

APPROVED BY:

APPROVED BY:

.....

MINISTER OF FINANCE

.....

**GOVERNOR OF
THE BULGARIAN
NATIONAL BANK**

RULES

**for Admission to Government Securities Trading on a Regulated Market,
Organised by Bulgarian Stock Exchange-Sofia AD, and Completion of Transactions at the
BNB, the Government Securities Sub-depository Banks and the Central Depository AD**

Art. 1. These rules shall define the terms and procedure for:

1. Admission to trading on a regulated market organized by the “Bulgarian Stock Exchange – Sofia” AD (BSE) of government securities issued by the Minister of Finance pursuant to Art. 12, para. 2 of the Law on the Government Debt (LGD) and Ordinance No. 5 of October 4 2007 on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities (Ordinance No. 5);

2. Completion of the transactions in GS concluded on the regulated market organized by the BSE in the Electronic System for Registration and Servicing Trade in Government Securities (ESROT) and in the Government Securities Settlement System (GSSS) organized by the Bulgarian National Bank (BNB) pursuant to Art. 35, para. 1, item 2 and item 3 of the LGD, as well as in the GS accounts kept by the BNB pursuant to Art. 43, para. 3 of the Law on the Bulgarian National Bank and Art. 35, para. 2 of the LGD and in accordance with the provisions of Ordinance No. 5, Ordinance No. 31 on Government Securities Settlement (Ordinance No 31) and Ordinance No. 15 on Control over Transactions in Government Securities (Ordinance No. 15).

Art. 2. (1) Securities, issued by the Minister of Finance under Ordinance № 5 denominated in Lev and Euro, registered and kept in participants’ GS accounts in the systems established and operated by the BNB pursuant to the Ordinance shall be admitted to trading in the Regulated Market organized by the BSE.

(2) In order to be admitted to trading on the GS Segment of the regulated market organised by the BSE, the issues of government securities must comply with Art. 3, para. 1 of the Rules of Procedure of the BSE – Part IX “Rules for Listing and Trading in Government Securities” (Rules of Procedure).

(3) The issues of interest-bearing GS must also comply with additional requirements under paragraph 2 of Article 3 of Part IX of the Rules of Procedure.

Art. 3. GS issues registration on the BSE shall be carried out the basis of a contract concluded between the BSE, in its capacity as a market operator, and the Ministry of Finance (MoF), following the submission of an application for admission to trading for each individual issue under Part IX of the Rules of Procedure.

Art. 4. Only transactions for purchase and sale of GS under Art. 16, para. 1, item 1 of Ordinance No. 5 are carried out in the regulated market organized by the BSE.

Art. 5. The BSE members are obliged to provide the GS subject to the transaction and to complete it on the second business day after its conclusion and (T+2) under the parameters agreed on the regulated market organized by the BSE. Transactions are completed on a delivery-versus-payment (DVP) basis, in accordance with the effective legislation.

Art. 6.(1) After being admitted as an ESROT participant pursuant to Art. 3, para. 1, item 5 of Ordinance No. 5, the Central Depository AD (CD AD) shall keep accounts to record the GS held by its members and their customers who are not ESROT participants in accordance with its Rules of Procedure and the effective legislation.

(2) The BNB shall keep individual accounts to record the GS held by the ESROT participants.

(3) For the purposes of trading in government securities on the regulated market organized by the BSE, the CD AD shall open and maintain accounts for GS in accordance with its Rules of Procedure and the effective legislation.

Art. 7.(1) Transactions for purchase and sale of GS concluded on the regulated market organised by the BSE shall be completed:

1. Between ESROT participants – based on requests made to the BNB pursuant to Art. 17, para. 2 of Ordinance No. 5 (Appendix No. 10).

2. Between ESROT participants and their customers – based on requests addressed to the BNB under Art. 20, para. 1 and para. 2 of Ordinance No. 5 (Appendices No 11 and 12).

3. Between ESROT participants and customers of other ESROT participants – based on requests addressed to the BNB under Art. 20, para. 4 and para. 5 of Ordinance No. 5 (Appendices No. 15 and 16).
4. Between customers of different ESROT participants – based on requests addressed to the BNB under Art. 20, para. 7 of Ordinance No. 5 (Appendix No. 18).

(2) In the event that the requests under para. 1, items 3 and 4 indicate a transaction price and the name of a BSE member whose account is kept by the CD AD or another ESROT participant, the cash settlement accounts specified in the requests in RINGS/TARGET 2 shall be debited, respectively credited.

