

# **Ordinance No 16**

## **of 16 July 2009**

### **on Licensing of Payment Institutions, Electronic Money Institutions and Payment System Operators**

(title amended; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

(Issued by the Bulgarian National Bank; published in the Darjaven Vestnik, issue 62 of 4 August 2009; effective as of 1 November 2009; amended, issue 102 of 2009; amended, issue 102 of 2010; amended, issue 30 of 2011, effective as of 30 April 2011; amended, issue 59 of 2011; amended, issue 27 of 2014; amended, issues 69 and 95 of 2016)

#### *Chapter One*

#### **SUBJECT**

**Article 1.** This Ordinance shall lay down:

1. (amended; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) the terms and procedure for granting a license and for conducting activities as a payment institution and electronic money institution;
2. the terms and procedure for granting a license and conducting activities as a payment system operator;
3. the requirements to the reports submitted to the BNB by the payment service providers, operators of and participants in the payment systems.

#### *Chapter Two*

#### **PAYMENT INSTITUTIONS**

##### Section I

#### **Granting a License for a Payment Institution**

##### *Application for Granting a License*

(title, amended; Darjaven Vestnik, issue 69 of 2016)

**Article 2.** (1) An application for granting a license for conducting activity as a payment institution shall be filed in writing to the BNB Governing Council through the Governor and the Deputy Governor heading the Banking Department.

(2) The application shall contain the name, registered office and head office addresses of the applicant and a detailed description of the payment services which the applicant intends to carry out.

### ***Required Documents***

**Article 3.** (1) The following documents with respect to the applicant shall be enclosed to the application:

1. a certified copy of the Articles of Association or the company contract; for a company in the process of being formed, a certified copy of the decision of the Constituent Meeting for establishment of the company and the Minutes of Management Bodies Election Meetings;

2. (amended; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) documents certifying that pursuant to Article 8 of the Law on Payment Services and Payment Systems, the capital corresponding to the type of payment services which the applicant intends to perform has been paid-up; where a company is in the process of being formed, a certificate issued by a bank shall be enclosed, certifying that the contributions have been deposited on a cumulative account, and for non-monetary contributions, the documents under Articles 72 and 73 of the Commerce Law shall be enclosed;

3. (amended; Darjaven Vestnik, issue 102 of 2010; amended; Darjaven Vestnik, issue 59 of 2011) a declaration and documents by the shareholders/partners on the origin of funds used for the contributions made against subscribed shares, equity respectively, or for the acquisition thereof;

4. (amended; Darjaven Vestnik, issue 69 of 2016) a unique identification code;

5. a detailed description of the applicant's activity and audited financial statements for the last three years or for the period of the existence of the company, unless it is a company in the process of being formed;

6. a business plan and forecast budget for the first three years of functioning, containing at least the following:

a) a plan for the development and economic rationale of the activity;

b) a detailed description of all activities, that the applicant intends to carry out;

c) rules and procedures for conducting activity encompassing the applicant, its branches and agents;

d) identifying the risks to which the payment institution is exposed or might be exposed comprising the applicant, its branches and agents;

e) a forecast budget for the first three years of functioning based on realistic estimates;

f) resource certainty for conducting activity;

7. rules on the management of the payment institution, encompassing the activities of the applicant, its branches and agents, which shall include the following:

a) managerial structure and levels of responsibility;

b) systems and procedures for identification, management, control and reporting of risks to which the payment institution is exposed or might be exposed;

c) internal control mechanisms including reliable and effective administrative and accounting procedures;

d) a programme for the measures against money laundering in discharge of the obligations set forth in the Law on the Measures Against Money Laundering and the Law on the Measures Against Terrorist Financing, as well as in Regulation No 1781/2006 of the European Parliament and the Council of 15 November 2006 on information on the payer accompanying transfers of funds;

e) a draft of internal rules on measures against money laundering and terrorist financing;

f) measures ensuring continuity and reliability in providing payment services;

g) procedures for the implementation of safeguarding measures under Article 21 of the Law on Payment Services and Payment Systems;

h) organisation and management of the information system, including information and customer data protection procedures;

8. a description of the organisational structure of the applicant, including the following:

a) information on the agents and branches to be used by the applicant, where such are foreseen; where as of the time of filing the application, agents and branches already exist, the information under Article 7 shall also be submitted;

b) conditions for assigning activities to subcontractors, if foreseeable;

c) interaction between the applicant and other payment service providers and/or payment systems;

9. a list of shareholders/partners and their shares/equity interests, containing their unified identification code or personal identity data;

10. a list of persons having, directly or indirectly, a qualifying holding in the applicant's capital within the meaning of § 1, paragraph 1, items 6, 6a, 6b, 6c, 6d and 6e of the Law on Credit Institutions;

11. a list of persons with whom the applicant is in close relations within the meaning of § 1, paragraph 1, item 10 of the Law on Credit Institutions;

12. a list of persons managing and representing the applicant, members of the management and supervisory bodies of the latter and persons managing and representing its branches and agents;

13. a list containing the addresses of the premises where the applicant will carry out payment services, including through a branch or an agent;

14. a certificate of compliance of the premises in which payment services shall be carried out, including through branches or agents, with the safety and fire precaution requirements under current legislation;

15. (amended; Darjaven Vestnik, issue 30 of 2011; effective as of 30 April 2011; amended; Darjaven Vestnik, issue 69 of 2016) data and documents under Article 5 on the persons managing and representing the applicant and on the members of its management and supervisory bodies;

16. (new; Darjaven Vestnik, issue 69 of 2016) data and documents under Article 6 on the persons having qualifying holdings or with whom the applicant is in close relations;

17. (new; Darjaven Vestnik, issue 69 of 2016) data and documents under Article 7 on the agents and branches to be used by the applicant, if foreseeable;

18. (new; Darjaven Vestnik, issue 59 of 2011, former item 16; Darjaven Vestnik, issue 69 of 2016) a document evidencing that the fee under Article 49 is paid.

(2) The application for a license shall be signed by the persons managing and representing the applicant.

(3) (amended; Darjaven Vestnik, issue 69 of 2016) The enclosed documents shall be submitted in Bulgarian language or a certified translation.

(4) (new; Darjaven Vestnik, issue 69 of 2016) The enclosed documents shall be submitted in original or in a certified copy verified by the applicant, and upon request, the applicant is obliged to submit the original of the document.

(5) (new; Darjaven Vestnik, issue 69 of 2016) The enclosed documents shall be submitted on paper and on an electronic device.

(6) (amended; Darjaven Vestnik, issue 59 of 2011, former paragraph 4; Darjaven Vestnik, issue 69 of 2016) A document under paragraph 1 may be replaced by a notarised declaration in the cases where the legislation of a foreign country does not provide for issuance of such a document, which shall be certified by the relevant competent authorities of this country by issuing a formal document.

(7) (new; Darjaven Vestnik, issue 102 of 2009; repealed, former paragraph 5; Darjaven Vestnik, issue 69 of 2016) The applicant shall immediately notify in writing the BNB of any changes in the information contained in the application and in the enclosed documents, which have occurred after filing the application.

(8) (former paragraph 6; Darjaven Vestnik, issue 69 of 2016) The Bulgarian National Bank may require additional documents to be submitted with the purpose of ascertaining all the circumstances required for the assessment of available conditions for granting a license.

### ***Requirements for Qualification, Professional Experience and Good Reputation***

**Article 4.** (1) The persons managing and representing the applicant and the members of its management and supervisory bodies shall be natural persons who:

1. have higher education;
2. (amended; Darjaven Vestnik, issue 69 of 2016) have at least five-year professional experience, of which three years managerial experience in an entity in the banking or financial sector, in institutions comparable to a bank or in companies comparable to a bank within the meaning of § 1, items 2–5 of the Additional Provisions of BNB Ordinance No 20 of 2009 on the Issuance of Approvals to the Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Requirements for Performing their Duties (Darjaven Vestnik, issue 36 of 2009);
3. have not been convicted of a premeditated crime of general character, unless rehabilitated;

4. during the last two years have not been members of a managing or controlling body or partners with unlimited liability with a company when its activity has been terminated because of bankruptcy, if unsatisfied creditors have remained;

5. (amended; Darjaven Vestnik, issue 95 of 2016) have not been deprived of the right to hold a position of financial responsibility;

6. (amended; Darjaven Vestnik, issue 95 of 2016) have not been included in the list under Article 5, paragraph 1 of the Law on Measures Against Terrorist Financing; and

7. (new; Darjaven Vestnik, issue 95 of 2016) do not give rise to any doubts as to their good repute based on the data about them provided in the questionnaire declaration under Article 5, item 2 and in other documents.

(2) (amended; Darjaven Vestnik, issue 95 of 2016) The requirements under paragraph 1, items 3 to 7 shall also apply to natural persons having direct or indirect qualifying holdings in the capital of the applicant as well as to persons who by law represent the legal persons having direct or indirect qualifying holdings in the capital of the applicant.

(3) (amended; Darjaven Vestnik, issue 95 of 2016) the requirements under paragraph 1, items 3 to 7 shall apply also to the persons managing or representing branches and representatives of the applicant.

(4) In case of a change of the persons under paragraphs 1, 2 and 3, all requirements under this Article shall be observed and within a seven-day period after the change the payment institution shall notify the BNB thereof and shall enclose the respective documents required for these persons under this Ordinance.

### ***Data on the Persons Managing and Representing the Applicant and on the Members of its Management and Supervisory Bodies***

**Article 5.** The following data shall be submitted with respect to the persons managing and representing the applicant and to the members of its management and supervisory bodies and the persons managing and representing its branches and agents:

1. the name and personal identity data, nationality and permanent and current address;

2. (amended, Darjaven Vestnik, issue 95 of 2016) completed questionnaire declaration about qualification, professional experience and good repute as set out in the Appendix thereto;

3. a certificate showing no previous conviction issued not later than one month before the date of filing the application or an analogous document in case the person is not a Bulgarian citizen;

4. a certified transcript of the diploma for completed education;

5. a declaration certifying compliance with the requirements under Article 4, paragraph 1, items 4 to 6, and that the person has not been convicted of a premeditated crime in a country of which he is not a national;

6. a certificate of no outstanding tax and insurance liabilities;

7. where it is an agent of a legal entity – a certified copy of the decision of the competent body on his appointment in a management or supervisory body of the payment institution.

