the CD a message featuring the identification number of the message referred to in subparagraph 1, the valid personal data and the relevant data change code in accordance with the technical instructions. A separate message shall be submitted for each change.
- (3) After the data from the message have been successfully recorded, the CD shall submit a message to the relevant member of which the person referred to in paragraph 1 is a client and shall issue a certificate of the financial instruments held in personal accounts.
- (4) Data in relation to holders of compensation instruments shall be corrected in accordance with a procedure set out in the Transactions in Compensation Instruments Act and the Ordinance on the activity of the CD regarding the recording of the issuance of, transactions in and execution of the payments with compensation instruments.
- (5) (*new – Minutes No 9 of 28.07.2014*) Amendments of data with regard to the legal form of a client (holder of financial instruments) shall be instructed by the RA on the basis of a request by the client to which the following are attached:
  1. (*amended – Minutes No 11 of 14.04.2021*) an original certificate of the financial instruments held. If the person does not possess such a document, a declaration to that effect shall be presented;
  2. a resolution of the competent authority for reorganisation by transformation of the legal form;
  3. (*new – Minutes No 6 of 19.06.2015*) a declaration (using a standard form) of notification of the pledge creditors in the cases of registered collaterals on the financial instruments.
- (6) (*new – Minutes No 6 of 28.07.2014*) After verifying the documents provided, the RA shall perform the following actions:
  1. submit to the CD a message featuring the client's data according to the initial registration and the new data;
  2. submit to the CD a message featuring the identification number of the message referred to in subparagraph 1, the valid client's data and the relevant data change code in accordance with the technical instructions for the CSS operation.

#### **Issuance of certificates to holders of financial instruments**

- Article 175.** (1) At the request of a holder of dematerialised financial instruments the CD shall issue a certificate of financial instruments held by the holder via a member of the CD.
- (2) Certificates according to paragraph 1 shall be issued by the CD for the number of the financial instruments currently available in the specified account.
  - (3) The requests for issuance of certificates shall be submitted by the members of the CD.
  - (4) Requests for certificates of financial instruments in personal accounts of natural persons and legal entities shall be submitted by the RA.
  - (5) Requests for certificates of financial instruments in accounts with a member of the CD shall be submitted by the respective member of the CD which maintains the accounts.
  - (6) Certificates which have been issued but not received shall be kept by the CD for a period of 1 year starting from the date of their issuance, after which they shall be destroyed.
  - (7) At the request of a holder of dematerialised financial instruments the CD shall issue a duplicate of a certificate of the financial instruments held by said holder via a member of the CD acting as a RA.

#### **Issuance of portfolio statements**

- Article 176.** (1) Portfolio statements shall be issued on the basis of a request from the client.
- (2) After performing the identification and representation procedures set out in Ordinance No 38, the RA shall submit to the CD a message with a request for issuance of the relevant type of portfolio statement.
  - (3) The codes for issuance of the various types of statements regarding the balance in clients' accounts are included in the relevant technical instructions.
  - (4) (*amended – Minutes No 9 of 18.04.2023*) (4) In order to obtain an extended portfolio statement (that also contains information regarding the CD members with which balances in client accounts of the holder are held), an express written consent of the holder, signed in the presence of an employee designated by the investment firm, is required.



**Part Five**  
**Recording of and transactions in compensation instruments.**  
**Privatisation transactions**

**Chapter Thirteen**  
**Recording of and transactions in compensation instruments**

**Section I**  
**Recording of issues of compensation instruments**

**Article 177.** (1) Compensation instruments (CIs) shall be recorded in accordance with the Transactions in Compensation Instruments Act (TCIA) and the Ordinance on the activity of the CD regarding the recording of the issuance of, transactions in and execution of the payments with compensation instruments.

(2) Newly-recorded compensation instruments shall be added to the total volume of the relevant issues recorded by the time of the recording.

(3) (*amended – Minutes No 11 of 14.04.2021*) At the time of recording of issues of registered compensation vouchers (RCVs) the Central Register of Compensation Instruments (CRCI) with the Privatisation and Post-privatisation Control Agency (PPCA) may order that the RCVs issued by the relevant competent body be recorded as a separate sub-issue. In these cases an issue code shall be assigned, generated in the following manner: “PKBXXXXX”. “PKB” is the type of compensation instrument and “XXXXX” is a unified identifier of the land commission/municipality office of agriculture and forests that issued the RCVs according the Unified Classification of the Territorial Units of the National Statistical Institute.

(4) A separate sub-issue shall be deleted and the compensation instruments shall be transferred to the general issue by order of the CRCI.

**Section II**  
**Transfers of compensation instruments**

**Article 178.** (1) Trades in CIs shall be recorded and payments with CIs shall be made in accordance with the TCIA and the Ordinance on the activity of the CD regarding the recording of the issuance of, transactions in and execution of the payments with compensation instruments.

(2) The trades in CIs concluded on a regulated market shall be processed and settled in accordance with the general procedure set out in Part Four of these Rules.

(3) Every single client in a trade in RCVs may participate with RCVs from the main issue and/or with RCVs from various sub-issues.

(4) The sum of RCVs for all clients from the main issue and from the sub-issues shall be equal to the total number of RCVs included in the trade. For each client and for each sub-issue a separate message shall be submitted. The details of the issues in the messages to the buyers shall match the details of the issues in the messages of the sellers, or the total issue for all RCVs shall be indicated.

(5) Transfers of CIs outside a regulated market shall be carried out in the cases where the CIs are not the subject of sale.

(6) Transfer orders shall be submitted in accordance with the general procedure for transfers of financial instruments outside a regulated market.

**Section III**  
**Payments with compensation instruments**

**Article 179.** (1) For the purposes of recording payments with CIs under trades concluded pursuant to Article 13 and Article 13a of the TCIA, the competent body which has accepted the payment shall prepare and submit to the CD a notification of payment with CIs using a standard form with which the following shall be enclosed:

1. an order by the holder for payment with compensation instruments using a standard form;
2. a document confirming that a fee has been paid to the CD.
3. (*amended – Minutes No 1 of 27.01.2017*) an original depository receipt or another certificate issued by Central Depository AD, with which the payer has certified the existence and the possession of the compensation instruments.

(2) The CD shall record the CI payment within three business days of receiving the complete set of documents.

(3) In the event that it is impossible to record the payment, the CD shall send to the payer and to the competent authority which has accepted the payment a notification regarding the established problem and the reasons hindering the operation within three days of receiving the file. If no address details of the payer have been provided, the notification shall be sent only to the competent authority.

**Article 180.** (1) For payment with CIs for trades concluded at centralised public auctions (CPAs) and remote public auctions (RPAs), the CD shall receive from the regulated market the following information before the auctions are conducted:

1. a list of the companies whose shares or units are the subject of the auction;
2. distribution of the shares or units in lots;
3. manner of payment (with CIs, in cash or combined).

(2) The CD shall receive information about the trades concluded at the auction from the regulated market in accordance with the general procedure.

(3) (*amended – Minutes No 11 of 14.04.2021*) For trades with cash payments, the amount payable for the trade shall be transferred to an account of the PPCA in the BNB. The CD shall settle the transaction by transferring the shares to the buyer's account after a copy of a payment order is submitted.

(4) (*amended – Minutes No 11 of 14.04.2021*) If the issue subject of the trade is not recorded in the CD or units in limited liability companies are transferred, the transfer of the ownership shall be effected by the PPCA.

(5) In case of payments with CIs, the members of the CD shall submit a message containing the issue details and the quantity of the CIs used to execute the payment. In the event that different types of CIs are used as a payment for a trade, a separate message shall be sent for each type of CI.

(6) (*amended – Minutes No 11 of 14.04.2021*) On the basis of the messages received, the CD shall settle the transactions by transferring the securities to the buyer's account and deleting the transferred CIs from the account of the PPCA.

(7) (*amended – Minutes No 11 of 14.04.2021*) If the issue subject of the trade is not recorded in the CD or units in limited liability companies are transferred, the transfer of the ownership shall be effected by the PPCA.

