COMMERCE ACT

*Prom. SG. 48/18 Jun 1991, amend. SG. 25/27 Mar 1992, amend. SG. 61/16 Jul 1993, amend. SG. 103/7 Dec 1993, suppl. SG. 63/5 Aug 1994, amend. SG. 63/14 Jul 1995, amend. SG. 42/15 May 1996, amend. SG. 59/12 Jul 1996, amend. SG. 83/1 Oct 1996, amend. SG. 86/11 Oct 1996, amend. SG. 104/6 Dec 1996, amend. SG. 58/21 Jul 1997, amend. SG. 100/31 Oct 1997, amend. SG. 124/23 Dec 1997, suppl. SG. 39/7 Apr 1998, suppl. SG. 52/8 May 1998, amend. SG. 70/19 Jun 1998, amend. SG. 33/9 Apr 1999, suppl. SG. 42/5 May 1999, amend. SG. 64/16 Jul 1999, amend. SG. 81/14 Sep 1999, amend. SG. 90/15 Oct 1999, amend. SG. 103/30 Nov 1999, amend. SG. 114/30 Dec 1999, amend. SG. 84/13 Oct 2000, amend. SG. 28/19 Mar 2002, amend. SG. 61/21 Jun 2002, suppl. SG. 96/11 Oct 2002, amend. SG. 19/28 Feb 2003, amend. SG. 31/4 Apr 2003, amend. SG. 58/27 Jun 2003, amend. SG. 31/8 Apr 2005, amend. SG. 39/10 May 2005, amend. SG. 42/17 May 2005, amend. SG. 43/20 May 2005, amend. SG. 66/12 Aug 2005, amend. SG. 103/23 Dec 2005, amend. SG. 105/29 Dec 2005, amend. SG. 38/9 May 2006, amend. SG. 59/21 Jul 2006, amend. SG. 80/3 Oct 2006, amend. SG. 105/22 Dec 2006, amend. SG. 59/20 Jul 2007, amend. SG. 92/13 Nov 2007, amend. SG. 104/11 Dec 2007, amend. SG. 50/30 May 2008, amend. SG. 67/29 Jul 2008, amend. SG. 70/8 Aug 2008, amend. SG. 100/21 Nov 2008, amend. SG. 108/19 Dec 2008, amend. SG. 12/13 Feb 2009, amend. SG. 23/27 Mar 2009, amend. SG. 32/28 Apr 2009, amend. SG. 47/23 Jun 2009, amend. SG. 82/16 Oct 2009, amend. SG. 41/1 Jun 2010, amend. SG. 101/28 Dec 2010, amend. SG. 14/15 Feb 2011, amend. SG. 18/1 Mar 2011, amend. SG. 34/29 Apr 2011, amend. SG. 53/12 Jul 2011, amend. SG. 60/7 Aug 2012, amend. SG. 15/15 Feb 2013, amend. SG. 20/28 Feb 2013, amend. SG. 27/25 Mar 2014, suppl. SG. 22/24 Mar 2015, amend. and suppl. SG. 95/8 Dec 2015, amend. SG. 13/16 Feb 2016, amend. and suppl. SG. 105/30 Dec 2016, amend. and suppl. SG. 62/1 Aug 2017, amend. and suppl. SG. 102/22 Dec 2017, amend. and suppl. SG. 15/16 Feb 2018, suppl. SG. 27/27 Mar 2018, **amend. SG. 88/23 Oct 2018***

Part one.
GENERAL PART

Chapter one.
GENERAL PROVISIONS

Merchant

Art. 1. (1) (Amend. - SG 83/96) Merchant in the sense of this Act shall mean any natural or legal person who, by occupation, performs any of the following transactions:

1. purchase of goods or other articles for the purpose of reselling them in their original, processed or finished form;
2. sale of one's own manufactured goods;
3. purchasing securities for the purpose of reselling them;
4. commercial agency and brokerage;
5. commission, forwarding and transportation transactions;
6. insurance transactions;
7. banking and foreign-exchange transactions;
8. bills of exchange, promissory notes and cheques;
9. warehousing transactions;
10. licence transactions;
11. supervision of goods;
12. transactions in intellectual property;
13. hotel operation, tourist, advertising, information, entertainment, impresario and other services;
14. purchase, construction or furnishing of real property for the purpose of sale;
15. leasing.

(2) Merchants shall be:

1. the companies;
2. the cooperatives, except housing cooperatives.

(3) Merchant shall also be deemed any person who has established an undertaking, which by manner and scale requires a business organisation of activities, even if such are not listed under Para. 1.

Persons Who Are Not Merchants

Art. 2. The following shall not be deemed merchants:

1. natural persons engaged in farming;

2. artisans, persons providing services through their own labour or members of the professions, except where their activity may be defined as a business within the meaning of Art. 1, paragraph 3;

3. persons providing hotel services by letting rooms in their own home.

Chapter two.
COMMERCIAL REGISTER

KEEPING A COMMERCIAL REGISTER (REVOKED – SG 38/06, IN FORCE FROM 01.07.2007)

Art. 3. (amend., - SG 66/05; revoked – SG 38/06, in force from 01.07.2007)

Obligation to Register

Art. 4. (amend., SG 66/05; revoked – SG 38/06, in force from 01.07.2007)

Effect of the entry (new, SG 84/00)

Art. 4a. (revoked – SG 38/06, in force from 01.07.2007)

Public Nature of the Commercial Register

Art. 5. (revoked – SG 38/06, in force from 01.07.2007)

Publishing of Registration

Art. 6. (revoked – SG 38/06, in force from 01.07.2007)

Chapter three.
TRADE NAME AND SEAT

Definition

Art. 7. (1) Trade name means the name under which a merchant carries on its business and which it signs.

(2) (Amend., SG, No 103 1993) In addition to its mandatory content prescribed by the law, the trade name may denote the business purposes , the participating persons, and an arbitrary extension. A trade name must correspond to the truth, must not deceive, and must not be offensive to public order and morals.

(3) (SG, No 103 1993) The merchant shall be obliged to write his trade name in Bulgarian. He may additionally write it in a foreign language.

(4) (new – SG 34/11, in force from 03.05.2011) Every merchant shall be entitled to file an action for establishing bad faith application or use of a trade name, for ceasing the use of a trade name in bad faith or for compensation of damages, where the trade name is identical or similar to an earlier registered trade name.

(5) (new – SG 34/11, in force from 03.05.2011) The trade name may not be identical or similar to a protected trade mark, unless the merchant has rights in it.

Trade Name of a Branch

Art. 8. The trade name of a branch shall incorporate the trade name of the merchant and the

extension "branch".

Trade Name During Liquidation

Art. 9. (Suppl., SG, No 63 1994) The trade name of a merchant declared in liquidation shall carry the extension "in liquidation", and upon declaration of bankruptcy - "in bankruptcy".

Change of the Trade Name

Art. 10. (1) The trade name may be changed at the request of the merchant that has registered it.

(2) Should a trade name contain the name of a retiring partner, it may be preserved only with that partner's consent.

Exclusive Right

Art. 11. (1) The trade name may be used only by the merchant that has registered it.

(2) In case of use of another's trade name the interested parties shall be entitled to seek discontinuance of its further use and damages.

Seat and Address

Art. 12. (1) A merchant's seat shall be the community where its registered office is located.

(2) A merchant's address shall be the address of its registered office.

Obligation to Provide Data

Art. 13. (1) (prev. art. 13 - SG 84/00, amend., - SG 66/05; amend. and suppl. - SG 38/06, in force from 01.07.2007) The merchant shall provide on all his commercial correspondence and his Internet site, if available: his trade name; his seat and registered office; the unified identification code and bank account. The merchant may also provide an address for correspondence. Where a trade company indicates the amount of their capital, they shall also indicate how much of it has been deposited.

(2) (new, SG 84/00; amend. - SG 38/06, in force from 01.07.2007) The trade correspondence of a branch shall indicate the data of the merchant under para 1.

Change of Seat

Art. 14. (amend., SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) Any relocation of a merchant's office to another community shall be declared for entry in the commercial register.

(2) (revoked – SG 38/06, in force from 01.07.2007)

(3) (revoked – SG 38/06, in force from 01.07.2007)

(4) (revoked – SG 38/06, in force from 01.07.2007)

Chapter four.
UNDERTAKINGS AND TRANSACTIONS WITH THEM

Transactions with Undertakings

Art. 15. (1) (amend. – SG 105/16) An undertaking as a set of rights, obligations and factual relations shall be transferable by a transaction done in writing with the signatures and content authenticated simultaneously by a notary public. The transferor shall advise all creditors and debtors of the effected transfer.

(2) (new, SG 58/03) When the whole enterprise of a trade company is transferred a decision taken pursuant to art. 262o shall be required.

(3) (prev. para 2 - amend., SG 58/03) Absent another agreement with the creditors, upon the transfer of an enterprise the transferor shall be liable jointly and severally with the transferee up to the size of the obtained rights. Creditors of recoverable liabilities shall first address the transferor.

(4) (new - SG 102/17, in force from 22.12.2017) An undertaking hiring employees may be transferred after the transferor has paid the outstanding but unpaid wages, compensations, obligatory insurance instalments of employees, including employees, whose employment relationship is terminated within three years prior to the transfer of the enterprise.

(5) (new - SG 102/17, in force from 22.12.2017) If the parties have expressly agreed, the undertaking may transfer and if the acquirer fulfills the obligations under Para. 4.

Registration

Art. 16. (1) (amend., SG 58/03; amend. - SG 38/06, in force from 01.07.2007) The transfer of an enterprise shall be recorded in the commercial register both in the file of the transferor and the transferee.

(2) (new, SG 58/03; revoked – SG 38/06, in force from 01.07.2007, new – SG 15/18, in force from 16.02.2018) Registration shall be made after the alienator has submitted a declaration form that there are no outstanding and unpaid obligations under Art. 15, Para. 4. The Registry Agency shall immediately notify the Executive Agency "General Labour Inspectorate" of the submitted declaration. The order for the notification shall be determined jointly by the Executive Director of the Executive Agency "General Labour Inspectorate" and the Executive Director of the Registry Agency.

(3) (New - SG 58/03, revoked - SG 38/06, in force from 01.07.2007, amended regarding the entry into force - SG 80/06, new – SG 15/18, in force from 16.02.2018) The Executive Agency "General Labour Inspectorate" shall, upon a signal or on its own initiative, carry out a check on the authenticity of the declared facts following an order determined by the Executive Director. In the event of any discrepancy between the declared and established facts, the Executive Agency "General Labour Inspectorate" shall send the results of the inspection to the bodies of the prosecution.

(4) (New – SG 15/18, in force from 16.02.2018) The model of the declaration under Para. 2 shall be approved by the Minister of Justice and the Minister of Labour and Social Policy.

(5) (Amend., - SG 104/1996, previous Para. 2 - SG 58/03, previous Para. 4 – SG 15/18, in force from 16.02.2018) Should the contract transfer real property or other real rights therein, the contract shall be recorded with the registry office as well.

Securing the creditors

Art. 16a. (amend, SG 58/03) (1) (amend. and suppl. - SG 38/06, in force from 01.07.2007) The transferee shall manage the commercial undertaking transferred to him separately for a period of 6 months from the date of recordal of the transfer.

(2) (amend. - SG 38/06, in force from 01.07.2007) Within the period under para 1 any creditor of the transferor or the transferee, whose claim has not been secured and has arised before the date of recordal of the transfer, may request performance or security in accordance with his rights. If the request is not satisfied the creditor shall have the right to preferential satisfaction of the rights having had belonged to his debtor.

(3) The members of the managing body of the transferee shall be jointly and severally responsible before the creditors for the separate management.

Chapter five.
BRANCHES

Branch

Art. 17. (1) A merchant may open a branch outside the community where its seat is located.

(2) (amend. - SG 38/06, in force from 01.07.2007) The branch shall be registered in the commercial register after a written application has been filed containing:

1. seat and business purpose of the branch;

2. data of the person managing the branch and for the scope of his representative powers.

(3) The application under para 2 shall be accompanied also by a notary certified consent along with a specimen of the signature of the person managing the branch.

(4) (amend., - SG 66/05; revoked – SG 38/06, in force from 01.07.2007)

(5) (revoked – SG 38/06, in force from 01.07.2007)

(6) (new, SG 58/03; revoked – SG 38/06, in force from 01.07.2007)

(7) (revoked – SG 66/05)

Branch of a Foreign Person

Art. 17a. (new – SG 66/05) (1) (amend. - SG 38/06, in force from 01.07.2007) A branch of a foreign person, registered to carry on commercial activities under its national legislation, shall be entered in the commercial register.

(2) Besides the data under Art. 17 Para 2, the application for entry shall contain data about:

1. the legal form and the firm or the trade name of the foreign person, as well as the trade name or the branch if it is different than this of the foreign person;

2. the register and the entry number , under which the foreign person is registered, if the applicable law provides so;

3. the national law applicable to the foreign person if it is not the law of a Member State of the European Union.

4. the persons representing the foreign person according to the register of its recordal, if such register exists, the manner of representation as well as the liquidators and the receivers and their powers.

(3) The following data shall be entered into the register:

1. those referred to in Para 2, as well as any change thereof, including closing of the branch;

2. on the termination of the foreign person, initiation of liquidation, continuing of activity, termination and finalization of the liquidation;

3. from any acts of the insolvency-court, which are subject of entry in the register where the foreign person is registered, as well as the decisions under Art. 759, Para 1 and Art. 760, Para 3, where available;

4. cancellation of the foreign person.

(4) Copies of the following shall be filed with the register:

1. the act or the agreement of establishment, or the articles of association of the foreign person, containing all the amendments and supplementations, including after the registration of the branch;

2. each annual financial report of the foreign person, after being registered or filed according to the national legislation of its registration.

(5) (new - SG. 22/15, in force from 24.03.2015) The entry of data under para 3, items 2, 3 and 4 can be performed automatically on the basis of a notification from the register of another Member State of the European Union in which the foreign person is registered, received through the system of interconnection of registers of Member States.

(6) (new - SG. 22/15, in force from 24.03.2015) In the event that the foreign person is removed from the register of another Member State in which it was entered, and deletion is resulting from a change in their legal form, merger or division, or a cross-border transfer of seat, the branch shall be deleted automatically based on notification from the register of another Member State, received by the system of interconnection of registers, provided that at the time the foreign person receives it, no application for registration of closure of the branch has been filed.

Relocation of a Branch

Art. 18. The rules pertaining to a merchant shall apply mutatis mutandis to the seat and registered office of a branch and its relocation.

Account Books of a Branch

Art. 19. A branch shall keep its account books as an independent merchant, without preparing a separate balance sheet. The branch of a legal person which is not a merchant within the meaning of this Act and the branch of a foreign person shall further prepare a balance sheet.

Jurisdiction

Art. 20. Actions based on disputes arising from a direct relationship with a branch may be brought against the merchant also at the seat of the branch.

Chapter six.
COMMERCIAL AGENCY

Section I.
Agents

Procurator (Manager)

Art. 21. (1) (Amended, SG No 70/1998) Procurator shall be a natural person commissioned and authorized by a merchant to manage his undertaking for remuneration. Such authority may be given to more than one person to be exercised separately or jointly. The letter of authority of the procurator (procuration) shall be made with notary attested signatures and it shall be filed by the merchant for registration with the commercial register together with a specimen of the procurator.

(2) A procurator shall sign by adding his own name to the merchant's trade name and an extension indicating the procuration.

(3) (new – SG 14/11, in force from 15.02.2011) A person cannot be a procurator if declared insolvent or having been a manager, a member of a managing or controlling body of a company terminated for bankruptcy within two years before the date of the decision for declaring bankruptcy if any unsatisfied creditors have remained.

Procurator's Powers

Art. 22. (1) The procurator shall be entitled to perform or effect any acts or transactions related to the exercise of the business activities, to represent the merchant, and to authorize third parties to perform specific acts. He may not authorize third parties with those of his powers which are derived by operation of law.

(2) A procurator may not alienate or encumber any real property of the merchant except when expressly authorized to do so. The authorization may be restricted to the business of a single branch. No other restrictions shall have effect before third parties.

Relationship Between Merchant and Procurator

Art. 23. The relationship between a merchant and a procurator shall be governed by a contract.

Binding Effect of Authorization upon Third Parties

Art. 24. An authorization shall have effect before third parties only after being recorded in the commercial register.

Termination of the Authorization of the Procurator

Art. 25. (1) An authorization shall be terminated upon withdrawal by the merchant, and the recordal of such withdrawal in the commercial register.

(2) An authorization shall not be terminated by virtue of a merchant's death or placing under guardianship.

Commercial Agent

Art. 26. (1) Commercial agent means a person authorized by a merchant to perform the acts set forth in the mandate for remuneration. Absent any other instructions, the commercial agent shall be deemed authorized to perform all acts related to the merchant's usual business. The authorization shall be made in writing and the signature notarized.

(2) The commercial agent shall be expressly authorised to alienate or encumber real property, to accept bills of exchange, to obtain a loan, or to engage in litigation. Any other restrictions on its mandate shall have effect before third parties only if that party knew or ought to have known of such restrictions.

(3) The agent may not transfer its rights to a third party without the merchant's consent.

(4) The agent shall sign by adding its own name to the trade name and an extension indicating the agency.

Relationship Between Merchant and Agent

Art. 27. The relationship between a merchant and an agent shall be governed by a contract.

Termination of the Commercial Agency

Art. 28. The authorization of an agent shall be terminated in accordance with the provisions of civil legislation.

Restrictions and Liability

Art. 29. (1) The procurator or the agent may not, without the merchant's consent, enter into commercial transactions either on their own behalf or on the behalf of a third party within the scope of their authorization. Consent shall be deemed given, whereat the time of authorization the merchant knew of the exercise of such activities and their termination was not agreed upon expressly.

(2) In case of breach of the obligations set forth in the preceding paragraph the merchant shall be entitled to seek damages or to state that the transactions engaged in by the authorized persons have been made on his behalf. The statement shall be made in writing within one month of becoming aware of the transaction, but not later than one year from engaging in the transaction, and shall be addressed to the procurator or the agent and to the third party.

(3) Actions pursuant to paragraph 2 shall expire by limitation after five years from the date of engaging in the transaction.

Commercial Assistant

Art. 30. (1) The relationship between a merchant and the commercial assistant shall be governed by a contract.

(2) the commercial assistant may not engage in transactions on the merchant's behalf. When working in a publicly accessible sales area, the commercial assistant shall be deemed authorized to engage in transactions usually carried out there.

Restrictions

Art. 31. A commercial assistant may not engage in any commercial activity independently or on behalf of third parties in competition with his employer, except with the latter's express consent.

Section II.
Commercial Representative

Definition

Art. 32. (1) A commercial representative shall be a person engaged independently and by occupation in assisting the business of another merchant. A commercial representative may be authorized to effect transactions in the name of the merchant, or in his own name and on the behalf of the merchant.

(2) (suppl. - SG 38/06) The contract between the merchant and the commercial representative shall be executed in writing. The merchant may not rely against the commercial representative to agreements in deviation from the provisions of art. 33, 34, art. 36, para 4 and 5 and art. 45, which are to the representative’s prejudice.

Commercial Representative's Obligations

Art. 33. (1) (Amended, SG No 83/1996; prev. text of art. 33 – SG 38/06) A commercial representative shall provide assistance or effect transactions with the care of a diligent merchant, taking into consideration the merchant's interests. He shall forthwith notify the merchant of any transaction entered upon.

(2) (new - SG 38/06) The commercial representative shall be obliged to fulfil the instructions of the merchant and provide at his disposition all available information regarding his activities.

Merchant's Obligations

Art. 34. (1) (amend. - SG 38/06) A merchant shall provide the commercial representative with all relevant information and documents concerning the conclusion and performance of entrusted transactions.

(2) (suppl. - SG 38/06) A merchant shall forthwith notify the commercial representative whether he ratifies a transaction entered upon without due representative powers, and whether he has concluded a transaction brought about by himself.

(3) (new - SG 38/06) A merchant shall be obliged to provide the commercial representative with the information necessary for performance of his activities, , and in particular that the volume of transactions could be significantly lower than that which is normally expected.

Commission Under Del Credere Contracts

Art. 35. A commercial representative who undertakes to be personally liable for the performance of obligations under effected transactions shall be entitled to an additional commission which shall be agreed upon in writing. The parties may not agree in advance that no such commission shall be due.

Right to Commission

Art. 36. (1) (amend. and suppl. - SG 38/06) A commercial representative shall be entitled to a commission for all transactions effected by him, through his assistance or with clients attracted by him for concluding transactions of the same kind during the term of his contract with the merchant. Commission shall be paid also for transactions prepared by him but not concluded unless due to reasons that cannot be blamed on the merchant.

(2) Where a commercial representative is entrusted with a specified territory or circle of clients, he shall also be entitled to a commission for all transactions concluded without his assistance, but with persons belonging to the same territory or the same clientele.

(3) A commercial representative shall be entitled to a commission for any of the merchant's claims which it has collected.

(4) (new - SG 38/06) The merchant shall be obliged to provide the commercial representative with the information necessary to calculate the payable commission within the period referred to in art. 38.

(5) (prev. text of para 04, suppl. - SG 38/06) Either party shall be entitled to request from the other abstracts from the account books concerning the transactions concluded on the basis of the agency agreement, including those necessary for verification of the determined commission.

Commission Rate

Art. 37. (suppl. - SG 38/06) Where the commission has not been agreed upon, it shall be deemed to amount to the customary rate paid for the specific activities. In case the customary rate cannot be established, the commission shall be determined by the court for reasons of justice.

Commission Payment Term

Art. 38. (amend. and suppl. - SG 38/06) A commercial representative's commission shall be paid on a monthly basis. Other period for payment of the commission may be agreed in the contract but no later than the end of the month following the quarter the respective transaction was concluded or intended to be concluded.

Reimbursement for Customary Expenses

Art. 39. A commercial representative shall be entitled to reimbursement for the customary expenses related to his activities, unless the agreement provides otherwise.

Indemnity and Commission Upon Termination

Art. 40. (amend. - SG 38/06) (1) A commercial representative, respectively his heirs upon his death, shall be entitled to a lump-sum indemnity upon termination of the agreement, when the merchant continues to enjoy benefits from the clientele established by the commercial representative or the latter has considerably increased the volume of deals concluded with it. The right of such indemnity shall be determined by taking into consideration all circumstances including the availability or lack of restrictive commercial clauses.

(2) The indemnity shall amount to the commercial representative's average annual commission for the entire duration of the agreement but for no more than the last 5 years.

(3) The compensation referred to in para 2 shall not be due when:

1. more than a year has expired after termination of the contract without written notification by the commercial representative of the merchant demanding the due compensation;

2. agreement was avoided through the commercial representative's fault or was terminated unilaterally by the commercial representative as referred to in art. 47, para 1 or 2 unless for the reason of his permanent disability or age;

3. the commercial representative has assigned the legal relationship to another person even with consent of the merchant.

(4) Upon termination of the agreement, the commercial representative may claim compensation for already concluded contracts or contracts prepared for conclusion by him.

(5) The commercial representative shall not have the right of commission referred to in Art. 36 if in the case of Para 4 it shall be due to a previous commercial representative unless according to the circumstances the commission shall be divided between both of them.

Restrictions Following Termination of Contract

Art. 41. (1) Any restrictions on the activities of a commercial representative subsequent to the termination of the contract shall be agreed upon in writing.

(2) Restrictions must encompass the same territory and type of goods or services as under the agency contract. They may not exceed two years following the termination of the contract. The merchant shall owe a respective compensation for the period of restriction.

(3) Should a commercial representative declare the contract avoided through a fault of the merchant, the commercial representative shall be free to discharge itself from the said restrictions not later than one month from the date of the avoidance.

Effect of Restriction

Art. 42. Even when not authorized to conclude contracts a commercial representative may accept acts performed by third parties to protect their rights against imperfect performance by the merchant. A commercial representative may act to secure evidence in name of the merchant. Any restriction on these rights shall be binding upon third parties only if they knew or ought to have known of the said restriction.

Ratification of Contract

Art. 43. Should a commercial representative conclude contracts without authorization, and the third party did not know of that fact, the contract shall be deemed ratified by the merchant if the merchant fails to reject it upon being notified of it by the commercial representative or the third party and inform them correspondingly.

Prohibition on Representation of Competitors

Art. 44. A commercial representative may represent several merchants as long as they are not in competition among themselves. It may reach agreement with a merchant to be its exclusive representative.

Scope of Representation

Art. 45. The subject and territory of the activities of a commercial representative shall be determined by the representation contract.

Relationship Between Merchant and Commercial Representative

Art. 46. (1) The internal relationship between the commercial representative and the merchant shall be governed by the contract between them. Absent any other provision, a commercial representative shall arrange for its own premises. If the compensation is not indicated in the contract, the customary commission for the type of representation shall be due.

(2) Representation under the preceding paragraph may not be entrusted to another party in the same territory.

(3) A commercial representative shall indicate in the documents issued by it and on its commercial correspondence the information required under Art. 13.

Termination of Representation

Art. 47. (1) (New SG, No 103 1993; amend. - SG 38/06) Where the commercial representation contract has been concluded for an indefinite term, during the first year following the date of conclusion each of the parties may terminate it with a monthly notice, during the second year, with a two months' notice, and, after the second year, with a three months’ notice, where the parties may not agree on shorter terms. When a longer term of notice was agreed it shall be equal for both of the parties. If not otherwise agreed, the termination of the contract shall enter in effect from the end of the calendar month when the term

of the notice has expired.

(2) (New SG, No 103 1993) A contract which has been concluded for a fixed period may be terminated before its expiration if the party wishing to terminate it compensates the other party for the damages caused.

(3) (New SG, No 103 1993) The rights of the commercial representative under Art. 40 may not be prejudiced by the termination pursuant to paragraphs 1 and 2.

(4) (new - SG 38/06) If upon expiration of the term of the contract for commercial representation both of the parties continue to fulfil their obligations, it shall be deemed extended for an indefinite term. In such case at determining the term of notice referred to in para 1, the duration of the contract before expiration of its term shall be taken into consideration.

(5) (Previous para 1 SG, No 103 1993; prev. text of para 04, amend. - SG 38/06, in force from 01.07.2007) A commercial representative which has ceased its activities shall apply, within the time period set forth in Art. 4, for deletion of its registration in the commercial register.

(6) (Previous para 1 No SG, No 103 1993; prev. text of para 05, amend. - SG 38/06, in force from 01.07.2007) Should a representation be terminated by reasons of death or placing under disability of the commercial representative, the heirs or, respectively, the guardian, and in case of bankruptcy the respective court, shall request deletion from the commercial register.

(6) (Previous para 1 No SG, No 103 1993; revoked – SG 38/06, in force from 01.07.2007)

Applicability

Art. 48. The provisions of articles 32 to 47 shall not apply to persons engaged as representatives or brokers in stock exchange transactions, or as representatives of persons engaged in auction operations.

Section III.
Commercial Broker

Definition

Art. 49. (1) A broker shall be a merchant which by occupation acts as an intermediary in the formation of transactions.

(2) (Amend., SG, No 86 1996) As far as brokerage for contracts for the carriage of goods by sea and for stock exchange transactions are concerned, the provisions for the said activities shall apply even when the brokerage is performed by a commercial broker.

Commercial Broker's Journal

Art. 50. (1) A broker shall keep a journal in which it shall record on a daily basis all executed contracts. At the end of each day the broker shall date and undersign all entries for that day.

(2) Contracts shall be recorded consecutively in the order of their execution; an entry shall include the names of the contracting parties, the time of execution of the contract and the essential arrangements.

(3) A broker must, upon request, provide the parties with an abstract from its journal containing the full entry concerning their contract.

Brokerage

Art. 51. A commercial broker shall be entitled to a commission from one or both parties in accordance with the arrangement reached. Absent such an arrangement, the customary brokerage for the type of activity in the specific circumstances shall be owed by both parties.

Section IV.
Trade Secrets

Obligation to Protect Trade Secrets

Art. 52. In carrying on their activities a procurator, an agent, a shop assistant, a commercial representative and a commercial broker must keep the trade secrets of the persons which have commissioned them to perform certain acts, as well as their commercial goodwill.

Chapter seven.
ACCOUNT BOOKS

Obligation to Keep Accounts

Art. 53

(1) A merchant shall keep accounts in which it shall record the movements of its enterprise's property. Such movements shall be recorded in chronological order.

(2) A merchant shall, through inventory performed within the time periods prescribed by the Accountancy Act, establish the availability and value of the items of the assets and liabilities of its enterprise's property.

(3) (amend., - SG 66/05; amend. – SG 67/08) A merchant shall sum up the results of its commercial activities on the basis of the entries in its books and inventory, and prepare an annual financial statement and, where necessary, the relevant accounting notes. The annual financial statement shall be verified by a registered auditor in the cases provided by law.

Continuity Of Opening and Closing Balance Sheet

Art. 54. The opening balance sheet for each year shall correspond to the closing balance sheet for the preceding year. A balance sheet shall also be prepared when a merchant winds up its activities.

Admissibility as Evidence

Art. 55. (1) Regularly kept account books and entries therein shall be admissible as evidence between merchants for establishing commercial transactions.

(2) Account books kept in violation of the provisions of this Act or the Accountancy Act shall be inadmissible as evidence in favour of the party whose duty it is to keep them.

Part two.
TYPES OF MERCHANTS

Division one.
SOLE ENTREPRENEUR

Chapter eight.
NATURAL PERSON MERCHANT

Definition

Art. 56. Any legally capable natural person whose domicile is in the country may register as a sole entrepreneur.

Restrictions

Art. 57. Ineligible to be a sole entrepreneur shall be a person:

1. who is bankrupt and his rights have not been restored;

2. who has intentionally gone bankrupt and has left unsatisfied creditors.

3. who has been convicted for bankruptcy;

4. (new – SG 14/11, in force from 15.02.2011) who has been a manager, a member of an executive or controlling body of a company terminated due to bankruptcy during the last two years preceding the date of the decision of declaring bankruptcy if any unsatisfied creditors have been left.

5. (new – SG 15/13, in force from 15.02.2013) who had been a manager, member of managing or control body of any company, in regard to which non-performance of obligations to constitute and hold stocks under the Act on Reserves of Crude Oil and Petroleum Products t at levels, designated for it, had been ascertained by an effective penal decree.

Registration

Art. 58. (1) A sole entrepreneur shall be registered on the basis of an application which shall state:

1. the name, domicile, address and Unified Civil Code (EGN);

2. the trade name under which the activities shall be carried on;

3. the seat and the address of the registered office;

4. the purposes of the business.

(2) A specimen of the merchant's signature and an affidavit stating that the person has not been deprived of the right to carry on commercial activities shall be attached to the application.

(3) (Amend., SG, No 124 of 1997) Entered in the register shall be the data of para 1.

(4) (Amend., SG, No 124 of 1997) A person may register only one trade name as a sole entrepreneur.

Trade Name of Sole Entrepreneur

Art. 59. A sole entrepreneur's trade name shall incorporate without abbreviation the person's given name and either the surname or patronymic by which he is generally known.

Transfer of Trade Name

Art. 60. (1) A sole entrepreneur's trade name may be transferred to a third party only together with his enterprise. The consent to transfer a trade name shall be given in accordance with Art. 15, paragraph 1.

(2) A sole entrepreneur's heirs, on recipient the enterprise, shall be free to retain its trade name.

(3) In cases under the preceding paragraphs the new owner's name shall be added to the trade name.

(4) (amend. - SG 38/06, in force from 01.07.2007) The transfer shall be registered in the commercial register.

Deletion from the register (New, SG 84/00)

Art. 60a. The entry of the sole entrepreneur shall be deleted from the commercial register:

1. (amend. - SG 38/06, in force from 01.07.2007) in case of termination of his activity or establishing his residence abroad - upon his application;

2. (amend. - SG 38/06, in force from 01.07.2007) in case of his death - upon application by the successors;

3. (amend. - SG 38/06, in force from 01.07.2007) for placing under judicial disability – upon application by the guardian or trustee.

Division two.

STATE AND MUNICIPAL UNDERTAKINGS

Chapter nine.
PUBLIC UNDERTAKING MERCHANT

Status

Art. 61. A state and municipal undertaking shall be either a single owner limited liability company or a single owner joint stock company. State and municipal undertakings may also form other companies or groups of companies.

Formation

Art. 62. (1) State undertakings shall be formed as or transformed into single owner limited liability companies or single owner joint stock companies pursuant to a procedure to be established by a law.

(2) Municipal undertakings shall be formed as or transformed into single owner limited liability companies or single owner joint stock companies through a resolution of the municipal council.

(3) State undertakings which are not companies may be formed by the law.

Division three.
COMPANIES

Chapter ten.
GENERAL PROVISIONS

Definition

Art. 63. (1) A company is an association of two or more persons for effecting commercial transactions by joint means.

(2) In cases provided by a law a company may be incorporated by one person.

(3) Companies shall be legal persons.

Types of Companies

Art. 64. (1) The types of companies are:

1. general partnership;
2. limited partnership;
3. limited liability company;
4. joint stock company;
5. limited stock partnership.

(2) Only the companies set forth in this Act may be established.

(3) (new, SG 58/03) The companies under para 1, item 1 and 2 shall be personal, and those under item 3 - 5 - capital.

(4) (prev. para 3 - amend., SG 58/03) A law may stipulate that an activity may be carried out only by a certain kind of companies.

Partners in a Company

Art. 65. (1) A company's founders shall be Bulgarian or foreign legally capable individual or corporate bodies.

(2) A person may participate in one or more companies to the extent such participation is not prohibited by law.

(3) (new, SG 84/00) When a trade company participates in another company its rights as a partner or sole owner shall be exercised by the person who has the right to represent it or by an explicitly authorised person.

Valid Owner

Art. 65a. (New - SG 27/18) (1) The company shall be obliged to receive, dispose of and provide in the cases determined by law any appropriate, accurate and up-to-date information about the natural persons who are its actual owners, including details of the rights they hold.

(2) The identification data for the actual owners and the data for the legal persons or other legal entities, through which control is exercised, directly or indirectly, according to the requirements of the Measures against Money Laundering Act, shall be entered in the Commercial Register.

Preliminary Agreement to Incorporate a Company

Art. 66. Persons wishing to form a company may reach agreement on the acts which must be performed so that the incorporation may be prepared. For a breach of obligations based on that agreement the parties shall be liable only for the actual damages caused.

Formation of a Company

Art. 67. A company shall be deemed formed on the date of its registration in the commercial register. The application for registration shall be filed by the appointed management body.

Interpretation of the Statutes

Art. 68. The will of the parties and the objective of the interpreted provision shall be taken into account when interpreting the statutes.

Liability for Acts Performed by the Company Prior to Registration

Art. 69. (1) Any acts by the founders performed in the name of the as yet unincorporated company prior to the date of its registration shall give rise to rights and obligations for the persons who have carried out the said acts. When transactions are effected it shall mandatorily be noted that incorporation is pending. The persons who have effected the transactions shall be jointly and severally liable for the undertaken obligations.

(2) When the transaction has been effected by the founders or a person authorized by them, the rights and obligations shall be transferred ex lege to the incorporated company.

Nullity of an Incorporated Company

Art. 70. (1) (amend., SG 84/00) The incorporation of the company shall be null only if any of the following violations has been committed:

1. lack of a constituent contract or it has not been drawn up in the form stipulated by the law;

2. for a joint-stock or a partnership limited by shares the requirements of art. 159 and 163 have not been met;

3. (revoked – SG 38/06, in force from 01.07.2007)

4. the corporate purpose of the company contradicts the law or the good ethics;

5. the constituent contract or the statutes do not contain the trade name, the corporate purpose of the company or the size of the contributions, as well as the capital when the law so requires;

6. the capital portion required by the law has not been collected;

7. the company has been constituted by a smaller number of capable persons than required by the

law.

(2) (amend., SG 84/00; suppl., SG 58/03; amend. - SG 38/06, in force from 01.07.2007) Any interested party, as well as the public prosecutor, may request from the district court at the seat of the company to declare the nullity of the company within a period of one year after the incorporation of the company. In the cases under para 1, item 3, 4, 5 and 6 the court shall declare the nullity of the company only if the violation has not already been remedied or is not remedied within a suitable term given court in a judicial order.

(3) (amend., - SG 66/05; amend. - SG 38/06, in force from 01.07.2007) The court's ruling to declare the nullity of a company shall be effective from the date of its entry into force. As of that moment the company shall be deemed terminated and the court shall send the decision for entry into the commercial register, which shall be followed by liquidation carried out by a liquidator appointed by a registry officer at the Registry Agency.

(4) (new, SG 58/03; revoked – SG 38/06, in force from 01.07.2007)

(5) (prev. para 4 - SG 58/03) Where acts in the name of the company declared null have been carried out, the founders shall bear joint and several unlimited liability for any resulting obligations.

(6) (new, SG 84/00; prev. text of para 05 - SG 58/03; amend. - SG 59/07, in force from 01.03.2008; amend. - SG 50/08, in force from 01.03.2008) Article 604 of the Civil Procedure Code shall not apply to the incorporation of a trade company.

