# SEE LINK



**BULGARIA** 







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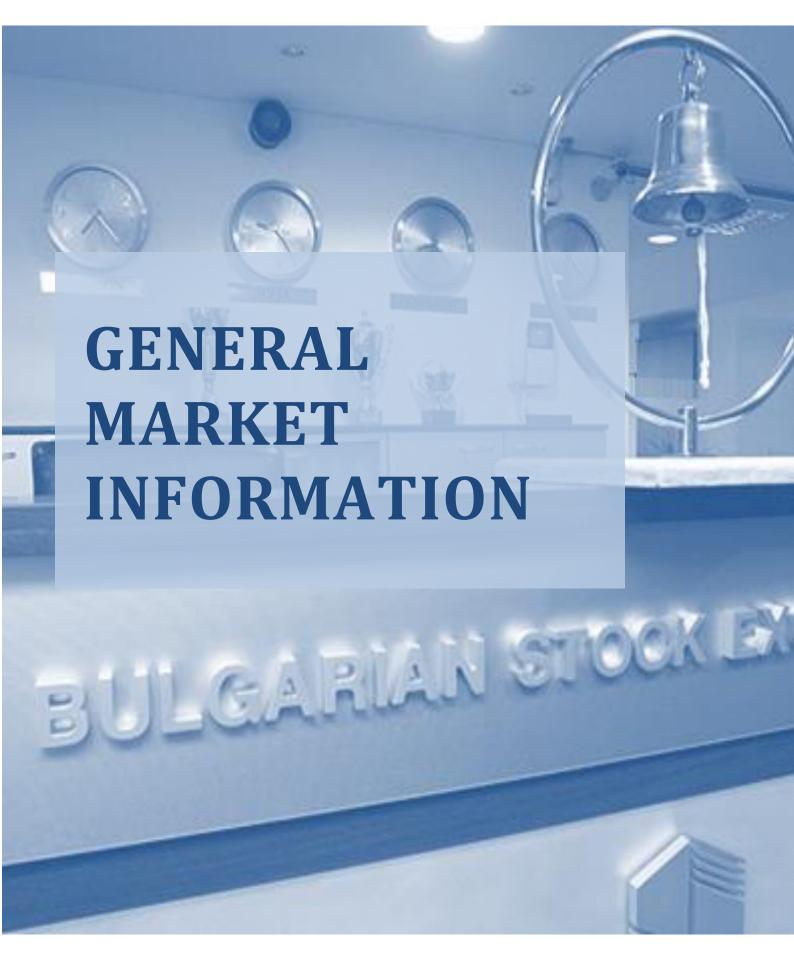
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#### MARKET OPERATOR

Bulgarian Stock Exchange- Sofia (BSE). Website: www.bse-sofia.bg

#### FINANCIAL REGULATOR

Financial Supervision Commission (FSC)= Website: <a href="http://www.fsc.bg/en/">http://www.fsc.bg/en/</a>

#### LIST OF LICENSED INVESTMENT FIRMS

List of the licensed investment firms can be found on Financial Supervision Commission's website: <a href="http://www.fsc.bg/en/markets/capital-market/lists-of-supervised-entities/investment-intermediaries/">http://www.fsc.bg/en/markets/capital-market/lists-of-supervised-entities/investment-intermediaries/</a>

#### DEPOSITORY INSTITUTION

Central Depository AD (CSD). Website: <a href="http://www.csd-bg.bg/">http://www.csd-bg.bg/</a>

### INVESTOR COMPENSATION FUND

Investor Compensation Fund (ICF). Website: <a href="http://sfund-bg.com/en">http://sfund-bg.com/en</a>

