

AGREEMENT

for participation in the Electronic System for Registration and Servicing of Trade in Government Securities (ESROT)

Today,/date/, in the city of Sofia

BULGARIAN NATIONAL BANK, 1, Knyaz Alexander I Sq., 1000 Sofia, Bulgaria,
represented by Dimitar Ivanov Kostov - Deputy Governor in charge of Banking Department,
hereinafter referred to as “**BNB**”/

and

.....,
represented by.....,
hereinafter referred to as “the **Participant**”,

BNB and the Participant, hereinafter jointly referred to as “the **Parties**”

agreed on the following:

Part One

Subject

Art. 1(1) This Agreement regulates the relations between the **Parties** with regard to the registration and settlement of government securities transactions on the primary and secondary markets, in compliance with the laws and by-laws regulating the government securities market.

(2) The **Parties** hereby agree that as of
...../date/...../Participant’s name/ shall become an ESROT
Participant with identification code No....



Part Two

Obligations of the Parties

Art. 2 (1) BNB undertakes to:

1. keep a register of the government securities of the ESROT **Participant** for recording the Participant's own holdings as well as its customers' holdings of government securities on an omnibus basis pursuant to Ordinance No 5 of 2007 of the Ministry of Finance and BNB on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities (Ordinance No 5);
2. open and keep *ex officio*: the **Participant's** own government securities accounts, omnibus customer accounts of government securities held by the Participant's customers, as well as the **Participant's** encumbered government securities accounts, which BNB shall use to record the settlement of the Participant's government securities transactions on the primary and secondary markets at the nominal value pursuant to BNB Ordinance No 31 on Government Securities Settlement of 2007 (Ordinance No 31);
3. publish on its official website and in the ESROT application the regulatory documents regulating the government securities market and duly update them to reflect amendments thereto;
4. provide the necessary software, hardware and communication devices for servicing the registration and settlement of government securities transactions pursuant to Ordinance No 5 and Ordinance No 31;
5. inform the **Participant** of any temporary interruptions in ESROT operation due to emergency situations according to the BNB's rules and of other facts and circumstances of relevance to the ESROT access and operation. The notification shall be sent to the e-mail addresses specified by the **Participant** in the list of contact persons for government securities transactions or to the **Participant's** SWIFT address ;



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6. accept, process and register instructions and notifications sent to ESROT by the **Participant** according to the terms and rules specified in Ordinance No 5 and the ESROT Operations Manual for External Users.

(2) BNB:

1. shall not be liable for damages related to registration and settlement of government securities transactions caused by incomplete, inaccurate, or incorrect information submitted by the **Participant**;
2. shall not be a party to the legal relations between the **Participant** and its customers or third parties arising from government securities transactions on the primary and secondary markets;
3. upon identification of erroneous records in ESROT, shall effect corrective operations pursuant to Art. 23 and Art. 24 of Ordinance No 31.

Art. 3(1) The Participant undertakes to:

1. comply with the provisions of the regulatory documents regulating the government securities market.
2. provide for its own account software and hardware (technological means) for access to ESROT – SWIFT, ESROT web-based interface when using a universal electronic signature, telex and other technical means for which the Ministry of Finance and BNB have informed the participants that are available for implementation.
3. submit written instructions and notifications for transactions in government securities according to the time periods, format and structure prescribed by the rules and provisions of Ordinance No. 5 and the ESROT Operations Manual for External Users.
4. organize its work in such a way so as to minimize the possibilities of technical or operational errors when sending to ESROT instructions and notifications for transactions in government securities.



5. notify **BNB** immediately upon finding out erroneous records in ESROT.
6. notify **BNB** immediately of any changes of circumstances related to its participation in ESROT as stated in its application for inclusion in ESROT and in the application appendices, as well as of any changes in the circumstances stated in this Agreement.
7. segregate the government securities held for its own account from those held by its customers via individual government securities accounts recording the government securities owned by its customers and by the customers of the non-subdepository ESROT participants on a contractual basis.

(2) The Participant shall be responsible for the accuracy and completeness of the data stated in the instructions and notifications sent by it to ESROT and for any other information submitted to BNB in relation to its transactions in government securities.