***Data on the Persons Having a Qualifying Holding or with Whom  
the Applicant is in Close Relations***

**Article 6.** (1) For any natural person who owns or has subscribed, directly or indirectly, qualifying holding in the applicant's capital within the meaning of § 1, paragraph 1, items 6, 6a, 6b, 6c, 6d and 6e of the Law on Credit Institutions, the following data shall be submitted:

1. data, documents and declarations under Article 5, items 1, 3, 5, 6 and 7;
2. (amended; Darjaven Vestnik, issue 102 of 2010) data about qualification and professional experience, including:
  - a) data about completed education, acquired qualification and current profession or occupation;
  - b) a description of the professional experience of the person in the last five years;
3. a declaration of the origin of funds used for the contributions made against subscribed shares, equity respectively, or for the acquisition thereof;
4. (new; Darjaven Vestnik, issue 102 of 2010) a declaration stating whether:
  - a) a person over which he has exercised control has been declared insolvent, bankrupt respectively, or in compulsory liquidation in the last five years;
  - b) a company over which he has exercised control or a company in whose managing or controlling body he has been a member or a procurator:
    - aa) has been subject to administrative sanctions and/or compulsory administrative measures imposed for violation of legislative acts in the area of the financial sector;
    - bb) has been refused a license or entry in a register kept by the BNB, the Financial Supervision Commission or analogues bodies of other countries, has been refused a membership in a trade or professional organisation, or the issued license has been revoked or the entry has been deleted;
  - c) the person has been sanctioned for violating tax legislation;
  - d) (amended; Darjaven Vestnik, issue 69 of 2016) on the grounds of an imposed compulsory administrative measure, the person has been dismissed from a position as a member of a management or control body of an entity in the banking or financial sector, an institution comparable to a bank or a company comparable to a bank within the meaning of § 1, items 2–5 of the Additional Provisions of BNB Ordinance No 20 of 2009 on the Issuance of Approvals to the Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Requirements for Performing their Duties;
5. (new; Darjaven Vestnik, issue 102 of 2010) a declaration on:
  - a) his financial situation, the property held, the type and amount of income in the last three years and its sources;

b) the type and amount of assumed obligations, registered pledges and mortgages in favour of third parties, issued guarantees and other similar obligations.

(2) The following information and documents shall be submitted with respect to any legal entity having or having subscribed, directly or indirectly, qualifying holding in the capital of the applicant company:

1. (amended; Darjaven Vestnik, issue 59 of 2011; amended; Darjaven Vestnik, issue 69 of 2016) a unique identification code; an analogous identification code for non-residents;

2. a certified copy of the Articles of Association/company contract and other documents certifying establishment of the company;

3. a detailed description of the legal entity's activity and audited financial statements for the last three years or for the period of existence of the company, unless it is a company in the process of being formed;

4. a certificate of no outstanding tax and insurance liabilities;

5. (amended; Darjaven Vestnik, issue 59 of 2011) a declaration and documents of the origin of funds used for the contributions made against subscribed shares, equity respectively, or for the acquisition thereof;

6. data, documents and declarations under Article 5, items 1, 3, 5, 6 and 7 with respect to the persons managing and representing the legal entity;

7. (amended; Darjaven Vestnik, issue 102 of 2010) data on qualification and professional experience under paragraph 1, item 2 with respect to the persons managing and representing the legal entity;

8. (new; Darjaven Vestnik, issue 102 of 2010) a certified copy of the competent body's decision in compliance with the law, statutes or articles of association on acquisition of shares/equity in the capital of the applicant company;

9. (new; Darjaven Vestnik, issue 102 of 2010) a list of shareholders/partners of the legal entity up to an actual owner; a structure and distribution of the capital between shareholders/partners;

10. (new; Darjaven Vestnik, issue 102 of 2010; amended; Darjaven Vestnik, issue 59 of 2011) declarations made by the persons managing and representing the legal entity on the circumstances under paragraph 1, items 4 and 5 in respect to them as natural persons.

(3) The Bulgarian National Bank may also require data and documents under paragraphs 1 and 2 with respect to the persons whose holding in the applicant's capital is not qualifying.

(4) Upon transferring the subscribed shares/equity holding in the payment institution's capital, paragraphs 1 and 2 shall be applied respectively, and the documents shall be submitted before the transfer.

(5) The applicant shall also submit to the BNB the documents under paragraphs 1 and 2 with respect to the persons with whom it is in close relations within the meaning of § 1, paragraph 1, item 10 of the Law on Credit Institutions, as well as upon a

change related to these persons within a seven-day period after the change has occurred.

### ***Agents and Branches of a Payment Institution***

**Article 7.** (amended; Darjaven Vestnik, issue 69 of 2016) (1) Where a payment institution licensed by the BNB intends to provide payment services through an agent on the territory of the Republic of Bulgaria, it shall submit to the BNB the following information and documents:

1. the name, registered office and head office address of the agent;
2. the unique identification code of the agent;
3. the list of the persons managing and representing the agent, as well as the documents on these persons under Article 5 certifying compliance with the requirements under Article 4;
4. a declaration that the rules and procedures under Article 3, paragraph 1, item 7 cover also the agent which the payment institution intends to register.

(2) Where the agent is an institution licensed by the BNB, the payment institution shall submit to the BNB only information about the date and number of already submitted information in line with the requirements of another legislative act, which is consistent with the content and volume of the information required under paragraph 1.

(3) Where a payment institution licensed by the BNB intends to provide payment services through a branch or an agent on the territory of another Member State, it shall submit to the BNB the following information and documents:

1. information and documents under paragraph 1, items 1, 3 and 4;
2. a description of the services that the payment institution will provide through its agent or branch;
3. the identification or tax number of the agent or branch issued by the relevant body in the Member State in which it is established;
4. a description of the organisational structure of the agent or the branch, including the number of offices and employees and the manner of reporting to the payment institution;
5. a description of internal control mechanisms to be used by the agent or the branch, which include:
  - a) customer identification procedures;
  - b) document storage procedures;
  - c) procedures for identifying and reporting suspicious operations;
  - d) procedures for differentiating between operations with different levels of risk and customer due diligence measures;
  - e) measures to train the employees of the agent or the branch on compliance with the rules regarding the measures against money laundering and terrorist financing;
6. a description of the procedures for controlling the agent or the branch regarding compliance with the measures against money laundering and terrorist financing;



7. contact details of the branch or agent.

(4) The Bulgarian National Bank shall enter in its register, refuse to enter or delete from the register an agent or a branch of a payment institution on the grounds provided for in Article 26 of the Law on Payment Services and Payment Systems.

(5) Payment institutions which will operate through an agent, branch or directly on the territory of another Member State upon fulfilment of the requirements of Article 29 of the Law on Payment Services and Payment Systems and this Ordinance shall also be entered in the BNB register.

(6) Information on a payment institution licensed in another Member State which provides on the territory of Bulgaria the payment services included in its license through a branch, agent or directly upon fulfilment of the requirements of Article 30 of the Law on Payment Services and Payment Systems, as well as information on a credit institution licensed in another Member State which provides on the territory of Bulgaria money remittance services included in its license through an agent upon fulfilment of the requirements of Article 22 of the Law on Credit Institutions and upon submitting the information under paragraph 1 shall also be included in the BNB register.

(7) An agent of a payment institution shall not provide payment services *via* third parties.

(8) Where data under paragraphs 1 and 3 have changed, the payment institution shall submit the relevant information and documents to the BNB within seven days of occurrence of the change.

### ***Central Contact Point***

**Article 7a.** (new; Darjaven Vestnik, issue 69 of 2016) (1) A payment institution licensed in another Member State which provides payment services on the territory of Bulgaria through agents shall establish a central contact point in the Republic of Bulgaria in the event that:

1. the payment institution operating on the territory of Bulgaria has more than five agents; or

2. the value of the payment transactions made on the territory of Bulgaria through an agent exceeds BGN 2 million or its foreign currency equivalent.

(2) The payment institution shall entrust the central contact point with communication and reporting of information to the BNB in relation to the operation of payment institution's agents on the territory of Bulgaria, including provision of statistical data on the payment services provided on the territory of Bulgaria.

(3) The payment institution shall submit to the BNB the following information and documents related to the establishment of a central contact point:

1. the name, registered office and head office address of the point;

2. the unique identification code;

3. the list of the persons managing and representing the central contact point;

4. contact details of the central contact point.

(4) Where data under paragraph 3 have changed, the payment institution shall submit the relevant information and documents to the BNB within seven days of occurrence of the change.

(5) The requirements of this Article shall also apply to credit institutions licensed in other Member States which provide on the territory of Bulgaria money remittance services included in their licenses through agents.

## Section II

### Own Funds of the Payment Institution

#### *General Provisions*

**Article 8.** (1) (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) The elements under Article 9, paragraph 1, items 1 and 2 shall be included in the initial capital which the payment institution shall have as of the date of obtaining the license under Article 8 of the Law on Payment Services and Payment Systems.

(2) (former wording of Article 8; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) The payment institution shall at all times hold own funds of no less than the higher amount under Articles 8 and 9 of the Law on Payment Services and Payment Systems both on a non-consolidated and consolidated basis.

(3) (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) Where a payment institution belongs to the same group as another payment institution, credit institution, investment firm, an asset management company or insurance undertaking, the elements which meet the own funds conditions may not be used more than once in calculating their amount. This requirement shall apply also in the cases when the payment institution carries out additional activities under Article 18 of the Law on Payment Services and Payment Systems.

#### *Own Funds Elements*

**Article 9.** (1) Own funds of the payment institution on a non-consolidated basis shall comprise the following elements:

1. (amended; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) paid-in and registered capital which entirely covers the losses arising from ordinary operations or from bankruptcy or liquidation and shall be repaid after satisfying all other claims;

2. 'Reserve' fund within the meaning of Article 246 of the Law on Commerce, excluding the premium reserves related to cumulative preference shares;

3. other general purpose reserves set aside from the profit after tax;

4. retained earnings from previous years;

5. reserves from revaluation of real estates occupied by the payment institution;

6. amounts attracted by the payment institution in permanent debt/capital (hybrid) instruments and other financial instruments, including permanent cumulative pref-

erence shares, provided that these instruments meet the following specific requirements:

- a) the amounts on them are fully paid;
- b) their repayment is not limited by a term;
- c) their repayment is not guaranteed in any form by the payment institution;
- d) in case of liquidation or bankruptcy of the payment institution, repayment of these funds is admissible after all other creditors' claims have been satisfied;
- e) claims on these instruments as regards the principal shall not be deemed payable without the written permission of the BNB;
- f) the terms and conditions under which the payment institution has attracted these funds shall entitle it to defer the repayment of the interest income on them in case the payment institution has not generated profit or the profit is insufficient;

7. the amounts attracted as a subordinated term debt, term cumulative preference shares and subordinated term debt/equity (hybrid) instruments, provided that they meet the following specific requirements:

- a) the amounts on the instruments are fully repaid;
- b) their repayment is not guaranteed in any form by the payment institution;
- c) their original term to maturity is at least five years;
- d) early repayment shall not be possible without the written permission of the BNB;
- e) the contract may not provide for a possibility for early collection of the debt;
- f) in case of liquidation or bankruptcy of the payment institution, repayment of the debt is admissible after all other creditors' claims have been satisfied.

8. (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) the instruments under Article 9a.

(2) The retained profit under paragraph 1, item 4 may be included in the capital after the annual financial report has been adopted by the general shareholders' meeting, less the dividends and other deductions.

(3) Once included as an element of the own funds, retained earnings from previous years can be used for dividends only upon approval by the BNB.

(4) During the last five years to maturity, the amount of the instruments under paragraph 1, item 7 included in the own funds shall be reduced by 20 per cent per year. After the instruments had matured, they shall be entirely excluded from the own funds calculation.

(5) Paragraph 4 shall apply also to the dates of interest and other agreed income repayment on the instruments under paragraph 1, item 7.

(6) The amounts under paragraph 1, items 6 and 7 may be included in the own funds upon a permission by the BNB based on a written application accompanied by the relevant documents proving compliance with the requirements of this Article. The term of ruling shall be 30 days.