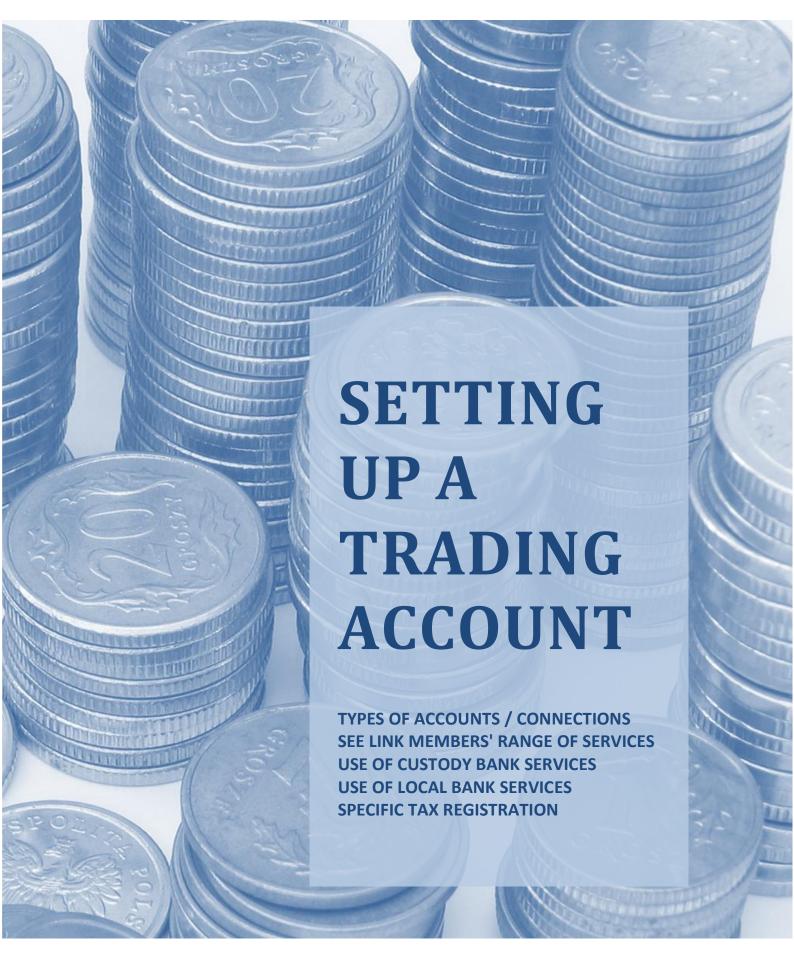
## WEB SITES PROVIDING CORPORATE INFO AND FINANCIAL REPORTS

Mainly <a href="http://www.x3news.com/">http://www.x3news.com/</a> and <a href="http://bse-sofia.bg/?page=News">http://bse-sofia.bg/?page=News</a>

OTHER MEDIA PROVIDING COUNTRY AND MARKET INFO IN ENGLISH

SEENEWS - <a href="https://seenews.com/news/?country=478">https://seenews.com/news/?country=478</a>







### Types of accounts / connections

Possible options for Bulgaria:

- Originating Broker Executing Broker
- Originating Broker Executing Broker + Custody bank (securities and money)

## CAN A SEE LINK MEMBER PROVIDE FULL RANGE OF SERVICES IN ORDER TO SET UP A TRADING ACCOUNT?

Yes, all Bulgarian Investment firms participating in SEE Link (as of June 2016) have the necessary license to provide full range of services – execution, settlement, custody of securities and money, corporate action management, tax issues etc.

## IS IT OBLIGATORY FOR A SEE LINK MEMBER TO USE CUSTODY BANK SERVICES?

No, it is up to the SEE LINK participant to choose whether to use or not custody bank services. All Bulgarian Investment firms granted with a full license from the local regulator can act as custodian institutions keeping both clients' money and securities.

