

## **Ordinance No. 2**

### **on the Licenses, Approvals and Permissions Granted by the Bulgarian National Bank According to the Law on Credit Institutions**

(title amended; Darjaven Vestnik, issue 36 of 2009)

(Adopted by the Bulgarian National Bank on 22 December 2006; published in the Darjaven Vestnik, issue 6 of 19 January 2007; amended, issue 36 of 2009; amended, issue 48 of 2011; amended; issue 40 of 2014)

#### *Chapter One*

#### **General Provisions**

**Article 1.** This Ordinance shall establish:

1. (amended; Darjaven Vestnik, issue 48 of 2011) requirements to documents and procedures for issuance by the Bulgarian National Bank (BNB) of licenses to conduct bank activities on the territory of the Republic of Bulgaria;

2. (amended; Darjaven Vestnik, issue 36 of 2009) issuance of approvals and permissions under Chapter Three and Chapter Twelve of the Law on Credit Institutions.

**Article 2.** (1) The Bulgarian National Bank shall grant the following:

1. a license for a bank with a seat on the territory of the Republic of Bulgaria (hereafter referred to as 'bank');

2. a license for a bank with a seat in a third country to conduct bank activities on the territory of the Republic of Bulgaria through a branch;

3. (repealed; Darjaven Vestnik, issue 48 of 2011).

(2) A license for a bank shall be granted to a joint-stock company in the process of incorporation which meets the requirements provided for in the Law on Credit Institutions and this Ordinance.

(3) A license for a bank with a seat in a third country to conduct bank activities on the territory of the Republic of Bulgaria through a branch shall be granted to a bank which meets the requirements provided for in the Law on Credit Institutions and this Ordinance and has, at the time of granting the license, no less than the minimum own funds required under the Bulgarian legislation.

(4) (repealed; Darjaven Vestnik, issue 48 of 2011).

**Article 3.** (1) (amended; Darjaven Vestnik, issue 48 of 2011) A license for a bank confers the right to conduct only the activities, specified in the license, on the territory of the Republic of Bulgaria and on the other Member-States' territories.

(2) A license for a bank with a seat in a third country to conduct bank activities through a branch confers the right to carry out the specified activities only on the territory of the Republic of Bulgaria.

(3) (new; Darjaven Vestnik, issue 36 of 2009) Unless otherwise agreed upon, the license shall give the right to the bank to act as an intermediary in providing services the bank is licensed to, as well as insurance agency and intermediation activities.

**Article 4.** (1) (amended; Darjaven Vestnik, issue 36 of 2009) Prior to filing an application for a license, permission or approval under this Ordinance, the applicant shall hold preliminary consultations with the Deputy Governor in charge of the Banking Supervision Department.

(2) (amended; Darjaven Vestnik, issue 36 of 2009) Unless the fees required under Article 35 are duly paid in, the Bulgarian National Bank shall not consider the documents on issuance of a license, permission or approval.

## *Chapter Two*

### **Licenses**

#### Section I

#### **License for a Bank**

**Article 5.** (1) The application for a bank license shall be filed with the Governing Council of the Bulgarian National Bank through the Governor of the Bulgarian National Bank and Deputy Governor heading the Banking Supervision Department. It shall contain the name, registered office and head office address of the bank, the amount of capital and the part of it which shall be paid in with the bank incorporation, and specify exhaustively the transactions and activities under Article 2 of the Law on Credit Institutions which the bank will carry out.

(2) The documents enclosed to the application under Article 13, paragraph 2 of the Law on Credit Institutions shall satisfy the following additional requirements:

1. an applicant's Articles of Association providing for the activities that the bank will carry out, authorization to sign and represent the bank, and information concerning the internal control system;

2. besides other constitutive documents under Article 13, paragraph 2, item 1 of the Law on Credit institutions, the applicant shall enclose certified transcripts of the bank's Minutes of the Constituent containing decisions made thereof and the Minutes of Meetings of the elected managing bodies of the bank;

3. documents containing data on the paid-in and subscribed shares under Article 13, paragraph 2, item 2 of the Law on Credit Institutions shall include a list of bank shareholders, data on the amount of subscribed capital that each shareholder has paid and documents certifying that each subscribing shareholder has paid into the bank account of the incorporated company at least 25 per cent of the total nominal value or issuing value of the subscribed shares provided for in the Articles of Association.

(3) (amended; Darjaven Vestnik issue 40 of 2014) Where the applicant will conduct the activities under Article 2, paragraph 2, item 9 of the Law on Credit Institutions, he shall also submit the documents required by the Financial Supervision Commission for the issuance of a permission to conduct activities as an investment

intermediary in accordance with the Law on Markets in Financial Instruments, and the ordinances on its enactment.

(4) The documents under Articles 6–10 shall be enclosed to the application.

**Article 6.** (1) Any natural person, having subscribed for three per cent or over three per cent of the voting shares, shall submit the following documents:

1. full name of the person;
2. place of birth and unified registration number (URN);
3. nationality;
4. number of the ID card, including date and place of issue;
5. permanent home address and residence of the person;
6. the person's profession or occupation;
7. description of the professional activity of the person for the last five years;
8. data on the amount of the income received by the person and taxes paid for the last five years;

9. a declaration that certifies the circumstances under Article 13, paragraph 2, item 7, letters 'a', 'b' and 'c' of the Law on Credit Institutions and information whether the person has any outstanding taxes, or has been penalized for tax evasion;

10. a declaration that certifies the existence or absence of relatedness with other persons within the meaning of § 1, item 4 of the Law on Credit Institutions with the indication of the names and addresses of related persons;

11. a certificate proving no previous conviction or, in case of a foreign person, another document to the same effect;

12. documents about the available funds in the banks, where the person has accounts, as of no longer than 30 days preceding the date of filing the application;

13. a declaration about the type and size of person's obligations, valid as of no longer than 30 days preceding the date of filing the application and a certificate for the presence of any outstanding taxes or other public obligations;

14. a list of the banks where the person has opened accounts.

(2) Any legal entity having subscribed for three per cent or over three per cent of the voting shares shall submit, in addition to the documents under Article 13, paragraph 2, items 7 and 8 of the Law on Credit Institutions, the following:

1. structure of the legal entity capital and its allocation between the shareholders (partners);

2. Articles of Association or other similar documents;

3. a certified transcript of the decision of the competent management body according to the law, a certificate from a commercial or other public register that the entity is registered therein, Articles of Association, or Memorandum of Association concerning the person's interest in the bank's capital;

4. auditor's reports and financial statements for the last three years;

5. a declaration that certifies the relatedness with other persons within the meaning of § 1, item 4 of the Law on Credit Institutions, with the indication of the names and addresses of related persons, undersigned by the persons who manage and rep-

resent the legal entity according to a law, Articles of Association, or Memorandum of Association;

6. a list of the banks where the legal entity has opened accounts;

7. balance sheets, income statements as of no longer than 30 days preceding the date of filing the application;

8. documents about the available funds in the banks, where the person has accounts, which are as of no longer than 30 days preceding the date of filing the application;

9. a certificate for the presence of any outstanding taxes or other public obligations as of no longer than 30 days preceding the date of filing the application.

