

# Law

## on the Government Debt

(Issued by the 39th National Assembly on 17 September 2002; published in the *Darjaven Vestnik*, issue 93 of 1 October 2002; amended, issue 34 of 2005; issue 52 of 2007; issue 23 of 2009; issue 101 of 2010; issue 99 of 2011; issue 103 of 2012; issue 15 of 2013; amended, issue 50 of 2015; amended, issues 43 and 98 of 2016)

### *Chapter One*

#### **General Provisions**

**Article 1.** This Law shall provide for the procedure of undertaking government debt and issuing government guarantees, the types of debt, and the government debt agency functions.

### *Chapter Two*

#### **Government Debt**

**Article 2.** All financial obligations undertaken on behalf and for the account of the government in full compliance with the Constitution, shall be government debt, and shall be a liability of the government.

**Article 3.** Where the government debt is revalued in Bulgarian leva, obligations denominated in foreign exchange shall be translated at the exchange rate of the Bulgarian National Bank as of the date of revaluation.

**Article 4.** The government debt shall be undertaken through:

1. issues of government securities;
2. government loan agreements.

**Article 5.** (1) Government debt may be taken up in the following cases:

1. to finance budget deficit;
2. to finance investment projects and specific programmes, where approved by the National Assembly;
3. to refinance the government debt outstanding on the maturity date or prior to this date;
4. to meet payments under government guarantees that have become due;
5. to support the balance of payments of the country.
6. (new; *Darjaven Vestnik*, issue 98 of 2016) to fund projects by means of financial instruments within the meaning of Article 2, item 11 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down

general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ, L 347/320 of 20 December 2013) by financial intermediaries selected from the Fund Manager of Financial Instruments in Bulgaria EAD on the basis of an open, transparent, proportionate and non-discriminatory procedure.

(2) Refinancing may be used also for the following purposes:

1. to reduce the present value of government debt servicing expenses;
2. to extend the average weighted maturity (modified duration) of government debt;
3. to balance distribution of government debt payments.

(3) The conditions that investment projects under paragraph 1, item 2 should meet, and the procedure for their consideration shall be determined by the Council of Ministers.

**Article 6.** The government debt may be agreed upon, issued and paid in levs or in foreign currency.

**Article 7.** (repealed; Darjaven Vestnik, issue 15 of 2013)

### *Chapter Three*

#### **Debt Limit**

(repealed; Darjaven Vestnik, issue 15 of 2013)

**Article 8.** (repealed; Darjaven Vestnik, issue 15 of 2013)

**Article 9.** (repealed; Darjaven Vestnik, issue 15 of 2013)

**Article 10.** (repealed; Darjaven Vestnik, issue 15 of 2013)

**Article 11.** (repealed; Darjaven Vestnik, issue 15 of 2013)

### *Chapter Four*

#### **Powers in Relation to the Government Debt**

**Article 12.** (1) The Minister of Finance shall undersign on behalf of the government the government loan agreements on the grounds of a decision of the Council of Ministers pursuant to the International Agreements Law.

(2) Government securities shall be issued by the Minister of Finance.

(3) The Council of Ministers may also assign to other government bodies to participate together with the Minister of Finance in the negotiations of government loans.

(4) (new; Darjaven Vestnik, issue 98 of 2016) Loan agreements under Article 5, paragraph 1, item 6 shall be concluded by the relevant minister following a decision of the Council of Ministers.

**Article 13.** The Minister of Justice shall prepare a legal statement of opinion on the fact of ratification, which shall serve as a notification to the creditors in the

cases where government debt agreements or guarantee agreements are ratified by the National Assembly.

**Article 14.** (1) The Minister of Finance may extend the funds of the loan to government bodies, financial institutions and/or other legal entities pursuant to the conditions of the agreement, where a government loan agreement provides for target financing.

(2) Government bodies and financial institutions under paragraph 1 may extend funds to finance investment projects or other activities of third parties that meet creditor's requirements, and an agreement to this effect shall be concluded with the Minister of Finance. To obtain such funds, the third parties shall provide a security in an amount covering the principal and interest due.

**Article 15.** (1) The Minister of Finance shall prepare an annual report on the state of the government debt.

(2) (amended; Darjaven Vestnik, issue 15 of 2013) The annual report under paragraph 1 shall be considered by the Council of Ministers and shall be submitted to the National Assembly together with the government budget implementation report for the respective year.