Defence of the Membership

Art. 71. Any member of a company may bring an action to the district court at the company's seat to protect their membership right and their individual rights as a member, when violated by the company's bodies.

Non-Monetary Contributions

Art. 72. (1) Should a partner or, respectively, a shareholder, make a non-monetary contribution, the constituent contract or, respectively the statutes, shall state the name of the contributor, a full description of the non-monetary contribution, its monetary value, and the grounds of the contributor's rights.

(2) (suppl., SG, No 103 1993; amend., SG 84/00, suppl., - SG 66/05; amend. - SG 38/06, in force from 01.07.2007) The contribution to a limited liability company, a joint stock company or a partnership limited by shares shall be evaluated by three independent experts appointed by the registry officer at the Registry Agency. The conclusion of the experts must contain full description of the non-monetary contribution, the method of evaluation, the obtained value and the extend it corresponds to the size of the share of the capital or to the number, the nominal and the issued value of the stocks subscribed by the contributor. The conclusion shall be presented to the commercial register together with the application for entry.

(3) (new, SG 84/00; amend. - SG 38/06, in force from 01.07.2007) The value stated in the constituent contract, respectively in the statutes, cannot exceed the one given by the experts.

(4) (prev. para 3 - SG 84/00) Should the contributor not agree with the evaluation, he may participate in the company with a monetary contribution or withdraw from participation in the company.

(5) (prev. para 4 - SG 84/00) The contribution may not pertain to future labour or services.

Making Non-Monetary Contributions

Art. 73. (1) The contribution of a right, requiring notary form of arrangement or assignment, shall be effected through the constituent contract or the statutes. In case of contributions to the capital of a company, the constituent contract or the statutes shall be accompanied by a written consent of the contributor containing description of the contribution and a notarized signature .

(2) The contribution of any other rights shall be made pursuant to the form the law provides for

their arrangement orassignment.

(3) (suppl., SG 84/00) The contribution of a claim shall be made though the constituent contract or, respectively, the statutes, and the contributor shall attach evidence of having notified the debtor of the transfer of the claim. The requirement for notification shall not apply when the claim is against the company itself.

(4) The title in the contribution shall emerge from the moment of the company's formation.

(5) (Amended SG 104/1996) Where a contribution pertains to a real right in immovable property, the competent body of the company, following its formation, shallfile with the registry services a notary certified abstract of the constituent contract and, whenever applicable, a separate consent of the contributor. The said body shall file a notary certified abstract of the constituent contract or the statutes and the consent of the contributor.. In making the recording the registry judge shall ascertain the contributor's rights.

Relief and set-off prohibition (new, SG 84/00)

Art. 73a. The partners in the limited liability company and the stock holders may not be relieved of the obligation for contributions to the capital, except in case of reduction of capital, neither can such obligation be set-off.

Hidden non-monetary contribution (new, SG 84/00)

Art. 73b. (1) When a joint stock company, within 2 years from its incorporation acquires rights at a price exceeding 10 percent of the capital, from a person who has registered stocks at the time of incorporation of the company, decision for it shall be taken by the general assembly of the stock holders and Art. 72, Para 2 shall apply for the transferred rights.

(2) (amend. - SG 38/06, in force from 01.07.2007) The transaction shall be valid upon the entry of the decision of the general assembly in the commercial register.

(3) Para 1 and 2 shall not apply to rights acquired in the process of the usual activity of the company, at the stock exchange or under supervision of an administrative or judicial body.

Payments to partners and stock-holders

Art. 73c. (new, SG 58/03) Payments to partners and stock-holders ensuing from shares or stocks of a trade company, placed under pledge or distraint, shall be made if the pledge or distraint creditor does not object within one month upon a written notice. In case of an objection the due amount shall be deposited to a bank for securing the creditor.

Repeal of a Resolution of the Company's General Meeting

Art. 74. (1) Every partner or stockholder may bring an action before the district court at the company's seat for the repeal of a resolution of the general meeting when such resolution is inconsistent with a mandatory provision of the law or with the constituent contract or, respectively, the statutes of the company. The action shall be brought against the company.

(2) The action shall be brought within 14 days of the date of the meeting when the plaintiff was present or was duly invited, or otherwise within 14 days of learning of the resolution, but not later than 3 months after the date of the general meeting.

(3) A partner or stockholder may intervene in a proceeding in accordance with the provisions of the Code of Civil Procedure. It may carry on the proceedings even after the withdrawal of the original plaintiff.

(4) (new –SG 59/07, in force from 01.03.2008, amend. - SG 88/18, in force from 23.10.2018) The claim shall be examined pursuant to the provisions of Chapter Thirty Three “Collective Claims Proceedings” of the Code of Civil Procedure, when the challenge concerns a decision of the general meeting of an open investment company. In this case no exclusion from participation shall be allowed.

Nullity of a Resolution, Repeated after being Repealed

Art. 75. (1) The instructions given by the court in repealing a general meeting's resolution concerning the interpretation of the law, the constituent contract or the statutes shall be binding on the general meeting in case of re-examination of the same issue.

(2) Resolutions or acts by the company's bodies which are in contravention of an effective court ruling are null and void. Each partner or stockholder may at any moment refer to such nullity or request its proclamation by the court.

Chapter eleven.
GENERAL PARTNERSHIP

Section I.
General Provisions

Definition

Art. 76. A general partnership shall be a company formed by two or more persons for the purpose of effecting commercial transactions by occupation under a common trade name. The partners shall be liable jointly and severally and their liability shall be unlimited.

Trade Name

Art. 77. The trade name of a partnership shall consist of the surnames or trade names of one or more of the partners with the extension "sabiratelno druzhestvo" [general partnership] or "sadruzhie" ("s-ie") [partners].

Contents of the constituent contract

Art. 78. The constituent contract of a general partnership shall be drawn up in writing with notarized signatures of the partners and shall state:

1. (amend. and suppl. - SG 38/06, in force from 01.07.2007) the name and domicile or, respectively, the trade names, seat and the unified identification code, as well as the address of each partner;

2. (Amend., SG, No 124 of 1997) the trade name, the seat, the address of management and the purposes of the partnership;

3. the type and amount of each partner's contribution and the valuation thereof;

4. the manner of distribution of profits and losses among the partners;

5. the manner of management and representation of the partnership.

Registration of the General Partnership

Art. 79. (1) The application for registration of the general partnership in the commercial register shall be signed by all partners and shall be accompanied by the constituent contract.

(2) Into the register shall be entered the information under items 1, 2 and 5 of the preceding Article.

(3) The persons authorized by the contract to represent the partnership shall submit specimen of their signatures.

Section II.
Partners' Relationships

Primacy of the Contract

Art. 80. The partners' legal relationships shall be governed by this Section, unless the constituent contract provides otherwise, with the exception of the provision of Art. 87.

Compensation for Expenses and Damages

Art. 81. (1) A partner shall be entitled to indemnification for any necessary expenses incurred in the course of the partnership's business and for any damages suffered in connection therewith.

(2) The partnership shall pay the interest as set by law for such expenses incurred or damages suffered by a partner.

Obligation to Pay Interest

Art. 82. A partner who is in arrears in paying his monetary contributions or receives or, respectively, draws partnership money for himself without being entitled to do so, shall owe the partnership the repayment of all such moneys and the interest as set by law. Should the damages for the partnership be greater, it may seek compensation for the balance.

Prohibition on Competition

Art. 83. (1) (Amend., SG, No 103 1993) A partner may participate in another company or enter into transactions related to the purposes of the partnership, on his own account or on account of a third party, only with the consent of the other partners.

(2) (Amend., No 103 1993) In case of a violation of paragraph 1 the partnership may claim compensation for the damages suffered or state that it shall assume the rights and obligations under the concluded transactions. The statement must be made in writing within one month of recipient knowledge of the transaction, but not later than one year of its conclusion, and be addressed to the partner and the third party.

(3) The claims pursuant to the preceding paragraph shall expire after three months from the date on which the legal actions came to the knowledge of the partners, or after three years of their commitment when the partners have no knowledge of them.

Management

Art. 84. (1) Each partner shall be entitled to manage the partnership's business, except when in the constituent contract the management has been entrusted to one or several partners or to a third party.

(2) The consent of all partners shall be required for the acquisition or disposal of real rights over real property, for the appointment of a manager who is not a partner, or for entering into cash loan agreement exceeding an amount fixed in the constituent contract.

Revocation of Management Assignment

Art. 85. (amend. - SG 38/06, in force from 01.07.2007) The resolution to entrust the management to one or several partners may be revoked by the district court at the partnership's seat upon an action brought by some of the partners, if the managers have committed a breach of their obligations, as well as on other grounds provided for in the constituent contract. The ruling shall be officially sent to the Registry Agency for entering into the commercial register.

Partner's Right to Exercise Control

Art. 86. A partner which does not participate directly in the management shall be entitled to obtain information personally on the partnership's business, to inspect the books, the partnership and other papers, and to request explanations from the managers.

Resolutions

Art. 87. Where the constituent contract requires that partnership resolutions be adopted with a majority vote, each partner shall be entitled to one vote. Resolutions shall be recorded in the minutes book.

Section III.
Partners' Relationship with Third Parties

Liability of the General Partnership

Art. 88. (Amend., SG, No 103 1993) When bringing an action against the partnership the plaintiff may also name as defendants one or several of the partners. Forcible execution shall be directed first against the partnership, and, in case of impossibility for satisfaction, against the partners.

Representation

Art. 89

(1) Each partner shall represent the partnership, unless the articles of partnership provide otherwise.

(2) A limitation upon the representative powers of a partner shall not be binding upon bona fide third parties if it is not registered in the commercial register.

Revocation of Representative Powers

Art. 90. The representative powers of a partner may be revoked pursuant to Art. 85.

Partners' Defence

Art. 91. In addition to the partnership's defense, a partner may set up against the partnership's creditors defense arising of circumstances concerning him personally.

Liability of Newly Admitted Partners

Art. 92. The liability for all of the partnership's debts of a newly admitted partner in an existing partnership shall equal that of the other partners.

Section IV.
Dissolution of a Partnership and Termination of Membership

Grounds for Dissolution

Art. 93. A general partnership shall be dissolved upon:

1. (suppl., SG, No 103 1993) expiration of its term or under other circumstances provided in the constituent contract;
2. the agreement of the partners;
3. declaring the partnership bankrupt;
4. unless otherwise stipulated - death or the placing under full judicial disability of a partner or dissolution of a partner which is a legal person;
5. (amend., SG, No 63 1994) request of the Receiver in bankruptcy in case of bankruptcy of a partner;
6. notice of termination from a partner;
7. a court ruling in the cases established by law.

Dissolution upon Notice from a Partner

Art. 94. Where a partnership has been formed for an indefinite period of time each partner may request its dissolution by sending at least six months prior notice in writing to all remaining partners, unless the constituent contract provides otherwise.

Dissolution by Court Order. Expulsion of a Partner

Art. 95. (1) The district court may dissolve a partnership upon request by a partner when another partner has deliberately or in gross negligence omitted an obligation imposed upon him by the constituent contract or the performance of the obligation has become impossible. This rule shall also apply whenever a partner acts against the interests of the partnership.

(2) Upon request by a partner the court may, instead of dissolving the partnership, expulse the partner, which is at fault.

Dissolution upon Notice from a Private Creditor of a Partner

Art. 96. (1) The creditor of a partner which in the course of six months cannot be satisfied by forcible execution upon the partner's personal property may attach that partner's liquidation share and request the dissolution of the partnership upon a notice in writing pursuant to the procedure set forth in Art. 94.

(2) A partnership shall not be dissolved in case the partnership or the remaining partners repay the debt following the attachment pursuant to the preceding paragraph. In this case only the participation of the debtor partner shall be terminated, unless the partners decide otherwise.

Continuation of a Partnership

Art. 97. (1) The constituent contract may provide that the partnership shall continue to exist in the case of termination of the membership of a partner. In this case the remaining partners shall buy out the share of property belonging to the partner whose participation was terminated, and in the case of a partner's death, those of his heirs who wish shall be admitted as partners. The heirs shall state their intent to be admitted as partners not later than three months from the date of the opening of the heritage.

(2) In case the heirs do not wish to be admitted as partners, as well as in case of termination of the membership of a partner, the partnership shall pay the value of the share of the property of the partnership of the decedent or the partner whose membership was terminated, and their share in the annual profits for the period up to the death or termination of the membership.

Limitation

Art. 98. (1) The claims against a partner for obligations of the partnership shall expire by limitation after five years, except where the claim against the partnership is subject to a shorter limitation.

(2) (suppl., SG 58/03) The limitation period shall run from the date on which the dissolution of the partnership, its transformation or the termination of the participation of the partner is registered in the commercial register.

(3) An interruption of the limitation with respect to the dissolved partnership shall also apply to those partners which were partners at the time of the dissolution.

Chapter twelve.
LIMITED PARTNERSHIP

Section I.

General Provisions

Definition

Art. 99. (1) A limited partnership shall be formed by means of a contract between two or more persons for carrying out commercial activities under a common trade name, whereby for the partnership's obligations one or more of the partners shall be liable jointly and severally and their liability shall be unlimited, and the remaining partners' liability shall not exceed the amount of the agreed upon contribution.

(2) (Revoked, previous para 3 - SG, No 103 1993) The provisions for the general partnership shall apply mutatis mutandis to the limited partnership, to the extent this chapter does not provide otherwise.

Form

Art. 100. The partnership contract shall be drawn up in writing with notarized signatures of the partners.

Trade Name

Art. 101. (1) The partnership's trade name shall contain the extension "komanditno druzhestvo" [limited partnership] or the abbreviation "KD" and the name of at least one of the general partners.

(2) The names of limited partners shall not be incorporated in the trade name of a limited partnership, but in case this has occurred those partners shall be deemed to bear unlimited liability vis-a-vis the creditors of the partnership.

Content of the Contract

Art. 102. The constituent contract of a limited partnership shall state:

1. the trade name of the partnership;
2. the seat and the registered office;
3. the object of business;
4. (suppl. - SG 38/06, in force from 01.07.2007) the names or, respectively, the trade names, the unified identification code, the addresses of the partners and the extent of their liability;
5. (revoked, SG 84/00);
6. the type and amount of the partners' contributions;
7. the manner of distribution of profits and losses among the partners;
8. the manner of management and representation of the partnership.

Registration

Art. 103. (amend. - SG 38/06, in force from 01.07.2007) A limited partnership shall be registered with the commercial register by the general partners, which shall file the constituent contract and specimen signatures.

Section II.
Partners' Legal Relationships

Primacy of the contract

Art. 104. The partners' legal relationships, to the extent the contract contains no provision to the contrary, shall be governed by this Section.

Management

Art. 105. A limited partnership shall be managed and represented by the general partners. A limited partner has no right to manage the partnership and block resolutions of the general partners.

Acts by a Limited Partner

Art. 106. Should a limited partner effect transactions in the name and on behalf of the partnership without being the partnership's manager or agent it shall be personally liable, except when the partnership ratifies the transaction.

Prohibition Concerning a General Partner

Art. 107. The rule of Art. 83 shall apply to a general partner.

Limited Partner's Rights

Art. 108. (amend., - SG 66/05) A limited partner may inspect the partnership's books and request a transcript of its annual financial report. In case of refusal the district court shall, on the motion of such partner, order that these be placed at the disposal of the partner.

Limited Partner's Share in Profits and Loss

Art. 109. (1) Where a limited partner has not paid in full the amount of his fixed contribution, his share in the profits shall be set off against the amount of the contribution falling short.

(2) A limited partner shall participate in loss to the amount of the stipulated contribution. He shall not be obliged to pay back received profits to meet subsequent losses.

Prohibition on Distribution of Profits

Art. 110. Where at the end of a calendar year it is established that a partnership has shown losses which affect the contributions made, no profits shall be distributed before the contributions have been restored to their stipulated amounts.

Section III.
Partners' Legal Relationships With Third Parties

Liability of a Limited Partner

Art. 111. A limited partner shall be liable to the partnership's creditors to the extent of his stipulated contribution, even when it has not been paid in full.

Liability Prior to Registration

Art. 112. A limited partner shall bear unlimited liability with respect to transactions effected by him in the name of the partnership prior to its formation, or after such formation whenever the creditor did not know that he was contracting with a limited partner.

Chapter thirteen.
LIMITED LIABILITY COMPANY

Section I.
General Provisions

Definition

Art. 113. A limited liability company may be formed by one or more persons who shall be liable for the company's obligations to the extent of their share contributions to the company's capital.

Form of the company contract

Art. 114. (1) (New - SG, No 103 1993) The company contract shall be executed in writing.

(2) (Previous sole para - SG, No 103 1993) A partner may be represented by a proxy holding an explicit power of attorney with notarized signature.

(3) (New SG, No 103 1993) When the limited liability company is formed by one person, a constitutive deed shall be drawn up instead of company contract.

Content of company contract

Art. 115. The company contract shall state:

1. (Amend., SG, No 124 of 1997) the trade name, the seat and address of management of the company;

2. the object of business and the validity term of the articles;

3. (suppl. - SG 38/06, in force from 01.07.2007) the names or, respectively, the trade names and the unified identification code of the partners;

4. (suppl. SG 84/00; amend. – SG 82/09; suppl. – SG 34/11, in force from 03.05.2011) the amount of the capital, where the entire capital has not been deposited at the time of formation, the articles shall specify the time limits and conditions for its deposit; the time limit for depositing the entire capital shall not exceed two years from registration of the company, respectively from the increase of the capital;

5. the size of the shares of each partner in the capital;

6. the management and manner of representation;

7. the privileges of the partners, where agreed upon;

8. other rights and obligations of the partners.

Trade Name

Art. 116. (1) The trade name of a company shall contain the extension "druzhestvo s ogranichena otgovornost" [limited liability company] or the abbreviation "OOD".

(2) Should all the capital be owned by one person, the trade name shall contain the extension "ednolichno OOD" [single owner limited liability company].

Capital and Shares

Art. 117. (1) (Amend., SG, No 100 of 1997; amend. – SG 82/09) The capital of a limited liability company shall not be less than BGN 2. It shall consist of the shares of the partners, which shall not be less than BGN 1.

(2) (amend., SG 66/05; amend. – SG 82/09) The sum total of all shares shall equal the capital, and the value of each share shall be a multiple of 1.

(3) The shares of the individual partners may be of unequal value.

(4) A share may be held jointly by several persons.

Liability of the Founders

Art. 118. (1) The founders shall be liable jointly and severally before the company for damages caused in the course of its formation, if they have not applied the diligence of a good merchant.

(2) The founders shall not be entitled to remuneration from the capital for the formation of the company.

Registration

Art. 119. (1) For registration of a company in the commercial register it shall be necessary:

1. (suppl. – SG 34/11, in force from 03.05.2011) to file the company contract, which shall be published;

2. to have an appointed manager or managers of the company;

3. (amend., SG 84/00; revoked – SG 82/09)

4. (amend. - SG 100/08; amend. – SG 82/09) at least the legally set minimum of the capital to have been paid;

5. (new – SG 34/11, in force from 03.05.2011) where the company is registered with a capital higher than the legal minimum – to pay at least 70 percent of the capital.

(2) (amend. - SG 50/08, in force from 30.05.2008) The data under items 1, 2, 3, 4 (only the amount of the capital) and 6 of Art. 115 shall be entered in the register and published.

(3) (New - SG 114/99, amend. SG 39/05) For entering into the commercial register the activity of an investment broker or other activities for which another piece of legislation requires the permission of a state body, shall be furnished the corresponding license or permission.

(4) (new, SG 84/00; suppl. – SG 34/11, in force from 03.05.2011) In case of amendment or supplementation of the company contract a copy of it shall be presented for publication at the commercial register, which shall contain all amendments and supplementations, certified by the body representing the company.

Section II.
Partners' Rights and Obligations

Shares

Art. 120. (1) Each partner shall pay up or contribute his share as provided in the company contract.

(2) (revoked - SG 84/00)

Consequences of Failure to Pay Up or Contribute One's Share

Art. 121. (1) The failure to pay up or contribute their share shall constitute grounds for the expulsion of a partner from the company. A partner who has failed to pay up or contribute his share within a specified period shall owe the lawful interest and any excess damages.

(2) Where the share cannot be paid up or contributed by the partner owing such payment or contribution, and cannot be sold to a third party, the remaining partners must pay up the balance in proportion to their shares or reduce the company's capital in accordance with established procedures.

Admission of a New Partner

Art. 122. A new partner shall be admitted by the general meeting upon an application in writing, containing a statement that he accepts the terms of the company contract. The resolution to admit the partner shall be registered in the commercial register.

Partners' Rights

Art. 123. Each partner shall be entitled to take part in the management of the company, in the distribution of profits, to be informed of the company's affairs, to review the company's books and to liquidation proceeds.

Partners' Obligations

Art. 124. The partners must pay up or contribute their share, take part in the management of the

company, provide assistance to its business activities and abide by the resolutions of the general meeting.

Termination of Participation in a Company

Art. 125. (1) The participation of a partner shall be terminated upon:

1. death or placement under full guardianship;
2. expulsion;
3. dissolution followed by liquidation, in the case of a legal person;
4. declaration of bankruptcy.

(2) A partner may terminate its participation in a company with a notice in writing made at least 3 months prior to the date of termination.

(3) Accounts shall be settled on the basis of the balance sheet for the last day of the month of termination of the participation.

Expulsion of a Partner

Art. 126. (1) (amend., SG 58/03) A partner who has not paid or contributed his share shall be deemed to be expelled, unless he pays of makes the contribution of his share within a period additionally determined by the general meeting of no less than one month. The period shall be determined by a majority of more than half of the capital. The manager shall inform in writing the partner about the additional period and warn him of the expelling.

(2) In the case of paragraph 1 the partner shall lose its title to any contributions made.

(3) A partner may be expelled by the general meeting following a written warning where he:

1. fails to perform his duty to assist the business activities of the company;
2. fails to abide by resolutions of the general meeting;
3. acts against the interests of the company.
4. (new, SG 84/00; amend., SG 58/03) fails to pay an additional monetary contribution, if the partner has not exercised his right to leave according to Art. 134, Para 2.

Partner’s Share

Art. 127. Each partner shall have a partner’s share in the company's assets the amount of which shall be determined in proportion to his share in the capital, unless otherwise agreed.

Certificate of Participation

Art. 128. The certificates issued to the partners as a proof of their participation in the company shall not be negotiable instruments.

Transfer of Shares

Art. 129. (1) (suppl. - SG 102/17, in force from 22.12.2017) The partner’s share may be transferred and inherited. The transfer of a partner’s share from one partner to another shall be unrestricted, while the transfer to third parties shall be subject to the provisions for admission of a new partners and if there are no unpaid wages, compensations, obligatory insurance instalments of employees, including employees, whose employment relationship is terminated within three years prior to the transfer of the partner’s share.

(2) (amend. – SG 105/16, suppl. – SG 15/18, in force from 16.02.2018) The transfer of a partner’s share shall be effected by a contract concluded with the signatures and content authenticated simultaneously by a notary public and shall be entered into the commercial register after the manager of the company and the grantor of right have presented a declaration in a form that there are no outstanding and unpaid obligations under Para. 1. Art. 16, Para. 2-4 shall apply accordingly.

Liability upon Transfer

Art. 130. The successor shall be liable jointly and severally with the predecessor in title for any payments to the capital due at the date of transfer.

Partition of a Partner's Share

Art. 131. The partition of partner's share shall be admissible only with the consent of the partners, unless otherwise agreed.

Joint Ownership of a Share

Art. 132. Where a share in the capital belongs to several persons, they shall exercise their rights therein jointly. They shall be liable jointly and severally for any obligations arising from such share. The joint owners of the share shall designate a person to represent them before the company.

Profits and Payments

Art. 133. (1) The partners cannot claim their shares as long as the company exists. They are only entitled to part of the profits in proportion to their shares, unless otherwise agreed.

(2) No interest upon the partner's shares may be agreed.

Additional Monetary Contributions

Art. 134. (1) For covering losses and in case of temporary shortage of cash the partners may be required, by a general meeting resolution, to make additional monetary contributions within a fixed period. The additional contributions shall be in proportion to the respective shares in the capital, unless otherwise determined.

(2) (amend., SG 58/03) A partner who has not voted in favor of the decision under para 1 shall have the right to terminate his participation in the company according to Art. 125, Para 2 and 3. This right may be exercised within one month from the meeting - in respect of the partners who have attended or have been regularly invited, or from the notification - for all other partners.

(3) (suppl., SG 58/03) The additional contributions shall not affect the company's capital. It may be agreed that the company shall pay interest upon them. Art. 73c shall not apply to reimbursement of additional monetary contributions.

Section III.
Management

Types of Organs

Art. 135. (1) The company's organs shall be:

1. the general meeting;
2. the manager (managers).

(2) The manager does not necessarily have to be a partner.

General Meeting of the Partners

Art. 136. (1) The general meeting shall consist of the partners.

(2) The company's manager shall take part in the general meeting's sittings in a consultative capacity, unless he is also a partner.

(3) Where the number of employees exceeds 50, they shall be represented in the general meeting in a consultative capacity.

Powers of the General Meeting

Art. 137. (1) The general meeting shall:

1. amend and supplement the company contract;

2. (Amend, SG, No 103 1993) admit and expel partners, give consent on the transfer of a partner's share to a new partner;

3. approve the annual report and balance sheet, distribute the profits and resolve on their payment;

4. resolve on the decrease or increase of the capital;

5. appoint a manager, fix his remuneration and relieve him of liability;

6. resolve on setting up or closing down branches and participation in other companies;

7. resolve on the acquisition or alienation of real property and real rights therein;

8. resolve on bringing a company action against the manager or comptroller and appoint an attorney to proceed with the suits against them;

9. resolve on additional monetary contributions.

(2) Each partner has as many votes in the general meeting as its share of the capital, unless the contract provides otherwise.

(3) (Amend., SG, No 103 1993; SG 84/00; suppl., SG 58/03) Resolutions under para 1, items 1, 2 and 9 shall be adopted by a majority of more than three fourths of the capital and the decisions under item 4 - unanimously by all partners, and the company contract can stipulate a larger majority. The partner whose expulsion is put to a vote shall not vote and his share shall be deducted from the capital in determining the majority. All remaining resolutions shall be adopted with a majority of the capital, unless the company contract provides otherwise.

(4) (new – SG 105/16) For the decisions made under Para. 1, item 2, 4, item 5, sentence one, and item 7, a protocol shall be drawn up with the signatures and content notarized simultaneously, unless the company contract provides for a written form.

(5) (new – SG 105/16) Decisions of the general meeting, adopted in violation of Para. 4, shall be null and void.

(7) (Prev. Para.5 – SG 105/16) The general meeting shall adopt resolutions on labour and social issues only after hearing the position of a representative of the company's employees.

Convening a General Meeting

Art. 138. (1) A general meeting shall be convened by the manager at least once every year.

(2) The manager shall also convene a general meeting upon the request in writing of the partners whose shares amount to at least one tenth of the capital. Should the manager fail to convene a general meeting within two weeks, the partners which have requested its convening shall be entitled to do so.

(3) (suppl., SG 58/03) The manager shall convene a general meeting immediately should the losses exceed one fourth of the capital, as well as when the net value of the property of the company under Art. 247a, Para 2 drops under the size of the registered capital.

Notice of General Meeting

Art. 139. (1) The general meeting shall be convened by a notice in writing received by each partner at least 7 days before the date of the meeting, unless the company contract provide otherwise. The notice shall specify the agenda.

(2) The general meeting's resolutions may be adopted in absentia when all partners have stated in writing their consent for the resolution.

Registration of Resolutions

Art. 140. (1) The general meeting resolutions related to registrations pursuant to Art. 119, Para 2 shall be entered in the commercial register.

(2) Paragraph 1 shall apply to the resolutions of the owner of a single owner company.

(3) (new, SG 84/00; amend., SG 58/03) The decisions regarding amendment and supplement of the company contract and termination of the company shall enter into force upon their entry in the commercial register.

(4) (new, SG 58/03) Increase and reduction of the capital, admission and expulsion of a partner, transformation of the company, election and discharge of a manager, as well as appointment of liquidator shall have effect from their entry in the commercial register.

Management and Representation

Art. 141. (1) The manager shall organize and direct the activities of the company in accordance with the law and the general meeting resolutions.

(2) (suppl., SG 84/00) The company shall be represented by the manager. Where several managers have been appointed each one of them may act independently, unless the company contract provides otherwise. Other restrictions of the representative authority of the manager shall not have effect in respect of third persons.

(3) (amend., SG 84/00; amend. - SG 38/06, in force from 01.07.2007) The name of the manager, who shall present a notary certified consent with a specimen of the signature, shall be entered in the commercial register.

(4) (new, SG 58/03) The authorisation of the manager may be withdrawn at any time and his name may be written off the commercial register.

(5) (new, SG 58/03; amend. - SG 38/06, in force from 01.07.2007) The manager may request to be written off the commercial register by a written notification to the company. Within one month from receipt of the notification the company shall declare for entry his release in the commercial register. Should the company fail to do so the manager may declare himself the entry of this circumstance which shall be registered regardless of whether another person has been elected in his place.

(6) (new – SG 66/05) The authorisation and its deletion shall take effect in respect of third diligent persons after their registration.

(7) (new, SG 58/03, prev. 6. – SG 66/05) The relations between the company and the manager shall be settled by a contract for commissioning of the management. The contract shall be concluded in writing on behalf of the company through a person authorised by the general meeting of the partners or by the single owner.

(8) (new – SG 14/11, in force from 15.02.2011) Cannot be a manager any person declared insolvent, a member of a management or control body of a company terminated due to insolvency during the last two years preceding the date of the decision for declaring insolvency if any unsatisfied creditors have remained. Cannot be a manager also a person, who has been a manager, member of a management or control body of a company, which in a valid penal decree has been found in breach of their obligations to create and maintain the prescribed reserve levels under the Act on Reserves of Crude Oil and Petroleum Products.

Prohibition on Competition

Art. 142. (1) Without the consent of the company the manager may not:

1. effect commercial transactions in his own or in a third party's name;

2. participate in general and limited partnerships, and in limited liability companies;

3. hold positions in managing organs of other companies.

(2) The limitations under Para 1 shall apply when the activities carried out are similar to those of the company.

(3) (amend., SG 58/03) For violations of his obligations under Para 1 the manager shall owe

compensation for the damages caused to the company.

Company Books

Art. 143. (1) The company shall keep a book of the shares and minutes book of the general meeting resolutions.

(2) The size of each partner's share, the contributions made and all relevant changes thereto shall be recorded in the book of the shares.

(3) The manager shall be responsible for the regular keeping of the company books.

Comptroller

Art. 144. (1) The company contract may provide for the appointment of a comptroller (comptrollers), who shall supervise the observance of the company contract, the preservation of the company's property and shall report to the general meeting.

(2) The following may not be comptrollers:

1. the managers, their deputies and company employees;

2. spouses, lineal and collateral relatives to the third degree of the persons under the preceding item;

3. persons who have been deprived in a sentence of the right to hold a position of financial accountability.

(3) In a single owner company the comptroller shall be appointed by the owner.

Liability of the Manager and the Comptroller

Art. 145. The manager and the comptroller shall be financially liable for damages caused to the company.

Auditors

Art. 146. (1) (suppl. - SG 38/06, in force from 01.07.2007; amend. – SG 67/08) The company's annual financial report shall be audited by one or several auditors – registered auditors in cases provided by a law.

(2) Such audit shall be a prerequisite for approving the annual financial report.

(3) The auditors shall be appointed by the general meeting before the expiration of the calendar year. They shall bear responsibility for a proper and unbiased audit and for maintaining confidentiality.

(4) (new, SG 84/00, amend., - SG 66/05; amend. - SG 38/06, in force from 01.07.2007) The accepted annual financial report shall be presented to the commercial register.

Management of a Single Owner Limited Liability Company

Art. 147. (1) The single owner of the capital shall manage and represent the company either personally or through a manager appointed by him. In case the owner is a legal person the manager of such legal person or a person designated by him shall manage the company.

(2) (amend., SG 84/00) The single owner shall resolve on the issues falling within the powers of the general meeting, of which shall be drawn up minutes in the form required for the decisions of the general meeting.

(3) (new, SG 84/00) The contracts between the single owner and the company, when it is represented by him, shall be concluded in writing.

Section IV.
Amending the Company contract

Increase of the Capital

Art. 148. (1) The capital may be increased through:

1. increasing the value of the shares;
2. subscribing new shares;
3. admitting new partners.

(2) The partners may increase the value of the shares pro rata to their holdings, unless the company contract or the general meeting resolution provide otherwise.

Reduction of the Capital

Art. 149. (1) (Amend., No 70/1998; SG 84/00) The capital may be reduced to the legal minimum by a resolution to amend the company contract in compliance with the requirements of Art. 150 and 151. In this case can be carried out simultaneous increase or reduction of the capital as set out in Art. 203.

(2) The resolution shall state the purpose of the reduction, its amount and the manner through which it shall be accomplished.

(3) The reduction may be effected through:

1. reducing the value of the share in the capital;
2. repayment of the capital share to a partner whose participation was terminated;
3. relieving of the obligation to pay up the unpaid portion of the capital share.

Notice to Creditors

Art. 150. (1) (amend. - SG 38/06, in force from 01.07.2007) The resolution to reduce the capital shall notified to the commercial register and shall be announced. The announcement shall be deemed as a statement by the company that it is prepared to provide security for claims or to pay its obligations as of the moment of the announcement to the creditors who do not agree with the reduction.

(2) (amend. - SG 38/06, in force from 01.07.2007) The creditor's consent for the reduction shall be assumed if within three months of the announcement they do not express in writing their objection.

(3) (revoked - SG 84/00)

Registration of the Reduction

Art. 151. (1) (amend., - SG 66/05) The amendment to the company contract in order to reduce the capital shall be registered upon expiration of the time limit specified in the previous article.

(2) The application for registration shall be accompanied by a proof of observance of the requirements of Art. 150 and a statement in writing of the manager that either security has been provided or the debt has been repaid to the creditors which have not consented to the reduction.

Protection of the Creditors (Title amend. – SG 104/07)

Art. 152. (1) (prev. text of Art. 152 – SG 104/07) Should the data for registration of the reduction provided by the manager prove to be untrue, he shall be liable for the damages suffered by the creditors to the extent they could not be satisfied by the company. In the case of several managers they shall be liable jointly and severally.

(2) (new – SG 104/07) Creditors referred to in Art. 150, Para 1, who have objected within the term fixed in Art. 150, Para 2 and have not obtained satisfaction or sufficient security of their claim within the said term, may ask the court to allow proper security of their claim by way of distraint or foreclosure according to the procedure for securing claims. The security shall be repealed, if the registration of the

capital reduction has been refused or the creditor obtains satisfaction of their claim.

Payments Pursuant to Reduction

Art. 153. (Suppl. SG 84/00) Payments to the partners pursuant to a reduction of the capital shall be made only after the reduction has been registered and after the creditors, who have expressed disagreement with the reduction, have been secured or have received a payment.

Section V.
Dissolution and Liquidation of the Company

Dissolution of the Company

Art. 154. (1) The company shall be dissolved:

1. by the expiration of the term set in the company contract;

2. (amend., SG 84/00) by resolution of the partners supported by a majority of 3/4 of the capital, unless the company contract stipulates a higher majority;

3. through a consolidation or merger into a joint stock company or another limited liability company;

4. by being declared bankrupt;

5. by a decision of the district court in cases provided for by law.

(2) The company contract may provide for other grounds for dissolution of the company.

Dissolution by a Decision of the Court

Art. 155. (amend. - SG 38/06, in force from 01.07.2007) The company may be dissolved by a decision of the district court at its seat:

1. by an action by the partners showing serious cause. The action shall be brought against the company if the plaintiffs' share represent more than one fifth of the capital;

2. (amend., SG 84/00) by an action by the prosecutor where activities of the company are in contravention to the law.

3. (new, SG 58/03) by an action of the prosecutor when no manager of the company has been registered for a period of three months.

Liquidation of a Company

Art. 156. (1) In the case of dissolution of a company pursuant to Art. 154, Items 1, 2 or 5 and Art. 155 shall be initiated liquidation proceedings.

(2) The company's liquidator shall be its manager, except where another person has been appointed in the company contract or by a resolution of the general meeting.

(3) By the request of the comptroller or of partners holding at least one tenth of the capital the court may appoint another liquidator.

(4) The liquidation of the company shall be carried out pursuant to Chapter Seventeen.

Dissolution of a Single Owner Limited Liability Company

Art. 157. (1) A company which capital is owned by a single natural person shall be dissolved upon the death of such person, except where provided otherwise or where the heirs wish to continue its activities.

(2) Where the capital is owned by a single legal person the company shall be dissolved with the dissolution of that legal person.

Chapter fourteen.
JOINT STOCK COMPANY

Section I.
General Provisions

Definition

Art. 158. (1) A joint stock company is a company the capital of which is divided into stocks. The company shall be liable before its creditors with its assets.

(2) The trade name of the joint stock company shall include the extension "aktsionerno druzhestvo" [joint stock company] or the abbreviation "AD".

Number of Founders

Art. 159. (amend., SG 84/00) (1) A joint stock company can be found by one or more natural or legal persons.