**Article 7.** (1) Any natural person having subscribed for ten per cent or over ten per cent of the voting shares shall submit, in addition to the data required under Article 6, paragraph 1, the following:

1. an employment record of the person for the last ten years;

2. a statement certifying the following circumstances:

a) whether the person has been a member of a managing or controlling body or a general partner in a company which has been wound up due to bankruptcy, if creditors have not been paid;

b) whether any related person has been declared insolvent, respectively bankrupt, or has been under a forced liquidation procedure for the last ten years;

c) whether any civil litigations or enforcement proceedings have been instituted against him or against a person related to him for outstanding loans for the last ten years.

(2) Any legal entity having subscribed for ten per cent or over ten per cent of the voting shares, shall submit, in addition to the data required under Article 6, paragraph 2, the following:

1. a description of the business activity of the enterprise for the last ten years;

2. a letter of reference certifying good-faith performance of obligations issued by a bank servicing the business of the said person signed by the persons authorized to manage and represent the bank;

3. a declaration certifying compliance with the requirements under paragraph 1, item 2, undersigned by the persons who manage and represent the legal entity according to a law, Articles of Association, or Memorandum of Association;

4. detailed information about the structure of the group where the applicant participates;

5. information on the enterprises' financial position the applicant maintains close relations with.

(3) Any legal entity with a seat in a third country, having subscribed for 10 per cent or over 10 per cent of the voting shares, in addition to the documents under paragraph 2, shall submit a document on the investment grade assigned by the External Credit Assessment Institution recognized by the Bulgarian National Bank in accordance with Article 40, paragraph 2, item 2 of the Law on Credit Institutions.

**Article 8.** (1) Where a person having subscribed for 25 per cent or over 25 per cent of the voting shares is a foreign bank with a seat in a third country, or a company which has a foreign bank as a subsidiary with a seat in a third country, or is controlled by a person that also controls a foreign bank with a seat in a third country, the Bulgarian National Bank shall:

1. carry on preliminary consultations with the competent supervisory authority of the bank, where the seat of this bank is in a third country; and

2. require submission of an appropriate authorization for making the investment in relation to the incorporation of a bank in the Republic of Bulgaria, where this is required under the home country's legislation.

(2) In the cases where a person having subscribed for 25 per cent or over 25 per cent of the voting shares is a foreign bank with a seat in a third country, the applicant shall provide a statement of opinion of this bank as regards the envisaged contribution to the development of competition in the bank services market in the Republic of Bulgaria.

**Article 9.** Where the applicant shareholder is a foreign person, the Bulgarian National Bank shall require information on the effective laws and bylaws applicable in the foreign bank's country of domicile, regulating the shareholder's legal status and its activities and information regarding functions and powers of the competent banking supervisory authority, if there is such authority.

**Article 10.** (amended; Darjaven Vestnik issue 36 of 2009) Any natural person elected as a member of the management board, the board of directors or the supervisory board shall submit the information and documents required for issuance of an approval under Article 11, paragraph 3 of the Law on Credit Institutions.

**Article 11.** (repealed; Darjaven Vestnik, issue 36 of 2009)

## Section II

### **License for an Electronic Money Institution**

(repealed; Darjaven Vestnik, issue 48 of 2011)

## Section III

### **License to a Bank with a Seat in a Third Country for Conducting Bank Activity on the Territory of the Republic of Bulgaria through a Branch**

**Article 13.** (1) A bank with a seat in a third country, wishing to obtain a license to conduct bank activity on the territory of the Republic of Bulgaria through a branch, shall file a written application with the Governing Council of the Bulgarian National Bank through the Governor of the Bulgarian National Bank and the Deputy Governor heading the Banking Supervision Department. The application shall contain the following information:

1. a motivated statement of the reasons to establish a branch of the bank on the territory of the Republic of Bulgaria;

2. a detailed description of the types of bank transactions and activities, the foreign bank intends to conduct through its branch on the territory of the Republic of Bulgaria;

3. the legal form, the name, registered office, head office address of the bank and branch company; the address of the bank's head office shall be in the country where the competent supervisory authority has granted license to the bank and where the said bank actually conducts bank activity;

4. a register and the registration number of the bank, if required by the applicable law;

5. the national law that the bank applies.

(2) The following shall be attached to the application:

1. a certified transcript of the registration certificate of the bank with current information concerning the registered office and head office address, subject of activities, amount of capital, management system, and the persons who represent and manage the bank according to the register, if any, where the certificate is entered, the way of representation and data on the authorization of the persons;

2. a certified transcript of the bank license issued by the competent home supervisory authority, including a detailed description of the permitted types of bank transactions and activities;

3. (amended; Darjaven Vestnik, issue 36 of 2009) a list of the persons related to the bank within the meaning of § 1, item 4, letters 'b' – 'i' of the Law on Credit Institutions;

4. a certified transcript of the Articles of Association, respectively Memorandum of Association, and other Acts of Association of the bank;

5. a certified transcript of the decision for establishment of a branch in the Republic of Bulgaria issued by the competent management body of the bank with a seat in a third country;

6. a business plan of the branch which, in addition to the data under Article 5, paragraph 2, items 6 and 7 of this Ordinance and Article 13, paragraph 2, items 3, 4 and 5 of the Law on Credit Institutions, shall also contain a detailed description of the functions of the branch, as well as its relations with the bank's head office in respect of decision-making on its operations on the territory of the Republic of Bulgaria;

7. audited financial statements of the bank for the last three years;

8. (amended; Darjaven Vestnik, issue 36 of 2009) a certified transcript of the act of the competent managing body of the bank on the election (appointment) of at least two persons who will manage and represent the branch of the bank on the territory of the Republic of Bulgaria, along with documents for issuance of an approval to these persons in accordance with Article 11, paragraph 3 of the Law on Credit Institutions;

9. a written approval for the establishment of the branch issued by the competent home supervisory authority, if required;

10. a written statement by the competent management body of the bank to submit the annual financial statements, as well as semiannual information on the capital adequacy of the bank.

(3) In addition to the application, a written statement by the bank's home supervisory authority shall be submitted, containing the following:

1. an updated evaluation of the financial position of the bank, including the amount of the bank's own capital, capital adequacy ratios of the bank, on a consolidated basis inclusive, and the supervisory measures and sanctions taken in respect of the bank;

2. a statement that the bank is subject to supervision on a consolidated basis;

3. a commitment to duly notify the Bulgarian National Bank of:

a) any supervisory measures taken in respect of the bank;

b) any changes in the capital adequacy, liquidity or other indicators which could have a negative effect on the stability of the bank and its branch in the Republic of Bulgaria;

c) any amendments to prudential banking supervision regulations and any other conditions that could significantly affect the operations of the bank and its branch in the Republic of Bulgaria;

d) any changes in the scope of bank secrecy and requirements in relation to its security and disclosure in the bank's home country in connection with the transactions of its branches abroad;

e) any changes in the deposit insurance scheme in the bank's home country;

f) any sudden occurrence of insolvency or overindebtedness of the bank;

g) the deposit insurance scheme which will be applied to the branch depositors;

4. a commitment to cooperation with the Bulgarian National Bank in conducting on-site examinations on the premises of the branch, as well as submission of information upon request.

