

DECREE No. 244
DATED NOVEMBER 24, 2000
on the adoption of an Ordinance on the Disclosure of Major Holdings
in Public and Investment Companies

THE COUNCIL OF MINISTERS
D E C I D E D:

Single Article. The Council of Ministers adopts an Ordinance on the Disclosure of Major Holdings in Public and Investment Companies.

ORDINANCE
on the Disclosure of Major Holdings
in Public and Investment Companies

Section One
GENERAL PROVISIONS

Art.1. This Ordinance shall provide for the contents, the form and the order for the disclosure of major holdings in a public company and in an investment company, as well as of acquisition of control in an investment company.

Art.2. (1) The public company or the investment company, the Bulgarian National Securities Commission, hereinafter referred to as “the Commission”, and the regulated securities market on which the company’s shares are listed shall be notified of each natural person or legal entity, whose voting right has reached, exceeded or fallen below:

1. five percent or a multiple of five percent of the votes in the general meeting of the company whose shares are listed on an official market at a stock exchange;
2. ten percent, 1/4, 1/3, 1/2, 2/3 or 3/4 of the votes in the general meeting of the company whose shares are listed on a regulated securities market other than the stock exchange.

(2) The obligation for disclosure shall arise for the person under para.1, whenever the total number of votes that this person can exercise at the general meeting of a public company, respectively an investment company, reaches or exceeds the tests under para.1 under one or more of the following conditions:

1. when the person holds voting shares of the company to his/its own name (direct holdings);
2. when the spouse and minors descendent to the person under para.1 hold voting shares, except where the person is unable to influence the exercising of the voting right on these shares;
3. when a person controlled by the person under para.1, pursuant to § 1, item 12 of the Additional Provisions of the LPOS, holds voting shares;
4. when another person holds voting shares to his/its own name, but for the account of the person under para.1;
5. when the person under para.1 is entitled to exercise the voting right on shares held by another person, according to a written agreement between these two persons to follow a joint policy on managing the company issuer of the shares;
6. when the person under para.1 is entitled to exercise the voting right on shares, whose holder has concluded with this person a written agreement pursuant to Art.148, para.1, item 5 of

the LPOS authorizing him/it to vote at the company's general meeting at his/its own discretion without any express orders on the part of the shareholder;

7. when the person under para.1, being an investment intermediary (a bank or a non-banking institution), is entitled to exercise the voting right on shares whose holder has concluded with this person a trust agreement pursuant to Art.148, para.1, item 7 of the LPOS authorizing it to vote at the company's general meeting at its own discretion without any express orders on the part of the shareholder;

8. when the person under para.1 is entitled to exercise the voting right on shares submitted by their holder as collateral for an obligation to this person.

(3) The obligation for disclosure shall also arise for the person under para.1, whenever the total number of votes that this person can exercise at the general meeting of a public company, respectively an investment company, falls down to or below the tests under para.1 due to transfer of shares held according to para.2, items 1 – 4 or to cancellation of the title to exercise the voting right according to para.2, items 5 – 8.

(4) The total number of votes in the general meeting of a public company or of a closed-end investment company shall be determined based on the data on the number of voting shares entered into the commercial register or the register under Art.18, para.1, item 3 or 4 of the LPOS. In case of a discrepancy between the data in the commercial register and in the register under Art.18, para.1, item 3 or 4 of the LPOS, true shall be the data in the commercial register.

(5) The total number of votes in the general meeting of an open-end investment company shall be determined based on the data on the number of the company's outstanding shares that is included in the confirmation of an executed order for the purchase or sale of shares. In all other cases, the management company shall provide information to the person under Art.2, para.1 on the total number of outstanding shares as of the day of reaching or passing the tests under Art.2, para.1.

(6) The person under para.1 shall not be obliged to disclose any subsequent changes in the holdings due to changes in the capital of the open-end investment company.

Art.3. (1) Except for the person under Art.2, para.1, the obligation for disclosure shall arise also for the Central Depository whenever the holdings reach or pass the tests under Art.2, para.1 due to direct acquisition or transfer of voting shares.

(2) If the total number of votes, at which the tests under Art.2, para.1 are reached or passed, is formed only by the votes on shares held by spouses, the obligation for disclosure shall arise only for the spouse that holds to his/her own name the larger portion of shares. In all other cases, the obligated person shall be the spouse that is entitled to exercise a larger number of votes.

(3) Where there is an agreement to follow a joint policy on the management of a public company, respectively an investment company, the votes of the person under Art.148, para.2 of the LPOS that this person can exercise shall be added to the votes on shares held by the other parties to the agreement.

(4) If the total number of votes, at which the tests under Art.2, para.1 are reached or passed, is formed only by the votes on shares held by one or more controlled persons, the obligation for disclosure shall arise only for the controlling person.

Art.4. (1) If an investment intermediary acquires voting shares for its own account or for another person's account within its regular business without participating in the management of the company and sells these shares on a regulated market within 14 days of their acquisition, the requirement for disclosure shall not apply.

(2) In case the voting shares are not sold within the term under para.1, this event shall be disclosed at the latest by the end of the working day following the deadline by:

1. the investment intermediary, if it has acquired the shares for its own account;
2. the client, if the shares were acquired for the client's account.

(3) Para.1 shall not apply, if the shares were acquired 30 days before the date of the company's general meeting. In this case, the investment intermediary, respectively the client, shall disclose the event within 7 days of registering the acquisition with the Central Depository.

Art.5. The investment company, the Commission and the regulated securities market, on which the shares of the investment company are listed, shall also be notified of each natural person or legal entity that acquires the opportunity to control the investment company. The obligation under the preceding sentence shall be performed within 3 days of acquiring this opportunity.