**Article 181.** (1) In case of a recorded payment, the CD shall notify the relevant state authorities within three days of receiving the complete set of documents.

(2) (*amended – Minutes No 11 of 14.04.2021*) The CD shall submit to the PPCA, in a format and with content determined in advance by the two parties, information about the trades concluded at centralised or remote public auctions after receiving a payment confirmation or after said trades have been finalised.

(3) After receiving correction instructions from the CRCI and in accordance with Article 13b of the TCIA, the CD shall undertake the relevant actions and shall notify the CRCI about the result.

**Article 182.** (1) The CD shall issue certificates in accordance with the procedure set out in the Ordinance on the implementation of Article 7(3) of the Restitution of Nationalised Real Estates Act if the CIs are acquired as compensation and are not subject to encumbrances recorded in the register of the CD.

(2) Certificates shall be issued through a registration agent who shall submit the relevant message to the CD. After receiving the message and verifying the balance, the CD shall issue the certificate and shall block the CIs in favour of the Ministry of Finance (MF) as beneficiary.

(3) After receiving a notification from the MF that the cash equivalent has been paid, the CD shall leave a zero balance in the CI lot. In case of a notification of rejection, the CD shall unblock the compensation instruments.

**Article 183.** Corrections to recorded data regarding ownership of CI issues shall be made by the CD on the basis of an order by the CRCI.

**Article 184.** (1) The CD shall ex-officio leave zero balances in the accounts for the CIs issued in accordance with § 12(4) of the Transitional and Final Provisions of the Act on Settlement of the

Rights of Citizens with Long-Term Housing Savings Deposits but shall maintain the information about the lots and the accounts in the register.

(2) Accounts shall be left with zero balances by transferring the relevant balance from the account of the beneficial owner to an account of the issuer and reducing the total amount of issued CIs of the respective type.

(3) Actions relating to leaving accounts with zero balances shall be undertaken after information is received from the Regional Governors containing:

1. a request to leave a zero balance on the account;
2. the names of the beneficial owners whose lots are to be closed;
3. the number of the provisional certificate;
4. the nominal amount;
5. the Regional Administration – issuer;
6. the number of the owner in the CRCI.

(4) In the cases where the list of the accounts to be left with a zero balance contains more than 10 (ten) lots, along with the hard copy an electronic copy (an XLS file) shall be enclosed with the same content and the following details:

1. full names of the beneficial owners;
2. number of the provisional certificate;
3. nominal value;
4. Regional Administration – issuer;
5. number of the lot in the CRCI.

(5) After verifying the documents, the CD shall execute the request to leave the accounts with a zero balance or shall notify the Regional Governor in writing about any omissions in the documents.

(6) If any requests for leaving zero balances on accounts are not executed, the CD shall notify the Regional Governor about the reasons why the request cannot be executed.

(7) If the CIs are in an account of a member of the CD, after a zero balance is left on the account the CD shall notify said member about the reason for this.

(8) After the transactions relating to leaving zero balances on the accounts are completed, the CD shall notify the Regional Governor and the CRCI.

## **Chapter Fourteen**

### **Recording of privatisation transactions**

**Article 185.** (1) (*amended – Minutes No 11 of 14.04.2021*) (1) Following a sale in accordance with the Privatisation and Post-privatisation Control Act (PPC Act) financial instruments owned by the Bulgarian State shall be transferred on the basis of an order by the Executive Director of the PPCA

(2) The transfer orders shall be submitted on the basis of a concluded transaction or of transfer of shares in accordance with the PPC Act.

**Article 186.** (1) Transfers of securities sold as a result of a privatisation transaction in accordance with the PPC Act shall be recorded on the basis of an order for the transfer of securities from an account of the State to an account of the person who has acquired the shares submitted using a standard form via official channels by the institution which has carried out the sale in accordance with the requirements of the PPC Act.

(2) (*amended – Minutes No 1 of 27.01.2017*) The CD shall record the transfer within 3 business days of the submission of the complete set of documents and shall issue a certificate to the person who acquired the shares.

(3) The CD shall issue to the institution which has sold the shares an instrument of recording for the transfer.

(4) An instrument of recording as referred to in paragraph 3 may also be provided, upon request, to the company which has issued the financial instruments subject of the transfer.

**Article 187.** (1) Transfers of securities in accordance with the PPC Act shall be recorded on the basis of an order for the transfer of the securities from an account of the State to an account of the transferee submitted using a standard form via official channels by the institution which has compensated the shareholders.

(2) A certified copy of the agreement for transfer of the securities between the State and the shareholder shall be enclosed with the order.

(3) After the transfer is recorded, the CD shall issue a certificate to the owner of the securities and an instrument of recording of the transfer. The documents set out in the previous sentence shall be provided to the legal representative of the company or to a person expressly authorised thereby.

(4) In case of insufficient details regarding the compensated persons, the CD may require additional documents and information from the company or institution which has ordered the transfer.

**Article 188.** The change of the body through which the State exercises its ownership rights over shares in the capital of commercial companies shall be carried out on the basis of an instruction received from the relevant state body accompanied by a document certifying the change.

## **Part Six**

### **Margin purchases, short sales, lending and exchange of financial instruments, repurchase transactions**

#### **Chapter Fifteen Margin purchases**

**Article 189.** (1) *(amended – Minutes No 11 of 14.04.2021)* Margin purchases shall be carried out under the terms and according to the procedure set out in Ordinance No 38.

(2) Margin purchase transactions shall be processed and settled in compliance with the operating rules of the CSS.

(3) Cash resources for payment of margin purchases shall be made available in the settlement account of the member of the CD.

(4) The financial instruments acquired as a result of a margin purchase shall be recorded in the margin account of the client.

(5) *(amended – Minutes No 11 of 14.04.2021)* Depending on the conditions of the agreement referred to in Article 115 of Ordinance No 38, the client – beneficiary of the margin purchase shall provide the required collateral. In the event that financial instruments recorded in the CD are the subject of the collateral, they shall be deposited as collateral into the margin account of the client.

**Article 190.** The CD shall provide the following services in connection with the execution of margin purchases:

1. opening and keeping of margin accounts;
2. recording of the collateral provided;
3. administration and provision of information about the size of the collateral at the request of the relevant member of the CD;
4. *(amended – Minutes No 11 of 14.04.2021)* recording of executed disposals of financial instruments in margin accounts.

#### **Chapter Sixteen Short sales**

**Article 191.** (1) *(amended – Minutes No 11 of 14.04.2021)* Short sales shall be carried out under the conditions and according to the procedure laid down in Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps.

(2) Short sale transactions shall be processed and settled in compliance with the operating rules of the CSS.

(3) *(amended – Minutes No 11 of 14.04.2021)* Financial instruments subject of short sales shall be provided by the seller to a special short sales account on the day of settlement. The delivery required for the settlement may be carried out through a loan or through a purchase transaction.

(4) *(amended – Minutes No 11 of 14.04.2021)* Cash resources received as a result of short sale transactions shall be transferred to a special account declared by the relevant member. If the cash resources are used as collateral for the transaction, they shall be recorded as collateral in the short sales account.

(5) The members of the CD shall order transfers of cash resources or financial instruments subject of collateral from and to the short sales or margin purchases accounts in the name of the respective client

depending on the need to increase or the opportunity to decrease the size of the collateral in compliance with the extant legislation.

(6) Financial instruments in respect of which encumbrances have been recorded and/or which are blocked may not be used as collateral.

**Article 192.** The CD shall provide the following services in connection with to short sales:

1. opening and keeping of short sales accounts;
2. recording of the collateral provided;
3. administration and provision of information about the size of the collateral at the request of the relevant member of the CD;
4. recording of concluded short sale transactions.

## **Chapter Seventeen**

### **Lending and exchange of financial instruments**

#### **General provisions**

**Article 193.** (1) (*amended – Minutes No 11 of 14.04.2021*) The CD shall perform services for recording the operations related to lending of financial instruments instructed by the members.

(2) The instructions to the CD under paragraph 1 shall contain a special indication that the transfer of the financial instruments is for lending purposes. The previous sentence shall also apply to instructions concerning the return of the borrowed financial instruments.