(4) (amended; Darjaven Vestnik, issue 40 of 2014) Where the applicant wishes to conduct the activities under Article 2, paragraph 2, item 9 of the Law on Credit Institutions, he shall also submit the documents required by the Financial Supervision Commission for the issuance of a permission to conduct activity as an investment intermediary, in accordance with the Law on Markets in Financial Instruments and the ordinances on its enactment.

(5) The applicant shall submit updated copies, in Bulgarian language, of the current legislation regulating bank activity in the country of domicile, including prudential regulations and the functions and powers of the respective competent supervisory authority.

(6) Any person elected, respectively appointed, to manage and represent the branch of the bank with a registered office in a third country shall submit the documents under Article 10, paragraph 1 and Article 11.

## Section IV

### **Procedure for the Bulgarian National Bank to Come up with a Decision on an Application for a License**

**Article 14.** (1) Within three months after receipt of the application and all required documents, the Bulgarian National Bank shall come up with a decision for license issuing, provided the conditions under Article 15, paragraph 1 of the Law on Credit Institutions are met, or will refuse to grant a license.

(2) To certify that the provisions of Article 15, paragraph 1 of the Law on Credit Institutions are met, the applicant shall submit the following:

1. information on the paid in contributions, no less than the minimum required capital to conduct bank activities;

2. documents certifying that payments for subscribed shares have been deposited on a cumulative account opened with a domestic bank as agreed with the Bulgarian National Bank;

3. a curriculum vitae and documents of the appointed administrators certifying their qualifications and professional experience required in the field of activities they will perform;

4. information on the buildings and premises suitable for performing bank activities, and the necessary technical equipment;

5. a decision on the establishment of an internal control office and the rules for its activity;

6. information on:

a) the person who will be in charge of the internal control office, his curriculum vitae, a certificate proving no previous conviction, copies of diplomas and other documents certifying his professional qualification and experience, a statement of existence of any relatedness with other persons;

b) appointed internal control officers: curriculum vitae and other documents certifying the qualifications and professional experience required.

7. administrative and accounting procedures ensuring the reliable conducting of activity and control over it;

8. internal terms and procedures for:

a) credit activity (lending operations);

b) liquidity management;

c) risk management and control.

**Article 15.** The issued license is printed on a special type of paper, carrying a watermark bearing the Bulgarian National Bank logo, with the colours of the Republic of Bulgaria and a wax seal of the Bulgarian National Bank, and shall contain the following requisites:

1. the heading 'License';

2. the name of the body issuing the license;

3. the person to whom the license is issued;

4. the legal grounds for issuing the license;



5. the scope of activities covered by the license, respectively transactions restricted by the Bulgarian National Bank;

6. the signature of the Governor of the Bulgarian National Bank.

#### Section V

#### Conditions for Commencement of Bank Activity

**Article 16.** (1) The applicant who has been granted a bank license may commence conducting bank activity after he has received confirmation from the Deputy Governor of the Bulgarian National Bank heading the Banking Supervision Department and after submission of the following documents and information:

1. a certified transcript of the court decision proving that the bank, respectively the branch of the bank with a seat in a third country, has been entered in the Commercial Register;

2. a document certifying that the bank has paid in its initial contribution to the Deposit Insurance Fund; branches of banks with a seat in a third country shall submit a document under the preceding sentence, provided that the provisions of Article 2, paragraph 2 of the Law on Bank Deposit Guaranty apply to them;

3. a certified copy of a document verifying the ownership right on the premises where bank activity will be conducted, or a lease contract;

4. a document certifying that the premises under item 3 comply with security and protection requirements;

5. a certificate of fire protection compliance of the bank premises, issued by the specialized regional fire protection authorities;

6. a detailed description of the information support system of the bank, including measures for protection and transfer of information, as well as hardware and software tools and technologies for in-house use.

(2) The funds deposited on a cumulative account may be used by the licensed person after submitting to the servicing bank a written confirmation under paragraph 1, or may be withdrawn by the applicant after entry into force of the decision for the refusal to grant a license.

### *Chapter Three*

## **Approvals and Permissions**

(Title amended; Darjaven Vestnik, issue 36 of 2009)

### Section I

#### **General Provisions Regarding Approvals and Permissions Issued by the Bulgarian National Bank**

(Title amended; Darjaven Vestnik, issue 36 of 2009)

**Article 17.** (amended; Darjaven Vestnik, issue 36 of 2009) (1) This Chapter shall govern:

1. the major requirements to the applicant that are needed for the assessment of compliance with the criteria under Article 28a, paragraph 3 of the Law on Credit Institutions, as well as the form and the content of the documents indispensable for granting an approval under Article 28 or Article 31 of the Law on Credit Institutions;

2. the terms and procedure for granting or refusal of a permission under Article 29 and Article 122 of the Law on Credit Institutions.

(2) The Bulgarian National Bank shall grant approvals and permissions under paragraph 1 where:

1. it has established that in respect of the applicant, all requirements for the issuance provided for in the Law on Credit Institutions and in this Chapter are met;

2. it has considered that the grounds for refusal are not available.

(3) At applicant's request, the Bulgarian National Bank may exempt the applicant from submission of particular documents provided for in this Chapter where:

1. a year after submission of these documents related to granting a license, an approval or a permission under the Law on Credit Institutions or this Ordinance to the applicant has not yet passed, and

2. the applicant has submitted a confirmation, verified by a notary public, that no changes have occurred in the circumstances ascertained by these documents.

(4) The Bulgarian National Bank may discharge the applicant to submit certain documents provided for in Chapter III, Section II, if it will not prevent the assessment on the basis of the criteria under Article 28a, paragraph 3 of the Law on Credit Institutions.

(5) In making the assessment under paragraph 4, the Bulgarian National Bank shall apply the proportionality principle, taking into account whether the applicant:

1. does not intend to exercise a significant influence over the bank;

2. has been subject to a corresponding previous assessment by a Member State supervisory authority, or a third country authority applying an adequate supervision;

3. is involved in the management of a credit/financial institution which is subject of regulation by a competent authority of a Member State or a third country applying an adequate supervision;

4. is regulated by a Member State competent authority or by a third country regulator applying the adequate supervision.

(6) During the procedure of considering an application, the Bulgarian National Bank may request from the applicant to submit within the set term additional information with the purpose of ascertaining all circumstances required for assessment of available conditions for granting the respective act.

(7) Where a request for a permission under Article 29 or Article 122 of the Law on Credit Institutions is applied, the Bulgarian National Bank shall come up with a decision on the application for granting a permission within a three-month period after its receipt.

(8) Besides the grounds specified for respective permissions, the Bulgarian National Bank may also refuse to grant a permission where it has established that:

1. all documents required for the respective permission are not attached to the application, and no later than 14 days after its receipt these documents are not presented, or

2. the applicant has not submitted within the set term all additional information and documents under Article 6, or

3. the documents submitted by the applicant contain incomplete, inconsistent, improper or untrustworthy information, or

4. the applicant bank violates requirements under Chapter Four of the Law on Credit Institutions or the ordinances on enactment of these requirements.