**Article 16.** (1) (amended; Darjaven Vestnik, issue 43 of 2016) The Minister of Finance shall develop a government debt management strategy for the period of the respective Medium-term Budget Forecast, which shall be approved by the Council of Ministers.

(2) (repealed; Darjaven Vestnik, issue 15 of 2013).

**Article 17.** The Minister of Finance may effect financial transactions in view of reducing the risk in relation to the government debt structure.

**Article 17a.** (new, Darjaven Vestnik, issue 103 of 2012) (1) The Minister of Finance shall be the competent authority within the meaning of Article 32(1) of Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ, L 86/1 of 24 March 2012), hereinafter referred to as Regulation (EU) No 236/2012, on its implementation in respect of government securities and credit default swaps on government securities.

(2) The Minister of Finance may issue mandatory instructions on implementation of Regulation (EU) No 236/2012 in respect of government securities and credit default swaps on government securities. These instructions shall be published on the Ministry of Finance website.

(3) The Minister of Finance may conclude cooperation arrangements on the implementation of Regulation (EU) No 236/2012 with competent supervisory authorities of the Republic of Bulgaria and other EU Member States.

**Article 17b.** (new, Darjaven Vestnik, issue 103 of 2012) (1) In order to fulfil his duties under Regulation (EU) No 236/2012 in respect of government securities and credit default swaps on government securities, the Minister of Finance and the

officials authorized by him shall have the powers under Article 33 of Regulation (EU) No 236/2012.

(2) The officials under paragraph 1 shall carry out on-site examinations and document checks on the basis of an order of the Minister of Finance concerning:

1. the compliance with Regulation (EU) No 236/2012 in respect of government securities and credit default swaps on government securities in accordance with Article 33 thereto;

2. the prevention and establishment of violations of Regulation (EU) No 236/2012 in respect of government securities and credit default swaps on government securities.

(3) The inspected person shall ensure all conditions required for the normal inspection process.

(4) In carrying out on-site examinations, the officials under paragraph 1 shall present their service card and the order under paragraph 2. The order shall not be subject to appeal.

(5) The inspected person shall assist the Minister of Finance and the officials under paragraph 1 in fulfilling their duties.

(6) A findings statement shall be drawn up about the results of the performed inspection in two copies, which shall be signed by the officials under paragraph 1 who carried out the inspection and shall be delivered against a signature to the inspected person.

## *Chapter Five*

### **Government Guaranteed Debt**

**Article 18.** All financial obligations for which the Council of Ministers has issued guarantees on behalf and for the account of the government, in full compliance with the Constitution, shall be government guaranteed debt.

**Article 19.** (1) The Minister of Finance shall participate in the negotiations on the extension of a government guaranteed loan, and shall undersign on behalf of the government agreements on the issuance of a government guarantee or guarantee letters pursuant to a Council of Ministers' decision.

(2) The Council of Ministers may assign to other government bodies to participate in the negotiations of government guaranteed loans together with the Minister of Finance.

**Article 20.** Any proposals for amendments to the loan or guarantee agreement, in the cases of government guarantees already issued, shall be made with the prior approval of the Minister of Finance.

**Article 21.** (1) Borrowers under government guaranteed loans shall provide to the Minister of Finance, on a monthly basis by the 15th of the month, information on the state and movement of funds under the loan.

(2) Where necessary, the Minister of Finance may request additional information on the government guaranteed loans from the government authorities that have proposed the issuance of the guarantee, and they shall provide it within 15 days from the receipt of the request.

**Article 22.** The terms and conditions that projects applying for government guaranteed financing should meet, and the government guarantee issuance procedures shall be determined by the Council of Ministers.

**Article 23.** (1) Interest and principal payments of government guaranteed debt shall be paid by the borrowers.

(2) A payment under a government guarantee shall be due only in the event:

1. a borrower has not effected a full or partial payment on a loan in accordance with the loan agreement terms and conditions;

2. a creditor has taken the steps and actions provided for in the respective loan agreement for collection the amounts due from the borrower.

**Article 24.** In the cases under Article 23, paragraph 2, item 1, the borrower and the creditor shall notify the Minister of Finance within three days.