(7) Payment institutions shall not include in their own funds:

1. reserves from cash flow hedges of positions previously measured at amortized cost and cash flow hedges related to forecasted transactions;
2. gains and losses on liabilities measured at fair value;
3. unrealised gains from investment property and from available-for-sale financial instruments.

(8) The amount under paragraph 1 shall be reduced by:

1. the loss for the current and previous years;
2. the balance sheet value of the payment institution own shares;
3. the value of intangible assets;
4. unrealised loss from available-for-sale-financial instruments;
5. the balance sheet value of total investment in shares or in other form of participating interest amounting to more than 10 per cent of the paid-in capital of a payment institution, as well as the investments in debt equity (hybrid) instruments and in subordinated term debt in credit institutions, in which the payment institution holds more than 10 per cent of the paid-in capital for each individual case where they are not consolidated in its balance sheet;

6. the balance sheet value of investments in shares or in other form of participating interest in the capital, in debt/equity (hybrid) instruments and in subordinated term debt in a bank or other financial institution under the Law on Credit Institutions, where their total amount exceeds 10 per cent of the payment institution's own funds prior to the deductions under this item and under item 5 of this paragraph;

7. the balance sheet value of total investment in shares or in other form of participating interest representing 10 or more than 10 per cent of the paid-in capital of a non-consolidated undertaking other than those under item 5.

(9) (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) The amounts under paragraph 8, items 5, 6 and 7 shall be deducted at a rate of 50 per cent of the difference between the total amount of the items under paragraph 1, items 1, 2, 3, 4, and 8 and the total amount of the items under paragraph 8, items 1, 2, and 3 and 50 per cent of the total amount of the items under paragraph 1, items 5, 6 and 7, and where the relevant deduction exceeds the total amount of the items under paragraph 1, items 5, 6 and 7, the excess shall be deducted from the difference between the total amount of the items under paragraph 1, items 1, 2, 3, 4, and 8 and the total amount of the items under paragraph 8, items 1, 2, and 3.

(10) (former paragraph 9; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) The own funds of a payment institution on a consolidated basis shall be formed pursuant to paragraphs 1 to 8 by adding, deducting respectively, the following elements:

1. minority interests;
2. goodwill;
3. differences resulting from currency translation of balances;
4. other elements provided by the effective legislation in case of consolidation.

(11) (former paragraph 10; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) Where the elements under paragraph 9, items 2, 3 and 4 are positive (debit), they shall be deducted from the calculation of the consolidated own funds. Where they are negative (credit), they shall be added to the consolidated own funds.

(12) (former paragraph 11; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) Minority interests under paragraph 9, item 1 in subsidiary bank and non-bank undertakings subject to full consolidation, shall be reported under the respective capital element of the payment institution subject to the nature of minority interests.

### ***Requirements to the Instruments Recognized as Own Funds***

**Article 9a.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) The payment institution's own funds may also include undated instruments which meet the following requirements:

1. the provisions governing the instrument allow the payment institution to cancel, when necessary, the payment of interest or dividends for an unlimited period of time, on a non-cumulative basis; the payment institution shall cancel such payments if it does not comply with the capital requirements set out in Article 8, paragraph 2;

2. the provisions governing the instrument shall provide for principal, unpaid interest or dividend to be such as to absorb losses and to not hinder the recapitalisation of the payment institution through appropriate mechanisms, as elaborated by the European Banking Authority;

3. in the event of the bankruptcy or liquidation of the payment institution, the instruments shall rank after the claims on instruments referred to in Article 9, paragraph 1, items 6 and 7.

4. all other conditions under Article 9, paragraph 1, item 6 are satisfied.

(2) The instruments under paragraph 1 may include one or more call options at the sole discretion of the issuer, but they shall not be redeemed before five years after the date of issue.

(3) If the provisions governing undated instruments provide for a moderate incentive for the payment institution to redeem as determined by the BNB, such incentive shall not occur within ten years of the date of issue.

(4) Instruments may be called or redeemed only with the prior written consent of the BNB provided the request is made at the initiative of the payment institution and either financial or solvency conditions of the payment institution are not unduly affected. In that case, the BNB may require the payment institution to replace the instruments by instruments under paragraph 1 of the same or better quality or by shares or interests referred to in Article 9, paragraph 1, item 1.

(5) The Bulgarian National Bank shall require the suspension of the payments under paragraph 1, item 1 based on the financial situation and fulfillment of the own funds requirements of the payment institution. The suspension is without prejudice to the right of the payment institution to replace, after a relevant notification to the BNB,

the payment of interest and dividends by shares or interests under Article 9, paragraph 1, item 1 provided this mechanism allows it to preserve its financial resources and the BNB has not made objections in a seven-day period.

(6) The Bulgarian National Bank may grant permission for instruments under paragraph 1 to be called or redeemed in the event that there is a change in the applicable tax treatment or regulatory classification of such instruments which was unforeseen at the date of issue.

(7) The inclusion of the instruments under paragraph 1 in the own funds shall be permitted by the BNB based on a written application accompanied by relevant documents proving compliance with the requirements under this Article. The term of ruling shall be 30 days.

(8) (amended; Darjaven Vestnik, issue 69 of 2016) Implementation Guidelines for Hybrid Capital Instruments of the Committee of European Banking Supervisors (CEBS) shall respectively apply to this Article.

### ***Limits in Establishing the Amount of Own Funds***

**Article 9b.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) The total amount of the items under Article 9, paragraph 1, items 5, 6 and 7 shall not exceed the difference between the total amount of the items under Article 9, paragraph 1, items 1, 2, 3, 4 and 8 and the total amount of the items under Article 9, paragraph 8, items 1, 2 and 3.

(2) The amounts under Article 9, paragraph 1, item 7 shall not exceed 50 per cent of the difference between the total amount of the items under Article 9, paragraph 1, items 1, 2, 3, 4 and 8 and the total amount of the items under Article 9, paragraph 8, items 1, 2 and 3.

(3) The total of the items under Article 9, paragraph 1, item 8 shall be subject to the following limits:

1. instruments that must be converted during emergency situations and may be converted at the initiative of the BNB, at any time, based on the financial situation and capital adequacy of the issuer into items referred to in Article 9, paragraph 1, item 1 within a predetermined range must in total not exceed a maximum of 50 per cent of the difference between the total amount of the items under Article 9, paragraph 1, items 1, 2, 3, 4 and 8 and the total amount of the items under Article 9, paragraph 8, items 1, 2 and 3;

2. all other instruments must not exceed a maximum of 35 per cent of the difference between the total amount of the items under Article 9, paragraph 1, items 1, 2, 3, 4 and 8 and the total amount of the items under Article 9, paragraph 8, items 1, 2 and 3, and together with the instruments under item 1 – 50 per cent of the difference between the total amount of the items under Article 9, paragraph 1, items 1, 2, 3, 4 and 8 and the total amount of the items under Article 9, paragraph 8, items 1, 2 and 3;

3. instruments with provisions that provide for an incentive for the payment institution to redeem them must not exceed:

a) 15 per cent of the difference between the total amount of the items under Article 9, paragraph 1, items 1, 2, 3, 4 and 8 and the total amount of the items under Article 9, paragraph 8, items 1, 2 and 3;

b) together with the instruments under item 2 – 35 per cent of the difference between the total amount of the items under Article 9, paragraph 1, items 1, 2, 3, 4 and 8 and the total amount of the items under Article 9, paragraph 8, items 1, 2 and 3, and

c) together with the instruments under items 1 and 2 – 50 per cent of the difference between the total amount of the items under Article 9, paragraph 1, items 1, 2, 3, 4 and 8 and the total amount of the items under Article 9, paragraph 8, items 1, 2 and 3.

### ***Own Funds Reports***

**Article 10.** (1) The payment institution shall prepare a report on its own funds on the basis of the balance sheet on a non-consolidated basis as of the last day of each quarter. This report shall be submitted to the BNB Banking Department by the 15th day of the month following the reporting period.

(2) The payment institution shall submit a consolidated own funds report twice a year by the 30th day following the reporting period.

(3) The Deputy Governor heading the BNB Banking Department shall determine in instructions the form and content of the own funds report.

### ***Additional Information***

**Article 11.** (1) (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) The payment institution must notify the BNB of the additional activities under Article 18 of the Law on Payment Services and Payment Systems, which it intends to perform within seven days prior to their commencement.

(2) (former wording of Article 11; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) The Deputy Governor of the Bulgarian National Bank heading the Banking Department may require from the payment institution additional information on each item in the own funds report.

### ***Data Accuracy Control***

**Article 12.** The Bulgarian National Bank may conduct examinations of the accuracy in preparing the report under Article 10, including on-site inspections and comparison between the data in the report and that from the accounting and the operational reporting of banks.

### ***Obligation for Submission of Information by the Payment Institution***

**Article 13.** A company licensed to conduct activity as a payment institution shall be obliged to submit to the BNB its annual financial statements certified by a specialized audit company, which is a registered audit enterprise under the Law on the

Independent Financial Audit, within a seven-day period after receiving the auditors' report, but not later than 15 April of the calendar year following the year reviewed in the report, as well as the interim financial statements by the end of the calendar month following the reporting six-month period.

### *Chapter Three*

## **PAYMENT SYSTEMS**

### Section I

## **Granting a License for Payment System Operation under Chapter Six, Section III of the Law on Payment Services and Payment Systems**

### *Application for Granting a License*

(title amended; Darjaven Vestnik, issue 69 of 2016)

**Article 14.** The application for granting a license to an operator of a payment system shall be filed in writing to the Governing Council of the BNB through the Governor and the Deputy Governor heading the Banking Department. The application shall contain:

1. the name of the payment system;
2. the name, registered office and head office addresses of the applicant;
3. a detailed description of the activity which the applicant intends to carry out;
4. the name, registered office and head office addresses of the participants in the system.