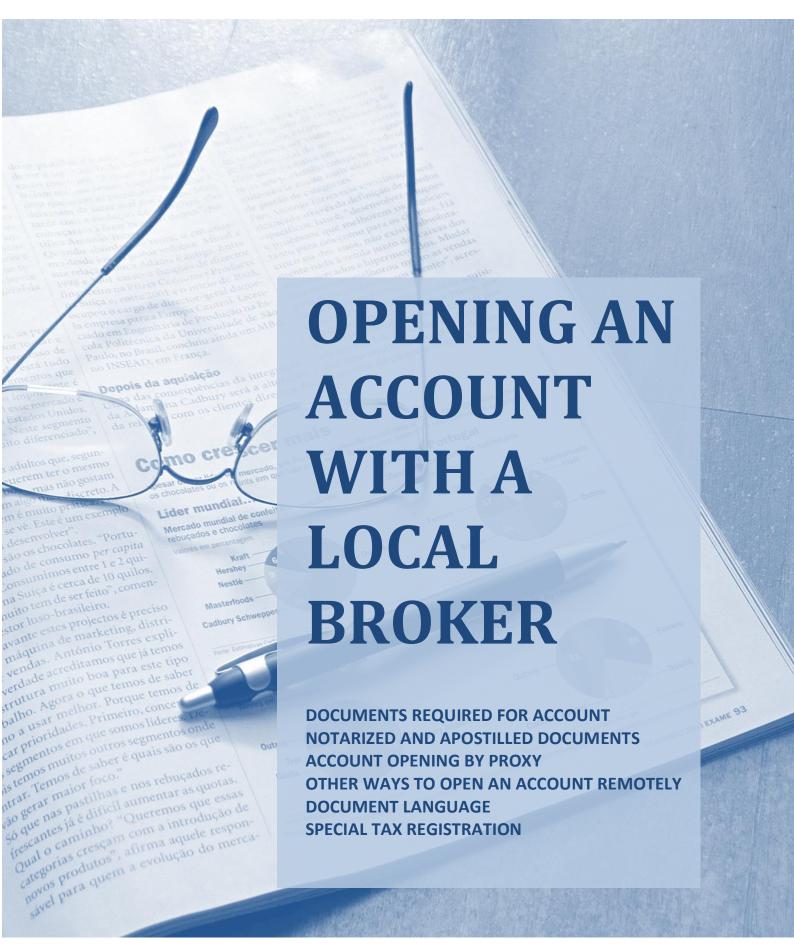
IS IT OBLIGATORY FOR A SEE LINK MEMBER TO USE A LOCAL BANK SERVICES IN ORDER TO TRADE ON THE LOCAL STOCK EXCHANGE AND RECEIVE PAYMENTS RELATED WITH CORPORATE ACTIONS (DIVIDENDS, COUPONS, ETC.)?

No, in Bulgaria all money transfers, corporate actions payments and trade settlement trasfers can be performed by a single brokerage account opened with the local executing broker. The Bulgarian Investment firms are obliged to segregate their proprietary assets from clients' assets and clients' money are kept in special clients' account in a bank institution.

### IS THERE A SPECIFIC TAX REGISTRATION REQUIRED?

No, there is no tax registration required in Bulgaria.







## DOCUMENTS REQUIRED FOR OPENING AN ACCOUNT FROM THE SEE LINK PARTICIPANT

The documents required for opening an account by foreign entities are as follows:

- Certificate of Incorporation;
- Articles of Association (duly certified by the legal representative whereas to be reflected all recent amendments thereof);
- Certificate of good standing confirming the current existence of the legal entity (stating at least the name of the company, its legal form, its seat and registered address, its term and subject of activity, its legal representatives and the manner of representation as well as information on the amount of the registered capital and shareholders);
- Certificate of incumbency or a resolution of the board of directors confirming
  the appointment and status of the legal representatives (where not stated in
  the certificate of good standing);
- Copy of the identification document of the company's representatives;
- In all cases of companies represented by a nominal director certificate or other valid document according to the respective legislation of the country of registration, stating the physical persons who are the beneficial owners of the company as a legal entity;
- Certificate of Tax Residence /if any/;
- Trading or fund management license /if any/;

## WHICH OF THE REQUIRED DOCUMENTS MUST BE NOTARIZED AND APOSTILLED?

The Articles of Association and Certificate of good standing are required in original or duly notarized copies of the original. Apostille is needed in all cases where there is no legal assistance treaty between Bulgaria and the respective country.