**Article 25.** Where the requirements under Article 23, paragraph 2, item 2 have not been provided for in the government guarantee issuance agreement, the Minister of Finance shall determine together with the creditor the actions to be taken where a payment on a government guarantee is due, as well as the time limits within which the government should pay the overdue amount.

**Article 26.** From the date of the payment under a government guarantee, the government shall enter into the creditor's rights under the loan agreement to the amount of the payment made.

**Article 27.** (1) The borrower shall reimburse in full the amounts paid to the creditor under a government guarantee, and the expenses incurred in relation to the payment.

(2) The Minister of Finance shall take any actions under the effective legislation to recover the amounts paid under the government guarantee.

## *Chapter Six*

### **Debt of the Bulgarian National Bank, Debt of Municipalities and Social Security Funds**

**Article 28.** The debt of the Bulgarian National Bank shall not be guaranteed by the government and shall not constitute a liability of the Council of Ministers, except for the cases where a government guarantee has been issued according to the appropriate procedure.

**Article 29.** The Bulgarian National Bank may undertake debt pursuant to the provisions of the Law on the Bulgarian National Bank.

**Article 30.** The debt of municipalities and social security funds shall not be guaranteed by the government, and shall not constitute a liability of the govern-

ment, except for the cases where a government guarantee has been issued according to the appropriate procedure.

## *Chapter Seven*

### **Private Debt**

**Article 31.** All financial obligations undertaken by residents, who do not act on behalf of the government, municipalities, social security funds, or the Bulgarian National Bank, shall constitute private debt.

**Article 32.** Private debt shall not be guaranteed by the government and shall not be a liability of the Council of Ministers, the municipalities, social security funds, or the Bulgarian National Bank, except for the cases where a government guarantee has been issued according to the appropriate procedure.

**Article 33.** The Bulgarian National Bank shall register and monitor the financial liabilities of residents to non-residents according to the effective legislation.

## *Chapter Eight*

### **Government Debt Agent**

**Article 34.** (1) The Bulgarian National Bank, shall act, under terms and conditions agreed with the Minister of Finance, as an agent for the government and government guaranteed debt.

(2) To perform its functions under paragraph 1, the Bulgarian National Bank shall establish and maintain government and government guaranteed debt registration and servicing systems.

(3) The relations under paragraph 1 shall be provided for in an agency agreement, and the Ministry of Finance shall pay a commission for the agency services rendered by the Bank.

**Article 35.** (1) (former wording of Article 35; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007) For the purpose of performing its agency functions, the Bulgarian National Bank shall:

1. (amended; Darjaven Vestnik, issue 52 of 2007; effective as of 1 November 2007) establish and organize a system for conducting auctions and subscriptions for sale of government securities. The participants in the system shall be determined by the Ordinance under Article 36, paragraph 1;

2. (amended; Darjaven Vestnik; issue 101 of 2010, effective as of 30 June 2011) establish and organize a system for registration of government securities issues and servicing the trade in government securities and maintain registers of the participants in the system that may be primary dealers, subdepositories of government securities or other entities, approved by the Minister of Finance and the Governor of the Bulgarian National Bank pursuant to the Ordinance under Article 36, paragraph 1, as well as provide conditions for the development of the secondary market;

3. (new; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007; amended, issue 23 of 2009, effective as of 1 November 2009) establish and organize a government securities settlement system in which three or more members participate, who may be primary dealers, subdepositories of government securities or other entities, specified by the Minister of Finance and the Governor of the Bulgarian National Bank pursuant to the Ordinance under Article 36, paragraph 1, based on general rules guaranteeing the implementation of responsibilities related to the participation in the system pursuant to an agreement;

4. (former item 3; amended; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007) select, jointly with the Ministry of Finance, government securities primary dealers and other participants on the government securities market and take measures against them in case of infringement based on rules and criteria set forth by the Minister of Finance and the Governor of the Bulgarian National Bank;

5. (former item 4; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007) provide information on the financial position of government securities primary dealers;

6. (former item 5; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007) perform other mutually agreed activities.

(2) (new; Darjaven Vestnik, issue 101 of 2010, effective as of 30 June 2011) The Bulgarian National Bank shall keep individual accounts of the government securities held by each participant, as well as general accounts of the government securities held by participants' customers. At the request of the participants, the Bulgarian National Bank shall provide them with statements from the registers, stating the amount and flow of the government securities held by them and by their customers.