(9) Paragraph 8, item 4 shall not apply to the permissions under Article 29, paragraph 1, item 2 of the Law on Credit Institutions.

## Section II

### Approval for Acquisition of Bank Shares

(Title amended; Darjaven Vestnik, issue 36 of 2009)

**Article 18.** (amended; Darjaven Vestnik, issue 36 of 2009) (1) Any person that intends to acquire holding in the capital of a bank licensed by the Bulgarian National Bank, and an approval under Article 28 or Article 31 of the Law on Credit Institutions is required for such a person, shall notify the BNB thereof by submitting an application which shall specify whether the planned acquisition is:

1. primary acquisition or an increase of the holding in the share capital, also which of the thresholds is achieved and/or exceeded;

2. direct or indirect;

3. on his own, or with other persons acting in concert.

(2) In addition to the information under paragraph 1, item 1, natural persons and legal entities shall include in their applications data on bank shares owned by them, the number of shares planned to be acquired, and the size of the bank capital on the basis of which the threshold is calculated.

(3) In case of indirect acquisition, in addition to the information under paragraph 1, item 2, data on the manner of implementing the planned acquisition shall be included, as follows:

1. by acquiring qualifying holding or its increase in the capital of a shareholder who exercises control over the bank, or

2. by acquiring control over a shareholder owning qualifying holding in the bank.

(4) In case the acquisition or part of it is implemented in concert with other persons, the application shall contain detailed information about legal and actual grounds of the actions taken in concert with other persons, and shall be filed by:

1. any person that will directly acquire qualifying holding or higher than that;

2. the person acquiring the largest qualifying holding unless any of the persons acting in concert acquires qualifying or larger holding;

3. any of the persons beyond the cases under item 1, if their shares are equal.

**Article 19.** The Bulgarian National Bank shall issue an approval for acquisition on the grounds of the submitted application, presented documents under Article 19a and the available information, when in the course of the assessment based upon the criteria under Article 28a, paragraph 3 of the Law on Credit Institutions decided on the following:

1. the applicant/acquirer is in possession of good reputation (integrity) and professional competence in accordance with the criterion under Article 28a, paragraph 3, item 1 of the Law on Credit Institutions;

2. (amended; Darjaven Vestnik, issue 40 of 2014) in accordance with the criterion under Article 28a, paragraph 3, item 2 of the Law on Credit Institutions, the reputation, knowledge, skills and experience of any person who, as a result of the acquisition, will be elected a member of the management board (board of directors) or the supervisory board and/or appointed to a senior management position in the bank meet the requirements; the persons under Article 18, paragraph 1 shall declare what changes they intend to make in the management bodies of the bank and in its senior management, if any, after the acquisition;

3. in accordance with the criterion under Article 28a, paragraph 3, item 3 of the Law on Credit Institutions, the applicant is in position of funding the acquisition, financially sound and can keep such a financial soundness providing for the planned development of the bank in a period of not less than three years, including a financial support to the bank if such is needed;

4. in accordance with the criterion under Article 28a, paragraph 3, item 4 of the Law on Credit Institutions all of the following conditions are available:

a) proceeding the acquisition the bank shall not break any of the supervisory regulations and in the planning development of the bank the possibility of such violation is not expected to happen;

b) if the bank becomes a part of group the structure of this group shall not impede the prosecution of prudential banking supervision;

c) there is no obstacle for exchanging information between the supervisory authorities and there is clear distribution of the responsibilities amongst them;

5. in accordance with the criterion under Article 28a, paragraph 3, item 5 of the Law on Credit Institutions all the collected data and documents caused no reasonable grounds for suspicion of money laundering or terrorist financing.

**Article 19a.** (new; Darjaven Vestnik, issue 36 of 2009) (1) The documents and information about the applicant/acquirer shall be attached to the application.

(2) In case the applicant/acquirer is a natural person, the following information shall be submitted:

1. the full name of the applicant, unified identity number/personal identification number of a non-resident, place of birth, nationality, identity card number, date and place of issuance, permanent and present address;

2. a certificate showing no previous conviction or relevant criminal records in the cases the applicant is not a Bulgarian citizen, issued not later than one month before filing the application;

3. data on qualifications and professional experience of the applicant, including:  
a) relevant education and training, qualifications acquired and profession or activities currently performed;

b) a detailed description of the professional activity of the person for the last ten years;

4. a statement certifying whether:

a) the applicant has been a member of a managing or controlling body of an entity whose activity has been terminated by a court decision due to pursuing illegal or unlawful goals;

b) the applicant has been a member of a managing or controlling body or a general partner in a company which has been terminated by bankruptcy, if creditors have not been paid;

c) a person, over which the applicant has exercised control, was declared insolvent, respectively bankrupt or in compulsory liquidation in the last ten years;

d) a person, over which the applicant has exercised control, has been defendant/debtor in claim or execution proceedings for unpaid loans in the last ten years;

e) a company, over which the applicant has exercised control, or a company in whose managing or controlling body the applicant has been a member or a procurator:

aa) has been subjected to administrative sanctions and/or compulsory administrative measures for violation of legislative acts in the field of banking and non-banking financial sectors;

bb) has been refused issuance of a license or entry in a register kept by the BNB, Financial Supervision Commission or relevant authorities of other countries, as well as membership in commercial or professional organizations, respectively the granted license has been revoked, or the performed entry has been deleted;

f) as a result of an applied compulsory administrative measure, the applicant has been dismissed from the position as a member of a managing or controlling body of a credit or financial institution whose activity is subject to licensing;

g) the applicant has been defendant in criminal proceedings, as well as for the outcome of such proceedings;

h) a disciplinary penalty for violation of the labour legislation has been imposed on the applicant;

i) the applicant has been deprived of the right to hold positions of financial responsibilities;

5. references from a competent supervisory authority in the financial sector on the grounds of a previous identical assessment on the reputation of the applicant (financial institution), or of a person that controls the applicant, as well as the result of this assessment;

6. a reference from a competent supervisory authority, other than that under item 5, based on a previous assessment of the applicant or of a person that controls the applicant, as well as the result of this assessment;

7. a declaration of the applicant on:

a) the financial status, the property possessed, the type and size of the earnings for the last three years and their sources;

b) the type and size of obligations, established pledges, mortgages in favour of third parties, issued guarantees and other commitments;

c) the existence of financial or other interests or connections of the applicant with the bank or the group the bank belongs to; with bank shareholders or with other persons having voting rights in the general meeting of shareholders of the bank; with members of bank managing or controlling bodies, or the existence of another interest which may cause conflict of interest with the bank, respectively a plan to overcome it;

d) the names, registered offices and head office addresses of the persons that are connected with the applicant;

8. a list of the banks where the applicant has opened accounts;

9. a document certifying ratings assigned and public reports of the applicant and of the companies controlled by the applicant, if any.