### *Required Documents*

**Article 15.** (1) The following documents related to the applicant shall be enclosed to the application:

1. a certified copy of the Articles of Association; for a company in the process of being formed, a certified copy of the decision of the Constituent Meeting for establishment of the company and the Minutes of Management Bodies Election Meeting;
2. documents certifying the capital required under Article 95, paragraph 1, item 2 of the Law on Payment Services and Payment Systems has been fully paid-up; for a company in the process of being formed, a certificate issued by the bank shall be enclosed, evidencing that the contributions have been deposited on a cumulative account; for non-monetary contributions – the documents under Articles 72 and 73 of the Commerce Law;
3. (amended; Darjaven Vestnik, issue 59 of 2011) a declaration and documents of the origin of funds used for the contributions made against subscribed shares, equity respectively, or for the acquisition thereof;
4. (amended; Darjaven Vestnik, issue 69 of 2016) a unique identification code;



5. a detailed description of the applicant's activity and audited financial statements for the last three years or for the period of existence of the company, unless the applicant is a company in the process of being formed;

6. a strategy and a business plan of the applicant in relation to operating the payment system for a period of no less than three years of its functioning, containing the following:

a) a plan for development and economic rationale of the applicant's activity, based on realistic estimates and proving its abilities to use financial and technical resources, systems and procedures guaranteeing reliable operation of the business for which the applicant wished to acquire a license;

b) an analysis of the risks to which the payment system operator and/or the participants in the payment system are exposed or might be exposed, risk management principles and measures against financial risks;

c) a description of the technical equipment and resources necessary to perform the system activities, including adequate computer, information, accounting and recording systems;

d) a description of the organisational prerequisites for carrying out the system activities, including the organisational chart and the payroll of the company's structure, as well as a list of the contact persons who will receive the notifications forwarded by the BNB;

7. the rules governing the operation of the payment system, including:

a) governance structure and levels of responsibility;

b) systems and procedures for identification, management, control and reporting of the risks to which the operator of the payment system or the participants therein are exposed or might be exposed;

c) internal control mechanisms, including administrative and accounting procedures;

d) measures ensuring continuity and reliability in providing payment services;

8. a description of the information system organisation and management, including the manner of protecting the information and customer data, encompassing the applicant and the participants in the payment system;

9. a description of the organisational structure, responsibilities definition and rules for control;

10. a description of the systems and procedures for identification, management, control and reporting of risks to which the operator of the payment system and/or the participants therein are exposed or might be exposed;

11. a description of the internal control systems and mechanisms, administrative and accounting procedures, which shall include methods and means of effective risk monitoring and control, including of the risk of using the system for money laundering and terrorist financing;

12. rules of the payment system and a draft written agreement containing general rules and standard procedures for executing transfers which will be concluded

between all participants in the payment system, or a draft of a bilateral agreement which will be concluded between the operator of the payment system and any other participant therein;

13. a list of shareholders and their holdings of capital shares, containing the shareholders' unified identification code or personal identity data;

14. a list of the persons having, directly or indirectly, a qualifying holding in the applicant's capital within the meaning of § 1, paragraph 1, items 6, 6a, 6b, 6c, 6d and 6e of the Law on Credit Institutions;

15. a list of the persons with whom the applicant is in close relations within the meaning of § 1, paragraph 1, item 10 of the Law on Credit Institutions;

16. a list of the persons managing and representing the applicant and the members of its management and supervisory bodies;

17. a certificate of compliance of the premises in which payment services shall be carried out with the safety and fire precaution requirements under current legislation;

18. documents and data on the persons managing and representing the applicant and the members of its management and supervisory bodies, as well as on the persons having a qualifying holding or with whom the applicant is in close relations.

19. (new; Darjaven Vestnik, issue 59 of 2011) a document of paid fee under Article 49.

(2) If the operator of the payment system providing settlement finality intends to carry out, in the course of business, other activities in addition to the governance of a payment system, the application for granting a license shall include a detailed description of all additional activities.

(3) Article 3, paragraphs 2 to 6 shall apply to the application and to the documents enclosed thereto.

(4) (new; Darjaven Vestnik, issue 102 of 2009; repealed, Darjaven Vestnik, issue 69 of 2016)

### ***Requirements for Qualification, Professional Experience and Good Reputation***

**Article 16.** (1) Natural persons may participate in the management and supervisory bodies of the payment system operator if they have:

1. higher education;

2. (amended; Darjaven Vestnik, issue 69 of 2016) have at least five-year professional experience, of which three years managerial experience in an entity in the banking or financial sector, in institutions comparable to a bank or in companies comparable to a bank within the meaning of § 1, items 2–5 of the Additional Provisions of BNB Ordinance No 20 of 2009 on the Issuance of Approvals to the Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Requirements for Performing Their Duties;

3. no previous conviction for a premeditated crime of general character, unless rehabilitated;

4. not been members of a managing or controlling body, or partners with unlimited liability in a company where the company has been terminated because of bankruptcy, if unsatisfied creditors have remained;

5. (amended; Darjaven Vestnik, issue 95 of 2016) have not been deprived of the right to hold a position of financial responsibility;

6. (amended; Darjaven Vestnik, issue 95 of 2016) have not been included in the list under Article 5, paragraph 1 of the Law on Measures Against Terrorist Financing; and

7. (new; Darjaven Vestnik, issue 95 of 2016) do not give rise to any doubts as to their good reputation based on the data about them provided in the questionnaire declaration under Article 5, item 2 and in other documents.

(2) (amended; Darjaven Vestnik, issue 95 of 2016) The requirements under paragraph 1, items 3 to 7 shall also apply to natural persons having direct or indirect qualifying holdings in the capital of the applicant as well as to persons who by law represent the legal persons having direct or indirect qualifying holdings in the capital of the applicant.

(3) In case of a change of the persons under paragraphs 1 and 2, all requirements under this Article shall be observed and within a seven-day period after the change the payment institution shall notify the BNB thereof and shall enclose the respective documents required for these persons under this Ordinance

### ***Data on the Persons Responsible for the Management and Supervision of the Applicant***

**Article 17.** The documents and information under Article 5 shall be submitted with respect to the persons managing and representing the applicant and to the members of its management and supervisory bodies.

### ***Data Related to Persons Having a Qualifying Holding or with Whom the Applicant is in Close Relations***

**Article 18.** (1) The documents and data under Article 6 shall be submitted with respect to any natural person or legal entity having, directly or indirectly, a qualifying holding in the capital of the applicant company within the meaning of § 1, paragraph 1, items 6, 6a, 6b, 6c, 6d and 6e of the Law on Credit Institutions.

(2) The Bulgarian National Bank may require the data and documents under Article 6, paragraphs 1 and 2 also with respect to the persons, whose holding in the applicant's capital is not qualifying.

(3) Upon transferring the subscribed shares in the capital of the payment institution's operator, paragraphs 1 and 2 shall be applied respectively, and the documents shall be submitted before the transfer.

(4) The applicant shall also submit to the BNB the documents under Article 6, paragraphs 1 and 2 with respect to the persons with whom it is in close relations within the meaning of § 1, paragraph 1, item 10 of the Law on Credit Institutions,

as well as upon a change related to these persons within a seven-day period after the change has occurred.

## Section II

### **Technical, Organisational and Functional Requirements**

#### *Conformity with the Requirements*

**Article 19.** To ensure smooth provision of services by the payment system, a payment system operator shall meet the specific technical, organisational and functional requirements throughout the whole period of its activity.

#### *Premises*

**Article 20.** (1) The payment system operator shall ensure appropriate premises for carrying out its activity. The premises shall be appropriate if they are technically equipped in a manner ensuring the reliable performance of all business processes involving the provision of services by the functioning of a payment system.

(2) Where the payment system operator uses rented premises, the rental contract shall be with a fixed term of no less than three years.

#### *Technical Equipment*

**Article 21.** (1) The payment system operator shall possess appropriate technical equipment.

(2) The technical equipment shall be appropriate if it allows for a constant, reliable and stable management of the business processes related to the provision of payment system services.

#### *Operational Procedures*

**Article 22.** (1) The payment system operator shall define and ensure operational procedures which are to be carried out at individual stages of acceptance and processing of orders, settlement of claims and obligations, transmission of information to the payment system participants and settlement agent, as well as rules and procedures for action in contingency situations.

(2) The employees involved in operational procedures shall be notified thereof and trained with a view to duly carrying out these procedures.

#### *Internal Control and Risk Management System*

**Article 23.** (1) The payment system operator shall ensure adequate functioning of the internal control and risk management system.

(2) The functioning of the internal control and risk management system shall be adequate if the functions related to risk management, internal control and to carrying out daily operations are independent and separated from each other while the re-

sponsibilities of the employees involved in individual working procedures are clearly defined.

### Section III

## Requirements to the Risk Management Rules

### *Scope*

**Article 24.** (1) The rules of procedure for each payment system shall clearly and explicitly determine the manners of risk management and control of the payment system, as well as the rights and obligations of its participants and of the payment system operator both in normal and in contingency situations.

(2) In the rules under paragraph 1, the payment system operator must:

1. determine the principles of risk management for the relevant payment system;
2. determine the criteria for participation in the system;
3. ensure possibilities for carrying out settlement in compliance with the terms under Articles 64 to 66 of the Law on Payment Services and Payment Systems;
4. ensure that the assets used for settlement of the orders accepted by the system are exposed to the least possible risk;
5. cover technical and organisational criteria, including:
  - a) measures for prevention of abuses and information leakage;
  - b) high security level and operational reliability, as well as ability to counteract to unauthorised impacts;
  - c) measures ensuring the timely cut-off of processing of orders accepted by the system, including in a contingency situation;
  - d) measures on the prevention of the use of the payment system for the purpose of money laundering and terrorist financing.

### *Financial Risk Management*

**Article 25.** (1) Financial risks are settlement risk and systemic risk.

(2) Settlement risk is the risk that the settlement in the payment system shall not be carried out due to inability of a participant in the payment system to meet his obligations. The settlement risk may arise as credit risk or as a liquidity risk.

(3) Credit risk is the risk that a payment system participant shall be unable to entirely meet his obligation neither when it becomes payable, nor later.

(4) Liquidity risk is the risk that a payment system participant shall be unable to entirely and in due time meet his obligation without being insolvent as he will be able to meet his obligation later.

(5) The payment system shall have a clearly defined method for determining claims and obligations between the participants in the system both in normal and in contingency situations so that the settlement risks inherent to the system to be clearly set out, as well as the exposure of the payment system participants to these risks.

(6) Systemic risk is the risk that a payment system participant being unable to meet his functions and obligations in respect of other participants in due time shall make it impossible for other participants to meet their obligations. The systemic risk may arise as a settlement risk or as an operational risk.

### ***Operational Risk Management***

**Article 26.** (1) Operational risks are the risks arising from the use of information and other technologies, as well as from the use of equipment, personnel and organisational procedures by the operator and the payment system participants.

(2) The payment system operator shall set in details the goals and appropriate measures for ensuring the system's security and operational reliability of the system components, while taking into account the effective standards in the relevant field.

(3) The payment system operator shall ensure secure and reliable means of transmitting payment system participants' orders, determining mutual claims and liabilities between the participants and notifying these participants and the settlement agent of the results thereof. The payment system operator shall define the set phases in operational rules aimed at the payment system participants.

(4) The payment system operator and payment system participants shall ensure adequate reserve technical means of timely cut-off daily processing even in case of main equipment failure.

(5) The reserve technical means and procedures shall be subject to regular checks by the payment system operator, as well as by the payment system participants.

(6) A contingency processing plan including action scenarios in case of operational problems related to the functioning of the payment system shall be an integral part of the operational rules of the system.

(7) The payment system participants shall be acquainted with the rules and procedures under paragraphs 3 and 4, while being informed in advance of any amendments thereof.

## **Section IV**

### **Audit of Payment System Operators**

#### ***Audit Report***

**Article 27.** (1) The audit report on carrying out audit of the payment system operator transactions shall be prepared by a specialized audit undertaking which is a registered auditor under the Law on Independent Financial Audit.

(2) The payment system operator shall send its audited annual statements and audit report, as well as its report under paragraph 1 to the BNB within seven days from the receipt of the audit reports but not later than five months after the end of the calendar year which the reports refer to.

### *Appendix to the Audit Report*

**Article 28.** (1) The appendix to the audit report of the payment system operator transactions with the content under paragraphs 2 to 9 shall be an integral part of the report.