#### **Direct lending**

**Article 194.** (1) (*amended – Minutes No 11 of 14.04.2021*) The members of the CD shall submit orders for the transfer of lent financial instruments on the basis of agreements.

(2) Financial instruments in respect of which encumbrances have been recorded in the register of the CD, which are blocked in the register of the depository or which are used as collateral for margin transactions and/or short sales cannot be the subject of lending.

(3) The lent financial instruments shall be transferred in accordance with the procedure set out in Part Four of these Rules during the first processing of transfers of financial instruments according to the schedule for the CSS system day.

(4) The return of borrowed financial instruments shall be for the same number and the same issue of financial instruments.

(5) (*amended – Minutes No 11 of 14.04.2021*) At the time of their return, the borrowed financial instruments shall be transferred in accordance with the general procedure during the first processing of transfers of financial instruments according to the schedule for the CSS system day. Together with the transfer of the financial instruments, the relevant member of the CD shall make a payment on the collateral provided for the loan.

(6) (*amended – Minutes No 11 of 14.04.2021*) The rights arising from the holding of financial instruments subject of the lending shall be settled on the basis on the signed agreement.

#### **Lending through a centralised pool**

**Article 195.** (1) (*amended – Minutes No 11 of 14.04.2021*) The CD shall establish and maintain a centralised information system (pool) for intermediation in lending of financial instruments in order to ensure the settlement of short sales, lending and returning of borrowed financial instruments.

(2) The CD shall organise and provide equal opportunities for access to the centralised pool to its members which are participants in the CSS.

(3) The financial instruments of each member of the CD or its clients can be included for participation in the pool after the holder declares his/her express consent.

(4) (*amended – Minutes No 11 of 14.04.2021*) Financial instruments shall be included for participation in the pool on the basis of a request by a member of the CD and against the provision of the respective collateral. The collateral shall be recorded in the relevant accounts in the registration system.

(5) The requests for inclusion of financial instruments in the pool shall be fulfilled by the CD in the order of their entry.

- (6) Financial instruments shall be included in the pool for a predefined term on the basis of their conditional marking. The transfer of ownership shall be recorded after the receipt of a message regarding the lending of the financial instruments.
- (7) In case of borrowing of financial instruments included in the pool, the borrower shall pay a fee and the lenders shall receive remuneration in an amount defined in advance in accordance with Tariff of Fees collected by the CD.
- (8) Holders of financial instruments included in the pool shall not dispose of them for the defined term for which they are included.
- (9) The financial instruments shall be excluded from the pool after the expiry of the defined term for which they have been included and for the period during which they are subject to lending.
- (10) Financial instruments in respect of which encumbrances have been recorded may not be included in the pool.
- (11) Financial instruments included in the pool in respect of which the recording of encumbrances is ordered shall be excluded automatically from the pool and their holder shall be notified promptly.
- (12) Financial instruments subject to lending shall be returned by means of a separate transfer order for the same number of financial instruments of the relevant issue, which shall be processed by the CSS.

### **Obtaining consent in accordance with Article 38(7) of Regulation EU No 909/2014**

- Article 195a.** (*new – Minutes No 13 of 10.09.2018*) (1) The CD may use securities of a participant in the CSS only after having obtained a consent expressed in writing using a standard form.
- (3) The consent referred to in paragraph 1 shall be provided by the respective participant in the CSS through the established communication channels with the CD.
- (3) The participant in the CSS is obliged to obtain prior consent from its clients in respect of the securities, individualised in the standard form referred to in paragraph 1.

### **Exchange of financial instruments**

- Article 196.** (1) The CD shall execute transfer orders related to exchange of financial instruments only in the cases where these instruments are recorded in the register of the CD.
- (2) The exchanges shall be requested by both parties and the transfers shall be carried out simultaneously.
- (3) In case of incorrect transfer details, the instruction shall not be executed.

## **Chapter Eighteen**

### **Recording of repurchase transactions**

- Article 197.** (1) Repurchase transactions and reverse repurchase transactions shall be recorded on the basis of messages submitted by the members of the CD to the CSS, which shall contain the following mandatory details:
1. parties to the repurchase transactions and reverse repurchase transactions;
  2. term of the agreement;
  3. date of the unconditional and irrevocable commitment to repurchase the dematerialised financial instruments;
  4. price at which the unconditional and irrevocable commitment will be fulfilled;
  5. persons exercising the rights attached to the dematerialised financial instruments, as well as the conditions for exercising the voting right.
- (2) Instructions for recording of repurchase transactions shall be executed in compliance with the operating rules of the CSS.
- (3) (*amended – Minutes No 1 of 27.01.2017*) The CD shall keep a register of the repurchase transactions in which the details set out in subparagraphs 1 to 5 of paragraph 1 shall be entered. The details shall be recorded in the register of repurchase transactions on the basis of bilateral instructions containing all details set out in subparagraphs 1–5 of paragraph 1.
- (4) (*amended – Minutes No 1 of 27.01.2017*) The CD shall administer the register and record the changes in the entered circumstances on the basis of messages submitted to the CSS by its members. The recording of circumstances in the register of repurchase transactions shall have effect in accordance with Article 127(1) of the POSA.

(5) (*new – Minutes No 1 of 27.01.2017*) The messages referred to in paragraph 1 shall be submitted by each of the parties to the transaction in accordance with the requirements for sending instructions for settlement of transactions defined in the operating rules of the CSS.

(6) (*new – Minutes No 1 of 27.01.2017, amended – Minutes No 10 of 18.10.2017*) The mandatory details for the initial instruction for recording in accordance with paragraph 1 may also be sent with a subsequent message not later than 5 p.m. on the system day determined for the settlement of the respective transaction. If the deadline specified in the previous sentence is not met, the circumstances shall be recorded in the register of repurchase transactions on the basis of new bilateral instructions from the parties to the transaction.

(7) (*renumbered from subparagraph 5 – Minutes No 1 of 27.01.2017*) At the request of the members, the CD shall provide information about the circumstances entered in the register and related to the exercising of the rights attached to the financial instruments.

(8) (*renumbered from subparagraph 6 – Minutes No 1 of 27.01.2017*) Transfers of financial instruments with a repurchase commitment within the meaning of Article 2(3) of the Financial Collateral Arrangements Act shall be recorded in the register in accordance with the procedure set out in Chapter Twenty of these Rules.

## **Part Seven**

### **Recording of special pledges and financial collaterals**

#### **Chapter Nineteen**

##### **Special pledges**

**Article 198.** The CD (*amended – Minutes No 11 of 14.04.2021*) shall carry out the activity of recording and servicing of special pledges of dematerialised securities in compliance with the requirements of the Special Pledges Act (SPA) and the instruments on the implementation of said Act applicable to the activities of the CD.

**Article 199.** (1) The initial recording in the CD of circumstances regarding an established special pledge shall be carried out on the basis of the following documents:

1. (*amended – Minutes No 9 of 18.04.2023*) an application form for recording of an agreement for a special pledge signed by the applicant and the pledger in accordance with Article 27 of the SPA with a certification of the signatures by a notary where the application is not submitted in person in the presence of an employee of the CD;
2. a declaration by the pledger pursuant to Article 264 of the Tax and Social Insurance Procedure Code dated not earlier than a month before the recording of the pledge, signed before a CD official or with a certification of the signature by a notary;
3. (*amended – Minutes No 1 of 27.01.2017*) a power of attorney by the pledger (using a CD form) whereby the pledger gives consent/authorises the pledge creditor to dispose of securities in case of an enforcement of the pledge;
4. (*new – Minutes No 9 of 18.04.2023*) statement to the effect that the stated circumstances are true;
5. (*new – Minutes No 9 of 18.04.2023*) a special pledge agreement.

(2) The securities in respect of which a special pledge is recorded shall be available in the client accounts with a member of the CD. The distribution of the securities by number and account/s shall be indicated in the form referred to in paragraph 1(1).