(3) In case the applicant is a legal entity, the following information shall be submitted:

1. data on the name, registered office and head office address, contact persons;

2. a certified transcript of the Articles of Association, respectively Memorandum of Association, or a similar document;

3. an actual certificate from a commercial register that the entity is registered therein and the identity code of the applicant;

4. a certified transcript of the decision by the competent body according to the law, the statute or the articles of association concerning the acquisition of shares in the bank capital by the applicant;

5. a list of the shareholders (associates/partners) of the applicant up to the ultimate owner; the structure and allocation of its capital among the shareholders (associates/partners);

6. a list containing the names and addresses of the persons who manage or represent the applicant, together with detailed written data on their qualifications and professional experience;

7. a statement by the applicant certifying the circumstances under paragraph 2, item 4, letters 'a' to 'f';

8. references under paragraph 2, items 5 and 6 by the competent supervisory authority, if any;

9. a statement certifying the circumstances under paragraph 2, item 7, letters 'c' and 'd';

10. a list of banks where the applicant has opened accounts, in case the applicant is not a bank;

11. a description of the group structure if the applicant participates in a group as a subsidiary or as a parent entity, along with its organizational and intra-group corporate structure, specifying relevant participation shares of the other persons in the group (based on what capital shareholding is calculated), as well as a description of the business activity of the group;

12. information on the persons in the group over whom supervision is exercised along with the home supervisory body of the respective persons;

13. annual financial statements of the applicant for the last three years after an audit, if such is obligatory, including balance sheets and income statements for the same period;

14. a document certifying credit ratings assigned to the applicant and the group he belongs to, if such ratings are assigned.

(4) In case the applicant is a trust that already exists or will be established after the acquisition, the following documents and information shall be submitted:

1. the names and addresses of the persons who will manage the assets of the trust under the terms and procedure of the contract establishing the trust and their respective shares in distribution of the asset management income;

2. the names and addresses of the persons up to the ultimate owner who are beneficial owners of the legal entity.

**Article 19b.** (new; Darjaven Vestnik, issue 36 of 2009) (1) The following documents and information concerning the target bank shall be attached to the acquisition application:

1. data on the overall aim of the acquisition, the total number of shares acquired; the nominal and total value of the shares, the single and total acquisition price of the shares and their amount in the total capital, in percentage;

2. a written declaration concerning the origin of the financial funds for the acquisition;

3. a declaration and documents on the financing of the acquisition specifying:

a) the source of the funds which will be used for the acquisition;

b) the means used to provide (transfer) funds for the acquisition (the respective documents to be attached) in case it is financed:

aa) as a result of access to and transactions on capital and financial markets;

bb) as a result of use of borrowed funds contracted with banks, including issuance of financial instruments (terms under the agreements/issues, pledges constituted for this purpose, guarantees, other commitments, security), other fundings;

cc) due to agreements with other shareholders (terms, deadlines under the agreements, pledges constituted for the purpose, guarantees, other commitments, security), other business transactions or a network of transactions for financing the acquisition;

dd) sale of the applicant's personal property, shares and other liquid assets (conditions of sale, terms);

ee) other means of funding.

(2) In case of qualifying shareholding acquisition – individually or in concert with other persons – of less than 20 per cent of the voting shares of the bank capital, in addition to the information and documents under paragraph 1, the applicant/acquirer shall also submit:

1. data on the intentions of the acquirer regarding the acquisition and the period for which the applicant/acquirer intends to:

a) hold his shareholding after the acquisition;

b) increase, reduce the level of his shareholding in the period of three years ahead;

2. a description of the intentions of the applicant/acquirer towards the target bank, especially whether or not he intends to act as an active minority shareholder, and the rationale for this action;

3. information on the financial position and ability, as well the willingness of the applicant/acquirer to support the target bank with additional own funds if needed for the development of its activities or in case of financial difficulties.

(3) In case of qualifying shareholding acquisition – individually or in concert with other persons – between 20 and 50 per cent of the voting shares of the bank capital, but without exercising control over it, in addition to the information and documents under paragraphs 1 and 2, the applicant/acquirer shall submit the following additional information on:

1. details on the influence that the applicant/acquirer intends to exercise on the financial position (including dividend policy), the strategic development, and the allocation of resources of the bank;

2. intentions and expectations of the applicant/acquirer in respect to the target bank in the medium-term, covering all the elements under paragraph 4, item 1.

(4) Where as a result of the acquisition, the applicant/acquirer shall individually or in concert with other persons exercise control over the bank, in addition to the information and documents under paragraphs 1–3, the applicant/acquirer shall submit the following additional information:

1. a strategic development plan indicating, in general terms, the main goals of the acquisition and the main ways for reaching them, including:

a) the rationale/arguments of the acquisition;

b) medium-term financial goals;

c) the possible redirection of activities, products, targeted customer groups and the possible reallocation of funds within the target bank;

d) the main synergies to be pursued within the target bank;

e) the general modalities for including and integrating the bank in the group structure of the applicant/acquirer, including a description of the main synergies to



be pursued with other companies in the group, as well as a description of the policies governing intra-group relations;

2. estimated financial statements of the target bank, on both a solo and consolidated basis, for a period of three years, including:

- a) a forecast balance sheet and profit and loss account;
- b) a forecast of prudential ratios;
- c) information on the level of risk exposures (credit, operational, market, etc.);
- d) a forecast of provisional intra-group transactions;

3. the impact of the acquisition on the corporate governance and general organisational structure of the bank, including the impact on:

a) the composition and duties of the corporate governance board and the main committees created by the decision-taking body (an audit committee, etc.);

b) administrative and accounting procedures and internal controls as: planned principal changes in procedures and systems related to accounting, audit, internal control, anti-money laundering measures, including the appointment of key staff members as an auditor, an internal controller;

c) the overall IT systems architecture of the bank which includes any changes concerning the sub-contracting policy, the in-house and external software used and the essential data and systems security procedures and tools;

d) the policies governing sub-contracting and outsourcing.

**Article 19c.** (new; Darjaven Vestnik, issue 36 of 2009) The requirements for the applicant/acquirer, the application and the attached documents and information under Articles 18–19b shall also apply in the cases under Article 31 of the Law on Credit Institution.

### Section III

#### **Permission of a Bank for Opening a Branch in a Third Country**

**Article 20.** (1) A bank wishing to obtain a permission to establish a branch in a third country shall file a written application with the Bulgarian National Bank which shall contain:

1. the name of the country where the bank intends to open a branch, and the registered office thereof;

2. the names of at least two persons appointed to manage the branch and represent the bank abroad.

(2) The following documents shall be submitted with the application under paragraph 1:

1. a certified transcript of the decision of the bank's competent management body for the establishment of the overseas branch in the respective country;

2. a certified transcript of the decision of the bank's competent management body for the appointment of the persons who will manage the branch and represent the bank abroad;

3. a business plan, which shall, in addition to the information under Article 13, paragraph 2, items 3, 4 and 5 of the Law on Credit Institutions, contain economic substantiation of the need to open a branch of the bank in the respective country.