(2) The appendix shall include a report on abiding to the rules on risk management. The explanatory notes to the individual risk categories shall contain at least:

1. setting out individual types of risks to which the payment system operator is exposed due to the nature of its activity;

2. the opinion of the auditor on the management of any individual types of risks;

3. shortcomings established on individual types of risks and opinion of the auditor on the system of internal control adequacy;

4. explanations on the implementation of the auditor's recommendations from the previous year;

5. recommendations of the auditor for improving the procedures and policy on management of individual types of risks.

(3) The auditor shall analyse the management of individual risks and to this end he shall establish whether the payment system operator has launched a policy on risk management, internal procedures for identification and evaluation of risks, procedures for monitoring the implementation of risk management measures, as well as whether the competence on operations related to individual risks has been treated in adequate internal acts.

(4) The appendix shall include a report on functioning of the internal control unit of the payment system operator which contains a brief description of the unit's functions together with the auditor's opinion about the unit functioning adequacy, identification of shortcomings, as well as recommendations for improving its activity.

(5) The appendix shall contain explanatory notes on compliance with auditor's recommendations for improving the activity of the internal control unit from previous years.

(6) The appendix shall contain a report on the quality of the information system servicing the payment system activity for which the payment system operator company has been granted a license. The assessment of the auditor shall be supplemented by findings and recommendations in the following areas:

1. effective functioning of the information system;

2. correlation between the activity of the information system and the formulated business goals of the payment system operator company;

3. policy and organisation of the security and protection of the information systems and database;

4. adequacy of the general, systemic and other kinds of control; and

5. technological infrastructure.

(7) The appendix shall include the auditor's opinion on the precision of reporting to the BNB under this Ordinance.

(8) The appendix shall contain explanatory notes in relation to all significant business events having occurred after the balance sheet date.

(9) The Deputy Governor of the BNB heading the Banking Department shall issue instructions on the form and minimum scope of the audit report.

#### *Chapter Four*

### **REPORTING REQUIREMENTS**

(repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

#### Section I

### **Reporting Related to Electronic Money**

(repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

**Article 29.** (repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

#### Section II

### **Reporting by Payment System Operators**

(repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

#### ***Obligation of the Payment System Operator to Provide Information***

**Article 30.** (repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

#### ***Obligation of the Payment System Operator for Immediate Notification***

**Article 31.** (repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

#### Section III

### **Reporting by the Payment System Participants**

(repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

**Article 32.** (repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

#### Section IV

### **Reporting by the Payment Service Providers**

(repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

**Article 33.** (repealed; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)



*Chapter Five***ELECTRONIC MONEY INSTITUTIONS**

(new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

**Section I****Licensing of Electronic Money Institutions**

(new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

***Application for Granting a License***

(title amended; Darjaven Vestnik, issue 69 of 2016)

**Article 34.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) The application for granting a license for conducting activities as an electronic money institution shall be filed in writing to the BNB Governing Council through the Governor and the Deputy Governor heading the Banking Department.

(2) The application shall contain the name, registered office and head office addresses of the applicant and a detailed description of the activity of issuing electronic money which the applicant intends to carry out.

***Required Documents***

**Article 35.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) The following documents with respect to the applicant shall be enclosed to the application:

1. a certified copy of the Articles of Association or the company contract; for a company in the process of being formed, a certified copy of the decision of the Constituent Meeting for establishment of the company and the Minutes of Management Bodies Election Meetings;

2. documents certifying that the capital required under Article 77a, paragraph 1 of the Law on Payment Services and Payment Systems has been paid-up; where a company is in the process of being formed, a certificate issued by a bank shall be enclosed, certifying that the contributions have been deposited on a cumulative account, and for non-monetary contributions, the documents under Articles 72 and 73 of the Commerce Law shall be enclosed;

3. (amended; Darjaven Vestnik, issue 59 of 2011) a declaration and documents by the shareholders/partners on the origin of funds used for the contributions made against subscribed shares, equity respectively, or for the acquisition thereof;

4. (amended; Darjaven Vestnik, issue 69 of 2016) a unique identification code;

5. a detailed description of the applicant's activity and audited financial statements for the last three years or for the period of the existence of the company, unless it is a company in the process of being formed;

6. a business plan and forecast budget for the first three years of functioning, containing at least the following:

- a) a plan for the development and economic rationale of the activity;
  - b) a detailed description of all activities, which the applicant intends to carry out;
  - c) rules and procedures for conducting activity encompassing the applicant, its branches and agents;
  - d) identifying the risks to which the electronic money institution is exposed or might be exposed comprising the applicant, its branches and agents;
  - e) a forecast budget for the first three years of functioning based on realistic estimates;
  - f) resource certainty for conducting activity;
7. rules for the management of the electronic money institution, encompassing the activities of the applicant, its branches and agents, which shall include the following:
- a) a managerial structure and levels of responsibility;
  - b) systems and procedures for identification, management, control and reporting of risks to which the electronic money institution is exposed or might be exposed;
  - c) internal control mechanisms including reliable and effective administrative and accounting procedures;
  - d) a programme for the measures against money laundering in discharge of the obligations set forth in the Law on the Measures Against Money Laundering and the Law on the Measures Against Terrorist Financing, as well as in Regulation No 1781/2006 of the European Parliament and the Council of 15 November 2006 on information on the payer accompanying transfers of funds;
  - e) draft internal rules for measures against money laundering and terrorist financing;
  - f) measures ensuring continuity and reliability in issuing electronic money or in providing payment services;
  - g) procedures for the implementation of safeguarding measures under Article 77d of the Law on Payment Services and Payment Systems;
  - h) organisation and management of the information system, including the manner of protecting information and customer data;
8. a description of the organisational structure of the applicant, including the following:
- a) information on the agents and branches to be used by the applicant, where such are foreseen; where, as of the time of filing the application, agents and branches already exist, the information under Article 39 shall also be submitted;
  - b) conditions for assigning activities to subcontractors, if foreseeable;
  - c) interaction between the applicant and other payment service providers and/or payment systems;
9. a list of shareholders/partners and their shares/equity interests, containing their unified identification code or personal identity data;
10. a list of the persons having, directly or indirectly, a qualifying holding in the applicant's capital within the meaning of § 1, paragraph 1, items 6, 6a, 6b, 6c, 6d and 6e of the Law on Credit Institutions;

11. a list of the persons with whom the applicant is in close relations within the meaning of § 1, paragraph 1, item 10 of the Law on Credit Institutions;

12. a list of the persons managing and representing the applicant, members of the management and supervisory bodies of the latter and the persons managing and representing its branches and agents;

13. a list containing the addresses of the premises where the applicant will issue electronic money or provide payment services, including through a branch, as well as the addresses of the premises where the applicant will sell and buy back electronic money products through an agent;

14. a certificate of compliance of the premises in which electronic money will be issued or payment services will be carried out, including through branches, as well as the addresses of the premises where electronic money products will be sold and bought back through agents, along with the safety and fire precaution requirements under current legislation;

15. (amended; Darjaven Vestnik, issue 69 of 2016) data and documents under Article 37 on the persons managing and representing the applicant and the members of its management and supervisory bodies;

16. (new; Darjaven Vestnik, issue 69 of 2016) data and documents under Article 38 on the persons having qualifying holdings or with whom the applicant is in close relations;

17. (new; Darjaven Vestnik, issue 69 of 2016) data and documents under Article 39 on the agents and branches to be used by the applicant, if foreseeable;

18. (new; Darjaven Vestnik, issue 59 of 2011, former item 16; Darjaven Vestnik, issue 69 of 2016) a document evidencing that the fee under Article 49 is paid.

(2) The application for a license shall be signed by the persons managing and representing the applicant.

(3) (amended; Darjaven Vestnik, issue 69 of 2016) The enclosed documents shall be submitted in Bulgarian language or a certified translation.

(4) (new; Darjaven Vestnik, issue 69 of 2016) The enclosed documents shall be submitted in original or in a certified copy verified by the applicant, and upon request, the applicant is obliged to submit the original of the document.

(5) (new; Darjaven Vestnik, issue 69 of 2016) The enclosed documents shall be submitted on paper and on an electronic device.

(6) (amended; Darjaven Vestnik, issue 59 of 2011, former paragraph 4; Darjaven Vestnik, issue 69 of 2016) A document under paragraph 1 may be replaced by a notarised declaration in the cases where the legislation of a foreign country does not provide for issuance of such a document, which shall be certified by the relevant competent authorities of this country by issuing a formal document.

(7) (repealed, former paragraph 5; Darjaven Vestnik, issue 69 of 2016) The applicant shall immediately notify in writing the BNB of any changes in the information contained in the application and in the enclosed documents, which have occurred after filing the application.

(8) (former paragraph 6; Darjaven Vestnik, issue 69 of 2016) The Bulgarian National Bank may require additional documents to be submitted with the purpose of ascertaining all the circumstances required for the assessment of available conditions for granting a license.

### ***Requirements for Qualification, Professional Experience and Good Reputation***

**Article 36.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) The persons managing and representing the applicant and the members of its management and supervisory bodies shall be natural persons who:

1. have higher education;
2. (amended; Darjaven Vestnik, issue 69 of 2016) have at least five-year professional experience, of which three years managerial experience in an entity in the banking or financial sector, in institutions comparable to a bank or in companies comparable to a bank within the meaning of § 1, items 2–5 of the Additional Provisions of BNB Ordinance No 20 of 2009 on the Issuance of Approvals to the Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Requirements for Performing Their Duties;
3. have not been convicted of a premeditated crime of general character, unless rehabilitated;
4. during the last two years have not been members of a managing or controlling body or partners with unlimited liability with a company when its activity has been terminated because of bankruptcy, if unsatisfied creditors have remained;
5. (amended; Darjaven Vestnik, issue 95 of 2016) have not been deprived of the right to hold a position of financial responsibility;
6. (amended; Darjaven Vestnik, issue 95 of 2016) have not been included in the list under Article 5, paragraph 1 of the Law on Measures Against Terrorist Financing; and
7. (new; Darjaven Vestnik, issue 95 of 2016) do not give rise to any doubts as to their good repute based on the data about them provided in the questionnaire declaration under Article 5, item 2 and in other documents.

(2) (amended; Darjaven Vestnik, issue 95 of 2016) The requirements under paragraph 1, items 3 to 7 shall also apply to natural persons having direct or indirect qualifying holdings in the capital of the applicant as well as to persons who by law represent the legal persons having direct or indirect qualifying holdings in the capital of the applicant.

(3) (amended; Darjaven Vestnik, issue 95 of 2016) the requirements under paragraph 1, items 3 to 7 shall apply also to the persons managing or representing branches and representatives of the applicant.

(4) In case of a change of the persons under paragraphs 1, 2 and 3, all requirements under this Article shall be observed, and within a seven-day period after the

change the electronic money institution shall notify the BNB thereof and shall enclose the respective documents required for these persons under this Ordinance.

### ***Data on the Persons Responsible for the Management and Supervision of the Applicant***

**Article 37.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) The documents and information under Article 5 shall be submitted with respect to the persons managing and representing the applicant and to the members of its management and supervisory bodies.

### ***Data on the Persons Having a Qualifying Holding or with Whom the Applicant is in Close Relations***

**Article 38.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) For any natural person or legal entity who owns or has subscribed, directly or indirectly, qualifying holding in the applicant's capital within the meaning of § 1, paragraph 1, items 6, 6a, 6b, 6c, 6d and 6e of the Law on Credit Institutions, the documents and information under Article 6 shall be submitted.