(3) (*new – Minutes No 1 of 27.01.2017*) Client accounts in which pledged securities are stored are kept only in the registration system of the CD. The established links between the account in the registration system in which the securities subject to the pledge are kept and the collective accounts in CSS shall be terminated, respectively the allocation of securities for settlement operations performed in accordance with the instructions for the operation of the CSS shall be cancelled not later than at the time of registration of the application for recording of the special pledge in the CD. The operations specified in the previous sentence shall be performed by the members of the CD that manage the respective accounts.

**Article 200.** (1) Recording of changes in pledges, cancellation of pledges, enforcement, closing of enforcements and renewals of a recording of a pledge shall be carried out on the basis of an application form indicating the registration number of the order for the initial recording.

(2) (*new – Minutes No 11 of 14.04.2021*) To record changes relating to the following circumstances:

1. pledger;
2. pledge creditor;
3. number of shares and number of issues,

always a separate message shall be submitted for each change under subparagraphs 1, 2 and 3.

(3) *(renumbered from subparagraph 2 – Minutes No 11 of 14.04.2021)* The application for recording of changes shall be signed by the pledger and by the pledge creditor. If the changes are related to partial deletion of the pledge, the application may be signed only by the pledge creditor.

(4) *(renumbered from subparagraph 3 – Minutes No 11 of 14.04.2021)* The record shall be deleted on the basis of an application for deletion of the record signed by the representative of the pledge creditor or by a person explicitly authorised by the pledge creditor by means of a notarised power of attorney.

**Article 201.** (1) *(amended – Minutes No 1 of 27.01.2017, Minutes No 11 of 14.04.2021)* In case of receipt of an order for transfer of pledged securities in accordance with Article 63(2) of Ordinance No 38, an application for recording a change in the circumstances signed by the transferee and the pledge creditor shall be submitted to the CD, after which the transfer shall be carried out. Messages whereby transfer orders are sent should be successfully accepted by the CSS before the submission of the application referred to in the first sentence. The instructions submitted shall be processed after the documents specified in the first sentence are verified.

(2) *(amended – Minutes No 6 of 19.06.2015)* In the case of transfers as a result of a procedure for recording of succession (inheritance, transformation), the change of the pledger/s shall be reflected automatically in the register of special pledges after the procedure is completed and the fees provided for in the Tariff are paid. A declaration (using a standard form) of notification of the pledge creditors in the cases of registered collaterals on the financial instruments shall be submitted as part of the procedure for recording.

(3) *(new – Minutes No 6 of 19.06.2015)* Changes in the data in the register of special pledges which result from the recording of corporate actions in the system of the CD shall be reflected automatically under the conditions set out in paragraph 2, unless otherwise provided for in a statutory instrument. In the cases where a statutory instrument provides that a creditor or an enforcement agent shall submit a consent or another document, these documents shall be submitted together with the application for recording the relevant change in accordance with the procedure laid down in these Rules.

**Article 202.** *(amended – Minutes No 9 of 18.04.2023)* (1) An enforcement of a pledge shall be recorded on the basis of an application by the pledge creditor.

(2) *(new – Minutes No 9 of 18.04.2023)* The enforcement of the pledge shall be carried out by means of a special message (order) by the pledge creditor to the member of the CD servicing the account on which the securities are kept instructing that the relevant operations on it be carried out. The relevant member of the CD shall execute the order referred to in the previous sentence within three days of receiving it and shall submit instructions to the CD. The submitted instructions for operations on the account on which the pledged securities are kept shall be processed after the operations have been confirmed by an employee of the CD.

(3) *(new – Minutes No 9 of 18.04.2023)* In the event that the member of the CD servicing the account on which the securities are kept does not execute the order within the period specified in paragraph 2, the pledge creditor shall have the right to submit an enforcement order directly to the CD. For failure to fulfil the obligation set out in paragraph 2, the relevant member of the CD shall be subject to sanctions in accordance with these Rules of Procedure.

(4) *(renumbered from subparagraph 2, amended – Minutes No 9 of 18.04.2023)* The blocking recorded in relation to the respective securities shall be removed ex officio after the expiration of the term specified in Article 37(1) of the SPA.

(5) *(renumbered from subparagraph 3, amended – Minutes No 9 of 18.04.2023)* In accordance with Article 37(1) of the SPA, the pledge creditor shall have the right to order through an investment firm the sale of the pledged securities on his/her behalf and for the account of the pledger after the expiration of 2 weeks of the recording of the enforcement of the pledge.

(6) *(renumbered from subparagraph 4 – Minutes No 9 of 18.04.2023)* In case that the enforcement is closed, the pledge creditor shall submit an application form.

**Article 203.** (1) In case of several recorded encumbrances to the benefit of different pledge creditors, the rules set out in Article 37 et. seq. of the SPA in conjunction with Article 18 of the Private Enforcement Agents Act shall apply upon enforcement, and in case of recorded encumbrances and



attachments, Chapter 41 of the Civil Procedure Code (CPC), respectively Chapter 23 of the Tax and Social Insurance Procedure Code shall apply.

(2) Upon enforcement of recorded attachments on dematerialised financial instruments at the request of an enforcement agent, the CD shall transfer the requested number of dematerialised financial instruments to the enforcement agent's account, including in case of an assignment of the receivable in accordance with Article 516 of the CPC.

**Article 204.** (1) The CD shall issue certificates regarding records of special pledges and the circumstances thereof on the basis of an application in writing by the interested party. The certificates shall contain the information set out in Article 22 and Article 23 of the CRSP Rules.

(2) The CD shall issue certificates regarding records in the register of special pledges which shall contain:

1. the reference number and date of recording;
2. the holder of the financial instruments, respectively UIC/PIN (pledger);
3. the pledge number according to its record in the register of special pledges; the respective order of the records shall be defined by a new entry on a new line with a new unique number in the register of special pledges;
4. a comment on the record;
5. the ISIN of the issue of the pledged financial instruments;
6. the nominal value of each financial instrument of the relevant issue;
7. the number of financial instruments subject of the pledge;
8. the name of the issuer company of the financial instruments subject of the pledge;
9. the name of the pledge creditor.

(9) The certificate shall also contain information about recorded attachments and financial collaterals in the relevant order according to the reference number and the date of their recording in the record keeping system of the CD.

## **Chapter Twenty Financial collateral**

### **General provisions**

**Article 205.** (1) Financial collaterals (FC) in the form of dematerialised financial instruments shall be recorded in compliance with the requirements of Article 5 and Article 6 of the Financial Collateral Arrangements Act (FCAA).

(2) The provision of FC shall be recorded by a transfer to the account for dematerialised financial instruments in case of financial collateral arrangements whereby the right of ownership is transferred, or by making a record of the pledge in the relevant account in the register of the CD in case of financial collateral arrangements with provision of a pledge.

(3) Instructions (messages) to the CD system for recording of financial collaterals and changes in recorded circumstances shall be sent by both parties to the financial collateral arrangement through the members of the CD and shall contain the following details:

1. details of the collateral provider and the collateral taker:
  - (a) in respect of commercial companies – name, headquarters, registered address, UIC;
  - (b) in respect of state bodies and public institutions – name, central address, BULSTAT/UIC;
2. number of the financial instruments constituting the volume of the financial collateral;
3. type of the financial instruments and ISIN code of the issue;
4. amount of the collateralised financial obligation;
5. for a pledge agreement, right of use (if agreed) in the cases set out in Article 8 of FCAA;
6. information regarding the exercising of the rights in the financial instruments;
7. date of conclusion and term of the financial collateral arrangement.

(4) Where the financial instruments subject of FCs are from different issues, separate instructions shall be submitted for each issue.

(5) The messages shall be sent by the members of the CD based on the received information about a concluded financial collateral arrangement. The parties to the FC arrangement shall be registered as clients in the CD system in accordance with the general procedure.

(6) If any of the following circumstances occurs in respect of the transaction giving rise to the financial obligation, such as a transfer of the collateralised receivables, novation, obligation

substitution, as well as in case of other changes of the circumstances recorded in connection with the financial collateral, including its withdrawal, the provision of an additional collateral or the exchange of financial collateral, a change in the initially recorded circumstances shall be registered in accordance with the procedure set out in paragraph 3.