(3) Any person appointed to manage the branch of the bank abroad shall submit:

1. a certificate proving no previous conviction for a premeditated crime of a public character, or in case of non-residents, another document to the same effect;

2. information on:

a) full name, URN, date and place of birth, permanent address;

b) education, including the names of educational institutions where it was acquired, and length of study;

c) attended qualification training courses and seminars stating place and years of training;

d) command of foreign languages (both written and spoken) stating the proficiency level;

e) professional experience with details on the occupied positions by year;

f) current employment and a detailed job description of the present position;

g) a certified transcript of a diploma, or any other similar document of completed higher education;

3. a statement certifying the following circumstances:

a) that the person is not and has not been deprived of the right to hold a position of material liability;

b) that the person has not been a member of a managing or controlling body, or a general partner in a company which has been wound up due to bankruptcy, if creditors have not been paid;

c) that the person is not a spouse or a relative, in direct or lateral lineage up to the third degree, of another person who manages and represents the branch, or of a member of an internal control office of the branch;

d) that the person has not been a member of a managing or controlling body of a bank in the last five years prior to the date of the ruling on declaring the bank bankrupt;

e) the amount of taxes paid for the last three years, containing information whether the person has been penalized for tax evasion, and whether the person has any outstanding taxes.

(4) The Bulgarian National Bank shall refuse to grant a permission where:

1. there is a risk that the financial position of the bank may deteriorate as a result of opening a branch abroad;

2. the business plan submitted includes bank transactions or activities beyond the scope of the license granted to the bank;

3. the proposed organizational structure of the branch does not ensure its reliable and stable management;

4. the bank supervision exercised in the host country is not sufficiently effective;

5. an agreement of supervisory cooperation between the Bulgarian National Bank and the respective host supervisory authority of the branch has not been concluded and there are some legal or administrative impediments to the bank supervision exercised over the branch by the Bulgarian National Bank.

**Article 21.** Having received the permission by the competent supervisory authority in the host country, the bank shall send within ten days a copy of the permission to the Bulgarian National Bank.

## Section IV

### Permission for a Change in the Name Specified in the License

**Article 22.** (1) A bank wishing to obtain a permission to change its name as specified in the license shall file a written application with the Bulgarian National Bank, attaching the following documents thereto:

1. a certified transcript of the decision of the bank's competent body;
2. a statement of motivated reasons for changing the present name of the bank.

(2) A foreign bank wishing to change the name specified in its license for conducting bank activity through a branch on the territory of the Republic of Bulgaria shall file a written application with the Bulgarian National Bank, attaching the documents certifying the change in the bank's name in its home country.

(3) Where necessary, the Bulgarian National Bank shall request a statement of opinion of the Competition Protection Commission.

(4) The Bulgarian National Bank shall refuse to grant a permission for changing the name specified in the license, if the requirement stipulated in Article 6, paragraph 3 of the Law on Credit Institutions is not met.

## Section V

### Permission for Transformation

**Article 23.** (1) A permission for transformation of a bank through takeover or merger can be granted only if corporations participating in transformation are banks.

(2) A permission for transformation of a bank, licensed by the Bulgarian National Bank, is not granted by means of legal form change or through assignment of the entire property to the sole proprietor.

(3) A permission for transformation through merger of banks is granted only if the new established company has already obtained a bank license.

(4) In case of bank takeover, the right to conduct activities for which the acquiring bank has not been licensed, does not pass over the acquiring bank.

(5) For granting a permission for splitting or spinning off through acquisition, acquiring companies shall possess the respective license, if as a consequence of the succession, they acquire the rights and the obligations raised in conducting their activities, for which the license is requested.

(6) For granting a permission for splitting or spinning off through establishment or in case of spinning off the sole commercial company, the new established com-

panies shall have received the license, if as a consequence of the succession, they acquire the rights and the obligations raised in conducting their activities for which the license is requested.

(7) In the cases under paragraphs 3, 5 and 6, the application for granting a license, for which the Bulgarian National Bank is competent, shall be considered simultaneously with this permission.

(8) Where as a consequence of the transformation there are circumstances, which demand granting other permission under this Ordinance, the application for granting this permission shall be considered simultaneously with the permission for transformation.

(9) In the cases under paragraph 5, prior to come up with a decision, the Bulgarian National Bank shall take into consideration the statement of opinion of the Financial Supervision Commission regarding the company participating in the transformation and supervised by the Commission.

**Article 24.** (1) To obtain a permission for transformation, the bank shall submit:

1. a statement of motivated reasons substantiating the need of transformation and the respective form of transformation;

2. a certified transcript of the decision by the competent bodies of the banks participating in the transformation;

3. a certified transcript of the contract or the plan for transformation;

4. detailed information on rights and obligations passing over acquiring and/or new established companies;

5. forecasted reports of the banks participating in the transformation, including balance sheet, income statement, capital adequacy, liquidity, large exposures, holdings and investments reports under Article 47, paragraphs 1 and 2 of the Law on Credit Institutions, where the effect of transformation has been reflected;

6. reports by the managing bodies of the transformed and acquiring companies;

7. reports by the examiners (specialized auditing companies under Article 76 of the Law on Credit Institutions) under Article 262m of the Commercial Code which consist of conclusion related to the following:

a) authenticity of the presentation of financial and property position of the banks participating in the transformation and their financial result;

b) the reliability of internal control systems of the acquiring bank;

c) the compliance of the forecasted supervisory reports, completed by the banks, participating in the transformation, with the requirements of the Law on Credit Institutions and the bylaws of its enactment;

8. an opinion by the examiner under Article 76 of the Law on Credit Institutions whether there are circumstances under Article 77, paragraph 1 of the Law on Credit Institutions during the audit;

9. a certified transcript of the licenses granted by other bodies outside the Bulgarian National Bank, if there is such requirement under Article 23;

10. in the cases of takeover, splitting or spinning off through acquisition, a business plan of the acquiring bank;

11. a draft announcement to the creditors of the banks, participating in the transformation, which will be published in two central daily newspapers after granting of the permission;

12. any other documents necessary for conducting the assessment whether the permission shall be granted.

(2) The Bulgarian National Bank shall grant the permission for transformation where it has established that:

1. the interests of the depositors and other creditors of the bank, participating in the transformation, should not be threatened or impaired;

2. the passing assets and liabilities should not bring to the violation of the Law on Credit Institutions or the bylaws on its enactment by the bank, participating in the transformation;

3. the respective licenses and permissions have already been granted or will be granted simultaneously with the permission, provided such licenses and permissions are required under Article 23;

4. the positive statement of opinion by the Financial Supervision Commission has been received, provided such statement is required under Article 23.

(3) Besides non-compliance with the requirements under paragraph 1, the Bulgarian National Bank shall refuse to grant the requested permission:

1. for takeover, splitting through acquisition or spinning off through acquisition:  
a) if there is a risk for deterioration of the financial position of the bank participating in the transformation;

b) if in Bulgarian National Bank's judgment, a bank participating in the transformation may not continue to reliably and steadily exercise its bank activities after the transformation;

c) if in Bulgarian National Bank's judgment, a bank participating in the transformation can not be able to continue performance of all its current and/or acquired after the transformation obligations without delay;

2. if the applicant has not submitted all necessary information and documents in a due term or if submitted documents contain incomplete, inconsistent, improper or untrustworthy information.

