

# **Ordinance No 13**

## **of 18 August 2016**

### **on the Application of International Bank Account Numbers and BAE Codes**

(Issued by the Bulgarian National Bank; published in the Darjaven Vestnik, issue 69 of 2 September 2016; effective as of 31 October 2016)

#### *Chapter 1*

#### **General Provisions**

**Article 1.** (1) This Ordinance shall set out the application of International Bank Account Numbers (IBANs) and BAE Codes by payment service providers licensed by the BNB and branches of payment service providers operating on the territory of Bulgaria.

(2) The IBAN used in the Republic of Bulgaria is an alphanumerical sequence used internationally to uniquely identify each individual account with a payment service provider licensed by the BNB or with branches of payment service providers operating on the territory of Bulgaria.

(3) The Business Identifier Code (BIC) shall mean an alphanumerical sequence used internationally to uniquely identify business units – financial and non-financial institutions.

(4) BAE Codes shall uniquely identify Business Addressable Entities (BAEs) on the territory of the Republic of Bulgaria.

#### *Chapter Two*

#### **IBAN Structure**

**Article 2.** IBANs for use within the Republic of Bulgaria shall have an overall length of 22 characters and comprise the following elements (see also Appendix No 1):

1. a country code – BG;
2. a check digit comprising two numerals whose calculation methodology is set out under Appendix No 2;
3. a Basic Bank Account Number or BBAN which uniquely identifies each customer account with the payment service provider on the territory of the Republic of Bulgaria.

**Article 3.** (1) BBAN shall have an overall length of 18 alphanumerical characters and comprise the following elements:

1. a BAE code comprising:

a) an identifier of the payment service provider – 4 characters (letters), representing the first four digits of the existing Business Identifier Code – BIC of the payment service provider and uniquely identifying the payment service provider that holds the account.

b) a BAE identifier of four numerical characters which shall uniquely identify each BAE within the payment service provider;

2. an account identifier of two numerical characters which shall identify the type of account and where some combinations may be retained for executive use by the Bulgarian National bank (BNB) which shall determine their significance;

3. the remaining eight alphanumeric characters shall follow a semantic logic which shall be determined by the payment service provider.

(2) Each payment service provider shall assess the need of using letters as characters under the provisions of Article 1, item 3 above.

**Article 4.** (1) Characters used within IBAN shall be Arabic numerals from 0 to 9 and Latin script capital letters from A to Z.

(2) When executing payment orders, IBAN shall be expressed:

1. in electronic form as a sequence of 22 characters without spaces;

2. in paper form as a sequence of 22 characters divided from left to right into groups of four characters each and separated by spaces and where the last group shall be incomplete.

### *Chapter Three*

## **Relations between Payment Service Providers and Their Customers as Regards IBAN and BIC**

**Article 5.** (1) Payment service provider shall generate and use IBAN as set out within this Ordinance.

(2) Payment service providers shall generate an IBAN to each new account at the same time with the opening of such an account.

(3) Non-bank payment service providers may generate IBAN only to payment accounts within the meaning of § 1, item 18 of the additional provisions of the Law on Payment Services and Payment Systems.

(4) Each payment service provider shall be responsible for the correct generation of each IBAN.

**Article 6.** (1) Each payment service provider shall, upon opening an account, communicate in writing the respective IBAN to the holder of this account.

(2) In the event of changes made to the IBANs by the payment service provider, the latter shall communicate in writing the new IBANs to the holders of existing accounts.

(3) Each payment service provider shall, upon request, communicate to the customer his/her International Bank Account Number (IBAN) and the Business Identifier Code (BIC) of that payment service provider.

(4) In all statements of accounts communicated to the customer the payment service provider shall indicate the IBAN of the customer's account and the Business Identifier Code of the payment service provider that has provided those statements.

**Article 7.** (1) The customer shall communicate in the payment order submitted to the payment service provider the complete and accurate IBAN and, where necessary, the BIC for performing the required payment transactions.

(2) For all cross-border invoicing of goods and services within the European Union, the beneficiary shall inform the customers about its IBAN by indicating it on the invoice and, where necessary, about the BIC of its payment service provider.

**Article 8.** (1) Each payment service provider shall check the validity of the check digits of the IBANs under Article 2, paragraph 2 of originator and beneficiary as specified in the payment order and shall do so as using the method of validating the check digits described in Appendix No 3.

(2) Where errors are established while checking the validity of the check digits, the payment service provider may refuse to process the respective payment order.

## *Chapter Four*

### **Business Addressable Entity (BAE) and BAE Code Assignment**

**Article 9.** (1) The Bulgarian National Bank shall assign BAE codes to:

1. banks and bank branches licensed by the BNB and conducting operations on the territory of Bulgaria;

2. banks licensed in other Member States and conducting operations on the territory of Bulgaria through a branch;

3. payment institutions licensed by the BNB and electronic money institutions providing payment services under Article 4 of the Law on Payment Services and Payment Systems, where those services are linked to opening and maintenance of payment accounts.

4. payment institutions licensed in other Member States and electronic money institutions providing services under Article 4 of the Law on Payment Services and Payment Systems on the territory of Bulgaria through a branch, where those services are linked to opening and maintenance of payment accounts.

(2) BAE code shall be assigned upon request addressed to the BNB by the payment service provider under paragraph 1 herein.

(3) Business Addressable Entities may not use other BAE codes in their operations other than those assigned to them by the BNB.

(4) BAE codes shall be assigned within seven business days from receipt at the BNB of complete sets of relevant documents.

(5) The Bulgarian National Bank shall keep a Register of BAE codes.

(6) Procedures on assigning and activating, modifying and closing BAE codes shall be set out in an instruction by the Deputy Governor heading the BNB Banking Department.