(3) (new; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007; former paragraph 2, amended; Darjaven Vestnik, issue 101 of 2010, effective as of 30 June 2011, amended, issue 103 of 2012) Subdepositories of government securities issued on the domestic market may be banks and foreign banks' branches carrying out operations in the territory of the Republic of Bulgaria whose license includes the activities under Article 2, paragraph 2, items 4 and 9 of the Law on Credit Institutions, as well as institutions authorised in the respective Member State to carry out activities as a central depository.

(4) (new; Darjaven Vestnik, issue 101 of 2010, effective as of 30 June 2011) Subdepositories of government securities shall maintain systems for registration of government securities held by the customers of the subdepositories and by customers of the participants in the system under paragraph 1, item 2 that are not subdepositories, as well as keep individual accounts of government securities held by these customers.

(5) (new; Darjaven Vestnik, issue 101 of 2010, effective as of 30 June 2011) For verifying the holdings of government securities, subdepositories of government

securities shall issue certificates carrying the names of the physical persons and, on request, statements from the accounts of legal entities kept under paragraph 4.

(6) (new; Darjaven Vestnik, issue 50 of 2015) On termination of the participant's participation in the system by the Bulgarian National Bank pursuant to paragraph 1, items 2 and 3, the Bulgarian National Bank shall transfer *ex officio* the government securities owned by the participant and his customers to another participant, subdepository of government securities, under a procedure and in a manner set forth in the ordinance under Article 36, paragraph 1.

**Article 35a.** (new; Darjaven Vestnik, issue 23 of 2009, effective as of 1 November 2009, issue 101 of 2010, effective as of 30 June 2011) The provisions of Chapter Five 'a' of the Law on Payment Services and Payment Systems shall apply respectively to the government securities settlement system maintained by the Bulgarian National Bank.

**Article 36.** (1) (amended; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007; amended; Darjaven Vestnik, issue 50 of 2015) The Minister of Finance and the Bulgarian National Bank shall issue an ordinance on the terms and procedure for acquisition, registration, redemption, and trade in government securities, excluding trading in financial instruments on regulated markets and multilateral trade facilities. This ordinance under the first sentence shall determine additional terms and procedures for establishing a registered pledge under the Law on Registered Pledges on government securities, including the registered pledge under Article 152, paragraph 2 of the Law on Public Finance.

(2) (amended; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007) The Minister of Finance and the Bulgarian National Bank shall jointly regulate the government securities market and issue an ordinance on the control over transactions therein, excluding those executed on regulated markets in financial instruments and multilateral trade facilities.

(3) (new; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007, amended, issue 101 of 2010, effective as of 30 June 2011) The Bulgarian National Bank shall issue an ordinance on government securities settlement which shall provide for keeping government securities accounts with the Bulgarian National Bank and with the entities under Article 35, paragraph 3.

(4) (former paragraph 3, amended; Darjaven Vestnik, issue 52 of 2007, effective as of 1 November 2007) The ordinances under paragraphs 1, 2 and 3 shall be published in the Darjaven Vestnik.

**Article 37.** The Minister of Finance may sign agency agreements with other residents and non-residents.



## Chapter Nine

### Information on the Debt

**Article 38.** (1) The Ministry of Finance shall maintain an official register of the government and government guaranteed debt.

(2) (amended; Darjaven Vestnik, issue 15 of 2013; repealed; issue 43 of 2016)

**Article 39.** (amended; Darjaven Vestnik, issue 34 of 2005; repealed, issue 15 of 2013).

**Article 40.** (repealed; Darjaven Vestnik, issue 15 of 2013)

## Chapter Ten

### Administrative Enforcement Measures and Administrative Penal Liability

(title amended; Darjaven Vestnik, issue 103 of 2012)

**Article 40a.** (new, Darjaven Vestnik, issue 103 of 2012) Where it is established that liable persons, their staff, persons discharging managerial responsibilities by virtue of agreements or concluding transactions on their behalf have carried out or carry out activities in violation of Regulation (EU) No 236/2012, of the mandatory instructions of the Minister of Finance, as well as where the exercise of the powers of the Minister of Finance under the said Regulation are impeded, the Minister of Finance shall have the right to:

1. take the measure under Article 33(2)(e) of Regulation (EU) No 236/2012 or oblige the persons to take specific measures necessary to prevent and remove the violations and their prejudicial effects within a term specified by the Minister of Finance;

2. require from the Financial Supervision Commission or another competent supervisory authority of a Member State the cessation of government securities trade or credit default swaps on government securities or removal from trading on a regulated market or another organised trading system;

3. require from the competent judicial authorities freezing or sequestration of assets under Article 33(2)(f) of Regulation (EU) No 236/2012.