## Section VI

### **Permission for Changing the Scope of a Granted License**

**Article 25.** (1) A bank wishing to obtain a permission for changing the scope of a granted license by adding activities under Article 2, paragraph 2 of the Law on Credit Institutions, shall file an application with the Bulgarian National Bank, attaching the following thereto:

1. the modified Articles of Association, including the new form of bank transactions or activities, together with a copy of the decision of the General Meeting on amending the Articles;

2. substantiation of the reasons for expanding the bank's scope of activities;

3. information on the professional experience and qualification of the staff that will directly make the new form of bank transactions;

4. information on the availability of appropriate hardware and software for the execution of the new form of bank transactions.

(2) A bank with a seat in a third country wishing to make a new form of bank transactions or activities through its branch on the territory of the Republic of Bulgaria shall file a written application with the Bulgarian National Bank, attaching the following thereto:

1. documents certifying authorization to make such transactions in its country of domicile;

2. the information under paragraph 1, items 3 and 4.

(3) The Bulgarian National Bank shall refuse to grant a permission where:

1. it has established that the professional qualification and experience of the persons under paragraph 1, item 3, as well as the financial position of the applicant does not ensure a reliable conduct of the new form of bank transactions or activities;

2. it has established that the foreign bank is not authorized to carry out the transactions or activities specified in the application in its home country.

(4) A bank may start making the allowed bank transactions or activities after it has submitted to the Deputy Governor heading the Banking Supervision Department a certified transcript of the said changes as entered in the Commercial Register.

## Section VII

### **Permission to Increase the Capital through Non-cash Contributions**

**Article 26.** (1) A bank wishing to obtain a permission to increase its capital through non-cash contributions shall file a written application with the Bulgarian National Bank, attaching the following thereto:

1. a certified transcript of the decision of the competent body of the bank to increase its capital through non-cash contributions and respective amendment to its Articles of Association, the decision describing in detail the property provided as non-cash contributions, the persons making them, and the nominal value of the new shares issued against these contributions;

2. a valuation made by experts in accordance with Article 72 of the Commercial Code;

3. the modified Articles of Association containing full description and valuation of the property provided as non-cash contributions.

(2) The Bulgarian National Bank may refuse to grant a permission where:

1. the provisions of the Commercial Code have not been complied with;

2. (amended; Darjaven Vestnik, issue 36 of 2009) the approval under Article 28 or Article 31 of the Law on Credit Institutions has not been issued, provided that such approval is required;

3. the bank violates or by a contribution will violate the requirements of the Law on Credit Institutions or the bylaws on its enactment;

4. risk-weighted assets with risk weight 50 per cent or more within the meaning of Chapter Four of Ordinance No. 8 on the Capital Adequacy of the Credit Institutions are subject of the contribution, and where in Bulgarian National Bank's judgment, the bank is unable to attain a price equivalent in compliance with the Articles of Association, provided that rapid sale of these assets is required;

5. rights which are not directly related to the bank's activity are the subject of the contribution.

(3) After obtaining the permission, the bank shall submit to the Deputy Governor heading the Banking Supervision Department a certified transcript of the said changes entered in the Commercial Register.

## Section VIII

### **Permission for Buyback of Shares Issued by a Bank**

**Article 27.** (1) A bank wishing to obtain a permission to buy back shares issued by the bank itself shall file a written application with the Bulgarian National Bank attaching the following:

1. a certified transcript of the decision of the bank's General Meeting of Shareholders for the buyback of shares issued by the bank, indicating the purpose of the buyback;

2. a statement of motivated reasons for the need to buy back shares issued by the bank.

(2) The Bulgarian National Bank shall refuse to grant a permission where:

1. the provisions of Article 187a of the Commercial Code have not been complied with;

2. the buyback of the bank's shares would result in incompliance with the provisions of the Law on Credit Institutions and the ordinances on its enactment, issued by the Bulgarian National Bank.

(3) After obtaining the permission, the bank shall submit to the Deputy Governor heading the Banking Supervision Department a certified transcript of the said changes as entered in the Commercial Register.

## Section IX

### **Permission to Reduce the Capital of a Bank**

**Article 28.** (1) A bank wishing to obtain a permission to reduce its capital shall file with the Bulgarian National Bank a written application attaching the following:

1. a certified transcript of the decision of the bank's General Meeting of Shareholders on the capital reduction, indicating the purpose of the reduction;

2. a statement of motivated reasons for the need to reduce its capital.

(2) The Bulgarian National Bank shall refuse to grant a permission under this Article where:

1. the capital reduction is in violation of the provisions of Articles 199–203 of the Commercial Code;

2. the capital reduction would result in incompliance with the provisions of the Law on Credit Institutions and the ordinances on its enactment, issued by the Bulgarian National Bank.

(3) After obtaining the permission, the bank shall submit to the Deputy Governor heading the Banking Supervision Department a certified transcript of the said changes as entered in the Commercial Register.

## Section X

### **Permission for Establishing or Acquiring a Control over a Bank with a Seat Abroad**

**Article 29.** (1) For granting a permission for establishing or acquiring control over a foreign bank, the bank shall submit an application to the Bulgarian National Bank.

(2) In the cases of a bank's establishment, an application shall be attached by the following:

1. a certified transcript of the bank's Minutes of the Constituent Meeting or another document to the same effect;

2. a bank's Articles of Association (Act of Association);

3. information on the capital of the established bank, on the type, number, nominal value and issuing value of the subscribed shares and a document of the paid-in contributions;

4. data about the persons who shall manage the bank;

5. information on the relatedness of the applicant with the members of governing bodies;

6. a detailed information on the conditions and provisions for licensing and conducting of bank activity in the country where the bank is established, address and name of the licensing and supervisory authority, specific supervisory requirements and applicable regulations;

7. an economic substantiation of the reasons for a bank's establishment;

8. a business plan of the bank (description) containing information about the managerial structure, including segregation of responsibilities among managing directors and other administrators, organization and management of the bank's information system, including information security mechanism.

(3) In the cases of acquiring control over a bank with residence abroad, the application shall be attached by the following:

1. data about the type, number, single and total nominal value of the shares that will be acquired, their portion in the bank's capital and acquisition price;



2. data about the type, number, single and total nominal value of the shares, already possessed, their portion in the bank's capital and acquisition price;

3. documents and data about the bank in which the control is taken:

a) a certified transcript issued by the respective Commercial Register with current information concerning the name, registered office and head office address of the bank, its legal organizational structure and the persons who represent and manage the bank;

b) audited financial statements of the foreign bank for the last two years;

c) a certified transcript of the Articles of Association (Act of Association) of the bank;

d) information about bank's related persons;

e) information about applicant's relatedness with other shareholders and with the persons participating in the managing bodies;

f) a certified transcript of the bank license, including detailed information about permitted transactions and activities of the foreign bank;

g) an economic substantiation of the reasons to acquire a bank with residence abroad;

h) information under paragraph 2, items 6 and 8.

**Article 30.** (1) The Bulgarian National Bank may permit the acquisitions under Article 29, only when the investment's size is fully covered by own funds of the applicant bank and if these funds shall not reduce the bank's capital base under the required minimum.