## CAN A PROXY OPEN AN ACCOUNT AND, IF YES, BASED ON WHAT ADDITIONAL DOCUMENTS?

Yes, a proxy can open an account. A proxy is required to have a detailed reference to the powers assigned to him/her in a notarized power of attorney, a copy of the passport or the identity card of the authorizer and the authorized, verified in self-written with the text "true copy".

### WHAT ARE OTHER WAYS TO OPEN AN ACCOUNT REMOTELY?

There are certain legally approved ways for signing agreement in absentia, but they include a lot of paperwork and additional costs and are generally suitable for individual accounts only.

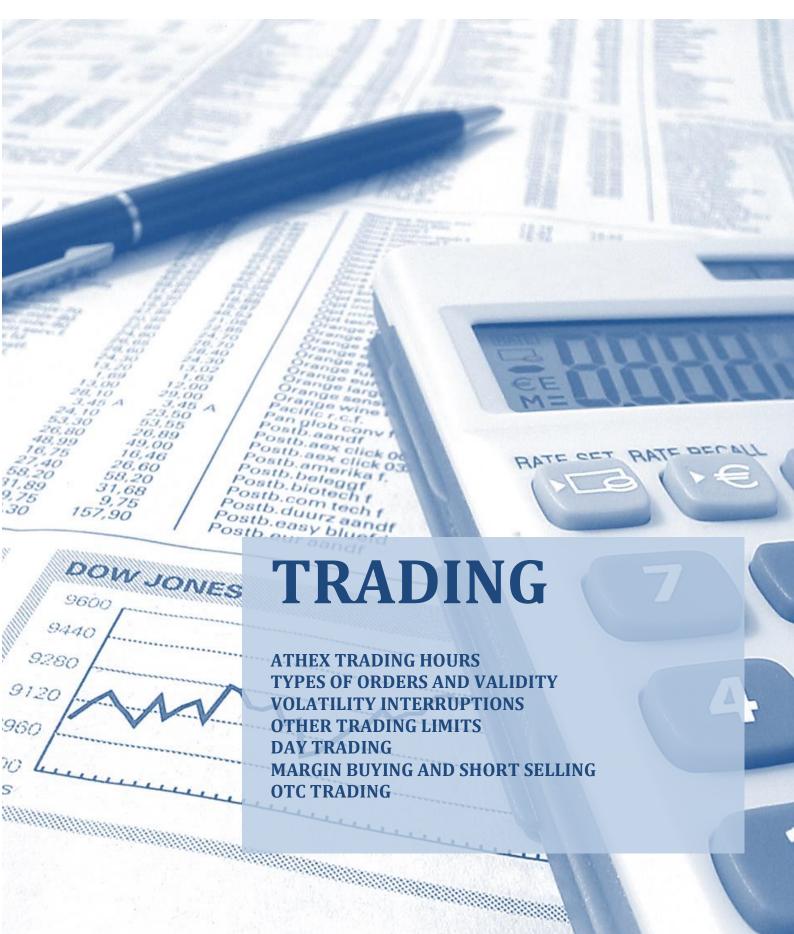
## IS IT OBLIGATORY TO PROVIDE ANY DOCUMENTS IN LOCAL (BULGARIAN) LANGUAGE?

No, it is not. Normally the investment firm would accept documents translated in English and would not require translation in Bulgarian.

#### IS THERE A SPECIAL TAX REGISTRATION REQUIRED?

No, there is no special tax registration required.