(7) Messages for recording of financial collaterals shall be submitted in accordance with the general procedure for sending instructions to the CD system. The CD shall make the record after the corresponding fee has been paid.

(8) The FC and the changes referred to in paragraph 6 of this Article shall be considered as recorded after the bilateral messages are successfully processed by the CSS. The messages shall be processed in the order of their receipt.

(9) The CD shall confirm the recording by a message to the members and shall issue a certificate of the recorded circumstances upon request.

(10) (*new – Minutes No 9 of 28.07.2014*) In case that the CD members are prevented due to objective circumstances from sending messages, the financial collaterals can also be recorded on the basis of an application signed by the parties to the FC arrangement which contains the details set out in subparagraphs 1 to 7 of Article 205(3) of these Rules. The CD shall make the record in accordance with the provisions of this Chapter after the due fee has been paid.

**Article 206.** (1) The CD shall not be liable for damages related to the recordings made by it and caused as a result of incomplete, incorrect or inaccurate information provided by its members or by the parties to the financial collateral arrangement.

(2) (*amended – Minutes No 11 of 14.04.2021*) The CD shall not be held liable for the correctness of the data received from the persons referred to in Article 131(2) of the POSA, issuers and other authorised bodies and persons, nor for the legality of their actions in relation to the recording of financial collaterals, unless an employee of the CD was aware that the information provided to the depositary was incomplete, incorrect or inaccurate.

(3) The CD shall not control and shall not be held liable for discharging the obligations of the parties to an FC arrangement.

**Article 207.** In case of recording or execution of corporate actions, the CD shall record the respective corporate action or shall carry out the payments related to it with regard to the holders of financial instruments recorded in the register at the relevant moment.

### **Recording of a pledge under the FCAA**

**Article 208.** (1) The CD shall enter the pledge in the client account for financial instruments maintained by a member of the CD and indicated in the submitted message, and shall record the indicated circumstances under the pledge agreement.

(2) A recorded pledge shall be deleted on the basis of a message sent by the respective member of the CD which shall also indicate the reason for the deletion (expiry of the duration, termination of the agreement, etc.)

**Article 209.** (1) In the cases where the pledge agreement regulates a right of use, the message whereby recording is requested shall contain information about the established right of use.

(2) The right of use shall arise at the time of the recording of the pledge in the relevant account in the register.

(3) The collateral taker shall have the right to order, with a unilateral message, the transfer of the financial instruments subject to FC, up to the amount of the recorded collateral, to an account indicated by him/her.

(4) When the right of use has been exercised in relation to the total amount of the collateral, any change in the amount of the collateral on the pledge or any deletion of a recorded circumstance shall be recorded together with the transfer of the financial instruments in accordance with paragraph 3.

(5) In the case of transfer of an equivalent collateral in accordance with Article 8(3)(1) of the FCAA in the form of dematerialised financial instruments, the initially recorded pledge shall be considered to be recorded on the equivalent collateral in compliance with Article 8(4) of the FCAA.

(6) The transfer of an equivalent collateral shall be carried out on the basis of a unilateral instruction on behalf of the collateral taker.

(7) Messages for recording of subsequent pledges with a right of use of the financial instruments subject of the collateral in accordance with paragraph 1 shall be sent after obtaining the consent of the initial creditor.

**Article 210.** (1) In case of default, the collateral taker shall have the right, without judicial involvement, to realise the financial collateral in compliance with the conditions set out in the pledge agreement and the requirements of the extant legislation, including in the case of winding-up procedures against the collateral provider.

(2) In the case of realisation of the financial collateral, the financial instruments subject of the pledge shall be transferred to the requested holder/s and account/s on the basis of a message by the collateral taker through a member of the CD.

(3) In the case of realisation of the financial collateral, the collateral taker shall send to the CSS through a member of the CD a message on the basis of which the record of the circumstances in the register of the CD shall be deleted.

### **Recording of transfers of financial instruments in order to provide a financial collateral**

**Article 211.** (1) Transfers of financial instruments in order to provide a financial collateral shall be recorded on the basis of messages sent through the members of the CD to the CSS.

(2) The financial instruments subject of the arrangement shall be returned to an account of the collateral provider on the basis of messages sent by members of the CD to the CSS where the respective circumstances (discharging of the financial obligation, expiry of the arrangement duration) exist.

(3) The record in the register of the CD shall be deleted on the basis of a message from the collateral taker to the CSS through a member of the CD.

## **Chapter Twenty One**

### **Attachments on dematerialised financial instruments**

**Article 212.** (1) The CD shall execute instructions for imposition of attachments on financial instruments in accordance with the CPC, the TSIPC and the orders of the competent enforcement agent for the specific collateral.

(2) The CD shall record the attachments if the following conditions are met:

1. financial instruments registered in the CD as held by the debtor exist;
2. the moment of settlement finality according to these Rules has not occurred.

**Article 213.** (1) If an attachment order and/or request for a statement of the balances on accounts of the liable person is submitted, the relevant enforcement agent shall indicate:

1. in regard of natural persons – full name, PIN. If such data are not available and if the request concerns a foreign natural person, the equivalent names and identification numbers shall be indicated;
2. in regard of legal entities: full name according to the registration in the Commercial Register and UIC/BULSTAT. If such data are not available and if the request concerns a foreign legal entity, the equivalent names and identification numbers shall be indicated;
3. in respect of the attachment: the exact number of the financial instruments covered by the attachment, the account of the debtor on which said financial instruments are held, ISIN and name of the issue of the financial instruments covered by the attachment. The CD shall not carry out ex-officio and preferential selections of the accounts and the numbers of financial instruments subject to a specific attachment.

(2) In case that the attachment order does not contain the above details, the CD shall submit to the enforcement agent within the same business day a letter with a request for additional information concerning the specific attachment.

**Article 214.** (1) The CD shall not make direct transfers from an account of a debtor under enforcement proceedings to the account of the execution creditor under the same case, including in case of an award of the receivable.

(2) (*amended – Minutes No 11 of 14.04.2021*) After receiving a notification that enforcement proceedings have been initiated, the CD shall transfer the financial instruments subject to attachment

to the special account referred to in Article 115(1) (g) of these Rules based on an order by the enforcement agent.

(3) *(new – Minutes No 11 of 14.04.2021)* The enforcement agent shall perform the respective actions of disposal of the dematerialised securities through the special account referred to in Article 115(1) (g) in accordance with the instructions for the operation of the CSS.

**Article 215.** (1) Attachments shall be recorded on the basis of an attachment notice submitted by the relevant enforcement agent.

(2) The circumstances relating to the imposed attachment shall be entered in the register of special pledges according to the details in the attachment notice.

(3) The financial instruments subject of the attachment shall be blocked by the CD.

(4) If the amount of the financial instruments owned by the debtor to the attachment is less than the quantity indicated in the attachment notice, the total amount of available financial instruments shall be blocked.

(5) *(new – Minutes No 9 of 18.04.2023)* The established links between the account in the registration system in which the securities on which an attachment has been imposed are kept and the collective accounts in the CSS shall be terminated, respectively the allocation of securities for settlement operations performed in accordance with the instructions for the operation of the CSS shall be cancelled not later than at the time of registration of the attachment in the CD.

**Article 216.** (1) Within three days the CD shall notify in writing the enforcement agent that submitted the attachment about the circumstances related to the entry in the register.

(2) If it is not possible to record the attachment, the enforcement agent shall be notified in writing within three days that the attachment cannot be effected, indicating the specific reasons.

**Article 217.** (1) Attachments shall be cancelled/deleted on the basis of a written order by the enforcement agent who has imposed the attachment.

(2) The circumstances of the cancellation of the attachment shall be recorded in the register of special pledges and the financial instruments subject of the attachment shall be unblocked by the CD.

**Article 218.** All requests and instructions from enforcement agents appointed by the court shall be accompanied by a document confirming the payment of a fee in accordance with the Tariff of Fees collected by the CD.