(2) The Bulgarian National Bank may also require data and documents under Article 6, paragraphs 1 and 2 with respect to the persons whose holding in the applicant's capital is not qualifying.

(3) Upon transferring the subscribed shares/equity holding in the electronic money institution's capital, paragraphs 1 and 2 shall be applied respectively, and the documents shall be submitted before the transfer.

(4) The applicant shall also submit to the BNB the documents under Article 6, paragraphs 1 and 2 with respect to the persons with whom it is in close relations within the meaning of § 1, paragraph 1, item 10 of the Law on Credit Institutions, as well as upon a change related to these persons within a seven-day period after the change has occurred.

### ***Agents and Branches of Electronic Money Institutions***

**Article 39.** (new; Darjaven Vestnik, issue 30 of 2011; effective as of 30 April 2011; amended; Darjaven Vestnik, issue 69 of 2016) (1) Electronic money institutions shall not issue electronic money through agents.

(2) Electronic money institutions shall distribute and redeem electronic money and provide payment services through agents.

(3) Where an electronic money institution licensed by the BNB intends to conduct on the territory of Bulgaria the activities referred to in paragraph 2, it shall submit to the BNB the following information and documents:

1. the name, registered office and head office address of the agent;
2. the unique identification code of the agent;

3. the list of the persons managing and representing the agent, as well as the documents on these persons under Article 37 certifying compliance with the requirements under Article 36;

4. a declaration that the rules and procedures under Article 35, paragraph 1, item 7 cover also the agent which the payment institution intends to register.

(4) Where the agent is an institution licensed by the BNB, the electronic money institution shall submit to the BNB only information about the date and number of already submitted information in line with the requirements of another legislative act, which is consistent with the content and volume of the information required under paragraph 1.

(5) When the electronic money institution intends to operate through a branch or to conduct the activities under paragraph 2 herein through an agent on the territory of another Member State, it shall provide the following information and documents:

1. information and documents under paragraph 3, items 1, 3 and 4;
2. a description of the services that the electronic money institution will provide through its agent or branch;
3. the identification or tax number of the agent or branch issued by the relevant body in the Member State in which it is established;
4. a description of the organisational structure of the agent or the branch, including the number of offices and employees and the manner of reporting to the electronic money institution;
5. a description of internal control mechanisms to be used by the agent or the branch, which include:
  - a) customer identification procedures;
  - b) document storage procedures;
  - c) procedures for identifying and reporting suspicious operations;
  - d) procedures for differentiating between operations with different levels of risk and customer due diligence measures;
  - e) measures to train the employees of the agent or the branch on compliance with the rules regarding the measures against money laundering and terrorist financing;
6. a description of the procedures for controlling the agent or the branch regarding compliance with the measures against money laundering and terrorist financing;
7. contact details of the branch or agent.

(6) The Bulgarian National Bank shall enter in its register, refuse to enter or delete from the register an agent or a branch of the electronic money institution on the grounds provided for in Article 77f of the Law on Payment Services and Payment Systems.

(7) Electronic money institutions licensed in Bulgaria which will carry out directly or through a branch the activities under paragraph 2 through an agent on the territory of another Member State, as well as electronic money institutions licensed in other Member States which will carry out directly or through a branch the activities under paragraph 2 on the territory of Bulgaria through an agent upon fulfilment of the

requirements of Article 77f of the Law on Payment Services and Payment Systems shall also be entered in the BNB register.

(8) An agent of an electronic money institution shall not carry out the activities under paragraph 2 *via* third parties.

(9) Where data under paragraphs 3 and 5 have changed, the electronic money institution shall submit the relevant information and documents to the BNB within seven days of occurrence of the change.

### ***Central Contact Point***

**Article 39a.** (new; Darjaven Vestnik, issue 69 of 2016) (1) An electronic money institution licensed in another Member State which carries out the activities under Article 39, paragraph 2 on the territory of Bulgaria through agents shall establish a central contact point in the Republic of Bulgaria in the event that:

1. the electronic money institution operating on the territory of Bulgaria has more than five agents; or

2. the value of the payment transactions and/or electronic money distributed on the territory of Bulgaria through an agent exceeds BGN 2 million or its foreign currency equivalent.

(2) The electronic money institution shall entrust the central contact point with communication and reporting of information to the BNB in relation to the operation of electronic money institution's agents on the territory of Bulgaria, including provision of statistical data on the payment services provided and electronic money distributed on the territory of Bulgaria.

(3) The electronic money institution shall submit to the BNB the following information and documents on the establishment of a central contact point:

1. the name, registered office and head office address of the point;
2. the unique identification code;
3. the list of the persons managing and representing the central contact point;
4. contact details of the central contact point.

(4) Where data under paragraphs 3 have changed, the electronic money institution shall submit the relevant information and documents to the BNB within seven days of occurrence of the change.

## Section II

### **Own Funds of an Electronic Money Institution**

(new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

#### ***General Provisions***

**Article 40.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) The elements under Article 9, paragraph 1, items 1 and 2 shall be included in the initial capital under Article 77a of the Law on Payment Services and Payment

Systems which the electronic money institution shall have as of the date of obtaining the license.

(2) The electronic money institution shall at all times hold own funds of no less than the higher amounts under Article 77a or Article 77b, paragraphs 2–6 of the Law on Payment Services and Payment Systems both on a non-consolidated and consolidated basis.

(3) The provisions of Articles 9, 9a and 9b shall apply respectively to the own funds of the electronic money institution.

(4) Where an electronic money institution belongs to the same group as another electronic money institution, credit institution, payment institution, investment firm, an asset management company or insurance or reinsurance undertakings, the elements which meet the own funds conditions may not be used more than once in calculating their amount. This requirement shall apply also in the cases when the electronic money institution carries out additional activities under Article 77e of the Law on Payment Services and Payment Systems.

(5) Where an electronic money institution carries out some of the additional activities under Article 77e of the Law on Payment Services and Payment Systems and the value of outstanding electronic money is unknown in advance, the electronic money institution may calculate the amount of own funds on the basis of a representative portion assumed to be used for the issuance of electronic money, provided that this representative portion can be reasonably estimated on the basis of historical data and in a reliable manner.

(6) Where an electronic money institution has not completed a long period of business, the own funds requirements must be calculated on the basis of projected outstanding electronic money as evidenced by its business plan, subject to any adjustments to that plan.

### ***Own Funds Reports***

**Article 41.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) The electronic money institution shall prepare a report on its own funds on the basis of the balance sheet on a non-consolidated basis as of the last day of each quarter. This report shall be submitted to the BNB Banking Department by the 15th day of the month following the reporting period.

(2) The electronic money institution shall submit a consolidated own funds report twice a year by the 30th day following the reporting period.

(3) The Deputy Governor heading the BNB Banking Department shall determine in instructions the form and content of the own funds report.



### ***Additional Information***

**Article 42.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) The electronic money institution must notify the BNB of the additional activities under Article 77e of the Law on Payment Services and Payment Systems, which it intends to perform within seven days prior to their commencement.

(2) The Deputy Governor of the Bulgarian National Bank heading the Banking Department may require from the electronic money institution additional information on each item in the own funds report.

### ***Data Accuracy Control***

**Article 43.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) The Bulgarian National Bank may conduct examinations of the accuracy in preparing the report under Article 41, including on-site inspections and comparison between the data in the report and those in the accounting and operational reporting of the electronic money institution.

### ***Obligation for Submission of Information by the Electronic Money Institution***

**Article 44.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) A company licensed to conduct activity as an electronic money institution shall be obliged to submit to the BNB its annual financial statements certified by a specialized audit company, which is a registered audit enterprise under the Law on the Independent Financial Audit, within a seven-day period after receiving the auditors' report, but not later than 15 April of the calendar year following the year reviewed in the report, as well as the interim financial statements by the end of the calendar month following the reporting six-month period.

## ***Chapter Six***

### **REPORTING REQUIREMENTS**

(new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011)

#### ***Payment System Operators' Obligation to Provide Information***

**Article 45.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) Payment system operators shall ensure control and reporting on each payment order received and processed.

(2) Payment system operators shall provide the BNB with information in compliance with its requirements and in the following form:

1. reports on the payment system operations;
2. reports on the payment system operator's activity;
3. reports on the performed equipment tests;

4. reports on the results from the analyses in relation to the inherent operational and settlement risks of the system;
5. extraordinary reports in case of insolvency or termination of the activity of participants in the system;
6. extraordinary reports in case of problems in the functioning of the payment system;
7. special reports covering specific data required by the BNB with a view to performing oversight over the payment system operations and the system operator's activity.

(3) The Deputy Governor of the BNB heading the Banking Department shall determine in instructions the content, form, periodicity and time limits for submission of the reports under paragraphs 1 and 2.

### ***Obligation of the Payment System Operators, Payment Institutions and Electronic Money Institutions for Immediate Notification***

**Article 46.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) The payment system operators shall immediately notify the BNB in the following cases:

1. if their solvency is in jeopardy;
2. if they have begun a comprehensive review and/or upgrade of the information systems, or if they have started developing a new package of services which significantly affect the state of the information technology, as well as in case of changes to the system's functionality;
3. in all other events which may be related to the governance of the payment system.

(2) The payment institutions and electronic money institutions shall immediately notify the BNB in the following cases:

1. if their solvency is in jeopardy;
2. if the amount of the payment institution's own funds has decreased below the higher amount under Articles 8 or 9 of the Law on Payment Services and Payment Systems, and correspondingly the amount of the electronic money institution's own funds has decreased below the higher amount under Articles 77a or 77b, paragraphs 2–6 of the Law on Payment Services and Payment Systems.

### ***Reporting of the Payment System Participants***

**Article 47.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) The Deputy Governor of the BNB heading the Banking Department shall determine in instructions the content, form and time limits for submission of the reports of payment system participants.

### ***Reporting by the Payment Service Providers***

**Article 48.** (new; Darjaven Vestnik, issue 30 of 2011, effective as of 30 April 2011) (1) Payment service providers shall submit to the BNB information about payment services provided by them.

(2) Electronic money institutions shall submit to the BNB information about electronic money issued, delivered and redeemed by them.

(3) The Deputy Governor of the BNB heading the Banking Department shall determine in instructions the content, form and time limits for submission of the reports under paragraphs 1 and 2.

### ***Chapter Seven***

#### **FEES**

(new; Darjaven Vestnik, issue 59 of 2011)

**Article 49.** (new; Darjaven Vestnik, issue 59 of 2011) To cover the administrative expenses for the examination of the applications and documents for licenses to be issued under this Ordinance, the BNB shall charge fees as follows:

1. (amended; Darjaven Vestnik, issue 69 of 2016) consideration of applications for granting a license for operating as a payment institution – BGN 8000;

2. examination of applications for granting licenses to operate a payment system under Chapter Six, Section Three of the Law on Payment Services and Payment Systems – BGN 50,000;

3. examination of applications for granting a license to conduct transactions as a company for electronic money – BGN 10,000.