(2) The Bulgarian National Bank shall refuse to grant a permission where:

1. acquired participation in the bank with residence abroad would result in violation of the requirements of the Law on Credit Institutions and the bylaws on its enactment by the acquiring bank or may lead to deterioration of the bank's assets quality;

2. there is a possibility for a significant increase in the risk of loss for the applicant bank due to the subject of activity, financial position or persons related to the bank in which the shares will be acquired;

3. the applicant doesn't have funds necessary for the planned acquisition in a foreign bank;

4. the applicable law and regime for conducting bank activity in the residence of the bank shall not enable the Bulgarian National Bank to exercise effective consolidated supervision.

## Section XI

### Permission for Voluntary Liquidation

**Article 31.** For granting a permission for voluntary liquidation, the bank shall submit to the Bulgarian National Bank a liquidation plan approved by the bank's management body and comprised of:

1. a starting date and deadline for completing the liquidation;

2. a balance sheet as of no longer than 30 days preceding the date for submission of the application certified by the auditors;

3. a detailed report on assets, subject to cashing, and planned terms for their cashing;

4. terms and way of settlement of the monetary and non-monetary applicant's liabilities;

5. a list of the persons who will be appointed for liquidators and their substitutes with identification for segregation of responsibilities, detailed information about their education, qualification and professional experience, related party declaration and declaration for existence of business interests with the bank;

6. a draft announcement to the creditors, which will be published in at least two central daily newspapers.

**Article 32.** In the case of sale of a bank enterprise, in addition to the documents under Article 131, paragraph 4 of the Law on Credit Institutions, the documents under Article 31, items 1, 2, 4–7 necessary for granting a permission for voluntary liquidation shall also be attached.

## Section XII

### **Issuing a Certificate under Article 25 of the Law on Credit Institutions**

(repealed; Darjaven Vestnik, issue 36 of 2009)

**Article 33.** (repealed; Darjaven Vestnik, issue 36 of 2009)

## Section XIII

(new, Darjaven Vestnik, issue 40 of 2014)

### **Permission for Performing Activities under Article 2, paragraph 6 of the Law on Credit Institutions**

**Article 33a.** (1) Any bank seeking a permission to perform activities under Article 2, paragraph 6 of the Law on Credit Institutions shall submit to the BNB a written application which shall be accompanied by the following documents:

1. a bank's programme of activities including a detailed description of the activities which the bank intends to perform and of the bank's internal organisation;

2. general terms and conditions applicable to contracts with customers;

3. other information and documents certifying compliance with the requirements of Article 59 of Regulation (EU) No. 1031/2010 of the Commission of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community (OJ, L 302/1, 18 November 2010), hereinafter Regulation (EU) No. 1031/2010.

(2) The Bulgarian National Bank shall examine the application and the documents appended thereto and shall issue or refuse to issue a permission within one month of submission of the application and all relevant documents.

(3) The Bulgarian National Bank shall refuse to issue a permission under paragraph 2 if not all relevant documents have been submitted, if these documents are incorrect or their content is contradictory or if other requirements under Regulation (EU) No. 1031/2010 have not been met.

#### *Chapter Four*

### **Registration of the Granted Licenses and Permissions. Supervisory Fees**

**Article 34.** (1) (amended; Darjaven Vestnik, issue 48 of 2011) Licenses issued in accordance with this Ordinance, as well as permissions issued in accordance with Articles 20, 22, 23, 25 and 31 shall be entered in a public register maintained by the Bulgarian National Bank.

(2) Entry of a granted license shall be made after submission of the documents under Article 16.

**Article 35.** The Bulgarian National Bank shall charge the following fees for administrative expenses connected with consideration of applications and documents for the issuance of licenses or permissions pursuant to this Ordinance:

1. for issuance of a license to a bank – BGN 100,000;
2. (repealed; Darjaven Vestnik, issue 48 of 2011);
3. for issuance of a license to a bank with a seat in a third country to conduct bank activity on the territory of the Republic of Bulgaria through a branch – BGN 80,000;
4. (amended; Darjaven Vestnik, issue 36 of 2009) for issuance of an approval to acquire or increase qualifying shareholding in a domestic bank – BGN 10,000;
5. for issuance of a permission to open an overseas branch of a domestic bank – BGN 50,000;
6. for issuance of a permission for changing the name specified in the license – BGN 3000;
7. for issuance of a permission for transformation of a bank – BGN 50,000;
8. for issuance of a permission for changing the scope of an issued license BGN 20,000;
9. for issuance of a permission to increase the capital of a bank through non-cash contributions – BGN 20,000;
10. for issuance of a permission to reduce the capital of a bank – BGN 20,000;
11. for issuance of a permission to buy back shares issued by a domestic bank – BGN 20,000;
12. for issuance of a permission to acquire control or to establish a bank with residence abroad – BGN 80,000;
13. for issuance of a permission for voluntary liquidation – BGN 100,000;
14. (deleted; Darjaven Vestnik, issue 36 of 2009)

## **Additional Provisions**

§ 1. Any documents and data required pursuant to this Ordinance shall be submitted to the Bulgarian National Bank in a legalized translation into Bulgarian, provided they are issued in foreign languages. In case of discrepancies between the texts, the Bulgarian text shall prevail.

## **Transitional and Final Provisions**

§ 2. Updating of the banks' licenses pursuant to § 6 of the Law on Credit Institutions is free of fees.

§ 3. (1) This Ordinance is issued on the grounds of § 13 of the Law on Credit Institutions, and is adopted by Resolution No. 167 of 22 December 2006 of the Governing Council of the Bulgarian National Bank, and shall repeal Ordinance No. 2 of 2000 on the Permissions (Licenses) Granted by the Bulgarian National Bank (published in Darjaven Vestnik, issue 14 of 2000; amended, issue 76 of 2002, issues 19 and 108 of 2003; amended, issue 44 of 2004).

(2) The Deputy Governor heading the Banking Supervision Department shall give instructions on the enactment of this Ordinance.

## **Ordinance**

### **on Amendment of Ordinance No. 2 of 2006 on the Licenses and Permissions Granted by the Bulgarian National Bank According to the Law on Credit Institutions**

(published; Darjaven Vestnik, issue 36 of 15 May 2009)

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## **Final Provision**

§ 18. This Ordinance is issued on the grounds of § 13 of the Law on Credit Institutions and is adopted by Resolution No. 52 of 23 April 2009 of the Governing Council of the Bulgarian National Bank.

**Ordinance**  
**on Amendment of Ordinance No. 2 of 2006 on the Licenses**  
**and Permissions Granted by the Bulgarian National Bank**  
**According to the Law on Credit Institutions**

(published; Darjaven Vestnik, issue 48 of 24 June 2011)

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**Final Provision**

§ 18. This Ordinance is issued on the grounds of § 13 of the Transitional and Final Provisions of the Law on Credit Institutions and is adopted by Resolution No. 51 of 9 June 2011 of the BNB Governing Council.

**Ordinance**  
**on Amendment of Ordinance No. 2 of 2006 on the Licenses**  
**and Permissions Granted by the Bulgarian National Bank**  
**According to the Law on Credit Institutions**

(published; Darjaven Vestnik, issue 40 of 13 May 2014)

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**Final Provision**

§ 4. This Ordinance is issued on the grounds of § 13 of the Transitional and Final Provisions of the Law on Credit Institutions and is adopted by Resolution No. 45 of 24 April 2014 of the BNB Governing Council.