**Article 219.** (1) In cases of reorganisation of a company issuer of financial instruments as a result of a merger, division or partial division, or a change in the nominal value per share caused by dividing the shares while retaining the total amount of the issue, the CD shall record the already imposed attachments on the new financial instruments based on the data and documents provided and enclosed with an application form submitted by the person requesting the recording of the relevant corporate action.

(2) In the case of initial recording – immobilisation and dematerialisation of financial instruments, as well as in the case of deregistration of financial instruments, the attachment shall be recorded ex-officio in accordance with Article 261d(2) of the Commerce Act. For this purpose, in the case of recording the issuer shall submit to the CD an application form, and in case of deregistration the company issuer of the financial instruments shall submit to the CD a declaration using a standard form.

## **Chapter Twenty Two**

### **Blocking and unblocking of financial instruments**

**Article 220.** Blocking and unblocking of financial instruments at the personal request of the holder shall be carried out on the basis of an application form.

**Article 221.** (1) The blocking of financial instruments based on a received attachment notice shall be carried out in accordance with the procedure for recording of attachments on dematerialised financial instruments.

(2) The unblocking of financial instruments blocked in relation to an imposed attachment shall be carried out on the basis of an instruction by the relevant enforcement agent who has imposed the

attachment in accordance with the procedure for recording of attachments on dematerialised financial instruments in the following cases:

1. upon cancellation of the attachment;
2. upon enforcement of an attachment – on the basis of an instruction by the enforcement agent who has imposed the attachment;
3. upon registration of corporate actions – in accordance with the procedure for recording of the corporate actions in the register of the CD.

**Article 222.** (1) The blocking of financial instruments in relation to the settlement of transactions shall be carried out in accordance with Part Four of these Rules.

(2) The unblocking of financial instruments shall be carried out at the time of the finalisation of the settlement in accordance with the procedure set out in these Rules.

**Article 223.** (1) Blocking by personal request shall be carried out within 1 business day.

(2) If encumbrances have been recorded in the register of the CD, the received applications for blocking by personal request shall not be executed.

(3) The signatures on applications for blocking/unblocking by personal request shall be affixed in front of a CD official. If a request for blocking or unblocking is submitted by a natural person by post or by courier, the signature of the ordering customer shall be certified by a notary. For legal entities, the applications for blocking and/or unblocking shall be signed by the representative/s and the corporate seal shall be affixed. In cases where the applications for blocking/unblocking by personal request are signed in the offices of the CD, a copy of the identity documents of the persons signing the applications shall be attached.

(4) All documents for blocking/unblocking drawn up and certified abroad shall be translated and legalised in compliance with the requirements of the extant legislation.

## **Part Eight**

### **Guarantee Fund for Damages**

**Article 224.** (1) A Guarantee Fund for compensation of damages arising in the course of the CD's activity (Guarantee Fund) shall operate within the CD.

(2) The Fund's resources shall be used to compensate damages arising in the course of the CD's activity as a result of its unlawful actions or omissions affecting issuers, holders of financial instruments, members of the CD and participants in the settlement system.

(3) The Guarantee Fund shall be managed by the BD of the CD.

(4) The BD of the CD shall:

1. organise and be responsible for the collection of the Fund's resources;
2. monitor the regular payment of the contributions due to the Fund by the members of the CD;
3. in the event that it is established that the Fund's resources are insufficient for the execution of its functions, determine the manner in which the deficit will be covered;
4. review and rule on requests for payment of compensations from the Fund;
5. (*new – Minutes No 9 of 18.04.2023*) make a decision on spending resources from the fund in case of proven damages according to paragraph 2;
6. (*renumbered from subparagraph 5, Minutes No 9 of 18.04.2023*) organise, control and be responsible for the lawful and targeted spending of the Fund's resources;
7. (*renumbered from subparagraph 6 – Minutes No 9 of 14.04.2021*) approve the annual activity report of the Fund;
8. (*renumbered from subparagraph 6 – Minutes No 9 of 14.04.2021*) adopt rules for the Fund's organisation and activity;
9. (*renumbered from subparagraph 8 – Minutes No 9 of 14.04.2021*) consider and resolve on other issues relating to the Fund's activity and arising from a statutory instrument.

(5) The annual activity report of the Fund shall be a part of the annual activity report of the CD and shall include information about the accumulated resources, the received requests referred to in Article 227 and the compensations paid.

**Article 225.** (1) The Fund's resources shall be raised from:

1. affiliation instalments of the members of the CD;
2. annual contributions of the members of the CD;

3. deductions from the operating revenues of the CD;
4. loans;
5. donations;
6. foreign grants;
7. other sources.

(2) Each member of the CD shall be obliged to deposit in the Guarantee Fund an affiliation instalment and successive annual cash contributions in the amount defined by these Rules.

(3) A percentage of the operating revenues of the CD (minimum 1 %) determined by a resolution of the BD of the CD shall be transferred to the Guarantee Fund.

(4) The administrative costs of the Fund shall be a part of the budget of the CD and shall be covered by said budget.

(5) The Fund's resources may be invested by a resolution of the Executive Director of the CD in the following assets:

1. financial instruments issued or guaranteed by the State;
2. bank deposits;
3. deposits in the BNB.

**Article 226.** (1) The affiliation instalment shall be in the amount of BGN 200 (two hundred) and shall be deposited within one month of the resolution of the BD for acceptance of the relevant member.

(2) The annual contribution shall be in the amount of BGN 60 (sixty) and shall be deposited by 31 January of the relevant year.

**Article 227.** (1) Compensations for damages shall be paid from the Guarantee Fund in the cases of a proven claim by issuers and holders of financial instruments.

(2) Requests filed by issuers and holders of financial instruments for payment of a compensation for damages from the Guarantee Fund shall be considered by the BD of the CD.

(3) Requests for payment of a compensation shall be submitted in person, through the legal representatives of the person/entity or through a person authorised with an explicit power of attorney with a certification of the signature by a notary.

(4) The request shall contain a detailed description of the circumstances and the evidence on which it is based, as well as the amount of the compensation claimed. The following shall be enclosed with the request for payment of compensation:

1. identification details of the person;
2. a power of attorney when the request is submitted by an authorised person;
3. documents certifying the legal grounds of the request.

(5) The CD shall verify the correctness of the received requests for compensation according to the requirements set out in the previous paragraph. If as a result of the verification incompleteness or irregularities are established in the submitted request, a message shall be sent to the relevant person with a request to remedy them or to provide additional information, setting a sufficient time limit to comply.

(6) The request shall not be considered:

1. when it has not been submitted by a person who is entitled to compensation;
2. if within the time limit referred to in paragraph 5 the irregularities of the request have not been remedied.

(7) On the basis of the collected information and written documents, the BD of the CD shall pass a motivated resolution to fully or partially support the request, or to dismiss it.

(8) (*amended – Minutes No 11 of 14.04.2021*) The resolution referred to in paragraph 7 shall be taken within two months of the receipt of the request.

(9) Within three days of date of the BD meeting at which the resolution referred to in paragraph 7 has been passed, it shall be sent to the person who has made the request.

(10) If the request has been supported, the compensation shall be paid within one month of the resolution of the BD.

(11) (*new – Minutes No 9 of 18.04.2023*) By a resolution of the CD, funds from the Fund can be used to pay compensation for proven damages.

**Article 228.** (1) If the membership in the CD is terminated in accordance with Article 20(1)(1) of these Rules, the relevant member of the CD shall receive the amount corresponding to its share in the Guarantee Fund.

(2) If the member of the CD has liabilities to the CD, the amount of the refund according to paragraph 1 shall be used to discharge these liabilities. Where the amount of the liabilities is lower than the amount of the refund according to paragraph 1, the member of the CD shall be refunded the amount remaining after the liabilities are discharged.

(3) In all other cases of termination of membership not covered by paragraph 1 the instalments and contributions made to the Guarantee Fund shall not be refunded.

(4) In case of liquidation of the Fund, the members of the CD shall receive their shares after their liabilities to the CD are discharged.