(2) When a joint stock company is formed by one person a constituent act shall also approve the statutes and the first supervisory board or board of directors shall be appointed.

(3) The constituent act shall be issued in writing.

Founders

Art. 160. (1) (amend., SG 84/00) Founders are those persons who have subscribed stocks at the constituent assembly.

(2) Persons declared bankrupt may not be founders.

Capital and Stocks

Art. 161. (1) The capital and the value of the stocks shall be designated in BGN.

(2) (Amend., SG, No 100 of 1997; SG 84/00) The minimum amount of the capital of a joint stock company shall be BGN 50 000.

(3) (Amend., SG, No 70 of 1998; amend. – SG 60/12, in force from 07.08.2012) A separate act may determine the minimum amount of the capital of certain joint stock companies.

(4) (suppl., SG 84/00, amend., - SG 66/05) The capital must be fully subscribed. The company cannot subscribe stocks from its own capital. When this prohibition is violated at the founding of the company, the founders shall be jointly and severally liable for the contributions corresponding to the registered stocks. If a person subscribes stocks on his own behalf but on the account of the company, they shall be deemed acquired only on the account of this person.

Nominal Value of a Stock

Art. 162 (amend., SG 84/00) The minimum nominal value of a stock shall be BGN 1. Larger nominal values of stocks must be determined in integers.

Section II.
Incorporation

Constituent assembly

Art. 163. (Amended - SG No 63/1995; SG 84/00) (1) The joint stock company shall be constituted at a constituent assembly which shall be attended by all persons who register stocks. Founders can be

represented by a proxy holding an explicit power of attorney with notarised signature.

(2) The stocks shall be subscribed at the constituent assembly.

(3) The constituent assembly shall:

1. take a resolution for constituting the company;

2. adopt the statutes;

3. establish the amount of the expenses related to the constituting;

4. elect a supervisory board, respectively a board of directors.

(4) The decisions under Para 3, Items 1 and 2 shall be adopted unanimously and a memorandum of association shall be drawn up, to which Art. 232 shall apply.

(5) When a joint stock company is founded by a single person a constituent act shall be drawn up.

Content of the Prospectus

Art. 164. (Repealed - SG No 63/1995)

Contents of the statutes

Art. 165. (amend., SG 84/00) The statutes shall contain:

1. the trade name, the seat and the address of the registered office of the company;

2. the object of business and the term, if any;

3. (suppl., - SG 66/05) the size of the capital and what part of it shall be paid up at constituting the company, the type and the number of the stocks, the rights for the different classes of stocks, the special conditions for their transfer, if any, as well as the nominal value of the individual stock;

4. the bodies of the company, their mandate and the number of their members;

5. the type and the value of the non-monetary contributions, if any, the persons who make them, the number and the nominal value of the stocks to be granted to them;

6. the advantages, which the said founders shall keep for themselves personally, if such are stipulated;

7. the conditions and the order of issuing stocks subject to re-purchase, if such is stipulated;

8. the way of distribution of the profit;

9. the way of summoning the general assembly;

10. other conditions in connection with the constituting, the existence and the winding-up of the company.

Contributions

Art. 166. (1) (amend., SG 84/00) Monetary contributions shall be made to a fund-raising bank account opened by the managing board, respectively by the board of directors, in the name of the company, with an indication of the contributor, and any transactions with the deposited sums shall be effected with the unanimous decision of this body.

(2) The provisions of Art. 72 and 73 shall apply mutatis mutandis to non-monetary contributions.

(3) (new, SG 84/00) If, within three months, the managing board, respectively the board of directors, does not attest before the bank that the company has been applied for registration the payers can withdraw the contributions in full. The members of the respective board shall be jointly and severally responsible for the repayment of the contributions.

Interim Certificate

Art. 167. (1) (amend., SG 84/00) For any proprietary contributions for subscribing to stocks the stockholders shall receive interim certificates signed by an authorised member of the managing board, respectively the board of directors.

(2) The stockholders shall receive their stocks upon presentation of interim certificates.

Constituent Assembly

Art. 168. (revoked, SG 84/00)

Subscription (amend., SG 58/03)

Art. 169. (amend., SG 58/03) A joint-stock company may be incorporated through subscription for raising capital only if a law explicitly stipulates the conditions and the order thereof.

Objectives of the Constituent Meeting

Art. 170. (revoked, SG 84/00)

Incorporation of a Company with the Subscribed Capital

Art. 171. (revoked, SG 84/00)

Content of the Statutes

Art. 172. (revoked, SG 84/00)

Founders' Liability

Art. 173. (revoked, SG 84/00)

Requirement for Registration of the Company

Art. 174. (1) For the registration of a joint stock company in the commercial register it is required that:

1. the statutes have been adopted;

2. the entire capital has been subscribed;

3. (amend., SG 84/00) the part of the value of each stock stipulated by the statutes has been paid up, but no less than 25 percent of the nominal or issued value of each stock;

4. (suppl., SG 58/03) the members of the board of directors or, respectively, the supervisory and managing board have been elected;

5. the remaining requirements of the law have been fulfilled.

(2) (amend., SG 84/00; suppl., SG 58/03; amend. - SG 38/06, in force from 01.07.2007) Entered in the commercial register shall be the data under Art. 165, Items 1 - 4, Item 5 - only the type and the value of the non-monetary contribution - and Item 10, as well as the names of the members of the board of directors, respectively of the supervisory and managing board. The application for registration shall be accompanied by the memorandum of association and a list of the persons who have subscribed to stocks at the time of constituting, certified by the managing board or by the board of directors. When, after the constituting of the company the stocks are acquired by a single person, entered into the commercial register shall be the name, respectively the trade name and the unified identification number of the stock holder.

(3) (New - SG 114/99, amend. SG 39/05) The entery into the commercial register of banking and insurance activities, activities of a stock exchange, investment broker, investment company, managing company and other activities, of which another act provides for the permission of a state authority, requires the submission of a corresponding license or permit .

(4) (new, SG 84/00; amend. – SG 34/11, in force from 03.05.2011) The statutes shall be filed with the commercial register and shall be published. In case of amendment or supplement of the statutes, it shall be necessary to submit to the commercial register for publication a copy of the statutes with the amendments

by the respective date, certified by the person or by the persons representing the company.

Section III.
Stocks

Nominal Value of the Stocks. Denominations

Art. 175. (1) A stock shall be a security which shall attest to the fact that its owner participates in the capital with the nominal value indicated on it.

(2) A joint stock company may not issue shares of different nominal values.

(3) Shares may be issued in denominations of 1, 5, 10 and multiples of 10 shares.

Issue Price

Art. 176. (1) The issue price is the price at which the stocks shall be purchased by the founders or, respectively, the subscribers in case the capital is raised through subscription.

(2) The issue price shall not be lower than the nominal value. Shares may also be subscribed at a price higher than the nominal value.

(3) The difference between the nominal value and the issue price shall be set aside for the company's reserve fund.

Indivisibility

Art. 177. The stocks are indivisible. Where a stock belongs to several persons they shall exercise their rights in it jointly by designating a proxy.

Types of Stocks

Art. 178. (1) (Amend. - SG 88/18, in force from 23.10.2018) Stocks shall be in the name of the holder. Preferred stocks may also be issued.

(2) (new, SG 84/0) The joint stock company can also issue dematerialized stocks. The issue and the administration of dematerialized stocks shall be carried out according to a procedure established in a law.

(3) (Prev. para 2 - SG 84/00, repealed - SG 88/18, in force from 23.10.2018)

(4) (prev. para 3 - SG 84/00) Where bearer stocks are made out before payment of the full issue price the amount of the partial contribution shall be indicated thereon.

Stockholders' Register

Art. 179. (Amend. – SG, 101/2010) (1) The joint stock company shall keep a stockholders' register in which the names and addresses, the Single Identity Number/Personal Identification Number or Uniform Identification Code of the holders of registered stocks shall be recorded and the type, nominal value and issue price, quantity and serial numbers of the stocks shall be indicated. This requirement shall apply to interim certificates.

(2) The person, or persons, representing the company, shall be obliged to ensure the entery in the stockholders’ register of the circumstances under Para 1 and the changes thereto, within 7 days from submission of the documents, according to the requirements of the law and the statutes.

Exchange of Stocks

Art. 180. (amend., SG 84/00, repealed - SG 88/18, in force from 23.10.2018)

Stockholder's Rights

Art. 181. (1) A stock entitles its holder to a single vote in the general meeting of stockholders, to a

dividend and to a share in the assets in case of liquidation in proportion to the nominal value of the stock.

(2) Where a company issues stocks with special rights this must be indicated and provided for in the statutes.

(3) (suppl., SG 84/00) The stocks providing equal rights form a separate class. The restriction of the rights of individual stockholders of one class shall be prohibited.

Preferred Stocks

Art. 182. (1) (Suppl., SG, No 103 1993) Preferred stocks may provide a guaranteed or additional dividend or share in the company's assets in case of liquidation, as well as other rights provided for in this Act or the statutes. The statutes may provide that preferred shares have no voting rights, which must be indicated on the stock itself.

(2) Preferred shares without voting rights shall be included in the nominal value of the capital.

(3) (New - SG No 63/1995) It shall not be allowed more than 1/2 of the stocks to be without voting rights.

(4) (Previous para 3 - SG, No 63 1995) Where a dividend due from a preferred stock without voting rights is not paid in the course of 1 year and the delayed payment is not made during the following year together with the dividend due for that following year, the preferred stock shall acquire voting until the delayed dividends have been paid up. In this case the preferred stocks shall be taken into account in determining the quorum and majority.

(5) (Previous para 4 - SG, No 63 1995) Resolutions restricting the advantages arising from the non-voting preferred stocks shall be taken with the consent of the preferred stockholders, which shall convene at a separate meeting. The meeting may conduct business if not less than 50 per cent of the preferred stocks are represented. Resolutions shall be adopted by majority of at least three quarters of the stocks so represented. The stocks shall acquire voting rights upon the removal of the preferences.

Contents of a Stock

Art. 183. (1) A stock shall contain:

1. the designation `“stock” for a denomination of one or the number of `”stocks” for larger denominations;

2. type of the stocks;

3. the number of the denomination and the serial numbers of the stocks comprised therein;

4. the trade name and seat of the joint stock company;

5. the size of the capital;

6. the total number of stocks, their individual nominal value and their denomination structure;

7. the coupons and their maturity;

8. the signatures of two persons having authority to bind the company, and the date of issue.

(2) (New - SG No 63/1995) A printed signature on the stock shall also be considered valid signature.

(3) (Previous para 2 - SG, No 63/1995) Filled in on the face of a stock in the name of a holder shall be the name of its first holder.

Coupons

Art. 184. (1) Unless otherwise provided in the statutes, stocks shall be issued with dividend coupons for 20 years.

(2) Coupons may not be transferred separately from the stocks.

(3) A coupon shall carry the designation `Coupon', the trade name of the joint stock company, the number of the coupon, the stock and the denomination, and the year for which dividend is payable on presentation thereof.

Transactions with stocks (amend., SG 58/03)

Art. 185. (1) (suppl., SG 58/03, repealed - SG 88/18, in force from 23.10.2018)

(2) Stocks in the name of a holder shall be transferred by endorsement which, to be binding on the company, must be recorded in the named stockholders register. The statutes may provide for other conditions for the transfer of stocks in the name of a holder.

(3) (new, SG 58/03, amend. SG, 101/2010) Stocks in the name of a holder shall be pledged by endorsement with "warranty clause", "pledge clause" or other expression meaning security. The pledge shall have effect for the company from the time of its registration in the book of the named stockholders. The right to vote arising from pledged stocks shall be exercised by the stockholder, unless the pledge contract stipulates otherwise. In these cases Art. 473 shall not apply.

(4) (New – SG, 101/2010) Within 7 days from the endorsement the transferee, or the pledge creditor shall be obliged to notify the company and to file an application for registering the transfer, or pledge in the stockholders' register.

Liability of Transferor of Stocks in the Name of a Holder

Art. 186. The transferor of stocks in the name of a holder which have not been fully paid up or from which other obligations towards the company arise shall be liable jointly and severally with the transferee. The transferor's liability shall lapse upon the expiration of a period of two years from the date that the transfer was recorded in the stockholders register.

Transfer of Interim Certificates

Art. 187. (1) An interim certificate may not be transferred prior to the incorporation of a company.

(2) Transfers of interim certificates shall be subject to the provisions of Art. 185, Para 2.

(3) (new – SG 104/07) Transfers of interim certificates shall have the same effect as transfer of the stocks it certifies.

Acquisition of own stocks

Art. 187a. (New - SG 84/00) (1) The company can acquire own stocks only:

1. for reduction of the capital under Art. 200, Item 2;

2. (amend., - SG 66/05) for universal legal succession, except in cases of transformation;

3. if this is gratuitous;

4. if it carries out, by business, transactions with securities or acquires the stocks in fulfilment of an order of a third person;

5. in case of expulsion of a stock holder according to Art. 189, Para 2 and 3;

6. as a result of enforcement of an obligation of a stock holder to the company;

7. if they have been issued as preferred stocks specially with the mentioned preference;

8. for re-purchase.

(2) (amend., - SG 66/05) In the cases under Para 1, Items 3, 4, 6, 7 and 8 the stocks must have been paid up in full.

(3) The company shall suspend the exercise of the rights in its own stocks until their transfer.

(4) (amend., - SG 66/05) The total nominal value of the own stocks acquired according to Para 1, with exception of those under Item 1, cannot exceed 10 percent of the capital. The company shall be obliged to transfer, within three years, the possessed own stocks which exceed this amount.

(5) If the stocks acquired in the cases under Para 1, Items 2 - 8 are not alienated within the period under Para 4 they shall be invalidated and Art. 200, Item 2 shall apply.

(6) (amend., SG 58/03) The own stocks shall not be taken into consideration in determining the net

value of the property of the company under Art. 247a, Para 2.

Re-purchase of stocks

Art. 187b. (New - SG No. 84/00) (1) The company may purchase own stocks pursuant to a decision of the general meeting of the stock holders, which shall determine:

1. the maximum number of stocks for re-purchase;

2. (amend. – SG 104/07) the conditions and the order upon which the board of directors or the managing board shall carry out the purchasing within a definite period not longer than five years;

3. the minimum and the maximum purchase price.

(2) (amend. - SG 38/06, in force from 01.07.2007) The decision under Para 1 shall be taken by a majority of the represented capital and, if the re-purchase is not explicitly stipulated by the statutes - by a majority of two thirds of the represented stocks. The decision shall be entered into the commercial register.

(3)(suppl., - SG 66/05) The purchasing shall be carried out by applying Art. 247a, Para 1 and 2.The total nominal value of the purchased stocks and of these under Art. 187a, Para 4 may nor exceed 10 per cent of the capital. Art. 187d shall apply to purchased stocks exceeding the said amount.

(4) (new – SG 66/05) The managing board, respectively the board of directors shall carry out the re-purchase in compliance with the requirements of Para 1 - 3.

Preferred stocks for re-purchase

Art. 187c. (New - SG No. 84/00) (1) The statutes may stipulate the issue of stocks for re-purchase, under conditions and order stipulated therein.

(2) (amend. - SG 38/06, in force from 01.07.2007) The company shall submit to the commercial register the proposal for re-purchase, which shall be published.

(3) The purchasing shall be carried out only with amounts designated for allotment according to Art. 247a, Para 1, 2 and 3.

(4) The company shall be obliged to form a reserve amounting to the nominal value of all purchased stocks under Para 1. This reserve may be allotted among the stockholders only in case of reducing the capital by the purchased stocks, or to be used for increase of the capital.

Inadmissible acquisition of own stocks

Art. 187d. (new, SG 84/00) If the company has acquired own stocks in violation of Art. 187a through 187c, they must be transferred within one year from their acquisition. Otherwise the stocks shall be invalidated and Art. 200, Item 2 shall apply.

Disclosure of information

Art. 187e. (new, SG 84/00, amend., -SG 66/05; amend. – SG 105/06, in force from 01.01.2007) The annual business report of the company shall obligatorily mention:

1. the number and the nominal value of the acquired and transferred through the year own stocks; the share of the capital which they represent, as well as the price at which the recipient acquisition or transfer have been executed;

2. the grounds for the acquisitions made throughout the year;

3. the number and the nominal value of the possessed own stocks and the share of the capital which they represent.

Cases assimilated to acquisition of own stocks

Art. 187f. (new, SG 84/00) (1) The rules of Art. 187a through 187e shall also apply when:

1. stocks of the company are acquired and held by one person for the account of the company;

2. stocks of the company are acquired and held by another company, in which the first directly or indirectly holds a majority of the right of voting or on which it can exercise directly or indirectly control;

3. the company receives own stocks or stocks of a company under Item 2 as a pledge.

(2) (amend., - SG 66/05)When the company has subscribed to own stocks at the time of its constituting or increase of the capital, they shall be immediately transferred. Otherwise, the stocks shall be invalidated and Art. 200, Item 2 shall apply. To such stocks shall apply Art. 187a, Para 3 and Art. 187e.

(3) (amend., - SG 66/05; amend. – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union) The company may not grant loans or secure the acquisition of its stocks by a third person. This restriction shall not apply to transactions concluded by banks or financial institutions in the course of their normal activity, if, as a result of this, the pure value of the property still meets the requirements of Art. 247a, Para1 and 2.

Section IV.
Contributions

Obligation to Make a Contribution

Art. 188. (1) The stockholders shall be obligated to make contributions for the stocks subscribed, which shall cover the fixed by the statutes portion of the value of the stocks. The remaining portion shall be contributed within a term defined by the statutes, but not later than 2 years from the registration of the company, respectively from the increase of the capital.

(2) Partial contributions may vary for individual stockholders, if the statutes provide so expressly.

Consequences of Delaying Contributions

Art. 189. (1) The stockholders, who have not made their contributions within the specified time periods shall owe interest, unless the statutes provide for liquidated damages. In case of a delayed non-monetary contribution, compensation for actual damages suffered may be claimed.

(2) (amend. - SG 38/06, in force from 01.07.2007) Stockholders, whose contributions are overdue, if they do not make the due contributions within one month of written notice to do so, shall be deemed expelled. The notice must be announced in the commercial register unless the transfer of the stocks is subject to the consent of the company.

(3) A stockholder so expelled shall lose his stocks and any contributions made. The stocks of a stockholder so expelled shall be cancelled and destroyed. The company shall offer for sale new stocks substituting the cancelled ones. The contributions made by the expelled stockholder shall be attributed to the company's reserve fund.

Interest

Art. 190. (1) The stockholders shall not be paid interest on contributions made, except in cases provided for in the statutes.

(2) (amend., SG 84/00) Where the stockholders have made partial contributions in different proportions, interest shall be due on the excess difference, unless the statutes provide otherwise. The interest shall be paid from the profit prior to the dividends according to Art. 247a regardless of the decision of the general meeting of the stockholders for distribution of the profit.

(3) The fruits derived from contributions made prior to incorporation shall be in the company's favor, unless the statutes provide otherwise.

Security

Art. 191. The statutes may provide that the stockholders shall provide security for the portion not

contributed.

Section V.
Increase of the Capital

Prerequisites

Art. 192. (1) The capital may be increased by issuing new stocks, by increasing the nominal value of stocks already issued, or by converting bonds into stocks pursuant to Art. 215.

(2) The resolution of the general meeting of stockholders to increase the capital shall be adopted by a two thirds majority of the votes of the stocks represented at the meeting. The statutes may provide for a larger majority, as well as for additional conditions.

(3) Where stocks of various classes exist, the resolution shall be adopted by each class.

(4) Where the new stocks are to be sold at a price exceeding their nominal value, the minimum sale price shall be specified in the general meeting's resolution.

(5) An increase of the capital is admissible only after the specified by the statutes amount has been fully paid up.

(6) (new, SG 84/00, amend., - SG 66/05) In case of increase of the capital in violation of Art. 161, Para 4 the members of the managing board, respectively of the board of directors, shall be jointly liable for the contributions for the subscribed own stocks. If a person subscribes stocks on his/her own behalf, but on the account of the company, they shall be assumed acquired only on the account of the person.

(7) (New - SG No 63/1995, prev. para 6 - amend., SG 84/00) In the case of increase of capital Chapter Fourteen, Section II shall apply, respectively, and increase of the capital through subscription shall be carried out under conditions and an order established by a law.

(8) (New - SG 114/99; prev. para 7 - SG 84/00) For registering the increase of the capital by subscription a confirmation of a prospectus shall be presented except in the cases when such is not required by the law.

Requirements for registration of the increase of the capital

Art. 192a. (New, SG 84/00) (1) For entering the increase of the capital in the commercial register shall be necessary:

1. the new stocks to have been subscribed;

2. at least 25 percent of the nominal value of the registered new stocks to have been contributed;

3. the difference between the nominal and the issued value of the new stocks to have been contributed.

(2) When the new stocks are not subscribed in full, the capital shall be increased only by the value of the subscribed stocks, if the decision of the general meeting for the increase admits so.

(3) To the commercial register shall be submitted a list of the persons who have registered the new stocks, certified by the managing board, respectively by the board of directors.

Increase of the Capital by Non-Monetary Contributions

Art. 193. (amend., - SG 66/05) (1) Where the capital is increased by non-monetary contributions, the general meeting's resolution shall specify the subject of each contribution, the contributor, and the nominal value of stocks given for such contribution.

(2) (amend. and suppl. - SG 38/06, in force from 01.07.2007) The conclusion of the experts under Art. 72, Para 2 shall become a part of the materials under Art. 224 and shall be submitted to the commercial register for announcement together with the decision for increasing the capital.

Preferential Right of Stockholders at Issue of New Stocks (Title amend., - SG 66/05)

Art. 194. (1) (amend., SG 84/00) Each stockholder is entitled to acquire a part of the new stocks in proportion to his share in the capital prior to the increase.

(2) (amend,. SG 84/00) For stocks of different classes the right under Para 1 shall be valid for the stockholders of the respective class. The rest of the stockholders shall exercise their privilege following the stockholders of the class, for which new stocks are issued.

(3) (new, SG 84/00; amend. - SG 38/06, in force from 01.07.2007) The right of the stockholders under Para 1 and 2 shall lapse within a period determined by the general meeting, but at least one month after announcement in the commercial register of an invitation for subscribing the stocks. The invitation for subscribing new stocks shall be announced together with the decision for increase of the capital in the commercial register.

(4) (amend., - SG 66/05; amend. - SG 38/06, in force from 01.07.2007) The right of the stockholders under Para 1 and 2 can be restricted or revoked only by a decision of the general meeting taken by a majority of two thirds of the votes of the represented stocks. The managing board, respectively the board of directors, shall present a report regarding the reasons for revoking or restricting the advantages and shall substantiate the issue value of the new stocks. The decision of the general meeting shall be submitted to the commercial register for announcement.

Conditional Increase of the Capital

Art. 195. The increase of the capital may be conditional upon the purchase of the stocks by certain persons at a certain price, or against bonds issued by the company.

Increase of the Capital by the Managing Board (Board of Directors)

Art. 196. (amend., SG 84/00) (1) (prev. art. 196 - amend., SG 84/00) The statutes may empower the managing board, or the board of directors as the case may be, to increases the capital up to a certain nominal amount in the course of five years from the date of incorporation, by issuing new stocks. A resolution to the same effect may also be passed by amending the statutes in compliance with the requirements of Art. 192, Para 3 for a period not exceeding five years from the date of registration of the amendment.

(2) (new, SG 84/00) In case of increase of the capital under Para 1 shall apply Art. 194, Para 1 and 2.

(3) (new, SG 84/00) The managing board, respectively the board of directors, can exclude or restrict the right of the stockholders under Art. 194, Para 1, only if authorised to do so by the statutes or by a resolution of the general meeting taken by a majority of 2/3 of the votes of the represented stocks. The authorisation cannot be given for a period longer than the period under Para 1. In this case the increase of the capital can also be made as set out in Art. 193 and 195.

Increase of the Capital from Company Funds

Art. 197. (1) (amend., - SG 66/05) The general meeting may resolve to increase the capital by partial capitalisation of profits. The resolution shall be adopted within three months from the date of approval of the annual financial report for the previous year , by majority of three quarters of the votes of the stocks represented at the meeting.

(2) (amend. - SG 38/06, in force from 01.07.2007) The company's balance sheet shall be presented and the fact that the increase is from company's own funds shall be explicitly stated upon filing the resolution to increase the capital for registration.

(3) (amend., SG 84/00) The new stocks shall be allotted among stockholders, including the company when it possesses own stocks, proportionate to their holding in the capital prior to the increase. Any general meeting resolution in contravention of the latter provision shall be null and void.

Receipt of Stocks

Art. 198. (1) Upon registering the increase of the capital pursuant to the preceding Article, the managing board, or the board of directors as the case may be, shall, without delay, invite the stockholders to receive their stocks.

(2) (amend. - SG 38/06, in force from 01.07.2007, repealed - SG 88/18, in force from 23.10.2018)

Section VI. Reduction of the Capital

Ordinary Reduction

Art. 199. (1) The reduction of the capital shall be carried out pursuant to a resolution of the general meeting.

(2) (amend., SG 84/00) If there are several classes of stocks, the reduction requires resolutions by each class of stockholders.

(3) The resolution shall state the purpose of the reduction and the method by which it is to be carried out.

Methods of Reduction

Art. 200. (1) The capital may be reduced:

1. by reduction of the nominal value of stocks;
2. by cancellation of stocks.

Reduction of Capital by Cancellation of Stocks

Art. 201. (1) Stocks may be cancelled forcibly or after their acquisition by the company.

(2) (amend., SG 84/00) Forcible cancellation of stocks shall be allowed if provided for in the statutes and the stocks have been subscribed under such condition.

(3) The prerequisites for, and the method of, forcible cancellation shall be set forth in the statutes.

Protection of Creditors

Art. 202. (amend., SG 84/00) (1) (amend. - SG 38/06, in force from 01.07.2007) in respect of creditors whose claims have arisen prior to announcement in the commercial register of the resolution on reduction of the capital, shall apply respectively the rules of Art. 150-153.

(2) The rule of Para 1 shall not apply when the reduction of the capital has been carried out with the purpose of covering losses. In this case the stockholders shall not be released from the obligation to make contributions.

(3) The rule of Para 1 shall not apply also when the reduction is carried out by own stocks, which have been paid up in full and have been acquired gratuitously or by funds under Art. 247a, Para 1 - 3. In these cases Art. 187c, Para 4 shall apply respectively.

Simultaneous Reduction and Increase of the Capital

Art. 203. (amend., SG 84/00) (1) (Amended, SG No 83/1996) The capital of the company can be simultaneously reduced and increased, so that the reduction shall have effect only if the planned increase of the capital is carried out.

(2) In the cases under Para 1 the capital can also be reduced under the minimum size established by the law, if by increasing the capital at least the minimum established by the law is reached.

(3) The rule of Art. 202, Para 1 shall not apply if, as a result of the increase, the size of the capital before its change is reached or exceeded.

Section VII.
Bonds

Order for Issuing Bonds

Art. 204. (1) (amend. SG 114/99; amend., SG 58/03; amend. - SG 62/17) Bonds can be issued only by a joint stock company.

(2) (amend. SG 114/99; revoked - SG 62/17)

(3) (amend. and suppl., SG 61/02) Resolutions to issue bonds shall be adopted by the general meeting of stockholders, which can empower for that the board of directors, respectively the managing board as set out in Art. 196.

(4) Bonds of same issue and same nominal value shall rank pari passu.

(5) (New - SG No 63/1995; suppl., SG 6102) Bonds may be in physical or dematerlalised form . The rules for stocks stipulated in this Act, with exception of Art. 176, Para 2 and Art. 184, Para 2, shall apply to the issue, transfer and pledge of physical and dematerialised bonds.

Requirements and order of issuing bonds (Amend., SG 61/02)

Art. 205. (1) The issuance of bonds through subscription or other form of public offering shall be carried out under conditions and order established by a law.

(2) When issuing bonds in cases other than those under Para 1, the company shall draw up a proposal for subscription of bonds containing at least:

1. the decision under Art. 204, Para 3;

2. (revoked, SG 58/03)

3. the total nominal and issuance value of the bond loan;

4. number, type, nominal and issuance value of the offered bonds, as well as estimated restrictions to their transfer;

5. for interest-paying bonds - the period until the maturity of the bonds, the scheme of acquittal of the bond loan, including the gratis period, if such is stipulated, the interest payments, the way of their calculation and the periodicity of the payments;

6. for bonds with other form of income - the way of formation of the income and the maturity of the payments;

7. the type and the size of the provided security, if any;

8. the way and the term of payment of the interest and the capital;

9. initial and final date, as well as place and order of subscribing to the bonds;

10. conditions of subscribing to the bonds;

11. minimum and maximum size of the collected contributions, at which the loan shall be considered concluded.

(3) The bonds shall be issued only after the full payment of their issuance value.

(4) The resolution under Art. 204, Para 3 for issuing a non-public issue of bonds may stipulate the mutatis mutandis application ofthe provisions of the law regarding the agent of the bondholders and the security of a public issue of bonds.

Conducting the Subscription (Title amend., SG 61/02)

Art. 206. (1) (Amend., SG 61/02) The raising of moneys and the delivery of the bonds shall be performed by a bank or investment broker.

(2) (Amend., SG 61/02) Subscribers to bonds shall pay the moneys into a fund-raising account with a bank specified by the company. The amounts in the said account may not be used prior to the announcement according to Para 6.

(3) (Amend., SG 61/02) The resolution under Art. 204, Para 3 shall determine the conditions under which the loan shall be considered concluded. It shall be mandatory that the issuance value of all subscribed bonds has been paid in full.

(4) (Amend., SG 61/02) Within 14 days from the end of the subscription the company shall conclude a contract with a bank, setting out the order and the way of servicing the payments under the bond loan.

(5) (Amend., SG 61/02) Should the term under Art. 205, Para 2, Item 9 expire without meeting the conditions provided for contracting of the loan, moneys paid up shall be reimbursed to the subscribers together with such interest as accrued by the bank.

(6) (New, SG 61/02; amend. - SG 38/06, in force from 01.07.2007) Within one month from the final date for subscription of the bonds under Art. 205, Para 2, Item 9 the managing body of the company shall present at the commercial register for announcement a notification of the concluded bond loan indicating:

1. the size of the loan;
2. the date of commencement of the maturity term;
3. the date of maturity - for interest and capital payments;
4. the bank under Para 4, servicing the payments of the bond loan;
5. the place, the date, the hour and the agenda of the first general meeting of the bondholders.

(7) (New, SG 61/02; amend. - SG 38/06, in force from 01.07.2007) The date of the first general meeting of the bondholders cannot be later than 30 days from the announcement under Para 6. The place of holding the meeting cannot be different from the seat of the company.

(8) (New, SG 61/02) The company shall inform immediately the representatives of the bondholders under Art. 209 and the bank, servicing the payments of the bond loan, of all changes in its commercial activity, related to its obligations regarding the issued bonds.

Nullity of a decision for issuing bonds (amend., SG 61/02)

Art. 207. Null shall be deemed every decision of the company for:

1. change of the conditions for subscription of issued bonds ;
2. issuance of new bonds with preferential payment regime without the consent of the general meetings of the bondholders of previous unpaid issues.

First General Meeting of Bondholders (New Title – SG 103/93)

Art. 208. (Suppl. SG, No 103/93; Amend., SG 61/02, amend. - SG 62/17) The first general meeting of the bondholders shall be valid, if at least 1/2 of the subscribed loan is represented.

Representation of Bondholders

Art. 209. (1) The bondholders of the same issue shall form a group for the protection of their interests before the company.

(2) The group shall be represented by trustees elected by the general meeting of bondholders. These trustees may not be more than three.

Limitations on Representation

Art. 210. (1) The following may not be trustees under the preceding Article:

1. the debtor company;
2. (Amend., SG 61/02) persons related to the debtor company;
3. companies which have guaranteed, in part or in total, the liabilities assumed;
4. members of the supervisory board, the managing board or the board of directors of the company,

or descendants, ascendants and spouses thereof;

5. persons who are prohibited by law from serving in company management bodies;

(2) Trustees may be recalled by a resolution of the general meeting of the bondholders.

Powers of the Trustees

Art. 211. Trustees may act to protect the bondholders' interests pursuant to resolutions of the general meeting of bondholders.

Participation of Trustees in the General Meeting of Stockholders

Art. 212. (1) The trustees of bondholders may participate in the general meeting of stockholders without the right to vote. They may obtain information under the same terms as stockholders.

(2) Where resolutions are adopted concerning the performance of obligations under the terms of the bond loan, the general meeting of stockholders shall hear the opinion of the bondholders' trustees.

Remuneration of Trustees

Art. 213. (1) The remuneration of the bondholders' trustees shall be fixed by the company and shall be paid on its account. Should the company fail to fix such remuneration, the general meeting of bondholders shall do so.

(2) Should the company object to the amount so fixed, the remuneration shall be fixed by the district court upon application by the trustees.

General Meeting of BondHolders

Art. 214. (1) (Suppl., SG 61/02; amend. - SG 38/06, in force from 01.07.2007) The general meeting of bondholders shall be called by the trustees of the bondholders by an invitation announced in the commercial register at least 10 days before the meeting.

(2) (Amend., SG 61/02) The general meeting may also be called upon the request of the bondholders of at least 1/10 of the respective issue of bonds or, if liquidation proceedings have commenced, upon the request of the liquidators of the company.

(3) The trustees of the bondholders shall be bound to call the general meeting of bondholders upon receipt of notice from the management bodies of the joint-stock company as to:

1. a proposed amendment of the company's object of business, type, or for transformation of the company;

2. (Amend., SG 61/02) a proposal for issue of a new issue of preferred bonds.

(4) Each issue of bonds shall constitute a separate general meeting.

(5) The provisions for the general meeting of stockholders shall apply mutatis mutandis to the general meeting of bondholders.

(6) (New - SG 62/17) The right to vote on dematerialized bonds shall be exercised by the persons holding bonds 5 days before the date of the bondholders’ general meeting.

(7) (Previous paragraph 6 - SG 62/17) The general meeting of stockholders shall be obliged to examine the resolutions of the bondholders' general meeting.

Section VIII.
Conversion of Bonds into Shares

Resolution on Conversion of Bonds into Shares

Art. 215. (1) The general meeting may resolve on the issuing of convertible bonds. This type of bonds may not be issued by companies in which the State owns more than 50 per cent of the capital. The

stockholders may subscribe preferentially such bonds under the terms which apply to subscription to new issue of stocks.

(2) The procedure for the conversion of bonds into shares shall be specified in the general meeting's resolution on the issuing of the said bonds.

(3) The general meeting of stockholders may lay down the terms under which holders of bonds, which are not redeemable by conversion into stocks, may so convert them.

(4) The issue price of the converted bonds may not be lower than the nominal value of the stocks which the bondholders would acquire by conversion.

(5) In case of reduction of the capital because of losses through a reduction of the number of stocks or of the nominal value thereof, the rights of bondholders shall be reduced proportionally.

Validity of the Resolution to Issue New Bonds

Art. 216. The resolution to issue new bonds convertible into stocks shall be valid subject to approval by the general meeting of bondholders, which have acquired the right to convert bonds into shares.

Conversion upon Increase of Capital

Art. 217. Upon adoption of a resolution to increase the capital, the managing board, or the board of directors as the case may be, shall determine the period, within which bonds may be converted into shares. This period may not exceed three months.

Registration of the Increased Capital (Amend, SG 61/02)

Art. 218. The managing board, respectively the board of directors, shall declare for registration the increase of the capital resulting from conversion of bonds into stocks.

Section IX.
Joint Stock Company Organs

Types of Organs

Art. 219. (1) (prev. art. 219 - SG, 84/00) The joint stock company organs shall be:

1. the general meeting of stockholders;

2. the board of directors (one-tier system), or the supervisory board and the managing board (two-tier system).

(2) (new, SG 84/00) In a single owner joint stock company the single owner of the capital shall decide on the issues of competence of the general assembly.

Subsection I. General Meeting of Stockholders

Members of the General Meeting

Art. 220. (1) (suppl., SG 58/03) The general meeting comprises the stockholders with voting rights. They may participate in a general meeting either in person or by a proxy. A member of the board of directors, respectively of the supervisory and managing board, may not represent a stockholder.

(2) (amend., SG 58/03) The stockholders of preferred stocks without voting right, as well as the members of the board of directors, respectively of the supervisory and managing board, when they are not stockholders, shall participate in general meeting proceedings without the right to vote.

(3) (new, SG 58/03) When the persons hired by the company are more than 50 they shall be represented in the general meeting by one person with consultative capacity. Their representative shall have the rights under Art. 224.