Part Three

Rights of the Parties

Art. 4 (1) BNB shall have the right to:

1. request from the Participant information on the government securities owned by it as well as on those owned by its customers.
2. change the technical facilities for access to ESROT having notified jointly with the Ministry of Finance the participants that they are ready to use them.
3. credit and debit *ex officio* accounts specified in Art. 5 in relation to transactions in government securities on the primary and secondary markets and the fees due in accordance with Ordinance No 5 and Ordinance No 31.
4. terminate a **Participant's** access to ESROT as per the cases listed in Art. 6 paragraph 1 of Ordinance No 5.

(2) The Participant shall have the right to:

1. request the BNB to provide an excerpt from the register kept by the BNB in the name of that Participant of the government securities held by that Participant and by its customers on omnibus basis.



2. receive statements of the government securities accounts kept at the BNB in accordance with Art. 10, paragraph 2 of Ordinance No 31.
3. monitor in real-time in ESROT its transactions in government securities as well as the transactions of its customers via the authorized persons registered as ESROT users when using universal electronic signatures.

Part Four

Cash settlement of transactions in government securities

Art.5 (1) For the purpose of settling the cash leg of the **Participant's** transactions in BGN-denominated government securities on the primary and secondary markets, redemptions and interest payments on maturing government securities, as well as payments of fees and commissions due as per the Tariff of Fees and Commissions Charged on Government Securities Transactions, **BNB** shall debit and credit a BGN current account No..... kept with BNB.

(2) Any principal and interest amounts due to the Participant on maturing Euro-denominated government securities settled in Euro shall be transferred by **BNB** to: the Account in Euro No....., kept with(the name of the bank);

SWIFT.....

Address: Street No.....

City:.....

Country:.....

(3) Upon a change in any or all circumstances stated in paragraphs 1 and 2, the **Participant** shall immediately notify **BNB** thereof. The notification shall be signed by the persons authorized to manage the Participant's accounts and shall become an integral part of this Agreement.

(4) **BNB shall not be** liable for any consequences resulting from any changes in the circumstances stated in paragraphs 1 and 2, of which the **Participant** has not duly informed **BNB**.



(5) BNB shall effect the settlements on the accounts specified in paragraphs 1 and 2, as well as on the government securities accounts opened in the name of the **Participant** in the Government Securities Settlement System as per Art. 8 of Ordinance No.31 within the settlement timeframes laid down in the BNB internal rules and procedures and based on the instructions and notifications of transactions on the primary and secondary market registered in ESROT under the provisions of the legal framework regulating the market in government securities.

Part Five

Final Provisions

Art. 6 (1) This Agreement is concluded for an indefinite period of time / with a *sine die* validity term and may be amended by mutual consent expressed in writing by the Parties.

(2) The Agreement **may** be terminated, as follows:

1. Unilaterally, by **BNB** in case proceedings have been initiated against the **Participant** under Art.6 paragraph 1 of Ordinance No 5.
2. By one-month notice in writing by either of the Parties. In this case the **Participant** shall be obliged to transfer to another ESROT participant all government securities owned by it or by its customers and recorded in the BNB's register in its name no later than the advance notice deadline, as well as to settle all previously concluded transactions and repo transactions with value date on or after the date of termination of its participation.

Art.7 (1) The Parties to this Agreement express their consent to resolve any arguments through negotiations between their representatives, who are authorized to conclude this Agreement. Issues not provided for in this Agreement shall be governed by the provisions of the relevant Bulgarian legislation, as well as by the ESROT operation rules and procedures.

(2) The Bulgarian law shall apply to transactions registered in ESROT, as well as to this Agreement.



Art.8 (1) This Agreement is concluded pursuant to Art.5 paragraph 6 of Ordinance No 5.

(2) The provisions of Art.3, paragraph 1, item 7 shall apply only to those ESROT participants who have a status of sub-depositories of government securities.

Art.9. Addresses for correspondence on issues with reference to the relations between the Parties under this Agreement:

*1. Bulgarian National Bank, Fiscal Services Department
Government and Government Guaranteed Debt Depository Directorate
7, Pozitano Street, 1301 Sofia,
Telephone: 02/9145 1537; Fax: 02/981 6961; Telex: 22751
SWIFT address: BNBGBGSFPRM*

2. Participant's info:

.....
*City.....Country.....Street No.....
Telephone:.....; Fax:.....; Telex:
SWIFT address:.....*

This Agreement was signed in two identical copies, one for each of the Parties hereto.

For BNB

For Participant:

**D.KOSTOV
DEPUTY GOVERNOR**

**1.
2.**