#### BSE TRADING HOURS

- 09:30 10:00 Pre-trading
- 10:00 10:10 Opening auction
- 10:10 16:55 Continuous trading
- 16:55 17:00 Closing auction
- 17:00 17:30 Post-trading

All times are Bulgarian Time (UTC+02:00)

#### TYPES OF ORDERS AND VALIDITY

Basic order types, supported by SEE Link:

- Market orders: orders to buy or sell a particular amount of financial instruments at the best price on the exchange market at the time of entering the orders into the Exchange trading system;
- **Limit orders**: orders to buy or sell a particular amount of financial instruments at a specified limit price;

Additional order types, supported by SEE Link:

• **Iceberg Orders** - good-for-day limit orders, which are characterized by an overall volume and by a peak volume and in which only the peaks remainder is visible in the System at any time.

In terms of validity, orders can vary from good for day up to 1 year.

#### VOLATILITY INTERRUPTIONS

The trading platform automatically triggers a volatility interruption in any instrument if the potential execution prices lies outside of either a dynamic or a static range. The dynamic range is defined on the basis of the reference price (i.e. price of last transaction) and the static range is defined on the basis of the last auction price.

These ranges depend on the instrument type and market segment. Below are the ranges applicable to SEE Link-eligible instruments.

Instrument			Dynamic Range	Static Range
Equties,	Main	Market,	±5% of the reference price	±10% of the last auction price
Premium Segment				
Equties,	Main	Market,	±10% of the reference price	±20% of the last auction price
Standard Segment				
Special Pur	pose Vehic	les, Main	±10% of the reference price	±20% of the last auction price
Market				
Subscriptio	n Rights	, Main	±10% of the reference price	±20% of the last auction price
Market				
Fast Market (all instruments at			1.3xDynamic Range	1.3xStatic Range
the same ti	me)			



If triggered during continuous trading the volatility interruption results in switching to a standard two-minute auction with random end of 30 seconds. If triggered during an auction, the volatility interruption results in extension of the auction by two more minutes, again with a random end within 30 seconds.

If at the end of the volatility interruption the potential execution prices lies beyond a range that is 2x the ranges above, then an extended volatility interruption is triggered. All extended interruptions as processed manually by the exchange.

#### OTHER TRADING LIMITS

None.

#### DAY TRADING

Day Trading is allowed when first buying and then selling securities.