Competence

Art. 221. The general meeting shall:

1. amend and supplement the statutes of the company;

2. increase or reduce of the capital;

3. transform or dissolve the company;

4. (amend., SG 58/03) elect and dismiss the members of the board of directors, or of the supervisory board as the case may be;

5. (new, SG 58/03) determine the remuneration of the members of the supervisory board, respectively of the members of the board of directors, to whom the management will not be commissioned, including their right to receive a part of the profit of the company, as well as to acquire stocks and bonds of the company;

6. (prev. item 5 - SG 58/03; amend. – SG 67/08; suppl. - SG 95/15, in force from 01.01.2016) appoint and dismiss registered auditors, where auditing is mandatory in cases provided for by law or a decision was made to perform an independent financial audit;

7. (prev. item 6 - amend., SG 58/03, amend., - SG 66/05; suppl. - SG 95/15, in force from 01.01.2016) approve the annual financial report as certified by the appointed registered auditor, where an independent financial audit has been carried out, take decision for distribution of the profit, for complementing the "Reserve" Fund and for payment of dividend;

8. (prev. item 7 - SG 58/03) resolve on issuing of bonds;

9. (prev. item 8 - SG 58/03) appoint liquidators upon dissolution of the company, except in the event of bankruptcy;

10. (prev. item 9 - SG 58/03) relieve of responsibility the members of the supervisory board, the managing board, or of the board of directors as the case may be;

11. (prev. item 10 - SG 58/03) resolve on other matters, which by virtue of the law or the statutes are in its competence.

Holding a General Meeting

Art. 222. (1) (amend. and suppl., SG 58/03) A general meeting of stockholders shall be held at least once a year at the seat of the company unless the statutes stipulate another place on the territory of the Republic of Bulgaria.

(2) (new, SG 58/03) The first general meeting shall be held within 18 months from the incorporation of the company and the subsequent regular meetings - within 6 months from the end of the accounting year .

(3) (new, SG 84/00; prev. para 2 - SG 58/03) If the losses exceed half of the capital, the general meeting shall be held within there months from establishing the losses.

(4) (prev., para 2 - SG 84/00; prev. para 3 - SG 58/03) The general meeting shall elect a chairman and a secretary of the meeting, unless the statutes provide otherwise.

Convening

Art. 223. (1) (amend., SG 58/03) The general meeting shall be convened by the board of directors, or by the managing board as the case may be. A general meeting may also be convened by the supervisory board, as well as on the request of stockholders holding for at least three months stocks, that represent at least 5 percent of the capital.

(2) (Amend., SG, No 33 of 1999; amend. and suppl., SG 58/03) Should the request of the stockholders, holding at least 5 percent of the capital, under Para 1, is not granted within one month from its filing or if the general meeting is not held within 3 months from filing the request, the district court shall convene a general meeting or shall authorise the stockholders who have requested the convening or their

representative to convene the meeting. The fact that the stocks have been possessed for a period longer than three months shall be established in the court by a notary certified declaration.

(3) (Amend., SG, No 100 of 1997; SG 84/00; amend. - SG 38/06, in force from 01.07.2007, amend. - SG 88/18, in force from 01.06.2019) The convening shall be carried out by an invitation announced in the commercial register. The statutes may stipulate that the convening is to be carried out only by written notices.

(4) The notice shall state at least:

1. the trade name and seat of the company;

2. the place, date and hour of the meeting;

3. the type of general meeting;

4. a note of the formalities, if provided for in the statutes, to be satisfied for attending the meeting and exercising the right to vote;

5. (Amend., SG 61/02) the agenda of topics to be discussed, and concrete proposals for resolutions.

(5) (Amend., No 100 of 1997; amend. - SG 38/06, in force from 01.07.2007) The time period from announcement in the commercial register to the opening of the meeting shall not be less than 30 days.

Inclusion of topics in the agenda (new, SG 58/03)

Art. 223a. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) Stockholders holding for at least three months stocks that representing at least 5 percent of the capital of the company may, following the announcement in the commercial register or the sending of the notice, include other topics in the agenda of the general meeting.

(2) (amend. - SG 38/06, in force from 01.07.2007) Not later than 15 days before the opening of the general meeting the persons under Para 1 shall furnish for announcement in the commercial register a list of the topics to be included in the agenda and the proposals for resolutions. With the announcement in the commercial register the topics shall be considered to be included in the proposed agenda.

(3) (amend. - SG 38/06, in force from 01.07.2007) The fact that the stocks have been possessed for a period longer than three months shall be established in a declaration.

(4) (amend. - SG 38/06, in force from 01.07.2007) Not later than the next working day after the announcement the stockholders shall present the list of topics, the proposals for decisions and the written materials at the seat and address of management of the company. Art. 224 shall apply respectively.

Right to Information

Art. 224. (1) (prev. text of art. 224 - amend., SG 58/03; amend. - SG 38/06, in force from 01.07.2007) All materials relative to the agenda of a general meeting must be placed at the disposal of the stockholders not later than the date of announcement or sending the notices for convening the general meeting.

(2) (new, SG 58/03) When the agenda includes an election of members of the board of directors, respectively of the supervisory board, the materials under Para 1 shall also include information of the names, the permanent address and the professional qualification of the persons nominated for members. This rule shall apply also when the topic was included in the agenda as set out in Art. 223a.

(3) (new, SG 58/03) On request the written materials shall be made available to every stockholder free of charge.

List of Attendants

Art. 225. A list of the stockholders or their proxies present at the meeting and of the number of stocks owned or represented shall be drawn up for the session of the general meeting,. The stockholders or proxies shall signify their presence at the meeting by a signature. The list shall be certified by the chairman and the secretary of the general meeting.

Proxies

Art. 226. Any stockholder may authorize in writing a person to represent him at the general meeting.

Quorum

Art. 227. (1) (prev. text of art. 227 - amend., SG 58/03) The statutes may provide for a quorum of the capital.

(2) (new, SG 58/03) The resolutions under Art. 221, Items 1 - 3 shall be adopted only if at least half of the capital is represented at the general meeting. The statutes may provide for a bigger quorum.

(3) (new, SG 58/03) For lack of quorum in the cases under Para 1 and 2 a new meeting may be set not earlier than 14 days and it will be lawful regardless of the capital represented in it. The date of the new sitting may be indicated also in the notice for the first sitting.

Voting

Art. 228. (1) Voting rights shall originate upon payment of the contribution, unless otherwise provided in the statutes.

(2) (amend., SG 58/03) Where a proposed resolution affects the rights of a class of stockholders, the voting shall be in classes whereas the requirements for quorum and majority shall apply to each class individually.

Conflict of Interest

Art. 229. A stockholder may not, either in person or by proxy, vote on:

1. actions brought against him;
2. pursuing the liability of such stockholder towards the company.

Majority

Art. 230. (1) General meeting resolutions shall be passed by majority of the stocks represented, unless the law or the statutes provide otherwise.

(2) (amend., SG 58/03) Resolutions under Art. 221, Items 1, 2 and 3 (only for termination), shall require a majority of at least two thirds of the stocks represented. The statutes may provide for other larger majority in these cases.

(3) (new, SG 58/03) Where the law or the statutes provide for voting in classes the rules for quorum and majority shall to for each class individually.

Minority

Art. 230a. (new, SG 84/00; revoked, SG 58/03)

Resolutions

Art. 231. (1) (amend., SG 58/03; amend. - SG 38/06, in force from 01.07.2007) The general meeting may not pass resolutions on matters not announced pursuant to Art. 223 and 223a, unless all stockholders are present or are represented at the meeting and no one objects to the submission of such matters to debate.

(2) General meeting resolutions shall take effect immediately, unless such effect is deferred.

(3) (Amend., SG, No 100 of 1997; SG 84/00; amend., SG 58/03) The resolutions regarding amendment and supplement of the statutes and dissolution of the company shall enter into force upon their

entry into the commercial register.

(4) (new, SG 58/03) Increase and reduction of the capital, transformation of the company, election and discharge of members of the boards, as well as appointment of liquidators shall have effect as of their entry into the commercial register.

Minutes

Art. 232. (1) The minutes of a general meeting shall be kept in a special book and shall comprise:

1. the place and time of the meeting;
2. the names of the chairman and the secretary, and of the vote tellers;
3. the attendance of the managing and the supervisory board, and of other persons which are not stockholders;
4. the motions made on the substance of the debate;
5. the votings and the results thereof;
6. the objections made.

(2) The minutes of the general meeting shall be signed by the chairman and the secretary of the meeting, and by the vote tellers.

(3) Attached to the minutes shall be:

1. the list of participants;
2. the documents relative to the convening of the meeting.

(4) (new, SG 58/03; amend. – SG 59/07, in force from 01.03.2008) On request of a stockholder or a member of a board attending the general meeting may be a public notary who will prepare findings records under Art. 593 of the Civil Procedure Code. Copy of the findings records shall be attached to the minutes of the general meeting.

(5) (prev. para 4 - SG 58/03) The minutes and the documents attached thereto shall be kept on file for not less than five years. Any stockholder shall have the right to inspect the file on demand.

Resolutions of the single owner

Art. 232a. (new, SG 84/00) Written minutes shall be drawn up for the resolutions of the single owner of the capital.

Subsection II. Common Rules to Both of the Management Systems

Mandate

Art. 233. (1) The members of the board of directors, the supervisory board and managing board shall be elected for not more than a five-year term, unless a shorter term is provided for in the statutes.

(2) The members of the first board of directors, or of the first supervisory board as the case may be, shall be elected for not more than a three-year term of office.

(3) The members of the boards may be re-elected without limitation.

(4) (new, SG 84/00; suppl., SG 58/03) The members of the board of directors and of the supervisory board can be released from their occupations before the expiration of the mandate for which they have been elected.

(5) (new, SG 58/03; amend. - SG 38/06, in force from 01.07.2007) A member of the board may request his writing off the commercial register by a written notification to the company. Within 6 months from receipt of the notification the company shall declare his discharge for entry into the commercial register. Should the company fail to do so the interested member of the board may himself declare for entry this circumstance which shall be registered regardless of whether another person has been elected in his place.

Members of the Boards

Art. 234. (1) Member of a board may be any capable natural person . Where the statutes so provide, member may be also a legal person. In this case the legal person shall designate a representative for performance of its duties in the board. The legal person shall bear unlimited liability and shall be liable jointly and severally with the other board members for the liabilities arising from acts of its representative.

(2) A person may not be member of a board, if he:

1. (amend., SG 84/00) has been a member of a management or controlling body of a company terminated due to bankruptcy during the last two years preceding the date of the decision for declaring bankruptcy, if there remain unsatisfied creditors;

2. (revoked, SG 84/00; new – SG 15/13, in force from 15.02.2013) has been a member of a management or controlling body of a company, which in a penal decree in force has been found to violate its obligations to establish and maintain certain designated levels of reserves as set out in the Act on Reserves of Crude Oil and Petroleum Products.

3. does not meet other requirements provided for in the statutes.

(3) (new, SG 58/03) The members of boards shall be entered into the commercial register, where they shall submit a notary certified consent and a declaration that there are no obstacles under Para 2.

Representative Powers

Art. 235. (1) The members of the board of directors, or of the managing board as the case may be, shall represent the company collectively, unless otherwise provided by the statutes.

(2) The board of directors, or, as the case may be, the managing board subject to approval by the supervisory board, may delegate authority to one or several of its members to represent the company. The authority so delegated may at any time be withdrawn.

(3) (amend. - SG 38/06, in force from 01.07.2007) The names of the authorized representatives shall be registered in the commercial register. For registration they shall present notarized signatures.

(4) (amend., SG 84/00; suppl. – SG 34/11, in force from 03.05.2011) Restrictions on the representative authority of the board of directors, of the managing board and of the persons authorised by them according to Para 2 shall have no effect towards third parties and shall not be published in the commercial register.

(5) (amend. - SG 38/06, in force from 01.07.2007) The authorization and the withdrawal thereof shall be binding upon bona fide third parties after registration.

Contracts of the single owner

Art. 235a. (new, SG 84/00) The contracts between the single owner of the capital and the company, when represented by him, shall be concluded in writing.

Special Rules for conclusion of transactions (amend., SG 58/03)

Art. 236. (amend., SG 58/03) (1) The statutes of the company my provide for certain transactions to be concluded after a preliminary permit of the supervisory board, respectively by the unilateral decision of the board of directors. Such restrictions may also be set by the supervisory board, respectively by the board of directors.

(2) Only by a resolution of the general meeting of the stockholders may the concluded the following transactions :

1. transfer or grant of use of the entire commercial undertaking;

2. (amend., - SG 66/05) transacting assets which total value, during the current year, exceeds half of the value of the assets of the company according to the latest certified annual financial report;

3. (amend., - SG 66/05) undertaking obligations or providing securities to one person or to related persons, which size during the current year exceeds half of the value of the assets of the company according

to the latest certified annual financial report.

(3) The statutes of the company may explicitly provide for the transactions under Para 2 to be carried out upon a decision of the board of directors, respectively of the managing board. In this case it shall be necessary to have an unanimous decision of the board of directors, respectively a prior permit of the supervisory board.

(4) A transaction concluded in violation of Para 1 - 3 shall be valid and the person who has concluded it shall be liable to the company for any caused damages.

Rights and Obligations

Art. 237. (amend., SG 58/03) (1) The members of the boards shall have equal rights and obligations, regardless of any internal allocation of the functions among them and the grant of right of management and representation to some of them.

(2) The members of the boards shall be obliged to perform their functions with the care of a diligent merchant in the interest of the company and all stockholders.

(3) A person nominated for a member of a board shall be obliged, before his election, to inform the general meeting of the stockholders, respectively the supervisory board, of his participation in trade companies as unlimited liable partner, of the possession of more than 25 percent of the capital of another company, as well as of his participation in the management of other companies or cooperations as a procurator, manager or member of a board. Should these circumstances occur after the person has been elected as a member of the board he shall owe an immediate written notification.

(4) The members of the board of directors and of the managing board shall not have the right, on their or someone else's behalf, to carry out commercial transactions, to participate in trade companies as unlimited liable partners, as well as to be procurators, managers or members of boards of other companies or cooperations carrying out competitive activity with respect to the company. This restriction shall not apply if the statutes explicitly so admits or where the body electing the member of the board has given its explicit consent.

(5) The members of the boards shall be obliged not to make public the information learned in such capacity, if this would affect the activity and the development of the company, including after they cease to be members of the board. This obligation does not apply to information which, by virtue of a law, is accessible to third persons or has already been made available to the public by the company.

(6) Paragraphs 1 - 5 shall also apply to the natural persons representing legal persons - members of boards according to Art. 234, Para 1.

Quorum and Majority

Art. 238. (1) The boards may pass resolutions if at least half the directors are present, whether in person or represented by another member of the board. No director present may represent more than one absent director.

(2) Resolutions shall be passed by a simple majority, unless otherwise provided by the statutes.

(3) The statutes may provide that the board may pass resolutions in absentia if all directors have stated in writing their approval for the resolution.

(4) (new, SG 58/03) Not later than the beginning of the sitting a member of the board shall be obliged to inform in writing its chairman that he or a related person is interested in an issue to be discussed and he will not participate in taking the resolution.

Minutes

Art. 239. (suppl., SG 58/03) Minutes shall be kept of all resolutions of the managing board, the supervisory board and the board of directors, which shall be signed by all present members of the respective board, indicating the vote of each of them on the considered topics.

Liability

Art. 240. (1) The members of the supervisory and the management board, or the board of directors, shall deposit a guarantee for their management in an amount determined by the general meeting, but not less than their three month gross income. The guarantee may be in the form of deposited stocks or bonds of the company.

(2) The members of the boards shall be jointly and severally liable for any damages caused through a fault of theirs.

(3) Any director may be exonerated if it is established that he has no guilt for the caused damages.

Liability on request of stockholders (new, SG 58/03)

Art. 240a. (new, SG 58/03) Stockholders, holding at least 10 percent of the capital of the company, may bring an action in pursuing the liability of members of the board of directors, respectively of the supervisory and managing boards, for damages caused to the company.

Contracts with the members of boards and persons related thereto (new, SG 58/03)

Art. 240b. (new, SG 58/03) (1) The members of boards shall be obliged to inform in writing the board of directors, respectively the managing board, when they or their related persons conclude contracts with the company beyond its usual activity or substantially depart from the market conditions.

(2) The contracts under Para 1 shall be concluded on the grounds of a decision of the board of directors, respectively of the managing board.

(3) A transaction concluded in violation of Para 2 shall be valid, and the person having concluded it, knowingly or having been able to know that such a decision is missing, shall be liable before the company for any caused damages.

Subsection III. Two Tier System

Art. 241. (1) The joint-stock company shall be managed and represented by a managing board which shall act under the control of a supervisory board.

(2) The members of the managing board shall be elected by the supervisory board, which shall determine their remuneration and may replace them at any moment.

(3) No person may be simultaneously a member of the managing board and the supervisory board of one company.

(4) (amend., SG 58/03) The number of members of the managing board shall be from 3 to 9 persons and shall be determined by the statutes.

(5) The rules of procedure of the managing board shall be approved by the supervisory board.

(6) (new, SG 58/03) The relations between the company and a member of the managing board shall be settled by a contract for commissioning of the management. The contract shall be concluded in writing, on behalf of the company, through the chairman of the supervisory board or through a member authorised by him.

Supervisory Board

Art. 242. (1) The supervisory board may not take part in the management of the company. The supervisory board shall represent the company only in its relations with the managing board.

(2) (amend., SG 84/00) The members of the supervisory board shall be appointed by the general meeting. Their number may be from three to seven persons.

(3) The supervisory board shall adopt its own rules of procedure and shall appoint a chairman and a

vice chairman from among its members.

(4) (new, SG 58/03) The supervisory board shall gather for regular sittings at least once in three months.

(5) (prev. para 4 - SG 58/03) The chairman shall summon the supervisory board on his own initiative, as well as upon request by the members of the supervisory board or members of the managing board.

(6) (new, SG 58/03) The relations between the company and a member of the supervisory board shall be set out in a contract. The contract shall be concluded on behalf of the company through a person authorised by the general meeting of the stockholders or by the single owner.

Reporting and Supervision

Art. 243. (1) (suppl., SG 58/03) The managing board shall report on its activity to the supervisory board at least once every three months. The report shall contain the relevant data under Art. 247, Para 2 and 3.

(2) The managing board shall immediately inform the chairman of the supervisory board of all occurring circumstances, which are material to the company.

(3) The supervisory board may at any time request that the managing board provide information or a report on any matter concerning the company.

(4) (suppl., SG 58/03) The supervisory board may carry out any necessary investigations in performance of its duties, whereas its members shall have access to all necessary information and documents. For this purpose it may employ experts.

Subsection IV One Tier System

Board of Directors

Art. 244. (1) (amend., SG 84/00) The company shall be managed and represented by a board of directors. The board of directors shall consist of minimum three and maximum nine persons.

(2) The board of directors shall adopt its own rules of procedure and shall elect a chairman and a vice chairman from among its members.

(3) The board of directors shall gather for regular sittings at least once in three months to discuss the company's state of affairs and prospects for development.

(4) (amend., SG 58/03) The board of directors shall commission the management of the company to one or several executive members elected from among its members and shall determine their remuneration. The executive members shall be less than the remaining members of the board.

(5) Each of the executive members must immediately inform the chairman of the board of all occurring circumstances, which are material to the company.

(6) Each member of the board may request that the chairman call a meeting to discuss particular matters.

(7) (new, SG 58/03) The relations between the company and an executive member of the board shall be set out in a contract for commissioning of the management which shall be concluded in writing on behalf of the company by the chairman of the board of directors. The relations with the remaining members of the board may be set out in a contract to be concluded on behalf of the company by a person authorised by the general meeting of the stockholders or by the single owner.

Section X.
Annual Closing of Accounts and Distribution of Profits

Documents for the annual closing

Art. 245. (amend., - SG 66/05; amend. – SG 105/06, in force from 01.01.2007; amend. – SG 67/08) Each year not later than 31 March the board of directors, or the managing board as the case may be, shall draw up the annual financial report and the annual business report for the previous calendar year, and shall submit these to the registered auditors appointed by the general meeting, where auditing is mandatory in the cases provided for by law or a decision was made to perform an independent financial audit.

Reserve Fund

Art. 246. (1) The company shall set up a reserve fund.

(2) The sources of financing the reserve fund shall be:

1. at least one tenth of the profit which shall be set aside until the fund's assets reach one tenth or more of the company's capital as the statutes may provide;

2. the proceeds obtained in excess of the nominal value of stocks and bonds upon their issuing;

3. the total of the additional payments made by the stockholders for preferences given them with stocks;

4. other sources provided for by the statutes or by a general meeting resolution.

(3) Disbursements from the reserve fund may be made only for:

1. covering losses for the current year;

2. covering losses for the previous year.

(4) When the assets of the reserve fund exceed one tenth of the company's capital, or any other larger proportion thereof as may be provided for in the statutes, the excess amount may be used for increase of the capital.

Contents of the Business Report

Art. 247. (1) (prev. text of art. 247, amend., - SG 66/05; amend. – SG 105/06, in force from 01.01.2007) The annual business report shall describe the company's operations and its state of affairs, and shall clarify the annual financial report.

(2) (new, SG 58/03; amend. – SG 105/06, in force from 01.01.2007) The annual business report shall obligatorily indicate:

1. the total remunerations received during the year by the members of the boards;

2. the acquired, possessed and transferred stocks and bonds of the company by the members of the boards during the year;

3. the rights of the members of the boards to acquire stocks and bonds of the company;

4. the participation of the members of the boards in trade companies as unlimited liable partners, the possession of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperations as procurators, managers or members of boards;

5. the contracts under Art. 240b concluded during the year.

(3) (new, SG 58/03) The report shall also indicate the planned business policy for the next year, including the expected investments and development of the personnel, the expected revenue from investments and development of the company, as well as the forthcoming transactions of substantial importance for the activity of the company.

Payment of dividends and interest

Art. 247a. (new SG 84/00) (1) (amend., SG 58/03, amend., - SG 66/05) Dividends and interest under Art. 190, Para 2 shall be paid only if, according to the inspected and accepted, according to section XI, financial report for the respective year, the net value of the property reduced by the dividends and interest subject to payment, is not less than the sum of the capital of the company, the reserve fund and the other funds, which the company is obliged to establish by virtue of a law or the statutes.

(2) In the context of Para 1 the net value of the property is the difference between the value of the

rights and liabilities of the company according to its balance.

(3) The payments under Para 1 shall not exceed the amount of the profit for the respective year, the undistributed profit from past years, the part of the reserve fund and the other funds of the company, exceeding the minimum determined by the law or the statutes, reduced by the uncovered losses from previous years and the deductions for the reserve fund and the other funds, which the company is obliged to establish by virtue of a law or the statutes.

(4) If payments have been made in the absence of the preconditions under Para 1 - 3 the stockholders shall not be obliged to return the received amounts, except if the company proves that they have known or could have learned of the lack of preconditions.

(5) (new, SG 58/03) The company shall be obliged to pay to the stockholders the dividend voted by the general meeting within three months from its session, unless the statutes provide for a longer period.

Section XI.
Audit of the Annual Closing

Object and Scope of Audit

Art. 248. (1) (amend., - SG 66/05; amend. – SG 67/08; amend. - SG 95/15, in force from 01.01.2016) The annual financial report shall be audited by the registered auditors appointed by the general meeting in the cases provided for by the law.

(2) The objective of the audit shall be to ascertain whether the provisions of the Accountancy Act and the statutes on annual closing have been observed.

Appointment and Responsibility of Registered Auditors (Title amend. – SG 67/08)

Art. 249. (1) (amend. - SG 50/08, in force from 30.05.2008; amend. – SG 67/08; suppl. - SG 95/15, in force from 01.01.2016) Where the annual financial statements of the company are subject to mandatory independent financial audit pursuant to the law and the general meeting has failed to appoint registered auditors by the end of the calendar year, the registry officer at the Registry Agency shall appoint them upon request of the board of directors, or of the managing or the supervisory board as the case may be, or of an individual stockholder.

(2) (amend. – SG 67/08) The registered auditors shall assume responsibility for the bona fide and unbiased performance of audit, and nondisclosure of secrets.

Report of the Registered Auditors (title amend. SG 67/08)

Art. 250. (amend., - SG 66/05; amend. – SG 105/06, in force from 01.01.2007; amend. – SG 67/08) Upon receipt of the report of the registered auditors, the managing board shall submit to the supervisory board the annual financial report, the annual business report and the registered auditors' report. The managing board shall also submit the draft resolution on distribution of profit to be discussed by the general meeting.

Approval of Annual Closing of Accounts

Art. 251. (1) (amend., - SG 66/05) The supervisory board shall verify the annual financial report, the annual report and the draft on distribution of profit, and shall, upon approval thereof, resolve to call a regular general meeting of stockholders.

(2) In the one-tier system the draft on distribution of profit shall be prepared by the board of directors, which shall then convene the general meeting.

(3) (suppl., SG 58/03, amend., - SG 66/05; amend. - SG 95/15, in force from 01.01.2016) Where independent financial audit is mandatory in the cases provided for by law or a decision was made to perform

an independent financial audit, the general meeting shall adopt the annual financial report after audit closure and presentation of the audit report. The registered auditor shall participate in the sitting of the supervisory board, respectively of the board of directors under para 1 and 2.

(4) (amend., SG 84/00, amend., - SG 66/05; amend. and suppl. - SG 38/06, in force from 01.07.2007; amend. - SG 95/15, in force from 01.01.2016) The annual financial report adopted by the general meeting shall be presented for announcement in the commercial register.

Inspection on request of stock holders (new, SG 58/03)

Art. 251a. (new, SG 58/03, amend., - SG 66/05) (1) Stock holders possessing at least 10 percent of the capital of the company may request from the general meeting an appointment of a controller who will inspect the annual financial report.

(2) (amend. - SG 38/06, in force from 01.07.2007) If the general meeting does not adopt a decision for appointment of a controller the stock holders under para 1 may request his appointment by the official for registration at the Registry Agency.

(3) The appointed controller shall prepare a report for his findings, which shall be presented at the next general meeting.

(4) The expenses related to the inspection shall be for the account of the company.

Section XII.
Dissolution

Grounds for Dissolution

Art. 252. (1) (prev. text of art. 252 - SG 58/03) A joint stock company shall be dissolved:

1. by resolution of the general meeting;

2. upon the expiration of the time period for which it was formed. The general meeting may pass a resolution for extension of the period prior to its expiration;

3. upon a declaration of bankruptcy;

4. (amend. - SG 38/06, in force from 01.07.2007) by a ruling of the court at the seat upon an action brought by the public prosecutor where the company pursues objectives prohibited by law;

5. (amend., SG 58/03) when the net value of the property of the company under Art. 247a, Para 2 drops below the size of the registered capital; if within one year the general meeting fails to pass a resolution to reduce the capital, to transform or dissolve the company, the company shall be dissolved pursuant to Item 4;

6. (new, SG 58/03) if, for a period of 6 months the number of the members of a board of the company is less than the minimum stipulated by the law, it may be dissolved as set out in Item 4;

7. (prev. item 6 - SG 58/03) upon the occurring of the grounds provided for in the statutes.

(2) (new, SG 58/03) A single member joint-stock company shall not be dissolved with the death or with the dissolution of the single owner of the capital.

Chapter fifteen.
LIMITED STOCK PARTNERSHIP

Partnership Limited by Shares Defined

Art. 253. (1) A limited stock partnership shall be formed pursuant to a contract, whereby for the contributions of the limited partners are issued stocks. The limited partners shall be not less than three.

(2) The provisions for the joint stock company shall apply mutatis mutandis to the limited stock partnership, unless this chapter provides otherwise.

(3) The trade name of the company shall include the extension, `Komanditno druzhestvo s aktsii' [Limited stock partnership], or the abbreviation `KDA'.

Founders

Art. 254. (1) The limited stock partnership shall be formed by the general partners. They shall have the right to select stockholders among the subscribers.

(2) The general partners shall draw up the statutes and shall convene the constituent assembly.

Contributions

Art. 255. (1) The amount of the partners' contributions shall be specified by the statutes.

(2) Revoked, SG, No 103 1993)

Partnership Organs

Art. 256. The organs of the limited stock partnership shall be those set forth by this Act for a one-tier system joint stock company.

General Meeting

Art. 257. (1) Only limited partners shall have the right to vote in the general meeting. General partners, even when they own stocks, shall take part in the meeting in a consultative capacity.

(2) The powers of the general meeting shall be set forth in the statutes.

(3) The general meeting shall submit to consideration and resolve on the requests of limited partners for auditing the activities of the partnership.

Board of Directors

Art. 258. The board of directors shall consist of the general partners.

Adoption and Amendment of the Statutes

Art. 259. (1) The statutes shall be adopted and amended, and the partnership shall be dissolved, subject to the consent of the general partners.

(2) The partnership shall not be dissolved with the death or the declared bankruptcy of a limited partner, unless the statutes provide otherwise.

Liquidation Proceeds

Art. 260. The liquidation proceeds of each partner shall be proportionate to its contributions in the partnership.

Chapter sixteen.
TRANSFORMATION OF TRADE COMPANIES (amend., SG 58/03; in force from January 1, 2004)

Section I.
General Provisions

Forms of transformation

Art. 261. (amend., SG 58/03) (1) Trade companies may be transformed through merger, consolidation, division, spin-off and spin-off of a single owner trade company, and also change of the legal form.

(2) In all forms of transformation the transforming, recipient and newly established companies (the companies participating in the transformation) may be of different kind, inasmuch as a law does not stipulate

otherwise.

(3) A single owner trade company may also be transformed through a transfer of its whole property to the single owner if he is an individual.

Transformation of a company in liquidation and bankruptcy

Art. 261a. (new, SG 58/03) (1) A company in liquidation may be transformed as set out in this chapter subject to the conditions under Art. 274, Para 1.

(2) A company for which bankruptcy proceedings have been instituted may be transformed if the recovery plan provides for continuation of the activity. The rules of this chapter shall apply to the transformation.

Exchange ratio

Art. 261b. (new, SG 58/03) (1) Upon transformation the partners or stockholders of the transforming companies shall become partners or stockholders of one or more of the newly established and/or recipient companies. The acquired shares and stocks after the transformation shall be equivalent to the fair price of the shares and stocks of the transforming company possessed before the transformation.

(2) For achieving equivalent exchange ratio may be made pecuniary payments to the partners or stockholders amounting to no more than 10 percent of the total nominal value of the acquired shares and stocks.

(3) (new – SG 66/05) No stocks or shares may be acquired in an recipient or newly established company in exchange of stocks or shares of the transforming company, owned by the recipient company, as well as in exchange of own shares of the transforming company. This prohibition shall apply also to any person, who acts in his/her own name but for the account of the company.

Liability of the members of the managing bodies

Art. 261c. (new, SG 58/03) The members of the managing bodies of the transforming and recipient companies shall be liable before the partners and stockholders of the company for damages caused by non-fulfilment of their obligations in preparing and carrying out the transformation.

Retaining the rights of third parties

Art. 261d. (new, SG 58/03) (1) Upon transformation the existing pledges and distraint on shares and stocks of transforming companies shall pass on to the shares and stocks of recipient and/or newly established companies acquired in exchange.

(2) The transferred pledges and distraint shall be entered ex-officio, or on request of the creditor, in the commercial register or in the book of the stockholders, kept by the company or by the Central Depository.

Section II.
Transformation through merger, consolidation, division and spin-off

Merger

Art. 262. (amend., SG 58/03) (1) In the case of merger the entire property of one or more trade companies (transforming companies) shall pass on to one existing company (recipient company), which shall become their legal successor. The transforming companies shall be wound up without liquidation.

(2) In the case of Para 1 a change of the legal form of the recipient company may not be done simultaneously.

Consolidation

Art. 262a. (new, SG 58/03) In the case of consolidation the entire property of two or more trade companies (transforming companies) shall pass on to one newly established company, which shall become their legal successor. The transforming companies shall be wound up without liquidation.

Division

Art. 262b. (new, SG 58/03) (1) In the case of division the entire property of a trade company (transforming company) shall pass on to two or more companies which shall become its legal successors in corresponding parts. The transforming company shall be wound up without liquidation.

(2) The companies to which the property of the transforming company shall pass on may be existing companies (recipient companies) in cases of division by acquisition, newly formed companies upon splitting by formation, as well as existing and newly formed companies simultaneously.

(3) A change of the legal form of the recipient company may not be carried out simultaneously with the division.

Spin-off

Art. 262c. (new, SG 58/03) (1) In the case of spin-off a part of the property of a trade company (transforming company) shall pass on to one or several companies which shall become its legal successors for this part of the property. The transforming company shall not be wound up.

(2) The companies to which the part of the property of the transforming company is passed on may be existing companies (recipient companies) in cases of spin-off by acquisition, newly formed companies after spin-off by formation, as well as existing and newly formed companies simultaneously.

(3) It shall be prohibited on spin-off to carry out simultaneously a change of the legal form of the transforming or recipient company.

Spin-off of a single owner trade company

Art. 262d. (new, SG 58/03) (1) In the case of spin-off of a single owner trade company a part of the property of a trade company (transforming company) shall pass on to one or more single owner limited liability companies and/or single owner joint-stock companies (newly formed companies), whereas the transforming company becomes single owner of their capital. This transformation may be carried out simultaneously with the spin-off under art. 262c.

(2) The rules for spin-off by formation shall apply to the spin-off of a single owner trade company, inasmuch as this law does not stipulate otherwise.

Contract and draft terms of transformation

Art. 262e. (new, SG 58/03) (1) Prior to taking a decision for transformation the participating recipient and/or transforming companies shall conclude a contract for transformation.

(2) The contract for transformation may also be concluded after a decision is taken. In such a case the transforming and recipient companies shall prepare a draft contract to which all rules regarding the contract for transformation shall apply. As date of the contract for transformation, in the meaning of this section, shall be considered the date of the draft contract.

(3) Contract shall not be concluded in the case of division by formation, spin-off by formation and spin-off of a single owner trade company. In these cases the transforming company shall draw up a draft terms of transformation.

Form of the contract and the draft terms of transformation

Art. 262f. (new, SG 58/03) (1) The contract for transformation shall be concluded by the persons

representing the company in writing, with a notary certification of their signatures.

(2) When a draft contract is prepared it shall be outdrawn up in writing with a notary certification of the signatures of the persons representing each of the transforming and recipient companies.

(3) The draft terms of transformation shall be drawn up in writing with a notary certification of the signatures by the managing body of the company or by the partners with a right of management in a personal company.

Contents of the contract and of the draft terms of transformation

Art. 262g. (new, SG 58/03) (1) The contract for transformation shall specify the way by which the transformation will be carried out.

(2) The contract for transformation shall contain at least the following:

1. (suppl. - SG 38/06, in force from 01.07.2007) the legal form, the trade name, the unified identification code and the seat of each of the transforming and recipient companies;

2. ratio of exchange of the stocks or shares determined by a specific date;

3. the size of the monetary payments, if such are provided for according to Art. 261b, Para 2, as well as the term of payment;

4. description of the shares, stocks or membership which every partner or stockholder acquires in the newly established and/or recipient companies;

5. the requirements regarding the allotment and transfer of the stocks by the newly formed or recipient companies;

6. the moment from which the membership in a newly fomed or recipient company entitles to a share of the profit, as well as all particularities pertaining to that right;

7. the moment from which the transactions of the transforming companies shall be treated for accounting purposes as carried out for the account of the newly formed or the recipient company;

8. the rights which the newly formed or recipient companies confer to the stockholders with special rights and to the holders of securities other than stocks;

9. every advantage granted to the inspectors under Art. 262k or to the members of the managing and control bodies of the companies participating in the transformation.

(3) The draft terms of transformation, besides the data under Para 2, shall also contain:

1. exact description and distribution of the rights and obligations belonging the property of the transforming company which are passed on to every newly formed company;

2. the allotmenr of the shares, stocks and membership in the newly formed and/or transforming companies among the partners or stockholders of the transforming companies and the criterion for this allotment.

(4) The ratio of exchange shall be determined at a date which may not be earlier than 6 months before the date of the contract or the draft terms of transformation and later than the date of the contract or the draft terms of transformation.

Effect of the contract for transformation

Art. 262h. (new, SG 58/03) (1) The contract for transformation shall have effect from the moment of its conclusion for each of the transforming and recipient companies. If the contract is not approved by the decision for transformation of one of the participating companies it shall be terminated. In this case no liability for damages shall be born.

(2) Prior to the decision for transformation the contract may be terminated by the managing body of the company. Upon taking a decision for transformation and before the registration of the transformation the contract may be terminated only by a decision taken by the required majority under art. 262o.

Report of the managing body

Art. 262i. (new, SG 58/03) (1) The managing body of the transforming and recipient companies shall draw up a written report on the transformation. The report for the personal companies shall be drawn up by the partners with management rights.

(2) (suppl., - SG 66/05) The report under Para 1 shall contain a detailed legal and economic substantiation of the contract or the draft terms of transformation and, particularly of the ratio of exchange, and in case of division or spin-off - of the criterion for allotment of the shares and stocks. The report shall obligatorily indicate data of the appointed inspector and of the authorised depositary under Art. 262w, as well as the valuation difficulties , if such have occurred. Where the newly formed company is a capital company or increase of the capital of the recipient company is to be carried out, the report shall contain also data of the property transferred to this company, on the basis of which shall be assessed the amount of the capital as per Art. 262q, Para 3 and Art. 262s, Para 1.