## **Part Nine**

### **Compliance, internal control and internal audit functions**

*(title amended – Minutes No 13 of 10.09.2018)*

#### **Chapter Twenty Three**

##### **General provisions**

**Article 229.** (1) *(amended – Minutes No 13 of 10.09.2018)* The compliance, internal control and internal audit functions in the CD shall be performed in accordance with the requirements of Regulation (EU) No 909/2014 and Delegated Regulation (EU) 2017/392.

(2) *(amended – Minutes No 13 of 10.09.2018)* It is not allowed for one person to perform compliance activities and internal control and internal audit activities.

(3) *(amended – Minutes No 13 of 10.09.2018)* The organisation of the internal control and internal audit shall be subject to the requirements for economy, efficiency and reasonable sufficiency.

(4) *(amended – Minutes No 13 of 10.09.2018)* The units that perform the functions referred to in paragraph 1 shall be independent from the other structural units in the organisational structure of CD AD.

(5) *(amended – Minutes No 13 of 10.09.2018)* The BD of the CD shall adopt and periodically review:

1. the organisational structure of the CD;
2. the strategy and the plan for the operations of the CD;
3. the policy and the internal rules for risk management and control;
4. the organisational rules and procedures for the compliance, internal control and internal audit functions.

(6) *(amended – Minutes No 13 of 10.09.2018)* The internal rules referred to in paragraph 5(4) shall regulate the powers of the persons exercising internal control and audit functions, the procedure for carrying out control activities, their documentation and the reporting of the results. The rules shall ensure the segregation of duties in all cases where conflicts of interest may occur, and shall prohibit situations in which the same person performs functions related to the approval, performance and reporting of the operations.

#### **Chapter Twenty Four**

##### **Compliance and internal control**

*(title amended – Minutes No 13 of 10.09.2018)*

**Article 230.** (1) *(amended – Minutes No 13 of 10.09.2018)* The implementation of the compliance and internal control function shall be subject to the following main objectives and principles:

1. monitoring and control of the internal documents and regulations for compliance with the applicable regulatory provisions;
2. assessment of the impact of changes in the regulatory framework on the activities CD AD;
4. verification of the compliance of the new procedures with the existing legal framework and with all known forthcoming changes in the regulatory framework and supervisory requirements;
5. control for legality of the operations of the CD and of the compliance with the policies, plans, internal rules and procedures.

(2) *(amended – Minutes No 13 of 10.09.2018)* Internal control shall constitute a set of control systems which shall ensure:

1. the fulfilment the objectives and tasks;
2. the economical and effective use of the resources;
3. the safeguarding of the assets;
5. the reliability and integrity of the information;

6. the legality of the operations, the compliance with the internal rules and procedures.

(3) (*new – Minutes No 13 of 10.09.2018*) The following systems shall constitute elements of internal control:

1. the management control system;
2. the system of controls carried out by the regulatory compliance unit in the CD.

(4) (*new – Minutes No 13 of 10.09.2018*) The compliance function at the CD shall be performed by the regulatory compliance unit designated in accordance with the internal rules for ensuring compliance with regulatory requirements adopted by the BD.

## **Chapter Twenty Five** **Internal audit. Audit committee** (*title amended – Minutes No 13 of 10.09.2018*)

**Article 231.** (1) (*amended – Minutes No 13 of 10.09.2018*) Internal audit is an independent assessment function which shall be carried out by persons designated by the BD of the CD.

(2) (*amended – Minutes No 13 of 10.09.2018*) The main objective of internal audit is to provide assurance by performing regular, independent and objective audits covering the operations of the CD, the risk management processes and the mechanisms for internal control and compliance.

(3) (*amended – Minutes No 13 of 10.09.2018*) The BD of the CD shall adopt the statute of the internal audit unit and shall approve the internal audit plan and its review.

(4) (*amended – Minutes No 13 of 10.09.2018*) The statute of internal audit shall guarantee:

1. independence and initiative in the planning and assigning of inspections;
2. unrestricted access to assets and information;
3. direct line of communication with the management bodies;
4. prevention of conflicts of interest in the execution of the tasks;
5. conditions for hiring additional experts when specific control activities are performed.

**Article 232.** (1) (*amended – Minutes No 13 of 10.09.2018*) An audit committee responsible for advising the BD of the CD on the performance of the CD's internal audit function, which it shall oversee, functions in the CD.

(2) (*amended – Minutes No 13 of 10.09.2018*) The BD of the CD shall adopt rules for the activities of the audit committee.

## **Part Ten** **Risk management rules**

### **Chapter Twenty Six** **General provisions**

**Article 233.** (1) The CD shall apply rules and measures for risk control which shall include:

1. identifying the potential financial, operational and technical risks for the operated systems, as well as the internal and external sources of risk;
2. measures for risk management and risk assessment;
3. monitoring and periodic compliance assessment of the internal rules for risk management in accordance with the market conditions and good practices;
4. procedures for risk assessment and for allowing exceptions in emergencies;
5. type, structure and frequency of reporting of the risks.

(2) The CD shall maintain an information system which meets the requirements for network and information security in order to ensure protection against illegal or accidental access, modification or destruction, to the extent that such events or actions may disrupt the accessibility, authenticity, integrity and confidentiality of the stored data.

(3) (*amended – Minutes No 13 of 10.09.2018*) Risk management in the CD shall be carried out in compliance with the requirements set out in Regulation (EU) No 909/2014 and in compliance with the rules of the quality management systems implemented in accordance with ISO 9001:2008 and information security systems implemented in accordance with ISO 27001:2005.

**Article 234.** (1) The following shall be set out in the risk management rules:



1. the identification of potential risks that could cause potential losses and disruption of the operational processes of the systems managed by the CD;
2. the means of control and management of the identified risks;
3. the allocation of the responsibilities related to risk management.

(2) The risk management policy of the CD shall include:

1. the procedures for identification of the risks related to the activities carried out by the CD and the systems operated by the CD, and for establishing levels of tolerable risk where such levels can be identified;
2. procedures and measures for management of the risks related to the activities and systems of the CD;
3. mechanisms to monitor the adequacy and effectiveness of the policy and procedures referred to in subparagraph 1 and the compliance with the procedures and measures referred to in subparagraph 2;
4. mechanisms to monitor the adequacy and effectiveness of the measures taken to address any deficiencies and non-conformities in the policy and procedures referred to in subparagraph 1 and the procedures and measures referred to in subparagraph 2, including failure to comply with them.

(3) Risk management in the CD shall be carried out in compliance with the rules of the quality management systems implemented in accordance with ISO 9001:2008 and the information security systems implemented in accordance with ISO 27001:2005.

**Article 235.** (1) (*amended – Minutes No 13 of 10.09.2018*) The persons and bodies involved in risk management are as follows:

1. the Board of Directors;
2. the risk management committee;
3. the Executive Director;
4. the director responsible for risk management;
5. the directors of directorates;
6. CD employees.

(2) (*amended – Minutes No 13 of 10.09.2018*) The functions and responsibilities related to risk management, the types of risks and the procedures for their management (identification, assessment and control) shall be laid down in the Risk Management Policy which shall be adopted by the BD of CD AD.

(3) (*amended – Minutes No 13 of 10.09.2018*) The Risk Management Directorate shall perform the following functions:

1. coordinate all risk management activities and the ways in which they must be planned, carried out, controlled and monitored by the BD;
2. organise the risk management activities and report to the Risk Management Committee, the Executive Director and the Board of Directors;
3. develop and implement the risk management framework and the applicable policies and procedures and submit them for approval to the Risk Management Committee;
4. review, analyse, amend and update the risk management policy;
5. ensure that all operational risks are reported through the experts responsible for risks in each department of the CD;
6. aggregate the information received on all operational risks from all structural units and report to the Board of Directors, the Executive Director and the Risk Management Committee through a summary risk register at least twice a year on all significant risks faced by the CD, as well as on all risks the exposure to which significantly exceeds the perceived “risk appetite”;
7. prepare, distribute and archive the minutes of the meetings of the Risk Management Committee;
8. present an annual report on risk management to the Board of Directors, the Executive Director and the Risk Management Committee.