**Article 40b.** (new, Darjaven Vestnik, issue 103 of 2012) (1) Administrative enforcement measures shall apply by a motivated order of the Minister of Finance.

(2) The type of the administrative enforcement measure and the manner of its application shall be specified in the order under paragraph 1.

(4) The order under paragraph 1 shall be delivered to the interested party under the Administrative Procedure Code.

(4) The order under paragraph 1 may be subject to appeals under the procedure of the Administrative Procedure Code.

(5) The appeals against the order under paragraph 1 shall not suspend its enforcement.

**Article 40c.** (new; Darjaven Vestnik, issue 103 of 2012) (1) Whoever commits, or admits the commitment of a violation referred to in Article 7(1) and Articles 8 and 9 of Regulation (EU) No 236/2012 shall be subject to a fine from BGN 5000 to BGN 20,000 and in case of a repeated offence from BGN 10,000 to BGN 40,000.

(2) For offences under paragraph 1, legal entities shall be subject to a property sanction from BGN 10,000 to BGN 40,000 and in case of a repeated offence from BGN 20,000 to BGN 80,000.

**Article 40d.** (new; Darjaven Vestnik, issue 103 of 2012) (1) Whoever commits, or admits the commitment of a violation of Article 13(1), Article 14(1) of Regulation (EU) No 236/2012 shall be subject to a fine from BGN 5000 to BGN 50,000 and in case of a repeated offence from BGN 10,000 to BGN 100,000.

(2) For offences under paragraph 1, legal entities shall be subject to a property sanction from BGN 10,000 to BGN 100,000 and in case of a repeated offence from BGN 20,000 to BGN 200,000.

**Article 40e.** (new; Darjaven Vestnik, issue 103 of 2012) (1) Whoever does not comply with an order of the Minister of Finance on applying an administrative enforcement measure in respect of:

1. Article 40a, paragraph 1 shall be subject to a fine from BGN 5000 to BGN 20,000 and in case of a repeated offence from BGN 10,000 to BGN 40,000;

2. Articles 19, 20 and 21 of Regulation (EU) No 236/2012 shall be subject to a fine from BGN 10,000 to BGN 100,000 and in case of a repeated offence from BGN 20,000 to BGN 200,000;

(2) For offences under paragraph 1, item 1, legal entities shall be subject to a property sanction from BGN 10,000 to BGN 50,000 and in case of a repeated offence from BGN 20,000 to BGN 200,000.

(3) For offences under paragraph 1, item 2, legal entities shall be subject to a property sanction from BGN 20,000 to BGN 200,000 and in case of a repeated offence from BGN 40,000 to BGN 400,000.

**Article 40f.** (new, Darjaven Vestnik, issue 103 of 2012) (1) The funds received in violation of Regulation (EU) No 236/2012 shall be seized in favour of the state according to Article 33(2)(f) of Regulation (EU) No 236/2012.

(2) Where by virtue of a penalty decree, by a statement of judicial authorities or another act, a seizure in favour of the state has been ruled on, the statements shall be sent for enforcement to the National Revenue Agency within seven days after their effective date.

**Article 41.** (1) In case of failure to perform their obligations under Article 21, paragraph 1, legal entities shall be subject to a property sanction from BGN 5000 to BGN 10,000, and the official responsible for the provision of information shall be subject to a penalty from BGN 500 to BGN 2000.

(2) In case of a repeated violation under paragraph 1, legal entities shall be subject to a property sanction from BGN 10,000 to BGN 15,000 and the offi-

cial responsible for the provision of information shall be subject to a penalty from BGN 1000 to BGN 3000.