(3) (new, SG 58/03, amend. SG, 101/2010) In the cases referred to in Art. 262k, Para 5 and Art. 262m, Para 1, Item 5 and Para 5 the report shall be accompanied by consent of the partners or stockholders.

(4) (New – SG, 101/2010) No report shall be drawn up, where all partners or stockholders of the transforming and recipient companies have expressed their written consent thereon. In such case the consent not to draw up a report shall be filed with the commercial register, accompanied by the consent referred to in Para 3, where available.

Submission of the contract, the plan and the report to the commercial register (title amend. – SG 38/06, in force from 01.07.2007 – amend. entry int force – SG 80/06)

Art. 262j. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The contract or the draft terms of transformation and the report of the managing body shall be submitted to the commercial register and the announcement shall be carried out simultaneously in the files of each transforming and recipient company.

(2) (amend. - SG 38/06, in force from 01.07.2007) The submission of the documents under Para 1 of the participating capital companies shall be announced in the commercial register within not less than 30 days before the date of the general meeting for adopting the decision for transformation.

Inspection of the transformation

Art. 262k. (new, SG 58/03) (1) The contract or the draft terms of transformation shall be inspected by a dedicated inspector for each transforming or recipient company.

(2) (amend. - SG 38/06, in force from 01.07.2007) The inspector shall be appointed by the managing body or by the partners with management rights for each transforming or recipient company. On a common request of the managing bodies the registry officer at the Registry Agency may appoint a common inspector for all transforming and recipient companies.

(3) The inspector shall be a registered auditor. An inspector may not be a person who, during the last two years has been auditor of the company, which appoints him, or who has prepared an assessment of non-monetary contributions . The appointed inspector may not be appointed auditor of any of the companies participating in the transformation for a period of two years after the date of the transformation.

(4) The inspector shall be provided access to any information and written materials regarding any of the transforming or recipient companies with respect of his task.

(5) (*) (new - SG 108/08) Inspection of the transformation shall not be carried out if all partners or stockholders in the transforming and recipient companies have explicitly stated their consent thereto.

Report of the inspector

Art. 262l. (new, SG 58/03) (1) The appointed inspector shall draw up a report on the inspection intended for the partners or stockholders of the respective company. When a common inspector has been appointed, he shall draw up a common report for all companies.

(2) The report of the inspector shall contain an assessment of whether the ratio of exchange stipulated by the contract or the draft terms of transformation is adequate and reasonable, and shall indicate:

1. the methods used in determining the ratio of exchange;

2. to what extent the use of such methods is adequate and correct in the case in question;

3. the values obtained by using each method and the relative importance of each method in determining the value of the stocks and shares;

4. the particular difficulties of the assessment, if any.

(3) The inspector shall be liable before all companies participating in the transformation and before their partners and stock holders for damages caused by failure to perform his obligations.

Obligation for providing information

Art. 262m. (new, SG 58/03) (1) (Amend. – SG, 101/2010) Submitted at the disposal of the partners and stockholders, prior to adopting the decision for transformation, shall be:

1. the contract or the draft terms of transformation;

2. the report of the managing body;

3. the report of the inspector;

4. (amend., - SG 66/05) the annual financial reports and the reports on the activity of all transforming and recipient companies for the latest three financial years, if any;

5. (amend., - SG 66/05, suppl. – SG, 101/2010) the balance sheet as of the last day of the month before the date of the contract or of the draft terms of transformation, unless the last financial report relates to a financial year which has ended less than 6 months before this date or the company submits financial reports every 6 months or in shorter periods of time, according to the Public Offering of Securities Act, or where all partners or stockholders in the transforming and recipient companies have expressly consented in writing to void the submission of the balance sheet.

6. the drafts for a new company contract or statutes of each of the newly established companies, respectively of amendments and supplements of the statutes or of the company contract of each of the transforming and recipient companies.

(2) (Suppl. – SG, 101/2010) The materials referred to in Para 1 shall be submitted at the seat and at the address of the capital trade companies not later than 30 days before the date of the general meeting. On request, copies of the materials or abstracts from them shall be provided to each partner or stockholder free of charge. The materials shall not be provided, if within the same term the company has published them on its website and provides a complete electronic access to them until the final decision on the application for registration of the transformation or the expiry of the term under Art. 263b, Para 1. The materials may be provided also via email, where a partner or a stockholder has given his consent to be contacted by the company in such manner.

(3) The term under Para 2 may not be complied with, if all partners or stockholders have voted for the transformation.

(4) The managing bodies of each of the transforming or recipient companies shall be obliged to inform the general meeting of the partners or stockholders of any change of the property rights and obligations that has occurred in the period between the preparation of the contract or the draft terms of transformation and the date of the general meeting. The change shall also be notified to the managing bodies of the other transforming or recipient companies which shall be obliged to notify the general meetings of their companies.

(5) (New – SG, 101/2010) Para 4 shall not apply, if all the partners or stockholders in the transforming and in the recipient companies have expressly consented on this in writing.

Decision for transformation

Art. 262n. (new, SG 58/03) (1) The decision for transformation shall be taken separately in respect

of each transforming or recipient company.

(2) The decision for transformation shall approve the contract or the draft terms of transformation.

(3) If the general meeting has approved a draft contract for transformation the managing body of the company shall be obliged to conclude it only if this has been explicitly stipulated by the decision.

(4) With the decision for transformation shall be adopted also any decisions stipulated in this section regarding all changes related to the transformation.

Majority necessary for adopting the decision for transformation

Art. 262o. (new, SG 58/03) (1) Transformation of a general or limited partnership shall be carried out with the consent of all partners, given in writing with notary certification of the signatures.

(2) The decision for transformation of a limited liability company shall be taken by the general meeting of the partners by a majority of 3/4 of the capital.

(3) The decision for transformation of a joint-stock company shall be taken by the general meeting of the stockholders by a majority of 3/4 of the represented stocks with voting rights. For stocks of different classes the decision shall be taken by the stockholders of each class.

(4) The transformation of a limited stock partnership requires a decision of the unlimited liable partners, taken unanimously in writing with a notary certification of the signatures, and a decision of the general meeting of the stockholders, taken by a majority of 3/4 of the represented stocks with voting right.

Consent for transformation

Art. 262p. (new, SG 58/03) (1) Where, as a result of transformation, a partner of a limited liability company or a stockholder becomes an unlimited liable partner his explicit consent shall be required.

(2) The consent shall be considered given if the partner or the stockholder has voted for the decision for transformation. In such case the general meeting shall be attended by a public notary who shall issue a records of findings under Art. 488a of CPC, copy of which shall be attached to the minutes of the general meeting.

(3) Should a partner or a stockholder not participate in taking the decision his consent may be given in writing with a notary certification of his signature.

Newly incorporated company

Art. 262q. (new, SG 58/03) (1) Wherea new company is formed as a result of a transformation, the decision of each of the transforming companies shall adopt the company contract and/or the statutes of each of the newly incorporated companies and elect their bodies .

(2) By taking the decision under para 1 it is deemed that any formal requirements with respect to the company contract or the statues have been observed.

(3) The size of the capital of the newly incorporated company shall not exceed the net value of the property passing on to the company as a result of the transformation. Art. 262s, Para 3 shall apply mutatis mutandis.

(4) To the newly formed company shall apply correspondingly the rules regarding the commercial companies of its kind .

Amendment of the company contract or the statutes

Art. 262r. (new, SG 58/03) (1) The amendments or supplements of the company contract and/or the statutes of an recipient company, introduced upon transformation, shall be adopted by the decision of each of the transforming companies and by the decision of this recipient company.

(2) The amendments or supplements of the company contract and/or the statutes of a transforming company shall be adopted by the decision for its transformation.

(3) The formal requirements to the company contract and/or the statutes shall be considered to be met by the adoption of the decision under Para 1 and 2.

Increase of the capital

Art. 262s. (new, SG 58/03) (1) The capital of an recipient company shall be increased for the purposes of the transformation inasmuch as it is necessary to create new shares or stocks for the partners and stockholders of the transforming companies. The size of the increase may not exceed the net value of the property passing on to this company upon the transformation.

(2) Increase of the capital of a receiving company may be avoided where:

1. it holds own stocks, or

2. a transforming company holds stocks of the recipient company and they have been paid up in full.

(3) Increase of the capital of the recipient company shall be prohibited if:

1. it holds stocks of a transforming company;

2. a transforming company holds own stocks, or

3. a transforming company holds stocks of the recipient company and they have not been paid up in full.

Inspection of the capital

Art. 262t. (new, SG 58/03) (1) (suppl. - SG 108/08) Where, on transformation, a capital trade company is incorporated, or an increase of the capital of an recipient company is made, the inspectors of all companies shall draw up, besides the report under Art. 262l, also a general report stating whether the requirements of Art. 262q, Para 3 and Art. 262s, Para 1 have been met. The general report shall be drawn up also in the cases under Art. 262k, Para 5.

(2) The net value of the property shall be established as a difference between the fair price of the interest and liabilities which, at the time of transformation, shall pass on to a newly incorporated or an recipient company.

(3) The rules for contributions to the capital shall not apply in the cases of Para 2.

Reduction of the capital

Art. 262u. (new, SG 58/03) (1) Where, in cases of spin-off, a reduction of the capital of the transforming company is carried out, payments to the partners and stockholders may not be made. The rules for protection of the creditors shall not apply.

(2) Para 1 shall also apply when an recipient company reduces its capital for the purposes of transformation.

Holders of special rights

Art. 262v. (new, SG 58/03) (1) The holders of securities, other than stocks and providing special rights, shall be granted equal rights in the recipient or newly incorporated companies after the transformation.

(2) Art. 262w shall apply to the transfer of securities under Para 1.

(3) Para 1 shall not apply if the meeting of the holders of these securities, if so stipulated by the law, has agreed with the change of the rights thereof, or every holder individually has given his consent for a change of his right or may claim the securities he possesses for buying-back.

Depositing stocks

Art. 262w. (new, SG 58/03) (1) After taking a decision for transformation by all participating

companies, the managing body of an recipient or a newly incorporated jointstock company or limited stock partnership shall submit to a depositary the interim certificates or stocks to be received by the partners or stockholders of the recipient companies.

(2) The depositary shall be a natural or legal person authorised by the managing body of an individual transforming company. The rules of a mandate contract shall apply to the relations between the depositary and the partners or stockholders of the transforming company. The depositary shall not exercise the rights in the deposited stocks.

(3) (amend. - SG 38/06, in force from 01.07.2007) The depositary shall be obliged, after the registration under Art. 263c, Para 1 and Art. 263d, Para 1, to submit to the stockholders, within two months, the interim certificates or the stocks.

(4) (Amend. - SG 88/18, in force from 23.10.2018) The interim certificates or stocks not received within the period under Para 3 shall be returned to the managing body of the recipient or the newly incorporated company.

(5) Where the partners or stockholders of the transforming companies must receive dematerialised stocks, the managing body of an recipient or newly incorporated company shall declare to the Central Depositary the registration of the issue of stocks, including the opening of accounts or the transfer of already issued stocks. After the registration under Art. 263c, Para 1 and Art. 263d, Para 1 the Central Depositary shall register the issue and shall distribute the stocks to accounts or shall register the transfer of the stocks.

Exchange of bearer stocks

Art. 262x. (new, SG 58/03, in force from 01.01.2004, repealed - SG 88/18, in force from 23.10.2018)

Declaring merger and consolidation for registration

Art. 263. (amend., SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The managing body of the newly incorporated or the recipient company shall declare for entry in the commercial register the merger or the consolidation. The application for registration shall be accompanied by the contract for transformation and the decisions of all companies participating in the transformation.

(2) (amend. - SG 38/06, in force from 01.07.2007) Besides the documents under Para 1 the application shall be accompanied also by:

1. (revoked – SG 38/06, in force from 01.07.2007)

2. (revoked – SG 38/06, in force from 01.07.2007)

3. a copy of the company contract and/or the statutes of the recipient company containing all amendments and supplements, certified by the body representing the company, if such have been introduced during the transformation;

4. the adopted company contract and/or statutes of the newly incorporated company and the necessary documents for registration of the elected bodies;

5. (revoked – SG 38/06, in force from 01.07.2007)

6. the reports of the inspectors;

7. the consents under Art. 262p;

8. the list of the persons recipient stocks, shares or membership in a newly incorporated or recipient company, the type of the membership, as well as information of existing pledges and distraint;

9. a declaration by the depositaries that the interim certificates or stocks have been submitted to them, respectively proof that the circumstances under Art. 262w, Para 5 have been declared before the Central Depositary.

(3) (revoked – SG 38/06, in force from 01.07.2007)

(4) The declaring for registration in case of personal companies shall be made by each of the managing partners.

Declaring for registration of splitting and separation

Art. 263a. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The managing body of the transforming company shall declare for entry in the commercial register the division or spin-off. The application for registration shall be accompanied by:

1. the contract or the draft terms of transformation and the decisions of all companies participating in the transformation;

2. a copy of the company contract and/or statutes of the recipient company, containing all amendments and supplements, certified by the body representing the company, if such have been introduced during the transformation;

3. the adopted company contract and/or statutes of the newly incorporated company and the documents necessary for registration of its bodies.

(2) (amend. - SG 38/06, in force from 01.07.2007) Besides the documents under Para 1 the following documents the application shall be accompanied also by:

1. (revoked – SG 38/06, in force from 01.07.2007)

2. (revoked – SG 38/06, in force from 01.07.2007)

3. a copy of the company contract and/or statutes of the transforming company containing all amendments and supplements, certified by the body representing the company, if such have been introduced during the transformation;

4. (revoked – SG 38/06, in force from 01.07.2007)

5. the reports of the inspectors;

6. the consents under Art. 262p;

7. the list of the persons recipient stocks, shares or membership of a newly incorporated or recipient company, the type of the membership, as well as information of existing pledges and distraint;

8. the declaration by the depositaries that the interim certificates or stocks have been submitted to them, respectively proof that the circumstances under Art. 262w, Para 5 have been declared before the Central Depositary.

(3) (revoked – SG 38/06, in force from 01.07.2007)

(4) The declaring for registration in case of personal companies shall be made by one or all managing partners .

Term of declaring for registration

Art. 263b. (new, SG 58/03) (1) The application under Art. 263, Para 2 and Art. 263a, Para 2 shall not be made later than 8 months after the date at which the ratio of exchange has been determined by the contract or the draft terms of transformation. This term may not be extended or renewed.

(2) (amend. - SG 38/06, in force from 01.07.2007) In the cases where a law requires a preliminary authorization of the transformation by a state body, the application shall be filed within the period under Para 1 and the authorisation shall be presented to the commercial register following its issue.

Registration of merger and consolidation

Art. 263c. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The registration of a merger or consolidation shall be carried out by the registry officer into the file of the transforming, the recipient, respectively the newly incorporated company, not earlier than 14 days after filing the application. Registered shall be simultaneously any amendment of the company contract or of the statutes, change of the capital and change of the persons managing and representing the recipient company, if such have been introduced at the time of transformation.

(2) (revoked – SG 38/06, in force from 01.07.2007)

(3) (revoked – SG 38/06, in force from 01.07.2007)

Registration of division and spin-off

Art. 263d. (new, SG 58/03) (1) (amend. and suppl. - SG 38/06, in force from 01.07.2007) The registration of a division or spin-off shall be carried out by the registry officer into the file of the transforming, recipient, respectively the newly incorporated company, not earlier than 14 days after filing the application. Registered shall be simultaneously any amendment of the company contract or of the statutes, change of the capital and change of the persons managing and representing the transforming or the recipient company, if such have been introduced at the time of transformation. In case of division the transforming company shall be written off.

(2) (revoked – SG 38/06, in force from 01.07.2007)

(3) (revoked – SG 38/06, in force from 01.07.2007)

Refusal to register the transformation

Art. 263e. (new, SG 58/03; revoked – SG 38/06, in force from 01.07.2007)

Notification of the creditors (title amend. – SG 38/06, in force from 01.07.2007)

Art. 263f. (new, SG 58/03; amend. - SG 38/06, in force from 01.07.2007) From the moment of the registration the creditors shall be considered notified regarding their rights with respect of the transformation.

Date of transformation

Art. 263g. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The transformation shall have effect from the moment of its entry in the commercial register.

(2) The contract or the draft terms of transformation may stipulate an earlier date from which any acts of the transforming companies shall be considered as performed for the account of the newly incorporated or recipient companies for the purposes of the accountancy. This date may not precede by more than 6 months the date of the contract or of the draft terms of transformation.

Closing and opening balance

Art. 263h. (new, SG 58/03) (1) Every transforming company which is being dissolved shall draw up a closing balance at the date of transformation. A copy of the closing balance shall be submitted to each of the recipient or newly incorporated companies.

(2) Every newly incorporated company shall draw up an opening balance at the date of transformation on the basis of the balance value of the assets and liabilities obtained through the transformation, or on the basis of their fair price.

(3) Where the contract or the draft terms of transformation stipulates an earlier date according to Art. 263g, Para 2 the closing and opening balance shall be drawn up at this date.

Effects of the transformation

Art. 263i. (new, SG 58/03) By the registration of the transformation under Art. 263c, Para 1, respectively Art. 263d, Para 1 the newly incorporated companies shall be deemed to be formed and the transforming companies shall be dissolved, except the transforming company in case ofspin-off.

(2) By the registration of the merger or consolidation the rights and obligations of the transforming companies shall pass on to the recipient or newly incorporated company. The partners and stockholders of the transforming companies shall become partners or stockholders of the recipient or the newly incorporated company.

(3) By the registration of the division the rights and obligations of the transforming company shall pass on to each of the recipient and/or newly incorporated company in compliance with the distribution stipulated by the contract or the draft terms of transformation. If a right has not been distributed it shall pass on to all legal successors proportionally to the net value of the property belonging to them according to the contract or draft terms of transformation. The partners and the stockholders of the transforming company shall become partners or stockholders of one or more of the recipient or newly incorporated companies according to the provision of the contract or draft terms of transformation.

(4) By the registration of the spin-off a part of the rights and obligations of the transforming company shall pass on to every recipient and/or newly incorporated company in compliance with the distribution stipulated by the contract or draft terms of transformation. The partners and stockholders of the transforming company shall become partners or stockholders of one or more of the recipient or newly incorporated companies, and/or shall retain their membership of the transforming company according to the provisions of the contract or draft terms of transformation.

(5) By the registration of a spin-off of a single owner trade company the part of the rights and obligations of the transforming company, stipulated by the draft terms of transformation, shall pass on to the newly incorporated company. The transforming company shall become a single owner of the capital of the newly incorporated company.

(6) (amend. - SG 38/06, in force from 01.07.2007) When the property of a transforming company includes real right in a real estate or in a movable article which transactions require registration, the certificate for registration under Art. 263c, Para 1 and Art. 263d, Para 1 shall be submitted for registration in the respective register. In case of division and spin-off the contract or the draft terms of transformation shall be attached also.

(7) In case of division and spin-off, any pending case proceedings shall continue with the legal successor of the party according to what is stipulated by the contract or the draft terms of transformation. Where the transforming company is a defendant, the court shall summon, ex officio, as parties all companies which are jointly and severally liable according to Art. 263k, Para 1 and 2.

(8) Any permits, licenses or concessions held by the transforming company, when it is dissolved, shall pass on to the recipient or newly incorporated company in cases of merger or consolidation, and in case of division - to the company determined by the contract or the draft terms of transformation, inasmuch as the law or the act of assignment does not stipulate otherwise.

Protection of the creditors in merger and consolidation

Art. 263j. (new, SG 58/03) (1) (amend. and suppl. - SG 38/06, in force from 01.07.2007) The recipient or newly incorporated company shall manage separately the property passed on to them of each of the transforming companies for a period of 6 months from the moment of registration of the transformation

(2) (suppl. – SG, 101/2010) Within the period under Para 1 each creditor of a company participating in the transformation, whose claim is not secured and precedes the date of transformation, may request performance or provision of security according to his rights. Should the request not be granted the creditor shall be entitled to preferential satisfaction of the rights having belonged to his debtor, as well to request from the court to admit appropriate securing of the receivables through distraint or prohibition.

(3) The members of the managing body of the recipient or newly incorporated company shall be liable jointly and severally to the creditors for the separate management.

Protection of the creditors in division and spin-off

Art. 263k. (new, SG 58/03) (1) For obligations that have emerged before the date of transformation, all companies participating in the transformation, except those dissolved, shall be jointly and severally liable. The liability of each company shall be limited to the acquired rights, except of the company to which the obligation has been allocated by the contract or the draft terms of transformation.

(2) Where, in case of division an obligation has not been allocated, all recipient and/or newly incorporated companies shall be jointly and severally liable thereof. The amount paid to the creditor shall be born by them proportionally to the net value of the property belonging to them according to the contract or the draft terms of transformation.

(3) In cases of division and spin-off, where a part of the property passes on to one or more existing companies, the rules for separate management under Art. 263j shall apply respectively to each of the recipient companies.

(4) In case division by incorporation and spin-off by incorporation, where the size of the capital of the transforming company has been larger than the total size of the capital of all newly incorporated companies, the creditors having receivables originating before the date of transformation may request security up to the size of the difference of the capital. This shall be also valid when some or all newly incorporated companies are personal.

Unlimited liability in case of transformation

Art. 263l. (new, SG 58/03) (1) The unlimited liable partners of transforming companies shall continue to be liabile before the creditors for obligations that have emerged before the date of transformation.

(2) Where in case transformation a person becomes unlimited liable partner in an recipient company he shall not be liable for the obligations of this company that have emerged before the date of the transformation.

Prohibition of release from contribution obligations

Art. 263m. (new, SG 58/03) (1) Partners or stockholders of a transforming or recipient company shall not be released from the obligation to pay contributions that have not paid up in full.

(2) After the date of transformation the contributions shall be due to the recipient or newly incorporated company in cases of merger or consolidation, and in case of division and spin-off - according to the provisions of the contract or draft terms of transformation.

Contesting the transformation

Art. 263n. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) Any partner or stockholder of a company participating in the transformation, as well as each of the companies participating in the transformation, may lay a claim in the court at the seat of the recipient or the newly incorporated company in case of merger and consolidation, respectively in the court at the seat of the transforming company in case of division and spin-off, to establish that any of the following violations has been committed in the course of transformation, regardless in which of the companies participating in the transformation has been committed the violation:

1. a contract, draft contract, draft terms of transformation is missing or they are void;

2. the requirements of Art. 262f, Art. 262g, Para 2, Items 1, 2 and 8 and Para 3, Art. 262i, Art. 262j, Art. 262k, Para 2 and 3, Art. 262l - 262t and Art. 262v, Para 1 have not been met;

3. the decision for transformation contradicts imperative provisions of the law or of the constituent contract, respectively of the statutes of the company.

(2) Non-equivalent ratio of exchange shall not be grounds for laying claim under Para 1.

(3) The claim under Para 1 shall be laid before the date of transformation at the latest against all companies participating in the transformation, with exception of the newly incorporated. Every partner or stockholder may enter the proceedings and support the claim, even when the claimant gives it up or withdraws it.

(4) (amend. and suppl. - SG 38/06, in force from 01.07.2007) Laying a claim under Para 1 shall stay the registration of the transformation. The persons referred to in Para 1 shall notify the Registry Agency

of the laid claim. On the grounds of an enacted decision, which grants the claim, the registration of the transformation shall be refused.

(5) (amend. - SG 59/07, in force from 01/03/2007) The claim under Para 1 shall be examined according to the rules of chapter thirty-two "Commercial Disputes Proceedings" of the Code of Civil Procedure.

(6) No claim pursuant to Art. 74 may be laid against the decision for transformation.

Nullity of a newly incorporated company

Art. 263o. (new, SG 58/03) (1) (amend., - SG 66/05) Following the date of transformation, the declaration of the nullity of a company newly incorporated during the transformation may be claimed, to which Art. 70 shall apply. The claim may be laid only by a partner or a stockholder.

(2) A partner or a stockholder may request the declaring of nullity, also where the general meeting that has taken the decision for transformation has not been convened in accordance with the order stipulated by the law or by the company contract or the statutes and he has not attended.

(3) The claim under Para 1 may not be laid by a partner or a stockholder who has participated in proceedings on a claim for contesting the transformation and the claim has been rejected.

Claim for pecuniary equalization

Art. 263p. (new, SG 58/03) (1) Any partner or stockholder, within three months from the date of transformation, may lay a claim for pecuniary equalization at the district court if the ratio of exchange stipulated by the contract or the draft terms of transformation is not equivalent.

(2) The claim under Para 1 shall be laid against the recipient or newly incorporated company in case of merger or consolidation. In case of division and spin-off the claim shall be laid against the company or companies, in which the partner or stockholder participates after the transformation.

Right of leaving

Art. 263q. (new, SG 58/03) (1) A partner in a limited liability company or a stockholder whose legal status is changed after the transformation and who has voted against the decision for transformation, may leave the company, of which he has obtained shares or stocks. The termination of the participation shall be carried out by sending a notary certified notification to the company within three months from the date of transformation.

(2) The leaving partner shall be entitled to the equivalence of the company share or stocks possessed before the transformation of the company, according to the ratio of exchange stipulated by the contract or the draft terms of transformation. The partner who has left may lay a claim for pecuniary equalization within three months from the notification under Para 1.

(3) The shares of the leaving partner shall be taken over by the remaining partners, shall be offered to a third person or the capital shall be reduced by them. The stocks of the leaving stockholder shall be taken over by the company and the rules for acquiring own stocks shall apply besides Art. 187a, Para 4.

Special rules (Title amend., - SG 66/05)

Art. 263r. (new, SG 58/03, amend., - SG 66/05) (1) (amend. - SG 38/06, in force from 01.07.2007) When all companies participating in the transformation are personal, Art. 262i - 262m shall not apply. At the request of a managing partner in one of the participating companies, the registry officer at the Registry Agency shall appoint an inspector who shall inspect all companies participating in the transformation. In this case Art. 262k and 262l shall apply respectively.

(2) (Suppl. – SG, 101/2010) Where all transforming and recipient companies are single-owner companies and the single owner of the capital is one and the same person, the transformation shall be

performed on the basis of a decision of the single owner. To the decision shall apply respectively Art. 262f and Art. 262g, Para. 1, Para. 2, Items 1, 3, 4, 8 and 9, Para 3 and 4. Art. 262h – Art. 262p and Art. 263p-263q shall not apply.

(3) (Suppl. – SG, 101/2010) In case of transformation by spin-off of a single owner company no proportion of exchange shall be determined or inspected. Art. 261b, 262i, 262l and 262m shall not apply. This refers also in cases of merging of a single owner trade company into the single owner of its capital.

(4) (New – SG, 101/2010) Where in case of a merger the recipient company owns more than 90% of the shares or stocks with voting rights of the capital of the transforming company, Art. 262i and 262l – 262n shall not apply. In this case Art. 263r shall apply, notwithstanding the possible change of the legal status of the partner or the stockholder after the merger.

(5) (New – SG, 101/2010) In case of merger, if the recipient company owns more than 90% of the shares or stocks with voting rights of the capital of the transforming company, a decision for the merger of the general meeting of the recipient company shall not be required, if within the term under Art 262k, Para 2, but not later than 5 days before the date of the general meeting, stockholders, possessing at least 5% of the capital have not requested convening of the meeting as set out in Art. 223a, Para 1.

(6) (New – SG, 101/2010) In case of division by acquisition, where the capital of the transforming company is entirely owned by the recipient companies, a decision for transformation of the general meeting of the transforming company shall not be required.

(7) (New – SG, 101/2010) In case of division by incorporation, Art. 262i, 262l, 262m and 262n, Para. 1, Item 5 shall not apply, if the shares or stocks in the newly incorporated companies are distributed among the partners and stockholders, proportionally to their rights in the transforming company.

Section III.
Transformation by a change of the legal form

Change of the legal form

Art. 264. (amend., SG 58/03) (1) A trade company (transforming company) may be transformed by change of the legal form, where it transforms to a trade company of another kind (newly incorporated company). The newly incorporated company shall become a legal successor of the transforming company which shall be dissolved without liquidation.

(2) New partners or stockholders may not be accepted simultaneously with the change of the legal form.

Draft terms of transformation

Art. 264a. (new, SG 58/03) (1) In case of change of the legal form the managing body or the partners with management rights of a personal company shall draw up a draft terms of transformation in writing with notarized signatures.

(2) The draft terms of transformation shall contain at least the following:

1. (suppl. - SG 38/06, in force from 01.07.2007) legal form, the firm, the unified identification code and the seat of the newly incorporated company;

2. ratio of exchange of the stocks or shares determined at a concrete date;

3. the amount of monetary payments, if such are provided for according to Art. 261b, Para 2, as well as term of their payment;

4. description of the shares, stocks or membership to be acquired by each partner or stockholder of the newly incorporated company, as well as information of existing pledges and distraint;

5. the requirements regarding the allocation and the receipt of the stocks from the newly incorporated company;

6. the rights to be obtained by the stockholders with special rights and the holders of securities

other than stocks.

(3) The draft terms of transformation shall be accompanied also by a new draft company contract or statutes of the newly incorporated company.

Submission of information

Art. 264b. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The draft terms of transformation shall be submitted for announcement in the commercial register. If the transforming company is a capital one the submitted plan shall be announced within a period of not less than 30 days before the date of the general meeting for adopting a decision for transformation.

(2) To the partners and stockholders shall be made available:

1. the draft terms of transformation along with the new draft company contract or statutes of the newly incorporated company;

2. (amend., - SG 66/05) the accountancy balance at the last day of the month before the date of the draft terms of transformation, unless the latest annual financial report is of the financial year which has ended less than 6 months before this date;

3. the information of the appointed inspector and the authorised depositary under Art. 262w.

(3) The materials under Para 2 shall be submitted at the seat and the address of the capital trade companies within 30 days before the date of the general meeting. On request, a copy of the materials or abstracts thereof shall be provided to every partner or stockholder free of charge.

(4) The period under Para 3 may not be complied with, if all partners or stockholders have voted in favor of the transformation.

Inspection of the transformation

Art. 264c. (new, SG 58/03) (1) Where the newly incorporated company is a capital one the draft terms of transformation shall be inspected by a special inspector appointed by the managing body or by the managing partners .

(2) The inspector shall draw up a report of the inspection intended for the partners or stockholders. The report shall contain an assessment of the adequacy and reasonableness of the ratio of exchange stipulated by the plan, and shall indicate the information under Art. 262l, Para 2.

(3) To the inspector shall apply respectively the rules of Art. 262k, Para 3 and 4 and Art. 262l, Para 3.

(4) (amend. - SG 38/06, in force from 01.07.2007) Besides the cases of Para 1 inspection of the transformation shall be made also at the request of a partner or a stockholder or by a decision of a managing or control body of the company. Where the inspection is requested by a partner, stockholder or a control body the inspector shall be appointed by the registry officer at the Registry Agency.

Decision for transformation

Art. 264d. (new, SG 58/03) (1) The change of the legal form of the company shall be carried out pursuant to a decision for transformation according to Art. 262o.

(2) When, on change of the legal form, a partner in a limited liability company or a stockholder becomes an unlimited liable partner, Art. 262p shall apply.

(3) The decision for transformation shall approve or amend the draft terms of transformation. This decision shall also adopt the company contract and/or the statutes of the newly incorporated company and shall be elected bodies, by which the requirements for a form of the company contract or statutes shall be considered fulfilled.

Capital of the newly incorporated company

Art. 264e. (1) If the newly incorporated company is a capital one, the size of its capital shall not exceed the net value of the property of the transforming company. In this case the inspector shall carry out an inspection regarding the observance of this requirement.

(2) The rules of Art. 262t, Para 2 and 3 shall apply respectively.

Additional rules for a joint-stock company and a limited stock partnership

Art. 264f. (1) (Amend. - SG 88/18, in force from 23.10.2018) Art. 262v shall apply to the holders of special rights other than stocks of the transforming company.

(2) Art. 262w shall apply accordingly to the transfer of stocks in the newly incorporated company.

Registration

Art. 264g. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The change of the legal form shall be registered in the commercial register not earlier than 14 days from filing.

(2) The application for registration shall be filed by the managing body or by a managing partner of the newly incorporated company and shall be accompanied by:

1. the decision for transformation;

2. the consents under Art. 264d, Para 2;

3. the adopted company contract and/or statutes of the newly incorporated company and the documents necessary for registration of the elected bodies;

4. the report of the inspector, if an inspection has been carried out;

5. the list of persons acquiring stocks, shares or membership of the newly incorporated company, as well as the kind of the membership;

6. the declaration of the depositary that he has been presented with the interim certificates or stocks, respectively proof, that the circumstances under Art. 262w, Para 5 have been declared to the Central Depositary.

(3) (revoked – SG 38/06, in force from 01.07.2007)

Effect of the registration

Art. 264h. (new, SG 58/03) (1) The change of the legal form shall have effect from its entry in the commercial register.

(2) By registering the change of the legal form the transforming company shall be dissolved and the newly incorporated shall be established. The rights and obligations of the transforming company shall pass on entirely to the newly incorporated company.

(3) The partners and stockholders of the transforming company shall become partners or stockholders in the newly incorporated.

(4) (amend. - SG 38/06, in force from 01.07.2007) When the property of the transforming company includes a real right in a real estate or movable property, the transactions with which are subject to registration, the certificate for registration of the change of the legal form shall be submitted for entry into the corresponding register.

(5) Permits, licenses or concessions held by the transforming company shall pass on to the newly incorporated company, inasmuch as a law or the act of granting does not stipulate otherwise.

(6) Closing and opening balance at the date of registration shall be drawn up according to Art. 263h, Para 1 and 2.

Protection of the creditors

Art. 264i. (new, SG 58/03) 91) Unlimited liable partners in the transforming company shall continue to be liable before the creditors for obligations that have emerged before the change of the legal

form. When a person becomes an unlimited liable partner in the newly incorporated company he shall not be liable for obligations that have emerged before the change of the legal form.

(2) Partners or stockholders of a newly incorporated company shall not be exempt from the obligation for contributions which have not been paid up in full.

(3) When the transforming company is a capital one and the newly incorporated is personal or a company with a lesser size of the capital, the creditors whose receivables have emerged before the change of the legal form may request security up to the size of the difference of the capital.

Contesting the transformation

Art. 264j. (new, SG 58/03) (1) Every partner or stockholder of the transforming company may lay a claim with the district court at its seat in order to establish that any of the following violations have been admitted in the change of the legal form:

1. there is no draft terms of transformation or the plan is void;

2. the requirements of Art. 264a, Para 1 and Para 2, Items 1, 2 and 6, Art. 264b - 264e and Art. 262v, para 1 have not been fulfilled;

3. the decision for transformation contradicts imperative provisions of the law or of the company contract, respectively of the statutes of the company.

(2) Non-equivalent ratio of exchange shall not be grounds for laying claim under Para 1.

(3) The claim under Para 1 shall be laid against the transforming company before the registration of the change of the legal form. Any partner or stockholder may enter the proceedings and support the claim even if the claimant abandons it or withdraws it.

(4) (amend. - SG 38/06, in force from 01.07.2007) The laying of the claim under Para 1 shall stay the registration of the transformation. On the grounds of a valid decision by which the claim is granted the registration of the transformation shall be refused.

(5) (amend. – SG 59/07, in force from 01.03.2008) The claim under Para 1 shall be examined according to the rules of Chapter Thirty-Two - "Commercial Disputes Proceedings" of the Code of Civil Procedure.

(6) No claim may be laid pursuant to Art. 74 against the decision for transformation.

Nullity of the newly incorporated company

Art. 264k. (new, SG 58/03, amend., - SG 66/05) After the registration of the change of the legal form any partner or a stockholder may request declaration of nullity. Art. 263p shall apply correspondingly.

Protection of a partner or stockholder

Art. 264l. (new, SG 58/03) (1) Any partner or stockholder, within three months from the registration of the change of the legal form, may lay a claim at the district court for pecuniary equalization against the company if the ratio of exchange adopted by the draft terms of transformation is not equivalent.

(2) Any partner in a limited liability company or a stockholder, whose legal status has changed following the change of the legal form, and who has voted against the decision for transformation may leave the newly incorporated company. Art. 263q shall apply correspondingly.

Change of the legal form of a single owner company

Art. 264m. (new, SG 58/03) (1) In case of change of the legal form of a single owner trade company no draft terms of transformation shall be drawn up and there shall be no obligation for provision of information. The appointed inspector shall carry out only an inspection of the capital according to Art. 264e.

(2) The single owner of the capital shall not have the rights under Art. 264j, 264k and 264l.

Section IV.
Transformation by transfer of property to the single owner (new – SG 58/03, in force from 01.01.2014)

Transfer of property to the single owner

Art. 265. (amend., SG 58/03) (1) The whole property of the single owner trade company (transforming company) may pass on to the single owner, if he is a natural person registered as a sole entrepreneur. The transforming company shall be dissolved without liquidation.

(2) Transformation under Para 1 may not be carried out, if shares or stocks of the transforming company are pledged or under distraint.

(3) The decision for transformation shall be taken by the single owner in writing with a notarized signature.

Registration

Art. 265a. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The transfer of property to the single owner shall be registered in the commercial register in his file and the file of the transforming company which shall be written off.