Section Two CONTENTS AND FORM OF THE NOTIFICATION AND ORDER FOR THE DISCLOSURE OF MAJOR HOLDINGS

Chapter I Contents and Form of the Notification

Art.6. (1) The notification shall be submitted in writing following a form drafted by the Commission. The form notification shall be published in the official bulletin and on the Commission's web site.

(2) The notification shall contain at least the following data:

1. on the transferee, respectively on the transferor:
 - a) for individuals – the full name, ID number, current and permanent address, and if a foreign person – the full name, ID number and address;
 - b) for legal entities – name, seat, headquarters, subject of business, BULSTAT code and tax number, and if a foreign entity – identifying data from the respective court register and mail address in Bulgaria, if any;
 - c) whether, as of the date of the acquisition or transfer, the person was a member of the managing or supervisory board of the public company or the investment company, and whether he worked for this company under an employment contract;
 - d) whether, as of the date of the acquisition or transfer, the person was a member of the managing or supervisory board of, including a partner with unlimited liability in, a company related to the public company or the investment company;
2. name and headquarters of the public company or the investment company, in which the person has acquired or transferred shares;
3. on the person's portion of the votes in the general meeting of the public company or the investment company:
 - a) up-to-date data on the number of votes that the person under Art.2, para.1 can exercise and on their portion of the total votes;
 - b) the number of voting shares, respectively the number of votes in the cases under Art.2, para.2, items 2 – 8 or Art.2, para.3, that are subject to the last change;
 - c) the date of the last change in the number of votes under item "a" and the way in which this change was effected (through purchase, sale, exchange, succession upon acquisition or

transfer of shares, and the way of acquiring or transferring the votes under Art.2, para.2, items 2 – 8 or Art.2, para.3);

d) in the case of an increase in the number of shares under item “a” – a declaration stating whether the person’s aim is to control the company.

(3) The notification shall be signed by the obligated person or by a person that he/it has authorized.

Art.7. (1) The notification submitted by the Central Depository shall contain at least the following data:

1. on the transferee, respectively on the transferor – the data under Art.6, para.2, item 1;
2. on the person’s portion of the votes in the general meeting of the public company or the investment company – the data under Art.6, para.2, item 3 related to any directly held, acquired or transferred shares;

3. the date of registering the acquisition, respectively the transfer, with the Central Depository;

4. the data on the public company or the investment company in which the person has acquired or transferred shares, including:

- a) name, seat and headquarters;
- b) the company’s registration number with the Commission and its code at the Central Depository;
- c) capital amount, number of votes in the general meeting and number of shareholders, including state holdings;
- d) ISIN code of the issue of which the person has acquired or transferred shares.

(2) Besides the data under para.1, the notification regarding the distribution of holdings in the investment company shall contain information on the number of outstanding shares as of the date of registering the acquisition or transfer.

Art.8. When a natural person or a legal entity acquires the opportunity to control the investment company, the notification shall be submitted in writing following a form drafted by the Commission and shall contain the data under Art.6, para.2, as well as information on any other forms of control, in case the control is not based on voting share holdings. The form notification shall be published in the official bulletin and on the Commission’s web site.

Chapter II Order of Disclosure

Art.9. (1) The obligation for disclosure shall be fulfilled within 7 days of:

1. entering the company or the increase in the company’s capital in the commercial register – if the shares were acquired through primary public offering;

2. registering the acquisition, respectively the transfer, with the Central Depository – in cases other than the ones under item 1;

3. the occurrence of the event that caused the change in the number of the person’s votes in the company’s general meeting – in the cases under Art.2, para.2, items 5 – 8 or under Art.2, para.3.

(2) In managing an individual securities and/or cash portfolio at the person’s own discretion without any express orders, the obligation for disclosure shall be fulfilled by the client within 7 days of learning of the acquisition.

(3) The notification shall be written in Bulgarian. If the notification is written in a foreign language, attached shall be a translation into Bulgarian done by an attested translator. In case of any discrepancies between the texts, valid shall be the data in the Bulgarian translation.

Art.10. (1) The Commission may send a notice of established inadequacies and discrepancies or of requested additional information or evidence on the truthfulness of the data in the notification.

(2) In the cases under para.1, the Commission shall specify a term within which the obligated person shall be required to eliminate the established inadequacies and discrepancies or to provide the requested additional information and documents.

(3) The Commission shall enter into the register under Art.18, para.1, item 3 or 4 of the LPOS the change in the number of votes held by the person under Art.2, para.1 within 5 working days of the notification, respectively of the submission of the evidence on the truthfulness of the data included in the notification, and shall announce the change through the mass media.

Art.11. The form notifications under Art.6 and Art.8 shall be presented both to the public company, respectively the investment company, and to the regulated securities market where the company's shares are listed, within the terms under Art.9.

Section Three ADMINISTRATIVE PENAL PROVISIONS

Art.12. (1) Any person who has violated the Ordinance or who has allowed such violation shall be punished in accordance with Art.221, para.1 of the POSA or Art.32, para.2 of the Law on Administrative Violations and Penalties.

(2) The statements of established violations of this Ordinance shall be drawn up by officials of the Commission authorized by the Chairman, and the penal orders shall be issued by the Commission's Chairman.

(3) The establishment of violations, as well as the issuance, appeal and enforcement of penal orders shall be regulated by the Law on Administrative Violations and Penalties.

ADDITIONAL PROVISION

§ 1. This Ordinance shall apply respectively to the acquisition or transfer of convertible bonds or warrants.

TRANSITIONAL AND FINAL PROVISIONS

§ 2. This Ordinance is issued pursuant to § 16, para.1 in connection with Art.145, para.4, Art.174 and Art.179 of the LPOS.

§ 3. The Commission shall issue guidelines on the enforcement hereof.