Art. 8. Transactions for purchase and sale of GS concluded on the regulated market organised by the BSE between ESROT participants and BSE members who are not ESROT participants may be completed in one of the following ways:

1. In the CD AD subject to the requirements of its Rules of Procedure, after the ESROT participants transfer/receive in accounts opened at the CD AD under Art. 6, para. 3 only GS subject to transactions in accordance with Art. 17, para. 2 of Ordinance No. 5 (Appendices No. 10c and 10d).
2. In the BNB as per Art. 7, para. 1, item 3 and item 4 and paragraph 2.

Art. 9. The completion of transactions in GS concluded in the regulated market organized by the BSE between BSE members, customers of one and the same ESROT participant, shall be carried out in the participant's system of registration of government securities and individual accounts kept to record the government securities held under Art. 35, para. 4 of the LGD.

Art. 10. In case of forthcoming interest payment and/or maturity of government securities, requests/notifications about registration of transactions in the ESROT shall be accepted until 12 p.m. and processed until 1:00 p.m. of the system day of ESROT preceding the settlement date of the maturity of the respective GS issue or of the interest payments thereon.

Art. 11. (1) On the basis of a contract concluded between the BSE and the BNB, the BSE shall send daily, after completing all trading sessions, a final statement to the BNB on the transactions in government securities concluded during the current day, with the exception of those to be completed in the CD AD. The statement shall contain the following information:

- Trade date – T;
- Settlement date – T+2;
- Number of the GS issue (ISIN) subject of the transaction;
- Transferor of GS – name and identification code assigned by the BSE to the participant ;
- Acquirer of GS – name and identification code assigned by the BSE to the participant;
- Nominal value of GS transferred (in figures, with two decimal places) ;
- Price, at which GS are transferred/acquired (in figures, with two decimal places);
- Unique identifier assigned by the BSE to the transaction concluded.

(2) The BSE shall provide the ESROT participants on a daily basis with the information referred to in para. 1 for all concluded transactions parties of which are BSE members, customers of ESROT participants.

(3) The information in the statement under para. 1 must be identical to that provided by the BSE under para. 2 to the participants in the transaction concluded on the BSE.

Art. 12. The BNB, after the end of the system day of ESROT, shall perform a reconciliation between all transactions in GS registered during the current day under Art. 16, para. 1, item 1 of Ordinance No. 5 and the statement received by the Bulgarian Stock Exchange under Art. 11, para. 1 for transactions concluded on a regulated market whose settlement is on that date. The BNB and the CD AD shall immediately notify the MoF of the unregistered transactions in the GS settlement systems operated by them, and as for the registered ones – the BNB and the CD AD provide daily information to the MoF in accordance with Appendix 1 – BNB and Appendix 2 – CD AD.

Art. 13. (1) For the purpose of performing the activities under Art. 11, the BNB shall establish and maintain a nomenclature with data on the BSE members which are ESROT participants with their respective names, identification codes, entry date /exit date, etc.

(2) The Bulgarian National Bank shall update the data in the nomenclature in case of changes in participants' status, entering of new participants, cancelling participation, etc.

(3) The information under para. 1 and 2 shall be provided to the BNB by the BSE in the form and terms to be governed by the contract under Art. 11, para. 1.

(4) The subdepositories of GS shall notify electronically the BNB, "Fiscal Services" Department, using a qualified electronic signature, of all the transactions under Art. 9 that are completed on the value date (Appendix 3).

FINAL PROVISION

§ 1. These rules shall be approved by the Minister of Finance and the Governor of the BNB pursuant to § 9 of the final provisions of the Ordinance Amending and Supplementing Ordinance No. 5 of 2007 on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities (Published in the Darjaven Vestnik, **Issue 29 of 2017**) and shall enter into force on2017.

Statement on transactions in government securities at nominal value, concluded on the Bulgarian Stock Exchange - Sofia for the period:

ESROT participants	Transactions between ESROT participants		Transactions between ESROT participants - GS subdepositories, and by members and their customers that are not ESROT participants		Total						
	Transactions under Art. 4 of the Rules, concluded on the Bulgarian Stock Exchange - Sofia		Transactions under Art. 4 of the Rules, concluded on the Bulgarian Stock Exchange - Sofia		Total transactions in GS, concluded on the Bulgarian Stock Exchange - Sofia			Market share of the participant Bulgarian Stock Exchange - Sofia			
	GS nominal value	Number of transactions	GS nominal value	Number of transactions	GS nominal value	Number of transactions	Percent	GS market value	GS actual selling value	Original maturity	Residual maturity
I. PRIMARY DEALERS											
1. PRIMARY DEALER											
1.1. Short-term GS - total											
ISIN											
ISIN											
ISIN											
1.1. Long-term GS - total											
ISIN											
ISIN											
ISIN											
Total transactions for the PD											
2. PRIMARY DEALER											
2.1. Short-term GS - total											
ISIN											
ISIN											
ISIN											
2.1. Long-term GS - total											