### **Transitional and Final Provisions**

**§ 1.** This Ordinance is issued on the grounds of Article 9, paragraph 5, Article 10, paragraph 2, Article 10, paragraph 4, item 8, Article 22, paragraph 2, Article 25, paragraph 5, Article 94, paragraph 2, Article 95, paragraph 1, item 8 and § 10 of the Law on Payment Services and Payment Systems and is adopted by Resolution No 86 of the Governing Council of the BNB of 16 July 2009 and shall enter into force as of 1 November 2009.

**§ 2.** This Ordinance shall repeal Ordinance No 16 of 2005 on Electronic Payment Instruments (published in Darjaven Vestnik, issue 81 of 2005).

**§ 3.** The Deputy Governor heading the BNB Banking Department shall issue instructions on the enactment of this Ordinance.

**ORDINANCE**  
**on Amendment to Ordinance No 16 of 2009**  
**on Payment Institutions and Payment System Operators**  
**Licensing**

(published in the Darjaven Vestnik, issue 102 of 2009,  
effective as of 1 January 2010)

.....

**Final Provision**

§ 4. This Ordinance is issued on the grounds of § 10 of the Transitional and Final Provisions of the Law on Payment Services and Payment Systems and is adopted by Resolution No 144 of the Governing Council of the BNB of 10 December 2009.

**ORDINANCE**  
**on Amendment to Ordinance No 16 of 2009 on Payment**  
**Institutions and Payment System Operators Licensing**

(published in the Darjaven Vestnik, issue 102 of 2010)

**Transitional and Final Provisions**

§ 3. The persons that have submitted an application on issuance of a license for a payment institution on which the BNB has not delivered a decision as of the date of enactment of this Ordinance shall, within a month from this date, submit all data and documents under § 1 and § 2.

§ 4. This Ordinance is issued on the grounds of Article 10, paragraph 2 in connection with § 10 of the Transitional and Final Provisions of the Law on Payment Services and Payment Systems and is adopted by Resolution No 122 of the Governing Council of the BNB of 21 December 2010.

**ORDINANCE**  
**on Amendment to Ordinance No 16 of 2009 on Payment**  
**Institutions and Payment System Operators Licensing**

(published in the Darjaven Vestnik, issue 102 of 2010)

**Transitional and Final Provisions**

§ 3. The persons that have submitted an application on issuance of a license for a payment institution on which the BNB has not delivered a decision as of the date of enactment of this Ordinance shall, within a month from this date, submit all data and documents under § 1 and § 2.

§ 4. This Ordinance is issued on the grounds of Article 10, paragraph 2 in connection with § 10 of the Transitional and Final Provisions of the Law on Payment Services and Payment Systems and is adopted by Resolution No 122 of the Governing Council of the BNB of 21 December 2010.

**ORDINANCE**  
**on Amendment to Ordinance No 16 of 2009 on Payment Institutions and Payment System Operators Licensing**

(published in the Darjaven Vestnik, issue 30 of 2011,  
effective as of 30 April 2011)

**Additional Provision**

§ 11. This Ordinance shall introduce the provisions of:

1. Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 95/7/EC (OJ, L 319/1 of 5 December 2007);

2. Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ, L 267/7 of 10 October 2009).

**Final Provision**

§ 12. This Ordinance is issued on the grounds of Article 77, paragraph 3, Article 77a, paragraph 2, Article 77b, paragraph 7 and § 10 of the Transitional and Final Provisions of the Law on Payment Services and Payment Systems and is adopted by Resolution No 25 of the Governing Council of the BNB of 30 March 2011, effective as of 30 April 2011.

**ORDINANCE**  
**on Amendment to Ordinance No 16 of 2009 on Payment Institutions and Payment System Operators Licensing**

(published in the Darjaven Vestnik, issue 59 of 2011)

.....

**Transitional and Final Provisions**

§ 6. The persons that have submitted an application on issuance of a license under the procedure of this Ordinance on which the BNB has not delivered a decision as of

the date of enactment of this Ordinance shall, within a month from this date, submit a document certifying paid fee under Article 49.

§ 7. This Ordinance is issued on the grounds of Article 10, paragraph 2, Article 25, paragraph 5, Article 94, paragraph 2, Article 112, paragraph 3 and § 10 of the Transitional and Final Provisions of the Law on Payment Services and Payment Systems and is adopted by Resolution No 72 of the Governing Council of the BNB of 21 July 2011.

## **ORDINANCE**

### **on Amendment to Ordinance No 16 on Licensing of Payment Institutions, Electronic Money Institutions and Payment System Operators**

(Published in the Darjaven Vestnik, issue 27 of 2014)

.....

#### **Transitional and Final Provisions**

§ 2. A credit institution licensed in another Member State and providing as of the enforcement date of this Ordinance money remittance services included in its license through an agent on the territory of Bulgaria shall submit to the BNB the information under Article 7, paragraph 1 about its all agents included in the register under Article 17 of the Law on Payment Services and Payment Systems within a six-month period of this date.

§ 3. This Ordinance is issued on the grounds of Article 25, paragraph 5 and § 10 of the Transitional and Final Provisions of the Law on Payment Services and Payment Systems and is adopted by Resolution No 15 of the BNB Governing Council of 13 March 2014.

## **ORDINANCE**

### **on Amendment of Ordinance No 16 of 2009 on Licensing of Payment Institutions, Electronic Money Institutions and Payment System Operators**

(published in the Darjaven Vestnik, issue 69 of 2016)

.....

#### **Transitional and Final Provisions**

§ 17. The persons that have submitted an application for granting a license for carrying out activities as a payment institution under the terms and procedure of this Ordinance, on which the BNB has not expressed an opinion as of the date of entry

into force of this Ordinance, shall, within one month from this date, provide the data and documents under § 5 on the agents and branches to be used by the applicant, if foreseeable.

§ 18. The persons that have submitted an application for granting a license for carrying out activities as an electronic money institution under the terms and procedure of this Ordinance, on which the BNB has not expressed an opinion as of the date of entry into force of this Ordinance, shall, within one month from this date, provide the data and documents under § 14 on the agents and branches to be used by the applicant, if foreseeable.

§ 19. This Ordinance is issued on the grounds of Article 9, paragraph 5, Article 10, paragraph 2, Article 10, paragraph 4, item 8, Article 25, paragraph 5, Article 77, paragraph 3, Article 77b, paragraph 7, Article 94, paragraph 2, Article 112 paragraph 3 of the Law on Payment Services and Payment Systems and is adopted by Resolution No 95 of the Governing Council of the Bulgarian National Bank of 18 August 2016.

**ORDINANCE**  
**on Amendment of Ordinance No 16 of 2009 on Licensing of**  
**Payment Institutions, Electronic Money Institutions and Payment**  
**System Operators**

(published in the Darjaven Vestnik, issue 95 of 2016)

.....

**Final Provision**

§ 6. This Ordinance is issued on the grounds of Article 10, paragraph 2, Article 25, paragraph 5, Article 77, paragraph 3 and Article 94, paragraph 2 of the Law on Payment Services and Payment Systems and is adopted by Resolution No 131 of the Governing Council of the Bulgarian National Bank of 10 November 2016.

Appendix to Article 5, item 2  
(new; Darjaven Vestnik, issue 95 of 2016)

**QUESTIONNAIRE DECLARATION**  
**on qualification, professional experience and good repute under**  
**Article 5, paragraph 2 of Ordinance No 16 of the BNB**

1. General information

1.1. Name and unified identification code (UIC) of the company wishing to obtain a license:

\_\_\_\_\_

1.2. Name and UIC of the branch/representative of the person under item 1.1 or of the licensed payment institution or electronic money institution, and name and UIC of the licensed payment institution or electronic money institution respectively;

\_\_\_\_\_

*(provided the questionnaire is completed by the persons managing and representing branches or by representatives of the company under item 1.1 or a licensed payment institution or electronic money institution under Article 25 of the Law on Payment Services and Payment Systems)*

1.3. Position of the person managing or representing the company under item 1.1 (or the branch/representative of the person under item 1.2):

\_\_\_\_\_

1.4. Start date: \_\_\_\_\_

\_\_\_\_\_

1.5. Duties, responsibilities and powers:

\_\_\_\_\_

2. Personal data of the person managing and representing the company under item 1.1 or who is a member of the management and supervisory body of this company (hence personal data of the person, managing and representing the branch/representative under item 1.2).

2.1. Full name: \_\_\_\_\_

2.2. Date and place of birth: \_\_\_\_\_

2.3. Identity number/Personal number of a foreigner: \_\_\_\_\_



2.4. Nationality: \_\_\_\_\_

2.5. Gender: \_\_\_\_\_

2.6. Permanent address: \_\_\_\_\_

2.7. Present address (if different): \_\_\_\_\_

2.8. Telephone number: \_\_\_\_\_

2.9. Email address: \_\_\_\_\_

2.10. Have you ever changed your name?

Yes	No

*(If 'yes', please complete the information under item 2.10.1 – 2.10.3.)*

2.10.1. Previous name: \_\_\_\_\_

2.10.2. Date of change (DD/MM/YYYY): \_\_\_\_\_

2.10.3. Reason for the change: \_\_\_\_\_

3. Education and professional qualification

3.1. Education:

3.1.1. Type of education *(please specify the highest educational attainment and the field of study)*:

---



---

3.1.2. Educational establishment, year of completion of the degree:

---



---

3.2. Language skills:

Language	Level <sup>1</sup>

*(If more than two, please add additional fields.)*

<sup>1</sup> Please specify the level, according to the Common European Framework of Reference for Languages.

3.3. Professional qualification:

3.3.1. Qualification obtained, date of qualification, body awarding the evidence of qualification

---



---

3.3.2. Qualification obtained, date of qualification, body awarding the evidence of qualification \_\_\_\_\_

*(Please add additional fields to complete the list.)*

4. Professional experience

4.1. Employer:

4.1.1. Position held:

4.1.2. Period (DD/MM/YYYYY)

From	To

4.1.3. Employer's address, telephone number and email address: \_\_\_\_\_

4.2. Employer:

4.2.1. Position held: \_\_\_\_\_

4.2.2. Period (DD/MM/YYYYY)

From	To

4.2.3. Employer's address, telephone number and email address: \_\_\_\_\_

*(Please add additional fields to complete the list.)*

5. Information on companies in which the person managing and representing the company under item 1.1 or in which this person is a member of the management and supervisory body (the person managing and representing the branch/representative under item 1.2 respectively) has or has had qualifying holdings over the past five years.

5.1.1. Name and UIC of the company, registered and head office address: \_\_\_\_\_

5.1.2. Percentage share in the equity, number of shares or units and total nominal amount in BGN:

Share (%)	Number of shares/units	Total nominal amount (BGN)

5.1.3. Date of acquiring the holding (DD/MM/YYYYY): \_\_\_\_\_

5.1.4. Date of change (DD/MM/YYYYY): \_\_\_\_\_

5.1.5. Has the company ever been or is it currently subject to enforcement?

Yes	No

*(If 'yes', please specify the type and amount of the liability; the reasons behind the enforcement and the results thereof.)*

5.1.6. Has the company ever been or is it currently subject to imposed attachments, freeze or other enforcement measures?