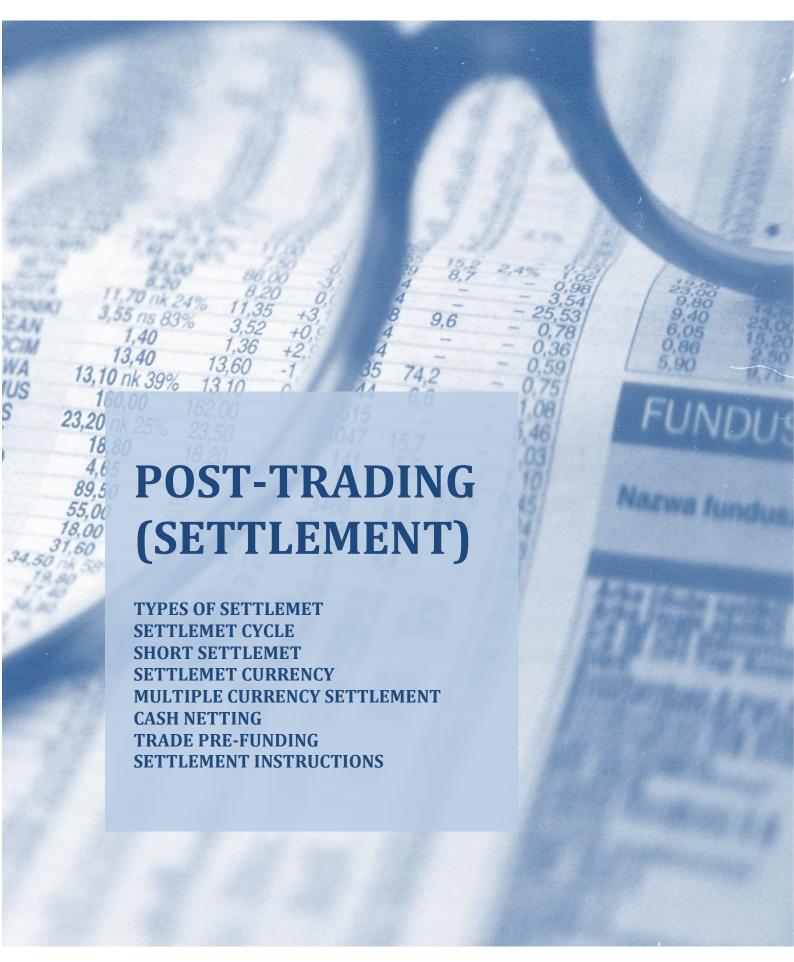
#### MARGIN BUYING AND SHORT SELLING

Not present on the market. Legally possible but conditions are hard to meet and no central clearing of such trades is currently performed by the CSD.

### **OTC** TRADING

It is possible to submit instruction for OTC transactions to the broker (not supported by SEE Link).







## TYPES OF SETTLEMENT ALLOWED FOR ON-EXCHANGE TRANSACTIONS

DVP, model 2 (gross securities, net cash) only.

#### SETTLEMENT CYCLE

T+2 is the default settlement cycle for on exchange transactions for all securities (stocks, bonds ETFs etc)

#### IS SHORTER SETTLEMENT POSSIBLE

It is possible only for OTC Delivery free of Payment (DFP) transactions. Not available for on-exchange transactions.

#### SETTLEMENT CURRENCY

Bulgarian Leva (BGN) only. Operating under a monetary board the BGN is pegged to EUR as EUR 1 = BGN 1.95583

#### IS MULTIPLE CURRENCY SETTLEMENT POSSIBLE?

Multiple currency settlement is not possible.

#### CASH NETTING

Yes

## TRADE PRE-FUNDING (BOTH CASH AND STOCK)?

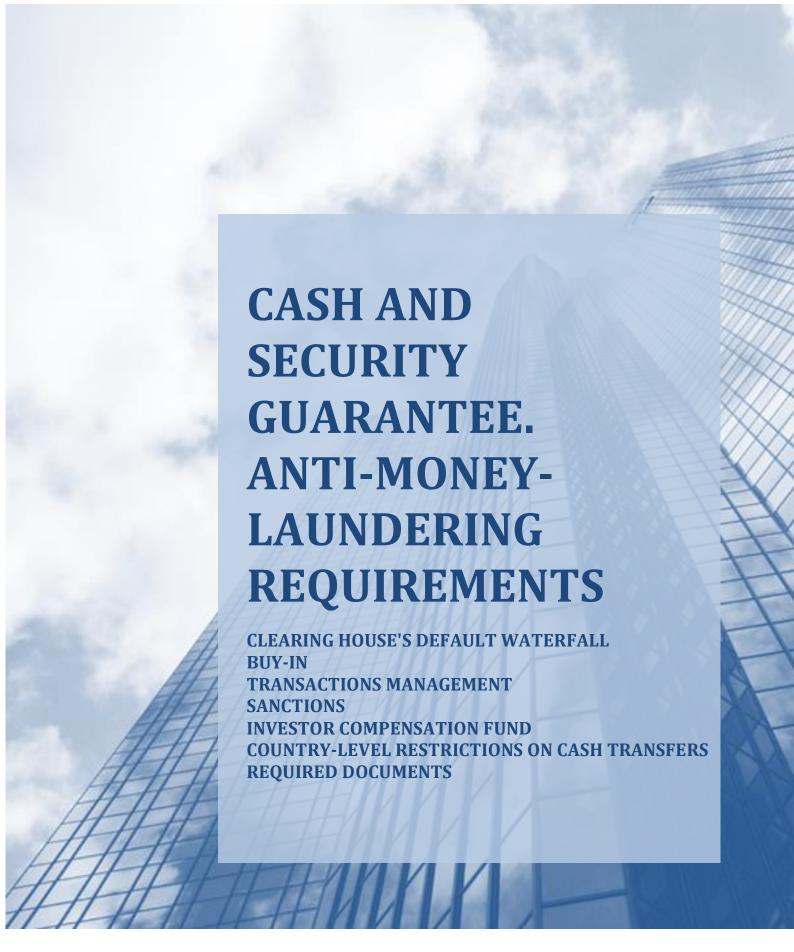
In case the broker acts as a custodian, prefunding is usually required at the time of order placement.