## **Additional Provision**

§ 1. Within the meaning of this Ordinance:

1. 'Business Addressable Entity' (BAE) shall mean a payment service provider under Article 9, paragraph 1 or any alternative place of business of a bank within the Republic of Bulgaria.

2. 'BAE code' shall mean a code assigned by the BNB and comprising an alpha-numerical sequence which shall uniquely identify each BAE within the Republic of Bulgaria.

3. 'Business Identifier Code' or BIC shall mean a code assigned by the SWIFT (Society for Worldwide Interbank Financial Telecommunication) to financial and non-financial institutions as defined in ISO 9362.

4. 'Register of BAE Codes' shall mean a publicly accessible database which shall contain BAE codes assigned by the BNB and also information on business addressable entities.

5. 'Check digit' shall mean a numerical code which shall serve in formal checks as to the precision of the entries of IBANs used by payment service providers within the Republic of Bulgaria.

6. 'Payment service provider' (PSP) within the meaning of this Ordinance shall be any person under Article 9, paragraph 1.

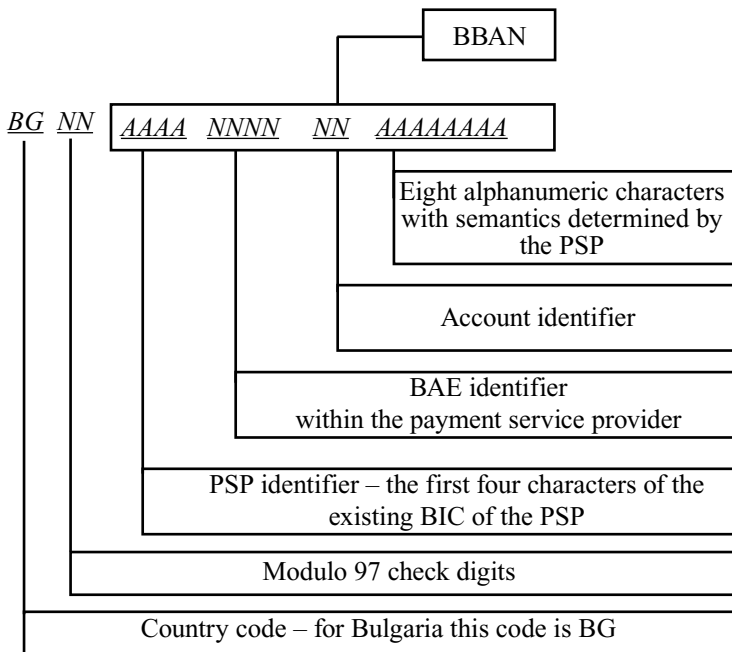
## **Transitional and Final Provisions**

§ 2. This Ordinance repeals Ordinance No 13 of 2009 on the application of international bank account numbers and bank identifier codes (published in the Darjaven Vestnik, issue 62 of 2009; amended, issue 55 of 2011).

§ 3. This Ordinance is issued on the grounds of § 11 of the Transitional and Final Provisions of the Law on Payment Services and Payment Systems adopted by Resolution No 96 of 18 August 2016 of the Governing Council of the Bulgarian National Bank and shall enter into force on 31 October 2016.

§ 4. The Deputy Governor of the Bulgarian National Bank heading the Banking Department shall issue instructions on the enactment of this Ordinance.

### Bulgarian IBAN Format



„N“ Arabic numerals from 0 to 9

„A“ Latin script capital letters from A to Z. (A – Z) or Arabic numerals from 0 to 9

Appendix No 2  
to Article 2, item 2

### Method of Calculating Check Digits

*Preliminary step:* Create an artificial IBAN composed of the country code followed by '00' as a check digit and the BBAN

Example: BG00AAAA12311012345678

*Step 1:* Move the first four characters (the country code and the check digits) of the IBAN to the right of the number.

Example: BG00AAAA12311012345678 becomes AAAA12311012345678BG00.

*Step 2:* Convert the letters into numerics in accordance with the alpha to numeric conversion table:

A = 10	G = 16	M = 22	S = 28	Y = 34
B = 11	H = 17	N = 23	T = 29	Z = 35
C = 12	I = 18	O = 24	U = 30	
D = 13	J = 19	P = 25	V = 31	
E = 14	K = 20	Q = 26	W = 32	
F = 15	L = 21	R = 27	X = 33	

Example: AAAA12311012345678BG00 becomes 1010101012311012345678111600.

*Step 3:* Calculate the check digits using modulo 97:

- The result of step 2 is divided by 97.
- The remainder of the division is subtracted from 98.
- If the result is one digit, then insert a leading zero

Example: The remainder of the division of 1010101012311012345678111600 by 97 is 65.

$98 - 65 = 33$ . The check digit for this IBAN is 33.

IBAN= BG33AAAA12311012345678.

### **Method of Validating the Check Digits**

*Preliminary step:* If the IBAN is in paper format, convert to electronic format by deleting all spaces.

*Example:* IBAN such as BG33 AAAA 1231 1012 3456 78 becomes BG33AAAA12311012345678.

*Step1:* Move the first four characters (the country code and the check digits) of the IBAN to the right of the number.

*Example:* BG33AAAA12311012345678 becomes AAAA12311012345678BG33.

*Step 2:* Convert the letters into numerics in accordance with the alpha to numeric conversion table specified in Appendix No 2 :

*Example:* AAAA12311012345678BG33 becomes 1010101012311012345678111633.

*Step 3:* Apply modulo 97. For the check digits to be correct, the remainder after calculating the modulus 97 must be 1.

*Example:* The remainder of the division of 1010101012311012345678111633 by 97 is 1.