ISIN												
ISIN												
ISIN												
Total transactions for the PD												
TOTAL TRANSACTIONS FOR THE PD												
II. OTHER ESROT PARTICIPANTS												
1. PARTICIPANT -												
1.1. Short-term GS - total												
ISIN												
ISIN												
ISIN												
1.1. Long-term GS - total												
ISIN												
ISIN												
ISIN												
Total transactions for participant												
2. PARTICIPANT -												
2.1. Short-term GS - total												
ISIN												
ISIN												
ISIN												
2.1. Long-term GS - total												
ISIN												
ISIN												
ISIN												
Total transactions for participant												
3. PARTICIPANT -												
3.1. Short-term GS - total												
ISIN												
ISIN												
ISIN												
3.1. Long-term GS - total												
ISIN												
ISIN												
ISIN												
Total transactions for participant												

TOTAL TRANSACTIONS FOR OTHER ESROT PARTICIPANTS											
TOTAL TRANSACTIONS IN GS IN THE SECONDARY-MARKET											

Notes:

The nominal value of government securities shall be filled-in in BGN or BGN equivalent for GS issues denominated in foreign currency.

To be reported for each participant: 50% of the nominal value of the GS being traded (codes: 1000, 2500, 2700 and 2800) - double notification.

Transactions to be included in the scope of the Statement:

Transaction code Description

1000 Transaction for purchase and sale of GS between ESROT participants

2000 Transaction for transfer of GS from an ESROT participant to their customer

2100 Transaction for purchase from an ESROT participant of a GS of their customer

2500 Transaction for transfer of GS from a customer of one ESROT participant to another ESROT participant

2700 Transaction for transfer of GS from a customer of one ESROT participant to a customer of another ESROT participant

2800 Transaction for transfer of GS from a participant to another participant's customer

Statement on transactions in GS at nominal value, concluded on the Bulgarian Stock Exchange – Sofia for the period since..... to

Exchange members	Transactions between members of the Bulgarian Stock Exchange		Transactions between BSE members - subdepositories of GS and their customers and between customers of BSE participants – GS subdepositories		TOTAL						
	Transactions under Art. 4 of the Rules, concluded on the Bulgarian Stock Exchange - Sofia		Transactions under Art. 4 of the Rules, concluded on the Bulgarian Stock Exchange - Sofia		Total transactions in GS, concluded on the Bulgarian Stock Exchange - Sofia		Market share of the participant BSE - Sofia				
	GS nominal value	Number of transactions	GS nominal value	Number of transactions	GS nominal value	Number of transactions	Percent	GS market value	GS actual selling value	Original maturity of the issue	Residual maturity of the issue
1. EXCHANGE MEMBERS											
1. EXCHANGE MEMBER -											
1.1. Short-term GS – total											
ISIN											
ISIN											
ISIN											
1.1. Long-term GS – total											
ISIN											
ISIN											
ISIN											
Total transactions per participant											
2. EXCHANGE MEMBER -											
2.1. Short-term GS – total											
ISIN											
ISIN											
ISIN											
2.1. Long-term GS – total											
ISIN											

ISIN											
ISIN											
Total transactions per participant											
3. EXCHANGE MEMBER -											
3.1. Short-term GS – total											
ISIN											
ISIN											
ISIN											
3.1. Long-term GS – total											
ISIN											
ISIN											
ISIN											
Total transactions per participant											

TOTAL TRANSACTIONS ON THE BULGARIAN STOCK EXCHANGE FOR THE OTHER EXCHANGE MEMBERS
TOTAL STOCK EXCHANGE TRANSACTIONS IN GOVERNMENT SECURITIES IN THE SECONDARY-MARKET

Notification

for completed transactions in GS, concluded on the regulated market organized by the BSE, between investment intermediaries, exchange members, customers of ... (name of ESROT participant)

as at .././.... . (date)

Unique identification number of the concluded transaction in GS on the RM, organized by the BSE	Trade date - T	Settlement date - T-2	Issue number of the GS (ISIN), subject of the transaction	Transferor of GS - II exchange member	Acquirer of government securities - II exchange member	Nominal value of transferred government securities (in figures, with TWO decimal places)	The price at which the government securities are transferred/acquired (in figures, with two decimal places)
1,234	23.5.2017	25.5.2017	BG3010016005	Иxxx	Иxxxxxx	1,200,000.00	1,234,500.12

*The notification shall be sent electronically by the ESROT participants, with the exception of CD AD, by the end of the value date of the transactions using classified e-signature to the BNB, Fiscal Services Department to the following addresses:

Nladenova.Sv@bnbbank.org; Angelova.K@bnbank.org; Zasheva.H@bnbank.org; Labeshka.M@bnbank.org