In case the broker does not act as a custodian, the client needs to provide cash/securities within T+2

## IN CASE CUSTODIANS ARE INVOLVED IN TRANSACTION, WHO IS REQUIRED TO SEND SETTLEMENT INSTRUCTIONS?

In case custodian is involved in transaction, the custodian is required to send settlement instructions







#### CLEARING HOUSE'S DEFAULT WATERFALL

The Central Depository operates its own settlement guarantee fund. The CSD does not operate as CCP and does not guarantee transactions with its own capital. CSD members currently do not post collateral based on their open positions nor make any other type of deposits.

#### BUY-IN

A buy-in procedure is effected in case there is more than 4 days of delayed settlement.

### TRANSACTIONS MANAGEMENT

The Bulgarian CSD has adopted rules for market claim transformation and buyer protection in order to guarantee the participation of the buyer when there is a delayed settlement.

#### SANCTIONS

Delayed transactions are subject to monetary penalties imposed by the exchange and the CSD itself.

#### **INVESTOR COMPENSATION FUND**

In case of insolvency or other cases in which the investment firm fails to meet its obligations the Fund pays out compensation to every client of an investment firms up to 90% of the amount of the receivable, but not more than 40 000 BGN ( 20 451 EUR)

#### COUNTRY-LEVEL RESTRICTIONS ON CASH TRANSFERS

No specific restrictions apply, but certain information should be declared for transfers above BGN 30 000 (EUR 15 338)

#### IF YES, WHAT DOCUMENTS ARE REQUIRED?

Besides the bank order-form for requesting an outgoing money transfer, a standard declaration under the Law on the Measures against Money Laundering is required for:

- All cash transfers (incoming and outgoing) exceeding the equivalent in foreign currency of BGN 30 000. (app. 15 338 EUR)
- All orders exceeding the equivalent in foreign currency of BGN 30 000. (app. 15 338 EUR)
- Smaller cash transfers or orders whose combined amount exceeds the equivalent in foreign currency of BGN 30 000. (app. 15 338 EUR) within one month







### DIVIDEND RECORD DATE/EX-DATE

The dividend record date is defined in the legislation as the 14th day after the date of the GSM where the decision for dividend distribution is voted.

## IS THE CSD RESPONSIBLE FOR DIVIDEND PAYMENTS DISTRIBUTION TO SHAREHOLDERS?

The CSD is responsible for the dividend distribution for all CSD clients.

#### PAYMENTS OF DIVIDENDS, COUPONS, UNUSED RIGHTS ETC.

The payments are received directly in the accounts opened with executing brokers or custody banks.

### CAPITAL INCREASE WITH RIGHTS

When a listed company raises capital, all existing shareholders are granted subscription rights. Each existing share entitles to one right. Each right can be used for subscription of such amount of shares so the shareholder can retain their pre-increase stake in case all rights are used up.

### RECORD DATE/EX-DATE

The record date is defined in the legislation and depends on whether the capital increase is affected by the Management Board of the company or its general meeting of shareholders.

Rights are traded on the exchange within a timeframe defined in the prospectus (minimum and maximum number of days apply). Unused rights are offered on one final auction after the last trading day.

## STOCK SPLITS / REVERSE STOCK SPLITS

The stock split/reverse stock split procedures are automated and performed by the CSD.

## IS TRADING/SETTLEMENT SUSPENDED IN CASE OF CORPORATE EVENTS AND IF YES, FOR HOW LONG?

In case of stock splits/reverse stock splits the trading is suspended for 3 (trading) days. However, it is expected that the suspension will no longer be necessary in the near future.