(2) (revoked – SG 38/06, in force from 01.07.2007)

(3) (revoked – SG 38/06, in force from 01.07.2007)

(4) (amend. - SG 38/06, in force from 01.07.2007) From the moment of registration the creditors shall be deemed notified of their rights under Art. 265c.

Effect

Art. 265b. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The transfer of property to the single owner shall have effect from the moment of its registration in the commercial register in the file of the transforming company.

(2) By the registration all rights and obligations of the transforming company shall pass on to the sole entrepreneur.

(3) (amend. - SG 38/06, in force from 01.07.2007) When the property of the transforming company includes a real right in a real estate or movable property, the transactions with which are subject to registration, the certificate for registration of the transfer of property to the single owner shall be submitted for registration in the respective register.

(4) Permits, licenses or concessions held by the transforming company shall pass on to the sole entrepreneur, inasmuch as a law or the act of granting does not stipulate otherwise.

Protection of the creditors

Art. 265c. (new, SG 58/03) (1) (amend. and suppl. - SG 38/06, in force from 01.07.2007) The sole entrepreneur shall manage separately the property of the transforming company having passed on to him for a period of 6 months from the moment of registering the transformation.

(2) Within the period under Para 1 any creditor of the transforming company and of the sole entrepreneur, whose claim has not been secured, and which has emerged before the registration, may request performance or security according to his rights. If the request is not granted the creditor shall be entitled to preferential satisfaction of the rights having belonged to his debtor.

(3) Until the expiration of the term of the separate management the sole entrepreneur may not request to be written off the commercial register.

Section V.
TRANSFORMATION WITH PARTICIPATION OF COMPANIES FROM MEMBER STATES OF

THE EUROPEAN UNION OR FROM ANOTHER STATE – PARTY TO THE AGREEMENT ON THE EUROPEAN ECONOMIC AREA (new – SG 104/07)

Scope

Art. 265d. (new – SG 104/07) (1) Transformation according to this Section shall be carried out by way of merger and consolidation, provided that at least one of the companies taking part in the transformation has its seat in another Member State of the European Union or in a state – party to the Agreement on the European Economic Area, and belongs to a category, indicated in Art. 1 of First Council Directive 68/151/EEC on co-ordination of safeguards which, for the protection of the interests of members and others, are required by member states of companies within the meaning of the second paragraph of Art. 58 of the Treaty, with a view to making such safeguards equivalent throughout the Community, and the companies participating in the transformation whose seat is in the Republic of Bulgaria are capital ones, except for the investment companies of open-ended type.

(2) Transformation as per Para 1 may not be carried out if any of the participating companies has its seat outside the European Union or the law of the Member State, applicable to some of the companies taking part in the transformation, does not allow such transformation to be carried out.

(3) Transformation as per Para 1 may not be carried out in case a participating company whose seat is in the Republic of Bulgaria owns land, and the newly incorporated company or the recipient one has its seat outside the Republic of Bulgaria. The said prohibition shall be applied according to the terms, ensuing from the accession of the Republic of Bulgaria to the European Union.

(4) The provisions laid down in this Section shall apply with regards to a company participating in the transformation which has its seat in the Republic of Bulgaria, and in case the recipient or newly incorporated company has its seat in the Republic of Bulgaria – also with regards to declaring for registration, the registration and the effect thereof. Art. 261b shall be applied.

Common Draft Terms of Transformation

Art. 265e. (new – SG 104/07) (1) Prior to taking a decision on transformation, the participating recipient and/or transforming companies shall draw up common draft terms of transformation.

(2) The common draft terms of transformation shall be drawn up in writing and shall be signed by the company representatives on behalf of the companies involved in the transformation with their seat in the Republic of Bulgaria.

(3) The common draft terms of transformation shall regulate the manner of carrying out the transformation . They shall contain at least the following:

1. the legal form, company name and seat of each of the transforming companies, of the recipient company in case of merger, as well as of the newly incorporated company in case of merger;

2. the exchange ratio of the stocks or the shares, calculated with regards to a specific date;

3. the amount of cash payments, if such are provided as per Art. 261b, Para 2, as well as the term for payment thereof;

4. a description of the shares or stocks to be acquired by each partner or stockholder in the newly incorporated or the recipient company, including the planned increase of the capital of the recipient company, if such is necessary for the purposes of transformation, as well as the terms concerning the allotment and delivery of the stocks by the newly incorporated or the recipient company;

5. the date from which the membership in a newly incorporated or recipient company entitles the holders to participate in profits and any special conditions affecting that entitlement;

6. the date from which the transactions of the transforming companies shall be treated for accounting purposes as being those of the newly incorporated or recipient company;

7. the rights conferred by the newly incorporated or recipient company on the stockholders with special rights and the holders of securities other than stocks;

8. any special advantage granted to the checkers referred to in Art. 265h or members of managing and control bodies of the companies taking part in the transformation;

9. the effect of transformation on employment;

10. the procedure for determining the envolvement of workers and employees in the management of the newly incorporated or the recipient company, where possible;

11. information on the assessment of the property, being transferred to the newly incorporated or the recipient company.

(4) Integral part of the common draft terms of transformation shall be:

1. the draft company contract or statutes of the newly incorporated company in case of merger, respectively the amendments of the company contract or the statutes of the recipient company in case of merger.

2. the annual financial accounts and the report on the activity and/or balance sheet of the transforming companies and the recipient company, on the basis of which the draft terns of transformation have been drawn up.

Report of the Managing body

Art. 265f. (new – SG 104/07) The managing body of each of the transforming and the recipient companies shall draw up a written report on the transformation. The report shall contain detailed legal and economic justification of the common draft terms of transformation, in particular the exchange ratio, and the implications of the transformation for the partners and stockholders, creditors and employees.

Submission of the Common Draft Terms and the Report to the Commercial Register

Art. 265g. (new – SG 104/07) (1) The draft terns of transformation and the report of the managing body of each transforming and/or recipient company having a seat in the Republic of Bulgaria shall be submitted to the commercial register. The publication shall be carried out simultaneously in the files of each transforming and/or recipient company not less than one month before the date of the general assembly, which is to decide on the transformation.

(2) Along with the acts under Para 1 in the commercial register shall be published a list including the company name, seat, address and the register, in which each of the transforming and/or recipient companies is registered. The list shall contain also information of each company concerning the rules for protection of its creditors and minority stockholders and the place at which complete information on those questions may be obtained.

(3) Within the term set out in Para 1 the report of the managing body shall be made available to the representatives of the employees referred to in Art. 7a of the Labour Code, and if no such are available – to the employees. Any opinions filed by employees shall be attached to the report.

Inspection of the transformation

Art. 265h. (new – SG 104/07) (1) The common draft terms of transformation shall be examined with regards to each transforming or recipient company having a seat in the Republic of Bulgaria by a specified examiner, appointed by the managing body of the respective company.

(2) At the joint request of all transforming and recipient companies the registry officer at the Registry Agency may appoint a common examiner for all transforming and recipient companies, including those with a seat in other Member States.

(3) Art. 262k, Para 3 shall apply to the examiner appointed under Para 1 and 2.

(4) The examiner, appointed under Para 1 and 2 or appointed pursuant to the law of another Member State, where a transforming or recipient company has its seat, shall have the rights as per Art. 262k, Para 4 and shall bear responsibility under Art. 262l, Para 3.

(5) Inspection of the transformation shall not be carried out if all partners or stockholders in the

transforming and recipient companies have given their written consent thereto.

Examiner’s Report

Art. 265i. (new – SG 104/07) (1) Art. 262l, Para 1 and 2 shall apply to the reports of the examiners, appointed pursuant to Art. 265h, Para 1 and 2.

(2) Where a newly incorporated company by consolidation has its seat in the Republic of Bulgaria or where in case of merger the capital of the recipient company with a seat in the Republic of Bulgaria is increased, the examiner shall also draw up a report concerning the examination of the capital. Art. 262t, Para 1 and 2 shall apply correspondingly.

(3) The examiner’s report and the report of the managing body shall be made available at the seat and the address of the respective transforming and/or recipient company having a seat in the Republic of Bulgaria not less than one month before the date of the general meeting. Copies of the materials or extracts thereof shall be provided free of charge to each of the partners or stockholders upon request.

Decision on Transformation

Art. 265j. (new – SG 104/07) (1) After taking note of the reports referred to in Art. 265f and Art. 265i, the general meeting of each of the transforming and the recipient companies separately shall decide on the approval of the common draft terms of transformation.

(2) The decision on transformation of a transforming or recipient company having a seat in the Republic of Bulgaria shall be taken pursuant to Art. 262o, Para 2, 3 and 4.

(3) Art. 262p shall apply also in case a partner in a limited liability company or a stockholder in a company having a seat in the Republic of Bulgaria becomes an unlimited partner in the recipient or the newly incorporated company.

Verification of the legality of transformations

Art. 265k. (new – SG 104/07) In case the recipient or the newly incorporated company has its seat in another Member State, the managing body of each of the transforming companies with a seat in the Republic of Bulgaria shall request from the commercial register the issue of a certificate of the legality of the transformation with regards to the said company. Attached to the request shall be the decision on transformation, the consents as per Art. 265j, Para 3, the examiner’s report and proof that the decision has been taken according to all requirements of the law, as well as a declaration that the company does not own land in accordance with the prohibition set out in Art. 265d, Para 3.

Registration of the Transformation

Art. 265l. (new – SG 104/07) (1) The managing body of the newly incorporated or the recipient company having a seat in the Republic of Bulgaria shall declare the merger or consolidation for entering in the commercial register. The application for registration shall be accompanied by the common draft terms of transformation and the decisions of all companies taking part in the transformation, as well as the certificates referred to in Art. 10 of Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies with regards to transforming companies having a seat in another Member State. Art. 263, Para 2 shall apply correspondingly.

(2) Registration of the merger or consolidation shall be made in the file of the recipient, respectively the newly incorporated company having a seat in the Republic of Bulgaria, as well as in the files of the transforming companies having a seat in the Republic of Bulgaria, not less than 14 days after filing the application, in case;

1. the transforming companies with seats in other Member States have provided certificates as referred to in Art. 10 of Directive 2005/56/EC;

2. the companies taking part in the transformation with a seat in the Republic of Bulgaria have met the requirements set out in this Section and the requirements of this Act concerning the adoption of the decision on transformation;

3. the transforming and the recipient companies have approved common draft terms of transformation, and

4. the requirements of the Bulgarian legislation regarding the recipient or the newly incorporated company have been met.

(3) Along with the merger shall be registered also any amendments of the company contract or statutes, amendments of the capital or change of the persons who manage and represent the recipient company, in case such have been made during the transformation.

Deletion of Transforming Companies

Art. 265m. (new – SG 104/07; suppl.- SG. 22/15, in force from 24.03.2015) Where the seat of the newly incorporated company is in another Member State, the transforming companies having their seats in the Republic of Bulgaria shall be deleted from the commercial register on the grounds of a notification from the register of the Member Sate of registration of the recipient or the newly incorporated company , that the transformation has been registered. The notification shall be received through the system of interconnection of registers.

Effect of the Transformation

Art. 265n. (new – SG 104/07) (1) The transformation under Art. 262l shall have effect from the moment of its entry in the commercial register, whereas the transformation, where the recipient or the newly incorporated company has a seat in another Member State, shall have effect according to the law of the said state.

(2) The registration of the transformation shall result in the formation of the newly incorporated company and winding up of the transforming companies and their rights and liabilities being transferred to the recipient or the newly incorporated company. The partners and stockholders in the transforming companies shall become partners and stockholders in the recipient or the newly incorporated company.

(3) Where the property of a transforming company having a seat in the Republic of Bulgaria includes real rights in real estates, movables or other right, the transactions with which are subject to entry in a special register, the certificate of registration in the commercial register, respectively the registration notification referred to in Art. 265m from the register of the Member State, shall be filed for entry in the respective register.

(4) Authorizations, licenses or concessions, owned by the transforming company, shall pass on to the recipient or the newly incorporated company, unless a law or the act of granting provide otherwise.

Contesting Transformation and Protection of Creditors

Art. 265o. (new – SG 104/07) (1) A claim under Art. 74 may not be layed against a decision for transformation of a company having a seat in the Republic of Bulgaria. No claim may be layed for declaring the nullity under Art. 263o of a newly incorporated company as a result of consolidation with a company having a seat in the Republic of Bulgaria.

(2) The transformation according to this Section may not be declared void. The transformation may be contested by the persons and according to the procedure set out in Art. 263o, if the requirements laid down in this Section have not been observed. Non-equivalent ratio of exchange shall not be grounds for laying claim.

(3) In case the recipient or the newly incorporated company has a seat in another Member State, the claim shall be layed before the issue of a certificate under Art. 265k. The laying of a claim shall stay the issue of a certificate. On the grounds of an enacted decision, which grants the claim, issue of a certificate

shall be refused.

(4) In case the recipient or the newly incorporated company has a seat in the Republic of Bulgaria, the claim shall be layed before the registration of the transformation. The laying of a claim shall stay the registration of the transformation. On the grounds of an enacted decision, which grants the claim, registration of the transformation shall be refused.

Special Regulations

Art. 265p. (new – SG 104/07) In case the recipient company is a single owner of the capital of all transforming companies , the transformation shall be carried out on the grounds of a decision of the single owner of the capital. Art. 265f, Para 3, Items 2 - 5, Art. 265h, 265i and Art. 265n, Para 2, second sentence shall not apply.

Participation of Workers and Employees

Art. 265q. (new – SG 104/07) (1) In case the seat of one of the transforming companies, the recipient or the newly incorporated company is in the Republic of Bulgaria, to the participation of employees in the transformation shall apply Art. 12 - 15, Art. 16, Para 1, 2 and Para 3, Items 4 and 5 (where one third of the total number of the employees therein shall be required instead of 25 per cent), Art. 17, 18, 19, 29 and Art. 30 of the Act on Informing and Consulting Workers and Employees in Multinational Undertakings, Groups of Undertakings and European Companies, where the recipient or the newly incorporated company under this Section shall be considered a European company.

(2) In case the seat of the recipient or the newly incorporated company is in the Republic of Bulgaria, the managing bodies of the transforming companies and of the recipient company may take a decision to apply the standard rules under Art. 16 and 17 of the Act on Informing and Consulting Workers and Employees in Multinational Undertakings, Groups of Undertakings and European Companies, without negotiating. In case the seat of the recipient or the newly incorporated company is in another Member State, they may take a decision to apply the standard rules, adopted in the national legislation in accordance with Council Directive 2001/86/EC supplementing the statute for a European company with regard to the involvement of employees.

(3) In case the seat of the recipient or the newly incorporated company is in the Republic of Bulgaria and one of the transforming companies has applied rules for participation of the employees in the meaning of § 1, item 2 of the Additional provisions of the Act on Informing and Consulting Workers and Employees in Multinational Undertakings, Groups of Undertakings and European Companies, the recipient or the newly incorporated company shall be obliged to ensure that the rights ensuing from the said rules are being exercised. This rule shall apply also to subsequent transformation according to the procedure set out in this Chapter or in Council Regulation (EC) No 2157/2001 on the statute for a European company (SE), however, for a maximum of three years after the date under Art. 265p, Para 1.

Chapter seventeen.
LIQUIDATION

Commencement of Liquidation

Art. 266. (1) Liquidation shall be carried out after the dissolution of a company.

(2) (New, SG No 83/1996; amend. - SG 38/06, in force from 01.07.2007) The term for completion of the liquidation shall be determined by the general meeting of the limited liability company and the joint-stock company, and for other companies, by unanimous resolution of the unlimited partners . Such a term shall be determined also by the registry officer at the Registry Agency when appointing liquidators. Where necessary, the specified term may be extended.

(3) (Previous para 2 - SG, No 83 1996; amend., SG 84/00, amend., - SG 66/05; amend. - SG 38/06,

in force from 01.07.2007) The liquidators shall be registered in the commercial register, where notary certified consents with their specimen signatures shall be filed.

(4) (Amended, SG No 83/1996; amend. - SG 38/06, in force from 01.07.2007) The court at the seat may, where important reasons exist, appoint or dismiss liquidators at the request of the partners, or the stockholders respectively, holding one twentieth of the capital.

(5) (New, SG No 83/1996) The remuneration of the liquidators shall be fixed by:

1. the general meeting of the limited liability company or the joint-stock company;
2. the unlimited partners in the trade companies - unanimously;
3. the court, where the liquidators have been appointed by it;
4. (new - SG 38/06, in force from 01.07.2007) the registry officer at the Registry Agency when the liquidators have been appointed by him.

(6) (New, SG No 83/1996) The liquidators shall bear the same liablility for their activities related to the liquidation as the managers and the other executive bodies of the trade companies.

Notice to the Creditors

Art. 267. (amend. - SG 38/06, in force from 01.07.2007) Upon declaring the dissolution of the company the liquidators must invite its creditors to make their claims. The notice shall be addressed in writing to the known creditors, and shall be published in the commercial register.

Duties of the Liquidators

Art. 268. (1) The liquidators shall be obliged to complete any pending transactions, to collect debts due, to convert the remaining company's property into cash and satisfy the creditors. They may enter into new transactions only if necessary for the purposes of liquidation.

(2) The liquidators may, subject to the consent of the partners or, respectively, the stockholders and the creditors, transfer to them particular items of the assets under liquidation, provided that this does not prejudice the rights of the remaining partners and creditors.

(3) (New, SG, No 61 1993; amend. - SG 105/05, in force from 01.01.2006) The liquidators must inform the National Revenue Agency of the liquidation which has commenced.

(4) (new – SG 34/11, in force from 03.05.2011) The liquidator shall be obliged to exercise his competencies with the care of a diligent merchant.

Representation

Art. 269. (1) The liquidators shall represent the company and shall have the rights and obligations of its executive organ.

(2) The liquidators may represent a company only jointly. A single liquidator may accept legal statements addressed to the company.

Opening Balance Sheet and Report

Art. 270. (1) (amend., - SG 66/05; amend. – SG 105/06, in force from 01.01.2007) The liquidators shall draw up a balance sheet as of the moment of dissolution of the company, and an explanatory report thereto. At the end of each year they shall close accounts and present an annual financial report and annual business report to the governing body.

(2) The governing body shall resolve on approval of the opening balance sheet, the annual closing of accounts, and the relief of the liquidators of responsibility.

Registration of the Company in Liquidation

Art. 270a (New, SG No 83/1996; revoked SG 58/03)

Distribution of the Property

Art. 271. The property remaining after the satisfaction of the creditors shall be distributed among the partners, or the stockholders as the case may be.

Protection of Creditors

Art. 272. (1) (Amended, SG No 83/1996; amend. and suppl. - SG 38/06, in force from 01.07.2007) The company's property shall be distributed only if six months have passed from the date of publication of the notice to the creditors in the commercial register.

(2) Should a creditor duly notified not assert his claim, the due amount shall be deposited in a bank account in his name.

(3) Where a debt is disputed, the property shall be distributed only after providing a security to the creditor .

(4) (New, SG No 83/1996) The managing body of the company may, upon satisfaction of the creditors, write off any non-collectible claims of the company. Such decision shall be taken by simple majority.

Staying and termination of liquidation proceedings in case of opening bankruptcy proceedings

Art. 272a. (new, SG 84/00) (1) (suppl. - SG 38/06) From the date of the decision for opening bankruptcy proceedings the liquidation proceedings of a company in liquidation shall be stayed. The liquidation proceedings shall be terminated on the date of entry into force of the decision under Art. 630. In the decision for opening the bankruptcy proceedings the court shall declare bankruptcy of the debtor-company under Art. 630, Para 2, respectively under Art. 632, Para 1.

(2) (amend. - SG 38/06, in force from 01.07.2007) In the cases under Para 1 the bankruptcy court shall send a copy of the decision for opening the bankruptcy proceedings for registration in the commercial register on the same day.

Report and balance of the liquidator in case of termination of his activity

Art. 272b. (new, SG 84/00) (1) In the cases of opened bankruptcy proceedings for a company in liquidation the liquidator shall draw up and submit to the bankruptcy court a balance as of the date of the decision for opening the bankruptcy proceedings and a report of his activity under Art. 270 within 7 days from staying of the liquidation proceedings.

(2) The appointed assignee in bankruptcy, the debtor or creditor can make objection on the balance and the report under Para 1 within 7 days from their submission to the court.

(3) Within 14 days the court shall rule on the objection by a determination, which shall not be subject to appeal.

(4) If no objection has been received within the period under Para 2, the report and the balance of the liquidator shall be deemed to have been approved.

(5) While the liquidation proceedings are stayed the liquidator shall not carry out the activities stipulated in Chapter Seventeen.

Closing of the Liquidation

Art. 273. (1) (suppl., SG 84/00; amend. - SG 38/06, in force from 01.07.2007) When all debts have been settled and the remaining property distributed, the liquidator shall apply for deletion of the company from the commercial register.

(2) (amend. - SG 38/06, in force from 01.07.2007) Should at some later time the need arises for

further liquidation proceedings, the registry officer at the Registry Agency shall, on application by the person interested, appoint liquidators, either the previous or new ones.

Continuation of a Company after Dissolution

Art. 274. (1) (suppl., SG 58/03) When a company is dissolved due to expiration of the specified time period or upon a resolution of the competent company organs, they may decide to continue its activities, unless the distribution of property has commenced. This provision shall also apply to dissolution of a limited liability company under Art. 155, Item 3, as well as of a joint-stock company under Art. 252, Para 1, Item 6.

(2) A resolution pursuant to paragraph 1 shall be passed:

1. in case of a joint-stock company, by a majority of at least three quarters of the represented capital;

2. in case of another company, unanimously.

(3) The liquidators shall file the resolution to continue the company for registration in the Commercial Register.

Chapter eighteen.
GROUPS (Title amend. – SG 104/07)

Section I.
Consortium

Definition

Art. 275. A consortium is a contractual grouping of merchants for carrying out specified activities.

Applicable Provisions

Art. 276. The respective rules either for civil partnerships or for the company in the form of which a consortium has been organized shall apply to consortia.

Section II.
Holding Company

Definition

Art. 277. (1) A holding company shall be a joint-stock company, a limited partnership or a limited liability company, the purpose of which is to participate in any form in other companies or in their management, regardless of whether it carries on manufacturing or commercial activities of its own.

(2) At least 25 percent of the capital of a holding company must be directly contributed into subsidiary companies.

(3) A subsidiary company is a company, in which a holding company owns or controls, directly or indirectly, at least 25 per cent of the stocks or shares or is in position to appoint, directly or indirectly, more than half of the members of the managing board.

Business Purpose

Art. 278. (1) The business purpose of a holding company may be:

1. acquisition, management, valuation and sale of interest in Bulgarian or foreign companies;

2. acquisition, management and sale of bonds;

3. acquisition, valuation and sale of patents, granting licenses for the use of patents to companies, in

which the holding company owns an interest;

4. funding of companies, in which the holding company owns an interest.

(2) A holding company may not:

1. participate in a partnership, which is not a legal person;

2. acquire licenses which are not intended for use by the companies controlled by it;

3. acquire real property which is not required by its needs. The acquisition of stock in real estate companies is permitted.

Taxation of Holding Activities

Art. 279. (Repealed, SG No 59/1996)

Credits Given by Holding Companies

Art. 280. (1) A holding company may extend loans only to companies in which it participates directly or which it controls.

(2) The amount of the extended loans may not exceed ten times the capital of the holding company.

(3) The amount of the deposits of subsidiary companies and enterprises in a holding company may not exceed three times the amount of the capital.

Section III.
EUROPEAN ECONOMIC INTEREST GROUPING (new – SG 104/07)

Legal Status

Art. 280a. (new – SG 104/07) (1) European economic interest grouping within the meaning of Council Regulation (EEC) No 2137/85 on the European Economic Interest Grouping (EEIG), called hereinafter "Regulation (EEC) No 2137/85", having a seat in the Republic of Bulgaria, is a legal entity and emerges from the date of its entering in the commercial register. Units of European economic interest groupings in the Republic of Bulgaria whose seat is located in another state shall also be entered in the commercial register.

(2) Art. 70 shall apply accordingly to any European economic interest grouping, registered in the Republic of Bulgaria.

(3) Members of a grouping registered in the Republic of Bulgaria shall be liable for its obligations according to the rules laid down with regards to general partnerships, unless otherwise provided in Regulation (EEC) No 2137/85.

(4) The seat of a grouping may not be transferred in another state in case the grouping owns land in the Republic of Bulgaria. The said prohibition shall apply according to the terms, ensuing from the accession of the Republic of Bulgaria to the European Union.

Dissolution

Art. 280b. (new – SG 104/07) (1) A European economic interest grouping may be dissolved on the ground set out in Art. 32 of Regulation (EEC) No 2137/85, by the district court at its seat. A grouping may also be dissolved by the court upon claim of a prosecutor in case its activity violates the public order in the Republic of Bulgaria.

(2) Insolvency proceedings may be initiated with regards to a European economic interest grouping pursuant to Chapter four, however Art. 610 shall not apply to its members.

(3) In case a member of a grouping having a seat in the Republic of Bulgaria is in liquidation proceedings or is declared bankrupt, his participation in the grouping shall be terminated by the liquidator, respectively by the Receiver.

Chapter nineteen.
EUROPEAN COMPANY (new – SG 104/07)

Formation

Art. 281. (repealed – SG 42/05, new – SG 104/07) (1) A European company within the meaning of Council Regulation (EC) No 2157/2001 on the statute for a European company (SE), called hereinafter "Regulation (EEC) No 2157/2001", having a seat in the Republic of Bulgaria, shall be formed by way of consolidation or transformation of a joint-stock company, having a seat in the Republic of Bulgaria into a European company, and shall be entered in the commercial register.

(2) The seat of a European company under Para 1 shall be the settlement where its head office is located.

(3) A European company having a seat in another Member State may not be formed by means of consolidation, when a transforming company in the Republic of Bulgaria owns land. A European company having a seat in the Republic of Bulgaria, which owns land, may not transfer its seat in another Member State. The said prohibition shall apply according to the terms ensuing from the accession of the Republic of Bulgaria to the European Union.

Examiner

Art. 282. (repealed – SG 42/05, new – SG 104/07) (1) In case a company having a seat in the Republic of Bulgaria takes part in the formation of a European company by means of consolidation, the registry officer at the Registry Agency shall appoint an examiner as per Art. 22, Para 1 1 and Art. 32, paragraph 4 of Regulation (EEC) No 2157/2001.

(2) In case of transformation of a joint-stock company having a seat in the Republic of Bulgaria into a European company or of a European company having a seat in the Republic of Bulgaria into a joint-stock company, the registry officer at the Registry Agency shall appoint an examiner as per Art. 37, paragraph 6 and Art. 66. paragraph 5 of Regulation (EEC) No 2157/2001.

(3) To the cases referred to in Para 1 and 2 shall apply also Art. 262k, Para 3 .

Dissolution

Art. 283. (repealed – SG 42/05, new – SG 104/07) (1) A European company shall be dissolved by a decision of the court at its seat upon request by the prosecutor, if the company no longer satisfies the requirements of Art. 7 of Regulation (EEC) No 2137/85. The company shall be dissolved only in case the violation has not been remedied within a proper term, specified by the court in a judicial order.

Chapter twenty .
ADMINISTRATIVE PENAL PROVISIONS

Violations and Fines

Art. 284. (1) (Amend., SG, No 103 1993; SG 84/00; revoked – SG 38/06, in force from 01.07.2007)

(2) (revoked – SG 38/06, in force from 01.07.2007)

(3) (revoked – SG 38/06, in force from 01.07.2007)

(4) (new, SG 84/00; suppl. - SG 38/06, in force from 01.07.2007; suppl. – SG 104/07) A person although obliged under this law, but failing to indicate in his commercial correspondence or his Internet site, if available, the data under Art. 13, shall be fined between BGN 100 and 500. The same punishment shall be imposed to a person, who does not indicate the data referred to in Art. 25 of Regulation (EEC) No 2137/85.

(5) (New – SG, 101/2010) The persons, who fail to perform their obligations under Art. 179, Para 2

shall be fined between BGN 100 and 500.

(6) (Former Para. 4 – SG, 84/2000, former Para. 5, amend. – SG, 101/2010) The violations shall be established by acts, drawn up by officials, determined by the executive director of the Registry Agency, while the penal decrees shall be issued by the executive director of the Agency or by officials, authorized by him.

(7) (New – SG, 101/2010) The establishment of the violations, the issuing, appeal and execution of the penal decrees shall be carried out as provided by the Administrative Violations and Penalties Act.

Art. 285. (1) (New, SG, No 103 1993) For the failure to perform the obligation under Art. 7, Para 3, the merchant shall be imposed a fine or, respectively, a financial sanction amounting to BGN 50.

(2) The acts of establishing the violations shall be drawn up by the mayors of the settlements, and the penal decrees shall be issued by the mayors of municipalities or persons designated by them.

(3) The establishment of the violations, the issuing, appeal and execution of the penal decrees shall be carried out as provided by the Administrative Violations and Penalties Act.

Part three.
COMMERCIAL TRANSACTIONS

Chapter twenty one.
GENERAL RULES

Section I.
General Provisions

Definition of Commercial Transaction

Art. 286. (1) Commercial shall be any transaction concluded by a merchant, related to the occupation exercised by him.

(2) Commercial transactions shall also be the transactions under Art. 1, Para 1, regardless of the capacity of the persons effecting them.

(3) In case of doubt, it shall be deemed that any transaction effected by a merchant is related to his occupation.

Applicability of the provisions on commercial transactions

Art. 287. The provisions on commercial transactions shall apply to both parties if the transaction is considered commercial for one of the parties and this Act does not provided otherwise.

Sources

Art. 288. The provisions of civil legislation shall apply to matters of commercial transactions not regulated by this Act, and where they are also incomplete, the commercial customs shall apply. Where commercial customs vary, the customs of the place of performance shall apply.

Abuse of right

Art. 289. The exercise of a right arising from a commercial transaction shall be inadmissible if it is exercised with the sole intention of causing injury to the other party.

Section II.

Conclusion of commercial transaction

Public invitation

Art. 290. (1) Catalogues, price-lists, tariffs and the like, as well as announcements though the mass media or otherwise addressed to an indefinite number of persons, shall be deemed to be an invitation to make an offer in accordance with them.

(2) If the offer under Para 1 is not accepted without just cause the author of the invitation shall be held liable for the damages incurred by the offerer.

Public offer

Art. 291. An offer for entering into a transaction may also be addressed to an indefinite number of persons, including through the mass media. It should contain both the total quantity offered and the time limit for accepting the offer. In this case the offerer shall be bound until the quantity is exhausted within the specified time limit.

Silence equal to acceptance

Art. 292. (1) An offer to a merchant with whom the offerer has lasting commercial relations shall be considered accepted if not immediately rejected.

(2) In the event of rejection of the offer under Para1 1, the merchant shall be bound to safeguard whatever has been sent to him at the cost of the offerer, unless he has not been secured for the costs or the safeguarding causes him unusual inconvenience.

Form

Art. 293. (1) To be valid a commercial transactions shall require a written or other form only in the cases provided for by a law.

(2) A statement on entry, performance or termination of a commercial transaction shall be null and void if not made in the form established by a law or by the parties.

(3) A party may not refer to nullity should its behaviour imply that it has not contested the validity of the statement.

(4) The written form shall be deemed met if the statement has been technically recorded in a way that permits it to be reproduced.

(5) In the event of statements made by telefax or telex, the written form shall be deemed met if the books and documents documenting the operation of these apparatuses rule out incorrect reproduction of the statement.

(6) Where a specific form has been provided for the conclusion of a commercial transaction, this form shall apply also to any amendments or supplementations to the transaction.

Interest

Art. 294. (1) Interest shall be due between merchants unless otherwise agreed.

(2) Interest on interest shall be due only if so agreed.

Permission or approval by a state authority

Art. 295. (1) Where the validity of a commercial transaction requires permission or approval by a state authority, the transaction becomes valid when permission is granted.

(2) The one who has undertaken to request permission or approval must make immediately the necessary reasonable efforts and bear the costs related thereto, and must inform the other party of the result.

Confirmation by third party

Art. 296. (1) In the event a transaction has been concluded subject to confirmation by a third party, it shall become valid upon confirmation.

(2) The party who is responsible for obtaining the confirmation must inform immediately the other party of the result.

(3) Where within three months following the conclusion of a transaction the other party has not been informed of the result, it may decline to proceed with the transaction, unless another time period has been agreed upon.

Financial duress

Art. 297. A commercial transaction concluded between merchants may not be voided on grounds of utmost necessity and manifestly unfavourable terms.

Commercial transactions under general terms

Art. 298. (1) A merchant may specify in advance general terms for transactions concluded by him. They shall become binding upon the other party should it:

1. declare in writing their acceptance;

2. be a merchant and has known or required to know them and has failed to object to them immediately.

(2) If written form has been provided for the validity of a transaction, the general terms established by the merchant shall be binding upon the other party only if submitted to it upon execution of the transaction.

(3) In the event of conflict between what was agreed upon by the parties and the general terms, the terms agreed upon shall prevail.

Determination of provisions by third parties

Art. 299. (1) Where the parties have agreed that a third party shall determine particular provisions, such provisions shall become binding upon the parties only if the third party has determined them in accordance with the objective of the contract, the remainder of its contents and the commercial customs.

(2) Should the third party fail to make the determination or makes it in a manner inconsistent with Para 1, either party may petition the court to make the determination.

Supplementing of the contract by the court

Art. 300. Where the parties agree to supplement the contract upon emergence of certain circumstances, and should they fail to reach agreement in the event of such emergence, either party may petition the court to do so. When rendering its decision the court shall take in consideration the objective of the contract, the remainder of its contents and commercial customs.

Actions without representative powers

Art. 301. Where a person acts on behalf of a merchant without representative powers, it shall be deemed that the merchant confirms such actions provided he has not objected immediately after learning of them.

Section III.

Performance

Due care

Art. 302. A debtor in a transaction which is commercial with respect to him, shall exercise the care of a diligent merchant.

Term

Art. 303. Where a contract does not specify a term for performance of an obligation, provided the nature of the transaction or the commercial customs do not require otherwise, the performance may be requested and may be made anytime during the working hours at the place of performance.

Time Limits for Monetary Obligations

Art. 303a. (new – SG 20/13) (1) Parties to a business transaction may agree to a time limit for a monetary obligation of a maximum of 60 days. By way of exception, a longer time limit may be agreed where required by the nature of the goods or services or another important reason and provided that this extension is not grossly unfair to the to the creditor or inconsistent with good morals.

(2) Where the debtor is a public contracting authority, the parties may agree to a time limit for implementation of monetary obligations of a maximum of 30 days. By way of exception, a longer time limit may be agreed, however not exceeding 60 days, where required by the nature of the goods or services or another important reason and provided that this extension is not grossly unfair to the creditor or inconsistent with good morals.

(3) Where no time limit has been fixed, the monetary obligation shall be fulfilled within 14 days from the receipt of an invoice or a payment reminder. Where the date of receiving the invoice or payment reminder may not be established or the receipt/reminder has been received prior to provision of the respective services or goods, the time limit starts running from the day following the date of receipt of the goods or services, regardless of the fact that the invoice or payment reminder is backdated.

(4) Where a contract or the law provides for a procedure for inspection or verification of the goods or services, the time limit under para 3 shall start running from the acceptance or completion of the inspection, provided that the invoice or payment reminder has been received earlier. The time limit for inspection or verification shall be 14 days as of the receipt of the respective goods or services. By way of exception, a longer time limit may be agreed where required by the nature of the goods or services or another important reason.

(5) The provisions of paras 1 through 4 shall not apply to:

1. bills of exchange payable;
2. obligations in initiated insolvency proceedings;
3. compensations for damage, including insurance indemnities.

(6) The rules of the present Article shall also apply to transactions, a party to which are craftsmen and persons providing services themselves or freelancers.

Joint and several obligations

Art. 304. Persons who undertake a joint obligation upon conclusion of a commercial transaction shall be considered joint and several debtors, unless it follows otherwise from the transaction.

Non-cash payment

Art. 305. (amend. SG 31/05) When the payment is effected by debiting and/or crediting an account, it shall be deemed completed with crediting the account of the creditor or cash payment of the debt amount to the creditor.

Section IV.
Non-performance

Force Majeure

Art. 306. (1) A debtor in a commercial transaction shall not be liable for failure to perform due to force majeure. Where the debtor was already in default, he may not invoke force majeure.

(2) A force majeure shall be an unforeseen or unavoidable event of an extraordinary nature which has occurred after the conclusion of the contract.

(3) A debtor who cannot perform due to force majeure shall notify the other party in writing within a reasonable time about the nature of the force majeure, and its potential consequences for the contract. In case of failure to notify, compensation shall be due for the damages resulting from such failure.

(4) The performance of obligations and the related counter-obligations shall be stayed for the duration of the force majeure.

(5) Should the duration of the force majeure be such that the creditor no longer has interest in the performance, he shall be entitled to terminate the contract. The debtor shall also have the same right.

Business frustration

Art. 307. A court may, upon request of one of the parties, modify or terminate the contract entirely or in part, in the event of the occurrence of such circumstances which the parties could not and were not obliged to foresee, and should the preservation of the contract be contrary to fairness and good faith.