(4) (*amended – Minutes No 13 of 10.09.2018*) The Risk Management Committee shall exercise the following powers:

1. advise the Board of Directors on the current and future level and strategy for risk-taking;
2. approve the risk management framework and the applicable risk management policies and procedures of the CD;
3. put in place mechanisms for ongoing monitoring, control and provision of assurance;
4. exercise control to ensure that all requirements set out in the risk management policy are complied with and applied consistently at all hierarchical levels in the CD;
5. review the risk management process in the CD;

6. assess the effectiveness of the control environment established in the CD, including organisational structure, information, communication and reporting;
  7. review the risk exposure of the CD for the next year and analyse the implementation of the internal control system put in place in respect of this exposure;
  8. perform other functions provided for in the Risk Management Policy of the CD.
- (5) (*amended – Minutes No 13 of 10.09.2018*) The CD employees are obliged to familiarise themselves with and follow the procedures provided for in the Risk Management Policy.

## **Chapter Twenty Seven**

### **Types of risks and management procedures**

*(Chapter repealed – Minutes No 13 of 10.09.2018)*

- Article 236.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 237.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 238.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 239.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 240.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 241.** (*repealed – Minutes No 13 of 10.09.2018*)

## **Chapter Twenty Eight**

### **Risk identification, assessment and control**

*(Chapter repealed – Minutes No 13 of 10.09.2018)*

- Article 242.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 243.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 244.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 245.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 246.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 247.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 248.** (*repealed – Minutes No 13 of 10.09.2018*)
- Article 249.** (*repealed – Minutes No 13 of 10.09.2018*)

## **Supplementary provisions**

**§ 1.** Within the meaning of this Rules:

1. “Settlement” means the discharging of the obligations related to a transaction in financial instruments for the recording the financial instruments in an account for financial instruments of the transferee in the CD and for their payment.
2. “Settlement cycle” means the time period that elapsed between the conclusion of a transaction and the transfer of the financial instruments.
3. “Settlement account” means an account where cash and/or financial instruments are held and which is used to settle transactions between participants in the settlement system.
4. “Non-settlement account” means a cash account through which payments are made between participants in the settlement system and their clients.
5. “Settlement session” means the processing in the system of the CD of instructions for settlement of delivery versus payment transactions, which is related to sending an order to the BNB and receiving confirmation of the effected interbank payments, as well as preparing instructions to commercial banks for accounting of the transfers on the cash settlement accounts of the members of the CD.
6. (*amended – Minutes No 13 of 10.09.2018*) “Financial instruments” means instruments within the meaning of Article 4 of the Markets in Financial Instruments Act.
7. “Transfer order” in the system means each order by a participant in the settlement system requesting the transfer of rights of ownership or other rights related to one or more financial instruments by means of recording in the relevant registers.
8. “Matching” means the process used for comparing the trade or settlement details provided by parties in order to ensure that they agree on the terms of the transaction.
9. “Unilateral instructions” means a message which is processed independently in the CSS (without an opposite message that should be used for matching).
10. “Bilateral instructions” means a set of messages which are processed together in the CSS after it is established that the details in them match.

11. “Netting” means the transformation into one net receivable or one net obligation of all receivables and obligations arising from transfer orders which a participant or participants submit to or receive from one or more other participants, so that only one net receivable is claimed or one net obligation is due.

12. “Systematic violation” occurs when more than three violations of the Rules by a member of the CD are found in the course of one year.

13. “Payment leg” means the part of the settlement procedures which ensures the cash payment in transactions in financial instruments. In transactions at centralised and remote public auctions, payment leg may refer to compensation instruments which constitute the payment instruments in these transactions.

14. “Transfer in the CSS” means any movement of financial instruments reflected by means of a record of a transaction from one account into another.

15. “Transferor” means a person transferring financial instruments from its accounts for financial instruments.

16. “Transferee” means a person acquiring financial instruments into its accounts for financial instruments.

17. “Blocking” means the service of restricting the disposal of financial instruments.

18. “Unblocking” means the service of removal of the restriction on the disposal of financial instruments.

19. “Clearing” means procedures for determining the receivables and obligations of each of the members of the CD and their mutual offsetting in connection with the concluded transactions in financial instruments.

20. “Corporate action” means an action or event which leads to a change in the circumstances of a registered issue of dematerialised financial instruments and/or has an impact on the holders of financial instruments.

§ 2. The terms used in these Rules which are not defined shall be interpreted within the meaning with which they are used in the POSA, the MFIA, the PSPSA and in their implementing regulations, respectively in the other extant legislation and the commercial practices.

### **Transitional and Concluding Provisions**

§ 3. These Rules are adopted pursuant to Article 129(4)(1) of the Public Offering of Securities Act.

§ 4. These Rules repeal the Rules of Procedure of the Central Depository adopted by a resolution of the BD of the CD (Minutes No 143 of 15.12.2006) as subsequently amended and supplemented.

§ 5. The members of the CD as of the entry into force of these Rules shall have the status of direct members within the meaning of these Rules.

§ 6. Depository receipts issued by the CD shall have the effect of certificates of financial instruments held.

§ 7. The CD shall draw up the agreement for the settlement system operated by it and shall establish a Settlement Guarantee Fund within the time limit specified in § 59 of the Transitional and Final Provisions of the Ordinance amending and supplementing Ordinance No 8 of 2003 on the Central Depository of Securities.

§ 8. The resources accumulated in the Guarantee Fund referred to in Article 24 et. sec. of Part VI of the Rules of Procedure of Bulgarian Stock Exchange – Sofia AD may be used as an initial source of funds for the Settlement Guarantee Fund referred to in Article 45c of Ordinance No 8 after having been transferred in accordance with the procedure laid down in law.

§ 9. The CD shall develop and put in place the electronic system for provision of information referred to in Article 109(6) within 6 months of the entry of these Rules into force.

§ 10. (1) The BD of the CD shall determine by a resolution a time limit for entry of these Rules into force after the legal procedures for issuance of the administrative instruments necessary for their approval are completed.

(2) When determining the time limit referred to in paragraph 1, the BD of the CD shall take into account the level of preparedness of the members of the CD to interconnect with the settlement system and to bring their organisations in compliance with the requirements set out in these Rules.

(3) The resolution referred to in paragraph 1 shall be published on the website of the CD.

§ 11. The members of the CD and the issuers of financial instruments which are admitted or registered, as the case may be, before the entry into force of these Rules shall notify CD AD of the issuing of a legal entity identifier within the time limits specified in the extant legislation.

§ 12. The registered issues of dematerialised securities which meet the requirements set out in Article 127(1) of the Public Offering of Securities Act shall be recorded ex-officio in the CSR and shall be administered on the basis of the concluded agreements for administration of issues of financial instruments which shall remain in effect insofar as they are not contrary to the extant legislation.

§ 13. The provisions of these Rules of Procedure governing rules and requirements related to the participation of the CD in T2S shall enter into force and apply from the date on which the CD connects to T2S. This date shall be published on the website of the CD.

§ 14. The Board of Directors of the CD shall determine by a resolution the starting date from which members of the CD may apply for authorisation as a direct participant in T2S.

**These rules were adopted by the Board of Directors of Central Depository AD by Resolutions under Minutes No 3 of 19.03.2013 and Minutes No 5 of 03.06.2013, amended by Resolution under Minutes No 9 of 28.07.2014, amended by Resolution under Minutes No 6 of 19.06.2015, amended by Resolution under Minutes No 1 of 27.01.2017 and Minutes No 3 of 16.03.2017, amended with Minutes No 10 of 18.10.2017, amended with Minutes No 13 of 10.09.2018, amended with Minutes No 11 of 28.11.2019, amended with Minutes No 11 of 14.04.2021, amended with Minutes No 5 of 2.03.2022, amended and supplemented with Minutes No 9 of 18.04.2023**

*The Rules of Procedure of the CD shall enter into force on 1 January 2014 (resolution of the BD of the CD under Minutes No 13 of 7 November 2013).*