Yes	No

*(If 'yes', please specify what they are and for what liabilities they have been imposed.)*

5.1.7. Has the company ever been terminated due to bankruptcy or is it currently subject to bankruptcy proceedings?

Yes	No

*(If 'yes', please specify the number and date of the decision to conclude bankruptcy proceedings and delete the company, or the number and date of the decision to institute bankruptcy proceedings, respectively.)*

5.2.1. Name and UIC of the company, registered and head office address:

5.2.2. Percentage share in the equity, number of shares or units and total nominal amount in BGN:

Share (%)	Number of shares/units	Total nominal amount (BGN)

5.2.3. Date of acquiring the holding (DD/MM/YYYYY):

5.2.4. Date of change (DD/MM/YYYYY): \_\_\_\_\_

5.2.5. Has the company ever been or is it currently subject to enforcement?

Yes	No

*(If 'yes', please specify the type and amount of the liability; the reasons behind the enforcement and the results thereof.)*

5.2.6. Has the company ever been or is it currently subject to imposed attachments, freeze or other enforcement measures?

Yes	No

*(If 'yes', please specify what they are and for what liabilities they have been imposed.)*

5.2.7. Has the company ever been terminated due to bankruptcy or is it currently subject to bankruptcy proceedings?

Yes	No

*(If 'yes', please specify the number and date of the decision to conclude bankruptcy proceedings and delete the company, or the number and date of the decision to institute bankruptcy proceedings, respectively.)*

*(Please add additional fields to complete the list.)*

6. Information on companies in which the person managing and representing the company under item 1.1 or in which this person is a member of the management and supervisory body (the person managing and representing the branch/representative under item 1.2 respectively) has or has had qualifying holdings over the past five years.

6.1. Name of the company, registered and head office address, UIC:

---



---

6.2. Manner of exercising control over the company:

---



---

6.3. Initial date of control (DD/MM/YYYY): \_\_\_\_\_

6.4. Date of change (DD/MM/YYYY): \_\_\_\_\_

6.5. Has the company ever been or is it currently subject to enforcement?

Yes	No

*(If 'yes', please specify the type and amount of the liability; the reasons behind the enforcement and the results thereof.)*

---

6.6. Has the company ever been or is it currently subject to imposed attachments, freeze or other enforcement measures?

Yes	No

*(If 'yes', please specify what they are and for what liabilities they have been imposed.)*

6.7. Has the company ever been terminated due to bankruptcy or is it currently subject to bankruptcy proceedings?

Yes	No

*(If 'yes', please specify the number and date of the decision to conclude bankruptcy proceedings and delete the company, or the number and date of the decision to institute bankruptcy proceedings, respectively.)*

*(Please add additional fields to complete the list.)*

7. Information on financial discipline/integrity of the person managing and representing the company or in which this person is a member of the management and supervisory body under item 1.1 (the person managing and representing the branch/representative under item 1.2 respectively)

7.1. Do you have/have you ever had any overdue liabilities?

Yes	No

*(If 'yes', please specify the type and amount of these liabilities (country, municipality, bank, third parties.)*

7.2. How have the liabilities under item 7.1 been repaid?

7.3. Have you ever been or are you currently subject to enforcement?

Yes	No

*(If 'yes', please specify the type and amount of the liability; the reasons behind the enforcement and the results thereof.)*

7.4. Have any administrative sanctions been imposed on you for infringements of tax legislation?

Yes	No

*(If 'yes', please specify the grounds for imposition of the administrative sanction and the type thereof.)*

---

7.5. Are you currently subject to penal administrative proceedings initiated against you for infringements of tax legislation?

Yes	No

*(If 'yes', please specify relevant infringements and the stage reached in proceedings.)*

---

7.6. Please indicate the amount of taxes on the income of natural persons paid by you during the last two years:

Year	Amount (BGN thousand)

8. Information on financial discipline/integrity of the company under item 1.1 (or the branch/representative under item 1.2)

8.1. Does the company have/has it ever had any overdue liabilities?

Yes	No

*(If 'yes', please specify the type and amount of these liabilities (country, municipality, bank, third parties.))*

---

8.2. How have the liabilities under item 8.1 been repaid?

---



---

8.3. Has the company ever been or is it currently subject to enforcement?

Yes	No

*(If 'yes', please specify the type and amount of the liability; the reasons behind the enforcement and the results thereof.)*

---

8.4. Have any administrative sanctions been imposed on the company for infringements of tax legislation?

Yes	No

*(If 'yes', please specify the grounds for imposition of the administrative sanction and the type thereof.)*

---

8.5. Is the company currently subject to penal administrative proceedings for infringements of tax legislation?

Yes	No

*(If 'yes', please specify relevant infringements and the stage reached in proceedings.)*

---

## 9. Cooperation with competent authorities

9.1. Have any administrative sanctions or compulsory administrative measures been imposed for violation of primary and secondary legislation applicable to the activity of entities in the banking or financial sector, in institutions comparable to a bank or in companies comparable to a bank upon you or a company: 1) in which you have held a management position<sup>1</sup>; 2) over which you are exercising or have exercised control; 3) in which you have or have had qualifying holdings?

Yes	No

*(If 'yes', please specify the name and UIC of the company, position held, manner of exercising control, percentage of qualifying holdings, legal provisions that have been violated, date and number of the act imposing the penalty or measure and authority that had issued it.)*

---



---

9.2. Are you aware of any pending penal administrative proceedings or compulsory administrative measures initiated under item 9.1?

Yes	No

---

<sup>1</sup> 'Persons holding a management position' within the meaning of § 1, item 1 of the Additional Provisions of Ordinance No 20 of 2009 on the Issuance of Approvals to the Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Requirements for Performing their Duties.

*(If 'yes', please specify the name and UIC of the company, position held, manner of exercising control accordingly, percentage of qualifying holdings, legal provisions that have been violated, date of opening the proceedings and authority that had issued it.)*

---



---

9.3. Have you ever been dismissed on the grounds of applied compulsory administrative measures from a management position in an entity of the banking or financial sector, an institution comparable to a bank or a company comparable to a bank?

Yes	No

*(If 'yes', please specify the name and UIC of the company, position held, grounds for dismissal, date and number of the act of dismissal and the authority that had issued it.)*

---



---

9.4. Has a licence ever been refused for activities subject to a licensing procedure of the Bulgarian National Bank, Financial Supervision Commission or a relevant competent authority in other countries to a company: 1) in which you have held a management position; 2) over which you are exercising or have exercised control; 3) in which you have or have had qualifying holdings?

Yes	No

*(If 'yes', please specify the subject of activity of the license, the competent authority that has refused to issue the license, the name and UIC of the company, the position held, the manner of exercising control accordingly, percentage of qualifying holdings, grounds for refusal of the license, the number and date of the act whereby the license was refused.)*

---



---

9.5. Has a licence been withdrawn or withdrawal proceedings instituted of a company: 1) in which you have held a management position; 2) over which you are exercising or have exercised control; 3) in which you have or have had qualifying holdings?

Yes	No

*(If 'yes', please specify the subject of activity of the license, the competent authority that has withdrawn the license, the name and UIC of the company, the position held, the manner of exercising control accordingly, percentage of qualifying holdings, grounds for withdrawal of the license, the number and date of the act whereby the license was withdrawn.)*

---



---



9.6. Has a deletion or registration been refused to a company for activities subject to a registration procedure of the Bulgarian National Bank, Financial Supervision Commission or a relevant competent authority in other countries, to you as a natural person or to a company: 1) in which you have held a management position; 2) over which you are exercising or have exercised control; 3) in which you have or have had qualifying holdings?

Yes	No

*(If 'yes', please specify the subject of registration, the competent authority that has refused or deleted the registration, the reason for the refusal or deletion, the number and date of the act accordingly, the name and UIC of the company, the position held, the manner of exercising control accordingly, percentage of qualifying holdings.)*

---



---

9.7. Have you ever held a management position or have you ever been an unlimited liability partner in a company terminated due to bankruptcy or in a company that is currently under bankruptcy proceedings?

Yes	No

*(If 'yes', please specify the name and UIC of the company, the position held, the number and date of the decision whereby the bankruptcy was declared, the respective number and date of the decision to institute bankruptcy proceedings.)*

---



---

9.8. Has a company been terminated due to a court decision: 1) in which you have held a management position; 2) over which you have exercised control; 3) in which you have or have had qualifying holdings?

Yes	No

*(If 'yes', please specify the name and UIC of the company, the position held, the number and date of the decision whereby the activity of the company was terminated.)*

---



---

9.9. Have your qualification, professional experience and good repute (fitness and probity) been assessed by the Bulgarian National Bank, the Financial Supervision Commission or by a relevant competent authority in other countries for holding management position or acquiring holdings?

Yes	No

*(If 'yes', please specify the name of the authority that has made the assessment, the reason and the result thereof.)*

---



---

9.10. Have you ever been refused to be appointed on a management position or to acquire holdings by the Bulgarian National Bank, the Financial Supervision Commission or a relevant competent authority in other countries?

Yes	No

*(If 'yes', please specify the authority that has made a decision for the refusal and the reason thereof.)*

---



---

## 10. Additional information

10.1. Do you have financial obligations to the company under item 1.1 (or the branch/representative under item 1.2)?

Yes	No

*(If 'yes', please specify the type and amount of these obligations.)*

---

10.2. Have you ever been imposed disciplinary sanctions for violation of labour legislation?

Yes	No

*(If 'yes', please specify the employer's name, the reason for imposition of the disciplinary sanction and the type thereof.)*

---

10.3. Have you ever been dismissed from a management position except in cases under item 10.2?

Yes	No

*(If 'yes', please specify the reasons for dismissal.)*

---

10.4. Are you subject to pending criminal proceedings of indictable offences?

Yes	No

*(If 'yes', please specify the legal classification of the crime, the date and place of opening the proceedings.)*

10.5. Have you ever had a modified audit opinion (certified with reservation or refused certification respectively) after an audit of a company: 1) in which you have held a management position; 2) over which you have exercised control; 3) in which you have had qualifying holdings?

Yes	No

*(If 'yes', please specify the name and UIC of the company, the position held, the manner of exercising control accordingly, percentage of qualifying holdings, the reasons of modified audit opinion.)*

10.6. Please, provide any other information which you believe is essential:

I hereby solemnly declare that:

1. I give my explicit consent to the BNB to process the data and information contained in this questionnaire.

2. The statements made and the information specified in this questionnaire declaration are true and correct to the best of my knowledge and I am not aware of any other information whose submission could affect the declared circumstances.

3. I hereby undertake, upon a change in the declared circumstances, to notify the BNB thereof under Article 3, paragraph 5 of BNB Ordinance No 16 of 2009 on Licensing of Payment Institutions, Electronic Money Institutions and Payment System Operators.

4. I hereby declare that I am aware of the penal liability in case of providing false or inaccurate information.

The Bulgarian National Bank, represented by its Governor, is a personal data controller entered in the Register of Personal Data Controllers under No 0017806. All personal data provided by you on a voluntary basis are collected and processed for the purpose of your identification and for the purposes of BNB Ordinance No 16 of 2009 on Licensing of Payment Institutions, Electronic Money Institutions and Payment System Operators. Third persons may obtain information only under the procedures and terms of law. You are entitled to both access and rectification of collected personal data.

Date ((DD/MM/YYYY)): \_\_\_\_\_ Signature: \_\_\_\_\_