Earnest money

Art. 308. (1) Where upon the conclusion of a contract one of the parties has given or promised something in case it backs out, it may renounce the contract if its performance has not commenced. The party which backs out shall be bound to pay earnest money, and if it has given such earnest money upon conclusion of the contract, the party shall forfeit it.

(2) When the contract is performed, the earnest money shall be paid back or set off. It shall also be paid back in the event of termination of the contract by mutual agreement.

Liquidated damages

Art. 309. The liquidated damages due under a commercial transaction concluded between merchants may not be reduced on grounds of excessive amounts.

Non-Fulfilment of Monetary Obligations

Art. 309a. (new – SG 20/13) (1) Where the creditor has fulfilled their obligations and the debtor is in default of payment, unless agreed otherwise, the creditor shall be entitled to a compensation at the statutory rate from the date of the default as well as to a compensation for the recovery costs incurred due to the late payment of amount not lower than BGN 80, no reminder required. The creditor may claim compensation for any actual damages and expenses incurred as a result of the debtor's late payment and compensation for recovery costs of a higher amount under the general rules.

(2) Where deferred payment is agreed upon, compensations under para 1 shall be due on late payments respectively.

(3) The parties may agree on limitation of liability under para 1 and 2, upon provided that it is not grossly unfair to the creditor or inconsistent with morality.

Section V.
Commercial security

Commercial pledge

Art. 310. (1) A contract for commercial pledge which secures rights ensuing from a commercial transaction shall be considered concluded in the event of:

1. pledge of movable items and bearer securities - upon their delivery to the creditor or to another person on his account;

2. pledge of order negotiable instruments - by endorsement for security and delivery to the creditor.

(2) Entitled to a pledge by operation of law shall be creditors in the cases provided for in this Act.

(3) In the event of transfer of a secured claim the pledge shall be considered transferred upon delivery of its object, unless the transferor has agreed to hold it as another person within the meaning of Para 1, Item 1.

Satisfaction of the pledge creditor

Art. 311. (1) Where the pledge contract has been concluded in writing with a notarised date and the parties have agreed that, should the debtor be in delay, the satisfaction from the pledge may be effected without court intervention, the creditor shall be entitled to sell the pledged item or negotiable instrument himself, if they have a market or stock exchange price. The creditor shall be bound to immediately notify the pledgor of the sale and to pay him the remainder of the price obtained.

(2) Creditors under Art. 310, Para 2, shall be entitled also to the rights under Para 1.

Pledge without surrender of possession

Art. 312. The pledgor may keep the pledged item in his possession in cases and in compliance with procedures specified by a law.

Pledge over perishables

Art. 313. If the pledged item is perishable, the creditor may sell it, provided the item has a market or commodity exchange price, and deposit the amount with a bank as his security. The creditor must notify the pledgor of the sale immediately.

Set-off of yield from pledged item

Art. 314. Where the pledged item produces yield, the pledge contract may provide for the right of the creditor to collect such yield on account of the debt.

Commercial lien

Art. 315. (1) A merchant shall be entitled to a lien for his due claim against another merchant, arising from a transaction concluded between them, on the movables and securities of the debtor received by that merchant in a lawful manner. Such right shall exist as long as the merchant has in his possession the movables and the securities.

(2) The lien shall also be available where:

1. the ownership of the items has passed to the creditor, but he must transfer it back;

2. the ownership of the items has been transferred to a third party with regard to the debtor to the creditor, but he should have transferred it back to the debtor.

(3) The lien shall also have effect against third parties to the extent that any objections the creditor may have against the claim of the debtor concerning the delivery of the item may be raised against them.

(4) The lien shall cease to exist if the debtor has ordered otherwise prior to the delivery of the item, or if the creditor has undertaken to act in respect of the item in a specific manner.

(5) The lien may also be exercised also for non-due claims:

1. if the debtor has entered bankruptcy proceedings;

2. if a enforcement proceedings undertaken against the debtor have failed.

(6) The lien shall be retained, if the debtor has ordered otherwise prior to the delivery of the item or if the creditor has undertaken to act in respect of the item in a specified manner, provided the circumstances under Para 5 have come to the knowledge of the creditor after the delivery of the item.

Section VI.
TRANSFER OF RIGHTS

Transfer of order negotiable instruments

Art. 316. (1) An instruction issued to the order of another and addressed to a merchant for payment of money, delivery of securities or other fungible goods, and which does not set the performance as dependent on counter-performance, may be transferred by endorsement. The same applies to debt documents issued to order of another by a merchant for items as mentioned above, if the performance thereof is not dependent on counter performance.

(2) Transferred by endorsement may also be bills of lading, consignment notes, warehouse warrants, notes for marine loans and transport insurance policies, provided they have been issued to order of another.

Effect of the endorsement

Art. 317. (1) All rights embodied in the endorsed negotiable instruments are assigned through endorsement.

(2) The debtor shall be bound to perform only against presentation of the negotiable instrument, with mark thereon indicating that the obligation for which it has been issued has been paid.

(3) The provisions for bills of exchange shall apply mutatis mutandis to the form of the endorsement, the identification of the possessor and the verification of the identification, as well as to the obligation of the possessor to deliver the negotiable instrument.

Chapter twenty two.
COMMERCIAL SALE

Section I.
General Definition

Art. 318. (1) Commercial shall be any sale which constitutes a commercial transaction pursuant to the provisions of this Act.

(2) A sale the subject of which is an item for personal consumption and where the buyer is a natural person, shall not be a commercial sale.

Term for delivery

Art. 319. (New, SG, No 83 1996) Where no term has been agreed for delivery of the goods, the buyer may demand delivery within a reasonable term.

Obligation for notification

Art. 320. (New, SG, No 83 1996) Where it has been agreed that the goods will be accepted at the warehouse of the seller, the parties shall determine within what time limits and in what manner the seller must notify the buyer that the goods are ready for delivery. Where that has not been determined, the notification shall be at least three days prior to the date of delivery, and should the parties be situated in different localities -- at least five days before that date.

Documents pertaining to the goods

Art. 321. (New, SG, No 83 1996) Upon request of the buyer the seller shall be obliged to issue an invoice, and also other documents as agreed between the parties.

Service

Art. 322. (New, SG, No 83 1996) The seller shall be obliged to provide the necessary service according to the commercial practice, unless otherwise agreed.

Compensation

Art. 323. (New, SG, No 83 1996) Should the sale be cancelled and within an appropriate period of time after the cancellation the buyer has purchased replacement goods, or the seller has re-sold the goods, the party seeking compensation may receive the difference between the sale price and the price of the replacement transaction, as well as compensation.

Inspection of the goods

Art. 324. (New, SG, No 83 1996; amend. – SG 20/13) The buyer shall inspect the goods and where the goods fail to meet the requirements, he shall immediately notify the seller. If the buyer fails to do so, the goods shall be considered approved as complying to the requirements, except for hidden defects.

Obligation for keeping

Art. 325. (New, SG, No 83 1996) (1) In the event of refusal to accept goods shipped from another place, the buyer shall be obliged to keep them with the care of a diligent merchant for the time period usually needed by the buyer to give his instructions. Should the seller be in delay, the buyer may hand over the goods for keeping to a third party, notifying the seller thereof.

(2) Should the goods be perishable, or where their keeping is related to considerable costs and inconveniences, the buyer may sell them for the account of the seller.

(3) Where no instructions have been given pursuant to Para 1, the buyer shall be liable only for intentional acts or gross negligence.

Determination of price

Art. 326. (1) The price shall be determined by the parties upon conclusion of the contract.

(2) Where the price has not been determined and there is no agreement as to how to determine it, it shall be considered that the parties have agreed to the price usually paid upon conclusion of sale of the same type of goods under similar circumstances.

(3) Where the price is calculated on the basis of the weight of the goods, the tare shall be deducted. This rule shall apply also where substances other than the goods are used for the purpose of preservation of goods.

Time of payment

Art. 327. (1) The buyer shall be obliged to pay the price upon delivery of the goods or of the

documents entitling him to receive the goods, unless otherwise agreed.

(2) If the seller has undertaken to ship the goods, he shall be entitled to demand that this happens only against payment of the price or presentation of evidence for payment thereof.

(3) (new – SG 20/13 As regards to time limits for payment, the general rules of Chapter twenty one shall apply respectively.

Delay of receipt

Art. 328. (1) Where the buyer is in delay of receipt of the goods, the seller may:

1. hand over the goods for safekeeping;

2. sell the goods at market prices or at a public auction, after notification to the buyer thereof, informing him of the time and place of the sale or auction;

3. in the case of perishable goods to sell them without prior notice.

(2) The delivery for safekeeping and the sales under Para 1 shall be for the account and risk of buyer.

Section II.
Special rules for some sales

Transit sale

Art. 329. (1) The parties may agree that the seller delivers the goods to a third party indicated by the buyer.

(2) The seller shall be obliged to notify the buyer of the shipping of the goods to the third party, sending him also copies of the documents accompanying the goods.

(3) The price may be paid by the third party.

Distribution of costs pertaining to delivery of goods

Art. 330. (1) Where the goods have to be shipped to a place other than the place of delivery, the costs pertaining to shipping and transportation shall be for the account of the buyer.

(2) It shall be assumed that the seller has undertaken the costs of loading and transportation, if delivery has been agreed franco a specific point other than the point of delivery.

(3) The costs pertaining to shipping and transportation, as well as the distribution of other costs related to the performance of the contract, may be determined by reference to general terms elaborated by international and other institutions.

Sale with additional specification

Art. 331. (New, SG, No 83 1996) The parties may agree on a term during which the buyer shall specify the object of sale. In case of delay of the buyer, the seller may either do so or cancel the contract.

Sale with periodic performance

Art. 332. (New, SG, No 83 1996) In the case of a sale with periodic performance where the parties have agreed that seller may perform in advance, what has been given in excess during the preceding period shall be deducted from what is due.

Sale with buy-back clause

Art. 333. (New, SG, No 83 1996) A sale with a buy-back clause must be in writing and with a fixed term for exercising the right of buy-back. The right of buy-back shall lapse upon expiration of the term.

Sale with advance payment of the price

Art. 334. (New, SG, No 83 1996) The agreement for advance payment of the price must be in writing. If the seller fails to deliver the goods, he shall owe interest from the date of receipt of the price. In such a case the price paid shall be considered earnest money.

Hire-purchase

Art. 335. (New, SG, No 83 1996) (1) A hire-purchase shall be valid if executed in writing.

(2) The failure to pay installments not exceeding one-fifth of the price of the goods, shall not be a reason for cancellation of the contract.

(3) If the sale is cancelled due to the buyer's failure to perform, the seller may claim also compensation.

Sale by assignment of negotiable instruments

Art. 336. (New, SG No 83 1996) In the case of sale of goods by assignment of a negotiable instrument the seller shall be relieved from the obligation to deliver the goods, by assigning the negotiable instrument to the buyer. The buyer shall be bound to pay the price immediately and at the point of delivery of the documents, unless otherwise agreed.

Section III.
Sale at public auction with open bidding

Publicity

Art. 337. (New, SG, No 83 1996) The seller shall provide publicity of the auction terms by announcement in at least one daily newspaper.

Binding effect of the proposal

Art. 338. (New, SG, No 83 1996) Any participant in the auction shall be bound by his proposal in compliance with the terms of the auction.

Assignment of the goods

Art. 339. (New, SG, No 83 1996) The person who conducts the bidding shall assign the goods to the bidder who has offered the highest price. The sale shall be considered concluded by assignment of the goods.

Payment

Art. 340. (New, SG, No 83 1996) The buyer shall be bound to pay the price immediately, unless otherwise provided by the terms of the auction. The seller may cancel the contract if the buyer fails to fulfill this obligation.

Nullification of sale

Art. 341. (New, SG, No 83 1996) An auction sale concluded as a result of acts contrary to the law or good morals may de declared null and void upon the request of any interested person, within ten days following the assignment. In the case of an action for payment of the price, the buyer may demand nullification of the sale by means of an objection.

Chapter twenty three.
LEASE CONTRACT

Definition

Art. 342. (New, SG, No 83 1996) (1) Under a lease contract the lessor undertakes to provide an item for use against payment.

(2) Under a financial lease contract the lessor undertakes to obtain an item from a third party under terms specified by the lessee, and to provide that item to the lessee for use against payment.

(3) The lessee may acquire the item during the term of the contract or after the expiration thereof.

Risk

Art. 343. (New, SG, No 83 1996) In the case of a financial lease the risk of accidental destruction or damages to the item shall be for the lessee.

Obligations of the lessor

Art. 344. (New, SG, No 83 1996) (1) The lessor shall undertake the obligations of lessor pursuant to Art. 230 of the Obligations and Contracts Act.

(2) The lessor under a financial lease shall be bound to transfer his rights in respect of the third party concurrently with the transfer of ownership in the item.

Obligations of the lessee

Art. 345. (New, SG, No 83 1996) (1) The lessee shall undertake the obligations of lessee pursuant to Articles 232 and 233, Para 2, of the Obligations and Contracts Act, as well as the obligation to return the item upon expiration of the term of the contract.

(2) The costs pertaining to maintenance of the item shall be for the account of the lessee.

Sublease

Art. 346. (New, SG, No 83 1996) The lessee may grant the use of the item to another with the consent of the lessor..

Reference

Art. 347. (New, SG, No 83 1996) (1) The rules of this Chapter shall also apply mutatis mutandis to the lease of an undertaking.

(2) (amend. – SG 92/07) The rules relevant to rental contracts shall apply mutatis mutandis to lease contracts with the exception of Art. 229, Para 3, Art. 231, Paras 1 and 2, Art. 233, Para 1, Art. 235, Art. 236, Para 1, Articles 237, 238 and 239 of the Obligations and Contracts Act.

Chapter twenty four.
COMMISSION CONTRACT

Definition

Art. 348. (New, SG, No 83 1996) (1) Under a commission contract the commission merchant shall undertake, for a commission and upon the mandate of the principal, to perform on his own behalf and for the account of the principal one or more transactions.

(2) The provisions on the contract of mandate shall apply mutatis mutandis to the relationship between the principal and the commission merchant, unless otherwise provided in this Chapter.

Effect

Art. 349. (New, SG, No 83 1996) (1) Under a transaction concluded with a third party for performance of the mandate, rights and obligations shall arise for the commission merchant even if he has informed the third party of the principal's name.

(2) The rights acquired by the commission merchant or granted thereto by the principal, shall be deemed, with respect to the commission merchant's creditors, rights of the principal even before they have been transferred to him.

(3) The commission merchant shall be obliged to perform the obligations and to exercise the rights ensuing from the transaction with the third party.

(4) The principal may exercise the rights and may be forced to perform the obligations towards a third party only after the transfer thereof by the commission merchant.

Obligations of the commission merchant

Art. 350. (New, SG, No 83 1996) (1) The commission merchant must perform the mandate with the care of a diligent merchant.

(2) Where the commission merchant has performed the mandate under conditions more favourable than those set by the principal, the benefit shall belong to the principal.

(3) In the case of receipt of goods from another location, the commission merchant must inspect them immediately after receipt, and should he ascertain any defects or losses he must notify forthwith the principal thereof and provide the necessary evidence.

(4) Should any changes occur in the goods which would depreciate them, and where there is no sufficient time available to wait for the instructions of the principal or the principal is in delay, the commission merchant may sell the goods at prices lower than the specified by the principal, provided in this way he protects the principal from greater damages.

(5) The commission merchant shall be obliged to insure the goods received from the principal or from the third party under the executive transaction, provided the principal has given instructions to that effect.

Deviation from the mandate

Art. 351. (New, SG, No 83 1996) (1) Should the commission merchant deviate from the mandate, the principal shall not be obliged to recognize the transaction executed for his account, and may claim damages. This rule shall not apply where such deviation has been made in the interest of the principal and the commission merchant was not able to request in advance new instructions, or did not receive a timely response to his inquiry.

(2) A commission merchant who sells at a lower price or buys at a higher price than the one set by the principal, must notify the latter immediately thereof. If the principal does not immediately refuse to accept the transaction it shall be deemed that he has approved it.

(3) Where the commission merchant states that he shall bear the difference in prices, the principal may not refuse to accept the transaction.

(4) The principal may not refuse to accept a transaction, even though the commission merchant has not expressed readiness to bear the difference in prices, provided the commission merchant has ascertained that it was not possible to perform the transaction at the price set by the principal, and that by performing the transaction he has protected the principal from greater damages.

Notification to the principal

Art. 352. (New, SG, No 83 1996) (1) Where the third party is in default of its obligations, and also

if damages are inflicted by anyone to the property acquired or held by the commission merchant for the account of the principal, the commission merchant shall be obliged to immediately notify the principal and to provide the necessary evidence.

(2) Upon receipt of a notification that the third party is in default of its obligations under the executive transaction, the principal shall be entitled to request from the commission merchant to transfer immediately to him the rights towards such party.

Transaction on credit

Art. 353. (New, SG, No 83 1996) A commission merchant authorized to conclude a transaction on credit shall be liable before the principal for the performance of the obligations by the third party, provided he has been or should have been of knowledge that the third party is unable to pay.

Commission contract del credere

Art. 354. (New, SG, No 83 1996) Where the commission merchant has guaranteed to the principal for the obligation of the third party, he shall be liable jointly and severally with the third party and shall be entitled to separate compensation.

Accounting

Art. 355. (New, SG, No 83 1996) The commission merchant shall be bound to account before the principal and to transfer to him the results of the transaction executed.

Obligations of the principal

Art. 356. (New, SG, No 83 1996) (1) The principal shall be obliged to accept from the commission merchant the results of the transaction executed, to inspect the goods acquired for him and to notify immediately the commission merchant of any defects or losses, as well as to assume the obligations undertaken by the commission merchant towards the third party.

(2) The principal shall be bound to pay the commission merchant the expenses made in relation to the execution of the mandate, and the remuneration agreed upon. Where no remuneration has been agreed, the customary sum shall be due.

Pledge right of the commission merchant

Art. 357. (New, SG, No 83 1996) The commission merchant shall be entitled to a pledge on the items acquired by him for the account of the principal, or which the principal has delivered to him.

Entering into executive transaction

Art. 358. (New, SG, No 83 1996) (1) Where subject of the mandate is the purchase or sale of goods or negotiable instruments, which have market or stock exchange prices, the commission merchant, may state that he himself sells to the principal or buys from him the goods or securities at such prices. In such case the amount of the remuneration shall be reduced in half.

(2) The commission merchant shall be deemed a party to the sale provided he has notified the principal of the performance of the mandate without indicating a third party.

Refusal by the commission merchant

Art. 359. (New, SG, No 83 1996) (1) Unless otherwise provided in the contract, the commission merchant may not refuse to carry out an undertaken mandate, except in the case of termination of the contract due to default of the principal. The termination shall be effected in writing, whereas the commission

contract shall remain in force for two weeks as from the date on which the principal has received notification from the commission merchant of the refusal to perform the mandate.

(2) If the commission merchant refuses to perform an undertaken mandate because of a breach of the commission contract by the principal, the commission merchant shall be entitled to a commission and to compensation for any expenses made.

(3) A principal who has been notified of the refusal of the commission merchant to perform the mandate shall be obliged, within one month following the date of notification for refusal, to dispose of his property, which is in the possession of the commission merchant.

(4) Where the principal fails within the above term to dispose of the property which is in the possession of the commission merchant, the commission merchant shall be entitled to place such property for safekeeping for the account of the principal or, in order to cover his claims towards the principal, to sell such property at the best prices for the principal.

Withdrawal of mandate

Art. 360. (New, SG, No 83 1996) Should the principal withdraw his mandate entirely or in part before the commission merchant has concluded the respective transactions with third parties, he shall be bound to pay the commission merchant the remuneration and the costs incurred for transactions concluded by him before the withdrawal. In such case the principal shall have the obligation pursuant to Art. 359, Para 3.

Chapter twenty five.
FORWARDING CONTRACT

Definition

Art. 361. (New, SG, No 83 1996) (1) Under a forwarding contract a forwarding agent shall undertake, for payment to conclude a contract for transportation of cargo in his own name and for the account of the principal.

(2) The provisions for commission contract shall apply mutatis mutandis to all matters not covered by this Chapter.

Forwarding agent - carrier

Art. 362. (New, SG, No 83 1996) The forwarding agent may carry out the transportation himself, entirely or in part. In such case he shall have the rights and obligations of a carrier as well.

Several forwarding agents

Art. 363. (New, SG, No 83 1996) The forwarding agent may assign to subsequent forwarding agents the carrying out of the activities under Art. 361, even without authorisation therefore from the principal.

Obligation for notification

Art. 364. (New, SG, No 83 1996) (1) The principal shall be obliged to notify the forwarding agent about any special characteristics of the cargo.

(2) Should the packing of the cargo be inappropriate for transportation, the forwarding agent shall be obliged to notify the principal thereof.

Compliance with principal's instructions

Art. 365. (New, SG, No 83 1996) (1) The forwarding agent shall be obliged to observe the instructions of the principal pertaining to the route, direction and manner of transportation, as well as to the selection of carriers and further forwarding agents.

(2) Should the forwarding agent deviate from the instructions of the principal, he shall be liable for damages, unless he proves that such could also have occurred even if he had observed the instructions.

Limitation

Art. 366. (New, SG, No 83 1996) An action for damages under a forwarding contract may be brought within one year.

Chapter twenty six.
CONTRACT OF CARRIAGE

Definition

Art. 367. (New, SG, No 83 1996) Under a contract of carriage a carrier shall undertake to carry out for payment the transportation of a person, luggage or cargo to a certain place.

Obligations of the carrier

Art. 368. (New, SG, No 83 1996) (1) A carrier shall be obliged to carry out the transportation within the specified term, to keep the cargo as from its acceptance to the delivery, to notify the consignee about the arrival of the cargo and to deliver the cargo at the point of destination.

(2) Where no consignment note has been issued, the carrier shall follow the instructions of the consignor about returning the cargo or its delivery to another person, if he has not delivered the cargo or the bill of lading.

Obligations of the carrier for transportation of passengers

Art. 369. (New, SG, No 83 1996) A carrier shall be obliged to ensure to the passengers appropriate conveniences and safety according to the type of transport vehicle and the distance of transportation.

Obligations of the consignor

Art. 370. (New, SG, No 83 1996) (1) A consignor shall be obliged to hand over the cargo to the carrier in a state allowing it to undergo transportation, according to its type and the special requirements for various types of cargo.

(2) The consignor shall hand over to the carrier together with the cargo also the documents needed in order to deliver the cargo to the consignee.

(3) Where the packing is obviously inappropriate, the carrier may accept the cargo, provided the consignor declares in writing that any damages that may occur shall be for his own account.

Consignment note

Art. 371. (New, SG, No 83 1996) (1) The consignor may request the carrier to issue him a consignment note for the cargo that has been handed over to him, which may also be issued to order.

(2) Where a consignment note has been issued, the cargo shall be delivered to the bearer of the note who has established himself as such.

Freightage

Art. 372. (New, SG, No 83 1996) (1) The consignor shall pay the freightage upon the conclusion of

the contract, unless otherwise agreed.

(2) Where freightage has not been paid by the consignor, it shall be paid by the consignee upon acceptance of the cargo.

Liability for losses and damages

Art. 373. (New, SG, No 83 1996) (1) The carrier shall be liable for losses, destruction or damages to the cargo, except where the damages are due to force majeure, to the characteristics of the cargo, or to obviously inappropriate packing, if the consignor has declared his consent pursuant to Art. 370, Para 3.

(2) Pursuant to the provisions of Para 1 the carrier shall be liable for damages due to delay in performing the transportation.

(3) An arrangement to relieve from liability under Para 1 and 2 shall be invalid.

(4) If some lost cargo, for which the consignee has been compensated, is later on found, the carrier shall notify thereof the consignee after taking the necessary measures to preserve it. Should the consignee accept the cargo, he shall owe reimbursement of the compensation received. In the case of rejection, the carrier may sell the cargo himself.

(5) After delivery of the cargo the carrier shall be liable only if he has been notified about damages not later than one month following the delivery.

Liability in the case of subsequent carriers

Art. 374. (New, SG, No 83 1996) (1) Where a carrier performs the transportation entirely or in part with the participation of other carriers, he shall be liable for their actions up to the time of delivery of the cargo.

(2) Each subsequent carrier shall enter into the contract and must exercise the rights of the preceding carriers, as stipulated in the contract of carriage. All carriers shall be liable jointly and severally.

Pledge right

Art. 375. (New, SG, No 83 1996) A carrier shall be entitled to a pledge over the cargo for his claims under the contract. This right shall be exercised by the last carrier and shall exist until the rights of all carriers are satisfied.

Obligation for keeping the cargo

Art. 376. (New, SG, No 83 1996) Where it is not possible to find the consignee at the address indicated, or if he refuses to accept the cargo, the carrier shall be obliged to keep it or to deliver it for keeping to another party, notifying the consignor thereof in due time. In the case of perishable cargo, the rules for sale of items in the case of delay of a creditor, shall apply.

Transportation of luggage

Art. 377. (New, SG, No 83 1996) The respective rules for transportation of cargo shall apply to transportation of luggage.

Limitation

Art. 378. (New, SG, No 83 1996) An action for damages under a contract of carriage may be brought within one year, commencing:

1. for cargo - from the date of delivery to the consignee, and where the cargo has not been delivered -- from the date on which it should have been delivered;

2. for passengers, in the case of death or bodily injury -- from the date of occurrence thereof or the

date of learning thereof, but not later than three years.

Special rules

Art. 379. (New, SG, No 83 1996) The special rules for individual types of transportation shall be governed by separate Acts.

Chapter twenty seven.
INSURANCE CONTRACT (REVOKED – SG 103/05, IN FORCE FROM 01.01.2006)

Section I.
General provisions

Definition

Art. 380. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Form

Art. 381. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Pre-contract information

Art. 381a. (New - SG 96 2002; revoked – SG 103/05, in force from 01.01.2006)

Payment of first premium

Art. 382. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Obligation for declaration

Art. 383. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Intentional incorrect declaration or holding back

Art. 384. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Unintentional incorrect declaration

Art. 385. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Declaration of newly occurred circumstances

Art. 386. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Insurance premium

Art. 387. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Prevention of damages

Art. 388. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Obligation for notification

Art. 389. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Insurance payment

Art. 390. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Art. 391. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Section II. Property insurance

Subject of contract

Art. 394. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Art. 397. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Art. 398. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Art. 403. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Art. 404. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Art. 408. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Section IV.
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Art. 411. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Art. 413. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Art. 414. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Right of the third party beneficiary
Art. 415. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

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Art. 416. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Payment of premium
Art. 417. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Right to buy off
Art. 418. (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Chapter twenty eight.
CONTRACT OF CURRENT ACCOUNT

Contents
Art. 419. (New, SG, No 83 1996) (1) Under a contract of current account two persons, at least one of which is a merchant, may agree that claims and obligations ensuing from their relations are set down in one account, which shall be periodically balanced. The party to which a remainder is due upon the balance , may demand it together with interest as of the date of balancing the account even though interest may have already been included therein.

(2) The balance of the account shall be effected at the end of the calendar year, unless otherwise agreed, and shall be confirmed by the parties in writing. Should the statement of any of the parties be invalid, the action may be brought within one year thereafter.

(3) A contract of current account may be terminated by a one-month advance notice in writing even before balancing the account, unless otherwise agreed, whereas the party to which a remainder is due may demand its payment.

Chapter twenty nine.
BANKING TRANSACTIONS

Section I.
Contract of bank deposit

Ordinary deposit
Art. 420. (New, SG, No 83 1996) (1) Under a contract of bank deposit a bank shall undertake to keep for payment the submitted thereto bank notes, securities or other movable items.

(2) The depositor may at any time demand the return of a deposited item, even where it has been agreed that the deposit shall continue for a certain period of time. In such a case the depositor shall owe payment only for the duration of time of keeping the item, but he should pay the bank the expenses incurred thereby in view of the agreed duration of the deposit.

Monetary deposit
Art. 421. (New, SG, No 83 1996) (1) In the case of a monetary deposit the bank shall owe the sum of money to the depositor in the same currency and amount, as well as the agreed interest.

(2) In the case of early withdrawal of sums from a time cash deposit, interest shall be due as for demand deposit, unless otherwise agreed.

Documents for deposit

Art. 422. (New, SG, No 83 1996) (1) In the case of a monetary deposit the bank shall issue to the depositor documents for all contributions to and payments from the deposit.

(2) In the case of a difference between the data according to the bank file and the document issued by the bank to the depositor, the data in the issued document shall be assumed to be true, until proven to the contrary.

(3) If the deposit document issued is lost, destroyed or stolen, the depositor shall be obliged to notify forthwith the bank in writing. The bank shall not be held liable if before the receipt of such notification it has paid in good faith a sum to a person, who appeared authorized to receive such sum on the grounds of unambiguous circumstances.

Authorization

Art. 423. (New, SG, No 83 1996) A proxy may draw sums from a monetary deposit, provided the power of attorney bears a signature certified by a notary public.

Management of securities

Art. 424. (New, SG, No 83 1996) A bank may undertake to manage deposited securities by exercising the rights thereon, unless otherwise agreed.

Conditioned deposit and deposit in favour of a third party

Art. 425. (New, SG, No 83 1996) In the case of a conditioned deposit or in favour of a third party, if the condition does not occur or the third party dies, the deposited monies, securities or other movable items shall be returned to the depositor.

Section II.
Current account contract

Definition and form

Art. 426. (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Fees, expenses and interest

Art. 427. (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Notification

Art. 428. (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Application of other provisions

Art. 429. (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Section III.
Contract for bank credit

Definition and form

Art. 430. (New, SG, No 83 1996) (1) Under a contract of bank credit a bank undertakes to provide

to a borrower a sum of money for a certain purpose and under agreed conditions and term, and the borrower undertakes to use the sum as agreed and to return it upon expiration of the term.

(2) The borrower shall pay interest on the credit, as agreed with the bank.

(3) The contract of bank credit shall be concluded in writing.

Necessary information

Art. 431. (New, SG, No 83 1996) The borrower shall be obliged to provide the bank with the necessary information relevant to the conclusion and performance of the contract.

Early demandability

Art. 432. (New, SG, No 83 1996) (1) Further to the cases provided for in the contract, the bank may demand early return of the sum under the credit, where:

1. it is not used for the purpose for which it has been received;

2. the borrower provides false information;

3. the security becomes insufficient and is not supplemented within a term set by a request therefore;

4. the borrower fails to return other loans to the bank due to serious aggravation of his financial status.

(2) In the case under Para 1, Item 4, the bank shall provide a sufficient time period before exercising its right for early return of the sum.

Section IV.
Letter of credit (revoked – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union)

Definition

Art. 433. (New, SG, No 83 1996; revoked – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union)

Rights and obligations

Art. 434. (New, SG, No 83 1996; revoked – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union)

Section V.
Letter of credit

Definition and form

Art. 435. (New, SG, No 83 1996) (1) A letter of credit shall be a unilateral statement in writing by a bank, by which it undertakes to pay to the person indicated in the letter of credit the amount of the letter of credit, provided that he submits to the bank within the term specified in the letter of credit the documents listed therein, and fulfills any other conditions therein. The letter of credit shall come into force after notification of the person.

(2) A bank may assign to another bank the receipt of documents, their verification, the compliance with other conditions under the letter of credit and the payment of the amount.

(3) The verification of the documents shall be prima facie.

(4) Only the conditions specified in the letter of credit shall be required for payment of the amount under the letter of credit.

(5) The obligations under the letter of credit shall cease upon expiration of the term.

Irrevocability of the letter of credit

Art. 436. (New, SG, No 83 1996) Unless anything else ensues from the letter of credit, it shall be considered irrevocable and may be revoked or modified only with the consent of the third party.

Revocable letter of credit

Art. 437. (New, SG, No 83 1996) A revocable letter of credit may be revoked unilaterally by the bank, as long as it is not carried out.

Divisibility and non-transferability of a letter of credit

Art. 438. (New, SG, No 83 1996) A letter of credit shall be divisible and non-transferable, unless otherwise ensues therefrom.

Confirmed letter of credit

Art. 439. (New, SG, No 83 1996) Where an irrevocable letter of credit is confirmed by another bank, it shall undertake to pay on its own and directly the amount under the letter of credit.

Contract of mandate and letter of credit

Art. 440. (New, SG, No 83 1996) The provisions for contract of mandate shall apply to the relations between the applicant and the bank, which has issued the letter of credit, as well as between the banks under the letter of credit.

Fee

Art. 441. (New, SG, No 83 1996) The applicant shall owe a fee to the bank.

Section VI.
Bank guarantee

Definition and form

Art. 442. (New, SG, No 83 1996) Under a bank guarantee a bank undertakes in writing to pay to the person specified in the guarantee a certain sum of money in compliance with the conditions provided therein.

Section VII.
Bank collection. Bank documentary collection

Definition of bank collection

Art. 443. (New, SG, No 83 1996) Under a contract of bank collection a bank undertakes, for a remuneration, to collect as mandated by the drawer his cash claim or to effect another action for collection.

Definition of bank documentary collection

Art. 444. (New, SG, No 83 1996) Under a contract for bank documentary collection the bank as mandated by the drawer undertakes to deliver, for a remuneration, to another person documents entitling him to dispose of goods, or other documents against payment of an amount which the bank undertakes to

collect, or against carrying out other actions for collection.

Rights and obligations

Art. 445. (New, SG, No 83 1996) (1) The drawer shall pay to the bank the agreed expenses.

(2) Upon performance of bank collection or of bank documentary collection the bank shall be liable only for inaccurate performance of the instructions provided. It shall not be obliged to verify the form and validity of the documents.

(3) A bank which uses the services of another bank in view of performing the orders of the drawer, shall do so for his own account.

Subsidiary applicable provisions

Art. 446. (New, SG, No 83 1996) Unless the circumstances indicate otherwise the provisions for contract of mandate shall apply mutatis mutandis to the bank collection and the bank documentary collection.

Special provision

Art. 447. (New, SG, No 83 1996) Contracts of bank collection and of bank documentary collection shall not be terminated upon the death of the principal.

Section VIII.
Bank transfer

Definition

Art. 448. (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Execution

Art. 449. (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Obligation for fees and expenses

Art. 450. (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Section IX.
Contract for bank safe deposit box (revoked – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union)

Definition

Art. 451. (New, SG, No 83 1996; revoked – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union)

Prohibited items

Art. 452. (New, SG, No 83 1996; revoked – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union).

Rights of the bank on default of payment

Art. 453. (New, SG, No 83 1996; revoked – SG 59/06 in force from the date of entry into effect of

the Treaty of Accession of the Republic of Bulgaria to the European Union)

Liability in the case of force majeure

Art. 454. (New, SG, No 83 1996; revoked – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union)

Chapter thirty .
BILL OF EXCHANGE

Section I.
General Provisions

Contents

Art. 455. (New, SG, No 83 1996) A bill of exchange shall contain:

1. the title "bill of exchange" in the text of the document in the language in which the document has been written;
2. unconditional order to pay a certain sum of money;
3. name of the person who must pay (drawee);
4. maturity;
5. place of payment;
6. name of the person to whom or to whose order the sum must be paid (payee);
7. date and place of issue;
8. signature of the drawer.

Incomplete contents

Art. 456. (New, SG, No 83 1996) (1) A document which does not contain any of the requisites listed in Art. 455, shall not be a bill of exchange, except for the cases specified in the paragraphs below.

(2) A bill of exchange in which no maturity has been specified, shall be deemed payable on demand.

(3) A bill of exchange in which no place of payment has been specified, shall be deemed payable at the place indicated next to the name of the drawee, which shall be assumed to be the place of residence of the drawee.

(4) A bill of exchange in which no place of issue has been indicated, shall be considered to be issued at the place indicated next to the name of the drawer.

Bill of exchange to the order of the drawer and against the drawer

Art. 457. (New, SG, No 83 1996) A bill of exchange may be drawn to the order of the drawer himself, as well as upon the drawer himself.

Place of payment

Art. 458. (New, SG, No 83 1996) (1) A bill of exchange may be payable at the place of residence of a third party, at the place of residence of the drawee, or at another place.

(2) Where the drawer has specified in the bill of exchange a place of payment other than the place of residence of the drawee, without indicating a third party at whom the payment is to be effected, the drawee may determine this third party upon acceptance. It shall be assumed, unless otherwise agreed, that the drawee has undertaken to pay personally at the place of payment specified in the bill of exchange.

(3) Where a bill of exchange is payable at the place of residence of the drawee, he may indicate

upon acceptance an address within the same locality where the payment is to be effected.

Duty to Pay interest

Art. 459. (New, SG, No 83 1996) (1) In a bill of exchange payable at sight or within a certain term after demand, the drawer may undertake a duty to pay interest on the amount. In the case of any other bill of exchange such duty shall be considered null and void.

(2) The amount of the interest must be indicated in the bill of exchange.

(3) Interest shall be charged as from the date of issue of the bill of exchange, unless another date has been specified.

Discrepancy concerning the sum

Art. 460. (New, SG, No 83 1996) (1) Where the sum has been written in the bill of exchange in figures and in words, in the case of discrepancy the sum written in words shall be valid.