**Article 42.** (1) In case of failure to perform their obligations under Article 21, paragraph 2, legal entities shall be subject to a property sanction from BGN 1000 to BGN 5000, and the official responsible for the provision of information shall be subject to a penalty from BGN 500 to BGN 2000.

(2) In case of a repeated violation under paragraph 1, legal entities shall be subject to a property sanction from BGN 2000 to BGN 10,000 and the official responsible for the provision of information shall be subject to a penalty from BGN 1000 to BGN 2000.

**Article 43.** (1) In case of failure to perform his obligations under Article 24, the borrower shall be subject to a penalty from BGN 5000 to BGN 10,000 and the official responsible for the provision of information shall be subject to a penalty from BGN 500 to BGN 2000.

(2) In case of a repeated violation under paragraph 1, legal entities shall be subject to a property sanction from BGN 10,000 to BGN 15,000 and the official responsible for the provision of information shall be subject to a penalty from BGN 1000 to BGN 3000.

**Article 44.** (repealed; Darjaven Vestnik, issue 15 of 2013)

**Article 45.** (1) The statements of findings of violations shall be drawn up by officials designated by the Minister of Finance and penalty decrees shall be issued by the Minister of Finance.

(2) Drawing up of the statements, issuance, appeals against and enforcement of penalty decrees shall be performed under the provisions of the Administrative Misdemeanors and Penalties Law.

## **Additional Provisions**

**§ 1.** Within the meaning of this Law:

1. ‘refinancing’ shall be the issuance of government debt, the funds of which shall be used for partial or full payment of another government debt.

2. ‘issuance of debt’ shall be undertaking of financial liabilities by entities determined by law.

3. (amended; Darjaven Vestnik, issue 99 of 2011, effective as of 1 January 2012) ‘issuance of a government guarantee’ shall be:

- a) conclusion of a guarantee agreement to loan agreements;
- b) undertaking of guarantee obligations under loan agreements;
- c) issuance of a letter of guarantee in relation to loan agreements;
- d) undertaking of guarantee obligations in case of issuance of securities.

The government guarantee shall be issued on behalf of the government.

4. ‘social security funds’ shall be the National Social Security Funds, the Teachers’ Pension Fund, and the National Health Insurance Fund.

5. (repealed; Darjaven Vestnik, issue 15 of 2013)

6. (new; Darjaven Vestnik, issue 103 of 2012) ‘Member State’ shall be a country which is a member of the European Union, as well as a country which is a party to the European Economic Area Agreement.

§ 1a. (new, Darjaven Vestnik, issue 103 of 2012) This Law shall create conditions for the application of Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ, L 86/1 of 24 March 2012).

### **Transitional and Final Provisions**

§ 2. Paragraph 3 of §16 of the Transitional and Final Provisions of the Law on the Public Offering of Securities (published in the Darjaven Vestnik, issue 114 of 1999; amended; issues 63 and 92 of 2000, issues 28 and 61 of 2002) is repealed.

§ 3. Within one month from coming of this Law into effect, the Minister of Finance and the Bulgarian National Bank shall issue the Ordinances under Article 36.

§ 4. Within two months from coming of this Law into effect, the municipalities and the social security funds shall inform the Ministry of Finance about the outstanding debt or the guarantees already issued.

§ 5. Within three months from coming of this Law into effect, the Council of Ministers shall adopt the acts under Article 5, paragraph 3 and Article 22.

§ 6. The provision of Article 38, paragraph 2 shall come into effect six months from the publication of the Law in the Darjaven Vestnik.

§ 7. The following amendments shall be made to Article 11 of the Municipal Budgets Law (published in the Darjaven Vestnik, issue 33 of 1998; amended, issue 69 of 1999, issue 9 of 2001 – Decision No. 2 of the Constitutional Court of 2001; amended, issue 56 of 2002):

1. A new paragraph 4 is added:

‘(4) Together with the proposal under paragraph 3, the Mayor of the municipality shall also submit to the Ministry of Finance a proposal on the Municipality’s intention for undertaking a municipal debt for budget deficit financing under the provisions of Article 10.’

2. The existing paragraphs 4, 5, 6 and 7 shall become 5, 6, 7 and 8, respectively.

§ 8. The enactment of this Law is assigned to the Council of Ministers.

This Law is adopted by the 39th National Assembly on 17 September 2002, and the official seal of the National Assembly was affixed on it.