## IS THERE AN AUTOMATIC ORDER DELETION AT THE END OF DIVIDEND RECORD DATE?

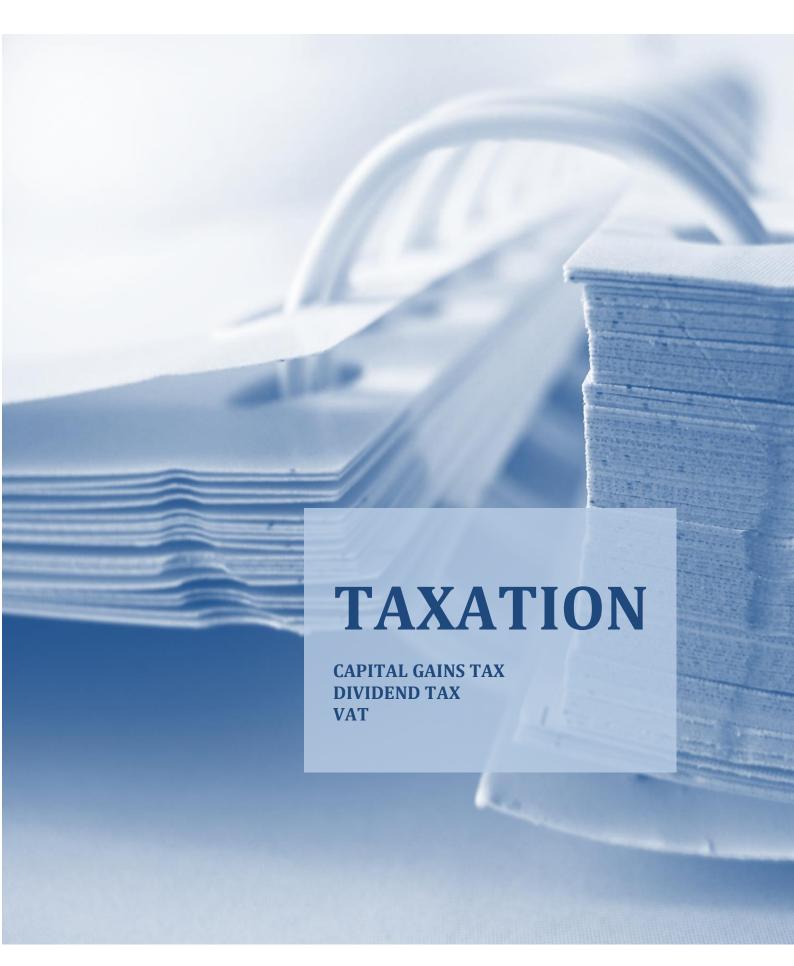
Yes, all orders are automatically deleted after the market close at the Dividend record date and at the ex-dividend date the trade is restored with new price limits and clear order book.



## ARE OTHER CORPORATE EVENTS POSSIBLE?

IPOs, other types of capital increases/decreases, M & A deals, spin-offs etc.







#### CAPITAL GAINS TAX

Capital gains from transactions in shares of public companies on the regulated stock market are not subject to withholding tax for Bulgarians.

For foreign investors, what prevail are the provisions of the Avoidance of Double Taxation Treaties between Bulgaria and the investor's country of origin.

### DIVIDEND TAX

Dividends and liquidation proceeds payable by resident entities to both resident and foreign natural persons are subject to a 5% final withholding tax at the source. When a foreign individual is treated as a resident for tax purposes of a country - member of the European Union or in another country - member of the European Economic Area, then certain incomes are not subject to tax.

As with the capital gains tax, what prevails is the provisions of the Avoidance of Double Taxation Treaties between Bulgaria and investor's country of origin.

### VAT

CSD's and Investment firms' transaction fees are VAT-exempt. Stock exchange trading fees are subject to Bulgaria's standard VAT rate of 20%





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