(2) Where the sum has been written in the bill of exchange several times in words or in figures, in the case of discrepancy the smallest sum shall be valid.

Validity of signatures

Art. 461. (New, SG, No 83 1996) Should a bill of exchange bear signatures of persons who may not undertake obligations under a bill of exchange, false signatures, signatures of non-existent persons or signatures which, for some other reason, may not bind the persons who have signed or on behalf of whom the bill of exchange has been signed, the obligations of the other persons who have signed shall be valid.

Signature without authorization

Art. 462. (New, SG, No 83 1996) A person who signs a bill of exchange as a representative without having such authority, or by exceeding his authority , shall be personally liable under the bill of exchange, and should he pay, he shall have the same rights as would have the represented person.

Liability of the drawer

Art. 463. (New, SG, No 83 1996) (1) The drawer shall be liable for the acceptance and payment of a bill of exchange.

(2) The drawer may be relieved of liability for acceptance, but he may not be relieved from liability for payment.

Blank bill of exchange

Art. 464. (New, SG, No 83 1996) If a bill of exchange, drawn blank at its issue, is not completed as agreed, the deviation from the agreed may not be binding on the bearer unless he has acquired the bill of exchange in bad faith or gross negligence.

Objections of debtors

Art. 465. (New, SG, No 83 1996) Debtors under a bill of exchange may not use against the bearer objections based on their personal relationship with the drawer or with some of the former bearers, unless the bearer acted in bad faith in acquiring the bill of exchange.

Section II.

Endorsement

TRANSFER OF A BILL OF EXCHANGE

Art. 466. (New, SG, No 83 1996) (1) Any bill of exchange, even where not explicitly drawn to order, may be transferred by endorsement.

(2) Where the drawer has written in the bill of exchange the words "not to order" or another phrase of equivalent meaning, the bill of exchange shall be transferred under the procedure for transfer of claims.

(3) A bill of exchange may be endorsed to the drawee, the drawer or any other person bound by the bill of exchange. Such persons may again endorse the bill of exchange.

Requirements

Art. 467. (New, SG, No 83 1996) (1) An endorsement may not be conditional.

(2) A partial endorsement shall be null and void.

(3) An endorsement to the bearer shall have the same effect as a blank endorsement.

Form

Art. 468 (New, SG, No 83 1996). (1) The endorsement must be written on the bill of exchange or on a slip of paper attached thereto (allonge). Is must be signed by the endorser.

(2) The endorsement need not specify the person in whose favour it was made, or it may contain only the signature of the endorser (blank endorsement). In order to be valid, a blank endorsement must be written on the back of the bill of exchange or the allonge.

Effect

Art. 469. (New, SG, No 83 1996) (1) An endorsement transfers all the rights under a bill of exchange.

(2) In the case of a blank endorsement, the bearer may:

1. fill in the blank space with his own name or the name of another person;

2. make a blank endorsement on the bill of exchange;

3. deliver the bill of exchange to another person, without filling in the blank space and without endorsing it.

Liability of the endorser

Art. 470. (New, SG, No 83 1996) (1) The endorser shall be liable for the acceptance and payment of the bill of exchange, unless otherwise agreed.

(2) An endorser may prohibit further endorsement. In such case he shall not be liable before the persons to whom the bill of exchange has been endorsed subsequently.

Bearer

Art. 471. (New, SG, No 83 1996) (1) The holder of a bill of exchange shall be deemed the legitimate bearer, provided his right ensues from the continuous order of endorsements, even where the last endorsement has been a blank endorsement. Crossed out endorsements shall be considered non-existent. Where a blank endorsement is followed by another endorsement, it shall be deemed that the signatory has acquired the bill of exchange by the blank endorsement.

(2) Where a person has been deprived of possession of the bill of exchange in whatever manner, the bearer, who shall ascertain his right pursuant to Para 1, shall not be obliged to deliver it, unless it was acquired in bad faith or by gross negligence.

Endorsement by authorization

Art. 472. (New, SG, No 83 1996) (1) In the case of endorsement with provision "value for collection", "for collection", "as an authorization" or another phrase denoting authorization, the bearer may exercise all the rights in the bill of exchange, but he may transfer it only with endorsement by authorization. In such case the debtors may raise against the bearer only the objections that can be raised against the endorser.

(2) The authorization contained in an endorsement by authorization shall not cease with the death or the legal disability of the authorizing person.

Endorsement for security

Art. 473. (New, SG, No 83 1996) (1) In the case of endorsement with provision "for guarantee", "for pledge" or another phrase denoting security, the bearer may exercise all the rights in the bill of exchange, but he may transfer it only with endorsement by authorization.

(2) Debtors may not raise against the bearer objections based on their personal relationship with the endorser, unless the bearer has acted in bad faith in acquiring the bill of exchange.

Endorsement after maturity or protest

Art. 474. (New, SG, No 83 1996) (1) An endorsement made after maturity shall have the same effect as an endorsement made before that. An endorsement made after the protest, due to non-payment or after expiration of the term for protest, shall have the effect of transfer of a claim.

(2) It shall be assumed, until proven to the contrary, that an endorsement without a date has been made before expiration of the term for protest.

Section III.
Acceptance

Presentation for acceptance

Art. 475. (New, SG, No 83 1996) A bill of exchange may be presented to the drawee for acceptance at his place of residence by the bearer or the holder before maturity.

Instruction or prohibition for presentation

Art. 476. (New, SG, No 83 1996) (1) The drawer may prescribe in the bill of exchange that it should be presented for acceptance, and also specify a term for that. He may prescribe that the bill of exchange should not be presented for acceptance before a specified term.

(2) The drawer may prohibit in the bill of exchange its presentation for acceptance, unless it is payable by a third party or at a place other than the place of residence of the drawee, or if it is payable within a specified term after the presentation.

(3) Each endorser may prescribe that the bill of exchange be presented for acceptance, as well as to specify a term therefor, unless the drawer has prohibited presentation for acceptance.

Term for presentation

Art. 477. (New, SG, No 83 1996) (1) A bill of exchange payable within a certain period after presentation must be presented for acceptance within one year of its issue. The drawer may reduce or extend that term.

(2) The terms under Para 1 may be reduced by the endorsers.

Secondary presentation

Art. 478 (New, SG, No 83 1996)

(1) Upon presentation, the drawee may request that the bill of exchange be presented to him again on the next day. The interested parties may not object that such a request has not been satisfied, unless it has been indicated in the protest.

(2) The bearer shall not be obliged to deliver to the drawee the bill of exchange which was presented for acceptance.

Form of acceptance

Art. 479. (New, SG, No 83 1996) (1) The acceptance shall be written on the bill of exchange with the word "accepted", or another equivalent word, and shall be signed by the drawee. The signature of the drawee on the face of the bill of exchange shall be considered acceptance.

(2) Where the bill of exchange is payable within a certain term following the presentation, or if it should be presented for acceptance within a specified term by virtue of a special stipulation, the acceptance must indicate the date on which this was done, unless the bearer requires the date of presentation to be indicated. If there is no date indicated, in order to preserve his recourse actions against the endorsers and the drawer, the bearer must authenticate the lack of date by protest.

Unconditional acceptance

Art. 480. (New, SG, No 83 1996) (1) Acceptance may not be effected under condition.

(2) The drawee may limit the acceptance to part of the sum.

(3) Any other modification of the contents of the bill of exchange upon its acceptance shall be considered rejection of acceptance, but the drawee shall be liable in compliance with the conditions of his acceptance.

Effect of acceptance

Art. 481. (New, SG, No 83 1996) (1) Upon acceptance the drawee undertakes to pay the bill on maturity.

(2) In case of default of payment the bearer, even where he is the drawer, shall have an action against the drawee pursuant to articles 505 and 506.

Cancellation of acceptance

Art. 482. (New, SG, No 83 1996) (1) If the drawee who has accepted the bill of exchange has crossed out the acceptance before return of the bill, the acceptance shall be considered cancelled. It shall be assumed, until proven to the contrary, that the crossing out has been effected before the return of the bill of exchange.

(2) Where the drawee has notified in writing the bearer or some of the persons who have signed the bill of exchange of the acceptance, he shall be liable before them in accordance with the conditions of acceptance.

Section IV.
Bill of exchange avals

Definition

Art. 483. (New, SG, No 83 1996) The payment of a bill of exchange may be secured entirely or in

part by an aval. The guarantee may be given by a third party or by a person whose signature has already been put on the bill of exchange.

Form

Art. 484. (New, SG, No 83 1996) (1) The aval shall be given on the bill of exchange or on the allonge. It shall be expressed by the words "goods as aval" or another phrase of equivalent meaning, and must be signed by the giver of the aval.

(2) The signature on the face of the bill of exchange shall be considered an aval, unless it is the signature of the drawee or the drawer.

(3) Where the giver of the aval has not indicated for whom he guarantees, it shall be considered that it is given for the drawer.

Liability of the guarantor

Art. 485. (New, SG, No 83 1996) (1) The giver of the aval shall be liable in the same way as the person for whom he has guaranteed.

(2) The undertaking of the aval shall be valid also where the obligation for which it has been given is not valid for any reason whatsoever, except for defect in the form.

(3) The giver of the aval who has paid the bill of exchange shall assume the rights arising out of it against the person guaranteed, and against all persons liable to that person under the bill of exchange.

Section V.
Maturity

Manner of setting

Art. 486. (New, SG, No 83 1996) (1) The maturity of a bill of exchange may be:

1. upon presentation;
2. after a certain term after the presentation;
3. after a certain term after the issue;
4. on a certain date.

(2) A bill of exchange issued at maturity specified in some other way or at consecutive maturities, shall be null and void.

Sight bill of exchange

Art. 487. (New, SG, No 83 1996) (1) A sight bill of exchange shall be payable upon presentation. It must be presented for payment within one year following its issue. The drawer may specify a shorter or a longer term. The endorsers may reduce the terms for presentation.

(2) If the drawer notes down that the sight bill of exchange should not be presented for payment before a specified date, the term for presentation shall commence as from that date.

Bill of exchange payable at a fixed period after presentation

Art. 488. (New, SG, No 83 1996) (1) Maturity of a bill of exchange payable at a fixed date after presentation shall be determined as from the date of acceptance or as from the date of protest.

(2) Where no protest exists, it shall be considered that the acceptance without indication of date has been made by the drawee on the last date of the term for presentation for acceptance.

Interpretation of terms

Art. 489. (New, SG, No 83 1996) (1) When a bill of exchange is payable one or several months after its issue or presentation, the maturity shall be on the corresponding day of the month when payment must be made. If there is no such day of that month, maturity shall be on the last day of the month.

(2) Where maturity has been set in the beginning, in the middle or at the end of the month, these phrases shall be understood to mean the first, the fifteenth or the last day of the month.

(3) The phrase "half month" shall be understood to mean a term of fifteen days.

Applicable calendar

Art. 490. (New, SG, No 83 1996) (1) Where the bill of exchange is payable on a specific date at a place where the calendar is different from that at the place of issue, maturity shall be determined in accordance with the calendar at the place of payment.

(2) Where a bill of exchange, issued and payable at places with different calendars, is payable within a set term after the issue, the date of issue and maturity shall be determined by the calendar at the place of payment.

(3) The terms for presentation of the bill of exchange shall be calculated pursuant to the rules of Para 1 and 2.

(4) Para 1, 2 and 3 shall not apply if a stipulation in the bill of exchange or its contents indicate otherwise.

Section VI.
Payment

Term for presentation for payment

Art. 491. (New, SG, No 83 1996) A bill of exchange payable on a certain day or within a specified term after its issue or presentation, must be presented for payment on maturity or on one the next two working days.

Indication of payment

Art. 492. (New, SG, No 83 1996) (1) Upon payment the drawee may request the bearer to surrender to him the bill of exchange and to indicate thereon that it has been paid.

(2) The bearer may not refuse partial payment.

(3) In the case of partial payment the drawee may request the payment to be indicated on the bill of exchange and receipt to that effect to be issued to him.

Payment before and on maturity date

Art. 493. (New, SG, No 83 1996) (1) The bearer shall not be obliged to accept payment of the bill of exchange before maturity date.

(2) A drawee who pays before maturity date shall pay on his own risk.

(3) A person who pays on maturity date shall be relieved from his obligation, unless he has acted with gross negligence. He shall be obliged to verify the correct order of endorsements, but not the signatures of the endorsers.

Currency of payment

Art. 494. (New, SG, No 83 1996) (1) Where the sum of the bill of exchange has been quoted in currency which has no exchange rate at the place of payment, the amount may be paid in local currency according to its value as on maturity. Where the debtor is in delay, the bearer may at his option request the sum of the bill of exchange to be paid in local currency at the exchange rate on maturity or as of the date of

payment.

(2) The exchange rate of the foreign currency shall be determined in accordance with commercial custom at the place of payment. However, the drawer may set in the bill of exchange the rate at which the amount should be calculated.

(3) Para 1 and 2 shall not apply if the drawer has stipulated that payment should be effected in a specified currency.

(4) Where a bill of exchange is payable in a currency which has the same name but different values in the country of issue and the country of payment, the bill of exchange shall be deemed to be paid in the currency of the country of payment.

Deposit of the amount

Art. 495. (New, SG, No 83 1996) Where the bill of exchange is not presented for payment within the term under Art. 491, the debtor may deposit the amount with a bank, at the risk and the expenses of the bearer.

Section VII.
Protest

Types of protest

Art. 496. (New, SG, No 83 1996) A refusal of acceptance or payment must be ascertained by protest due to default on acceptance or default on payment.

Protest for default of acceptance

Art. 497. (New, SG, No 83 1996) (1) A protest for default of acceptance must be made within the terms specified for presentation for acceptance. If in the case stipulated under Art. 478, Para 1, the first presentation has taken place on the last date of the term, the protest may be made on the next date.

(2) The protest for default of acceptance shall relieve the bearer from presentation of the bill of exchange for payment, and also from protest for default on payment.

Protest for default on payment

Art. 498. (New, SG, No 83 1996) A protest for default on payment of a bill of exchange payable on a certain date or within a certain term after the issue or after the presentation, must be made on one of the two business days after the date specified for payment. If the bill of exchange is payable upon presentation, the protest must be made within the terms under Art. 497, Para 1.

Notification for default of acceptance or default on payment

Art. 499. (New, SG, No 83 1996) (1) The bearer should notify his immediate endorser and the drawer of the default of acceptance and the default on payment within four business days following the date of protest, and in the case of a provision "sans frais" -- after the date of presentation. Each endorser shall be obliged within two business days following the date of receipt of notification to notify his immediate endorser thereof, indicating the names and addresses of those who have made the preceding notifications, until the drawer Is reached. The time periods shall run from the date of receipt of the preceding notification.

(2) Where pursuant to Para 1 notification was made to a person who signed the bill of exchange, it must be made within the same term also to his avaliseur.

(3) Where an endorser has not indicated his address or has done so illegibly, the notification must be made to the endorser preceding him.

(4) A notification may also be given by return of the bill of exchange. The person obliged to make

notification must prove that he has done so within the specified term.

(5) A person who fails to make in time the notification specified in Para 1 - 4, shall be liable for damages up to the sum under the bill of exchange.

Relief from protest

Art. 500. (1) The drawer, as well as any endorser or avaliseur through a provision "sans frais", "sans protet" or a phrase of equivalent meaning signed on the bill of exchange, may relieve the bearer from making a protest for default of acceptance or default on payment, in order to exercise his right of recourse.

(2) The stipulation under Para 1 shall not relieve the bearer from the obligation to present the bill of exchange in due time and to make the relevant notifications. The burden of proof that the above time periods have not been observed shall be on the person referring to such a circumstance.

(3) The stipulation written by the drawer shall have effect in respect of all persons who have signed the bill of exchange. A stipulation written by an endorser or an avaliseur shall have effect only in respect of himself. Where despite the stipulation written by the drawer the bearer makes a protest, he must bear the expenses thereof, and where the stipulation has been written by an endorser or an avaliseur, all persons who have signed shall bear the expenses.

Making a protest

Art. 501. (New, SG, No 83 1996) A protest shall be made upon a request in writing from the bearer by the notary public at the place of payment or acceptance.

Contents of the protest

Art. 502. (New, SG, No 83 1996) (1) A protest shall contain:

1. a full transcript of the document with all endorsements and notes;

2. the names of the persons in favour of whom and against whom the protest is being made;

3. the inquiry to the person against whom the protest is made, the response given or a note that the person has not responded or could not be found;

4. in the case of acceptance or payment through an intermediary - indication of by whom, for whom and how it has been given;

5. place and date of the protest;

6. signature and stamp of the notary public.

(2) The making of the protest shall be indicated on the document.

Protest against several persons

Art. 503. (New, SG, No 83 1996) Where acceptance or payment of a bill of exchange, a promissory note or a cheque are to be requested from several persons, one protest against all persons may be made.

Entry of protest

Art. 504. (New, SG, No 83 1996) (1) The notary public must enter in the register the contents of the protest thus made and issue transcripts to the interested parties.

(2) The original of the protest shall be given to the bearer.

Section VIII.
Recourse actions

Grounds

Art. 505. (New, SG, No 83 1996) (1) Where a bill of exchange has not been paid on maturity, the bearer may bring recourse actions against the endorsers, the drawer and the other liable persons.

(2) Additionally, recourse actions may be brought before maturity, provided:

1. the drawee rejects acceptance of the bill of exchange, entirely or in part;

2. bankruptcy proceedings have been instigated against the drawee, notwithstanding whether he has accepted the bill of exchange or not;

3. the drawee has discontinued his payments or the compulsory execution on his property has provided no result;

4. bankruptcy proceedings have been instigated against the drawer of the bill of exchange whose acceptance was refused.

Subject of the recourse action

Art. 506. (New, SG, No 83 1996) (1) The bearer shall be entitled to claim from the persons against whom he has brought the recourse action:

1. the sum under the bill of exchange which has not been accepted or has not been paid, together with interest if so agreed;

2. interest due by operation of law as from maturity date;

3. expenses related to the protest, the notifications made and other expenses;

4. commission which, unless otherwise agreed, shall amount to one third of one percent of the sum under the bill of exchange, and which may not exceed that amount.

(2) Where the recourse action has been brought before maturity, the sum of the bill of exchange shall be reduced by the interest due before the maturity calculated according to the official discount rate of the central bank on the date of bringing the action at the place of residence of the bearer.

Action of the debtor who has paid

Art. 507. (New, SG, No 83 1996) A person who has paid the bill of exchange may claim from the persons liable to him:

1. the amount he has paid;

2. interest due by operation of law on the amount paid as from the date of payment;

3. the expenses incurred;

4. commission pursuant to Art. 506, Para 1, Item 4.

Delivery of the bill of exchange against payment

Art. 508. (New, SG, No 83 1996) (1) Each of the persons liable under the bill of exchange, against whom a recourse action has been brought or may be brought, shall be entitled to request that upon payment the bill of exchange be delivered to him together with the protest, and that a receipt be issued.

(2) Each endorser who has paid the bill of exchange may cross out his endorsement and the endorsements of the subsequent endorsers.

Recourse action after partial acceptance

Art. 509. (New, SG, No 83 1996) If a recourse action has been brought after partial acceptance, the person who has paid the amount for which the bill of exchange has not been accepted, may request the payment made to be noted on the bill and a receipt to be issued to him. The bearer must also deliver to him a certified copy of the bill of exchange and the protest, so that the person who has paid may bring subsequent recourse actions.

Recourse action upon discontinuance of payments

Art. 510. (New, SG, No 83 1996) If a drawee has discontinued his payments, notwithstanding

whether he has accepted the bill of exchange, as well as if a compulsory execution against him proves without result, the bearer shall be entitled to bring his recourse actions after presentation of the bill of exchange for payment to the drawer and after making a protest.

Recourse action in the case of bankruptcy

Art. 511. (New, SG, No 83 1996) (1) If bankruptcy proceedings have been instigated against the drawee, notwithstanding whether he has accepted the bill of exchange, as well as in cases of instigated bankruptcy proceedings against the drawer of a bill of exchange which is not subject to acceptance, the decision for instigating bankruptcy proceedings shall be sufficient grounds for the bearer to bring his recourse actions.

(2) If bankruptcy proceedings have been instigated against a drawee, notwithstanding whether he has accepted the bill of exchange, or against the drawer of the bill of exchange whose acceptance has been refused, a court decision shall be required additionally so that the recourse actions may be brought.

Redraft

Art. 512. (New, SG, No 83 1996) (1) Whoever is entitled to a recourse action may exercise it by issuing against some of the persons liable before him a new bill of exchange (redraft), which shall be drawn at sight and shall be payable at the place of residence of that person, unless otherwise agreed.

(2) The redraft shall cover in addition to the amounts under Art. 506 and 507 also other expenses.

(3) Where the redraft has been issued to bearer, the amount shall be determined according to the rate for a sight bill of exchange issued at the place of payment of the original bill of exchange, and payable at the place of residence of the preceding endorser.

(4) If the redraft has been issued by an endorser, its sum shall be determined according to the rate for a sight bill of exchange, issued at the place of residence of the drawer of the redraft, and payable at the place of residence of the preceding endorser.

Joint and several liability

Art. 513. (New, SG, No 83 1996) (1) The persons who have issued, accepted and endorsed the bill of exchange, or who have given an aval, shall be liable jointly and severally before the bearer.

(2) The bearer may bring his actions against all persons liable under the bill of exchange, collectively or individually, without observing the order in which they have become liable. So entitled shall be also any liable person who has paid the bill of exchange, in respect of the persons who have become liable prior to him.

(3) The bearer who has brought an action against one of the debtors under the bill of exchange shall not lose his rights against the other debtors, including those who have signed after the one against whom he has brought the action.

Omission of terms

Art. 514. (New, SG, No 83 1996) (1) The bearer shall lose his rights against the endorsers, the drawer and the other liable persons, with the exception of the drawee, if he misses the terms:

1. for presentation of the bill of exchange at sight or at a fixed term after presentation;

2. for making a protest due to default of acceptance or on payment;

3. for presentation for payment under a "sans frais" provision.

(2) If the bearer misses the term specified by the drawer for presentation of the bill of exchange for acceptance, he shall lose his right to recourse for default of acceptance and on payment, unless it appears from the contents of the bill of exchange that the drawer wanted to release himself only from the liability for acceptance.

(3) Where the stipulation with a term for presentation is included in an endorsement, only the endorser may refer to it.

Force majeure

Art. 515. (New, SG, No 83 1996) (1) Where the presentation of the bill of exchange or the drawing up of a protest within the specified time periods are prevented by force majeure, the time periods shall be correspondingly extended.

(2) The bearer shall be obliged to notify forthwith his immediate endorser of the force majeure, and to specify that notification on the bill of exchange or the allonge, indicating the place, date and signing, as well as to observe his obligations pursuant to Art. 499.

(3) After termination of the force majeure, the bearer must immediately present the bill of exchange for acceptance or payment, and, if necessary, draw up a protest.

(4) If the force majeure continues for more than thirty days after maturity, a recourse action may be brought without need for presentation or protest.

(5) For a bill of exchange at sight or at a fixed term after presentment, the thirty-day period shall commence from the date on which the bearer has informed his immediate endorser. This notification may be effected before expiration of the period for presentation. In the case of a bill of exchange payable at a fixed term after presentment, the thirty-day time period shall be extended by the time period after presentation specified in the bill of exchange.

(6) Circumstances relevant to the person of the bearer, or to the person to whom he has entrusted the presentation of the bill of exchange or drawing up of the protest, shall not be deemed force majeure.

Section IX.
Intervention

Intervenient

Art. 516. (New, SG, No 83 1996) (1) The drawer, the endorser or the aveliseur may specify one person – an intervenient - who where necessary may accept the bill of exchange or pay.

(2) An intervenient may be any third party and any person liable under the bill of exchange, except the drawee that has already accepted it.

(3) The intervenient shall be obliged to notify within two business days the person for whom he has intervened. If the broker fails to meet this term he shall be held liable for damages up to the amount of the sum of the bill of exchange.

(4) In the cases under Para 2 and 3 the bill of exchange may be accepted or paid for honour by an intervenient acting for some of the debtors under the bill of exchange against whom a recourse action could be brought.

Acceptance

Art. 517. (New, SG, No 83 1996) (1) Acceptance by intervention shall be allowed in all cases where the bearer may bring his recourse action before maturity, unless the presentation of the bill of exchange for acceptance has been prohibited.

(2) Where a person has been indicated in the bill of exchange for the purpose of acceptance or payment in case of need, the bearer may bring his recourse action before maturity against the person who has added the address, as well as against the subsequent signatories, only if he has presented the bill of exchange to the person indicated at that address, and has ascertained the refusal by that person by a protest.

(3) Except for the cases under Para 2 the bearer may refuse acceptance by intervention. If he accepts the intervention, he loses his right of recourse he had before maturity against the person for whom acceptance has been given, and against subsequent signatories.

Form

Art. 518. (New, SG, No 83 1996) The acceptance by intervention shall be noted on the bill of exchange and shall be signed by the intervenient. If the intervenient does not indicate for whom the acceptance was made, it shall be assumed to be for the drawer.

Liability of the intervenient

Art. 519. (New, SG, No 83 1996) (1) An intervenient who has accepted the bill of exchange shall be liable to the bearer and the signatories subsequent to the person for whose honour the intervention is given, in the same way as such person.

(2) Notwithstanding the acceptance by intervention, the person for whose honour it has been given, and the persons liable to him, may request from the bearer, against payment of the amount under Art. 506, delivery of the bill of exchange, the protest and the receipt.

Payment

Art. 520. (New, SG, No 83 1996) (1) Payment by intervention shall be allowable in the cases where the bearer may lodge his recourse actions on the maturity date or before maturity.

(2) The payment should be for the whole sum owed by the person for whose honour the intervention is given, and should be made at the latest on the date after expiration of the term for protest due to default on payment.

Presentation and protest

Art. 521. (New, SG, No 83 1996) (1) If the bill of exchange has been accepted for honour by a person with a place of residence at the place of payment, or if a person with a place of residence at the same place has been specified for payment in case of need, the bearer should present the bill of exchange to all these persons not later than on the date following the date of expiration of the term for protest due to default on payment, and if necessary -- to draw up such protest.

(2) If the protest has not been made in due time, the person who has specified the address for payment in case of need, or for whose honour the bill of exchange has been accepted, and the subsequent signatories, shall be relieved of their obligation.

Consequences from refusal of the bearer

Art. 522. (New, SG, No 83 1996) A bearer who refuses to accept payment by intervention shall lose his recourse actions against those who would have been discharged of their obligation due to the intervention.

Authentication of payment

Art. 523. (New, SG, No 83 1996) (1) Payment by intervention shall be authenticated by a receipt given on the bill of exchange, indicating for whom the payment is made, and if there is no such indication it shall be assumed that the payment has been made for the drawer.

(2) The bill of exchange and the protest shall be delivered to the person paying by intervention.

Rights of the intervenient

Art. 524. (New, SG, No 83 1996) (1) The person paying by intervention shall acquire the rights arising out of the bill of exchange against the person for whom he has paid, and against the persons liable to the latter on the bill of exchange. He may not endorse the bill of exchange.

(2) The signatories on the bill of exchange subsequent to the person for whom the payment is made, shall be relieved of their obligation.

(3) Where several persons have offered payment by intervention, the preference shall be given to the interventient whose payment effects the greater number of releases of debtors on the bill of exchange. The person who has paid contrary to the preceding sentence, being of knowledge of the circumstances, shall lose his recourse action against the persons who would have been relieved.

Section X.
Set of parts and copies

Issue of identical parts

Art. 525. (New, SG, No 83 1996) (1) The bill of exchange may be issued in several identical parts. They should be numbered in the text, and where this has not been done so each part shall be considered as a separate bill of exchange.

(2) Where the bill of exchange does not specify that it has been issued as a sole bill, each bearer may request the issue of more parts for his own account, until the drawer is reached. The endorsers must reproduce their endorsements on the new parts.

Payment made on one part

Art. 526. (New, SG, No 83 1996) (1) The payment made on one part shall relieve all liable persons even without special stipulation therefor. Nevertheless, the drawee shall be liable on all accepted parts, which have not been returned to him.

(2) An endorser who has transferred parts to different persons, as well as the subsequent endorsers, shall be liable on all parts signed by them, if they have not been returned to them.

Sending a part for acceptance

Art. 527. (New, SG, No 83 1996) (1) A person who has sent one part for acceptance must indicate on the other parts the name of the person holings the sent part. This person shall be obliged to deliver it to the lawful bearer of another part.

(2) Should delivery be rejected, the bearer may bring his recourse action, ascertaining by protest that:

1. the part sent for acceptance has not been delivered to him on demand;
2. the acceptance or payment could not be obtained on another of parts.

Copies

Art. 528. (New, SG, No 83 1996) (1) Every bearer of a bill of exchange shall have the right to make a copy of it.

(2) A copy should reproduce the original exactly, with the endorsements and all other statement thereon, and to indicate where the copy ends.

(3) The copy may be guaranteed by aval and endorsed. A copy shall have effect against persons who have put their signatures on the bill of exchange before the copy, only if presented together with the original.

Original and copies

Art. 529. (New, SG, No 83 1996) (1) A copy shall indicate the holder of the original, who shall be obliged to deliver it to the lawful bearer of the copy.

(2) Should the holder refuse to deliver the original, the bearer may exercise his recourse rights

against the persons who have endorsed the copy or guaranteed it by aval, after ascertaining by protest that the original has not been delivered to him.

(3) If the original, after the last endorsement before making of the copy, contains the provision "commencing from here an endorsement is only valid if made on the copy" or some equivalent formula, any endorsement written thereafter on the original shall be invalid.

Section XI.
Alterations

Effect of alterations

Art. 530. (New, SG, No 83 1996) In case of alteration of the text of the bill of exchange, the persons who have signed after the alteration shall be bound under the provisions of the text altered, and those who have signed before the alteration shall be bound pursuant to the initial text.

Section XII.
Limitation of actions

Limitation time periods

Art. 531. (New, SG, No 83 1996) (1) Actions against the drawee arising out of the bill of exchange shall be barred after three years following maturity.

(2) Actions of the bearer against the endorsers and against the drawer shall be barred after one year from the date of the duly made protest or from maturity, provided the bill of exchange contains the stipulation "retour sans frais".

(3) Actions of the endorsers against each other and against the drawer are barred after six months from the date on which the endorser has paid the bill of exchange, or from the date on which an action was brought against him.

Interruption of limitation

Art. 532. (New, SG, No 83 1996) The limitation shall be interrupted only with respect of the person against whom an act has been carried out.

Prohibition for extension of time periods

Art. 533. (New, SG, No 83 1996) The time periods established under this Act for obligations under bills of exchange may not be extended.

Section XIII.
Unjustified Enrichment

Action for unjustified enrichment

Art. 534. (New, SG, No 83 1996) (1) Where the bearer of a bill of exchange, a promissory note or a cheque loses the right to an action arising out of them due to expiration by limitation or omission of the necessary acts for retaining the rights, he may claim from the drawer or the drawee the sum which they have gained to his detriment.

(2) The action under Para 1 shall be barred after three years. This term shall commence from the date of lost of the actions arising out of the bill of exchange, the promissory note or the cheque.

Chapter thirty one.
PROMISSORY NOTE

Contents

Art. 535. (New, SG, No 83 1996) A promissory note shall contain:

1. the title "promissory note" in the text of the document in the language in which the document has been written;
2. an unconditional promise for payment of a certain sum of money;
3. maturity;
4. place of payment;
5. name of the person to whom or to whose order the sum must be paid;
6. date and place of issue;
7. signature of the drawer.

Incomplete contents

Art. 536. (New, SG, No 83 1996) (1) A document which does not contain some of the requisites listed under Art. 535, is not a promissory note, except for the cases specified under Para 2, 3 and 4.

(2) A promissory note in which no maturity date has been indicated shall be considered payable upon presentation.

(3) The place of issue shall be assumed to be the place of payment and place of residence of the drawer, unless otherwise agreed.

(4) A promissory note in which no place of issue has been indicated, shall be assumed issued at the place indicated next to the name of the drawer.

Reference to the provisions on the bill of exchange

Art. 537. (New, SG, No 83 1996) The provisions on the bill of exchange shall apply mutatis mutandis, inasmuch as compatible to its nature, to the promissory note.

Obligations of the drawer

Art. 538. (New, SG, No 83 1996) (1) The drawer of a promissory note shall be bound in the same way as the drawee of the bill of exchange.

(2) A promissory note payable within a certain time period following the presentation, must be presented to the drawer pursuant to the terms under Art. 477. The drawer shall authenticate on the document its presentation, write the date and place his signature. The time period after the presentation shall commence from the date authenticate by the drawer on the note. The refusal of the drawer to authenticate the presentation or to write the date shall be ascertained by protest pursuant to Art. 496, the date of which shall be considered the beginning of the time period after presentation.

Chapter thirty two.
CHEQUE

Section I.
Issue and form

Contents

Art. 539. (New, SG, No 83 1996) A cheque shall contain:

1. the title "cheque" in the text of the document in the language in which the document has been

written;

2. an unconditional order for payment of a certain sum of money;

3. name of the person, who should pay (drawee);

4. date and place of issue;

5. place of payment;

6. signature of the drawer.

Incomplete contents

Art. 540. (New, SG, No 83 1996) (1) A document which does not contain some of the requisites indicated under Art. 539, is not a cheque, except in the cases, specified in Para 2, 3 and 4.

(2) A cheque in which no place of payment has been indicated, shall be considered payable at the place indicated next to the name of the drawee. Where there are several places indicated, the cheque shall be payable only at the first place indicated.

(3) If no other place has been indicated, a cheque shall be paid at the place of domicile of the drawee.

(4) A cheque in which the place of issue has not been indicated, shall be considered issued at the place indicated next to the name of the drawer.

Issue

Art. 541. (New, SG, No 83 1996) (1) A cheque payable in the Republic of Bulgaria may be drawn only on a bank.

(2) The drawer of the cheque must have coverage with the drawee.

(3) The drawee shall be obliged to pay the cheque up to the amount of coverage, if he has explicit or tacit agreement with the drawer.

(4) A cheque shall be valid even where the provisions of Para 2 and 3 have not been complied with.

Invalidity of acceptance

Art. 542. (New, SG, No 83 1996) A cheque shall not be subject to acceptance. A note of acceptance on the cheque shall be invalid.

Types of cheques

Art. 543. (New, SG, No 83 1996) (1) A cheque may be issued:

1. to a certain person with or without explicit provision "to order";

2. to a certain person with provision "not to order" or another equivalent provision;

3. to bearer.

(2) A cheque in favour of a certain person with provision "or to bearer" or another phrase of equivalent meaning, shall have the same effect as a cheque to bearer.

(3) A cheque which does not specify the person in whose favour it has been issued, shall be deemed a cheque to bearer.

Cheque to the order of the drawer or against the drawer

Art. 544. (New, SG, No 83 1996) (1) A cheque may be drawn to the drawer or to his order.

(2) A cheque may not be drawn on the drawer, except where drawn between different branches of a merchant.

Inapplicability of interest

Art. 545. (New, SG, No 83 1996) A provision concerning interest included in a cheque shall be invalid.

Cheque payable at a third party

Art. 546. (New, SG, No 83 1996) A cheque may be payable at a third party at the domicile of the drawee or at another place only if the third party is a bank.

Liability of the drawer

Art. 547. (New, SG, No 83 1996) The drawer shall be liable for payment of the cheque. Any provision relieving him from liability shall be invalid.

Section II.
Endorsement

Requirements to the endorsement

Art. 548. (New, SG, No 83 1996) The provisions on endorsement of bills of exchange shall apply to the cheque, with the following exceptions:

1. the endorsement by the drawee shall be invalid;
2. the endorsement to the drawee shall only have the effect of a receipt, except where the endorsement has been made between different branches of a merchant.

Endorsement on a cheque to bearer

Art. 549. (New, SG, No 83 1996) The endorsement on a cheque to bearer shall make the endorser liable pursuant to the rules for recourse. Such an endorsement shall not transform the cheque into a cheque to order.

Prohibition for guarantee by the drawee

Art. 550. (New, SG, No 83 1996) The drawee may not give an aval on the cheque.

Section III.
Payment

Payment at sight

Art. 551. (New, SG, No 83 1996) (1) A cheque shall be payable always at sight. Any provision to the contrary shall be invalid.

(2) A cheque presented for payment before the date indicated as date of issue, shall be payable on the date of presentation.

Term for presentation

Art. 552. (New, SG, No 83 1996) A cheque must be presented for payment within eight days following the date of its issue.

Countermand

Art. 553. (New, SG, No 83 1996) (1) A cheque may be countermanded by the drawer after expiration of the term for presentation.

(2) Where a cheque has not been countermanded, the drawee may pay it even after the expiration of the term for presentation .

Death or legal incapacity of the drawer

Art. 554. (New, SG, No 83 1996) The death or legal incapacity of the drawer occurring after the issue, shall not affect the effect of the cheque.

Section IV.
Crossed cheque and cheque payable in account

Crossed cheque

Art. 555. (New, SG, No 83 1996) (1) The drawer and the bearer of a cheque may cross it with the effect described in Art. 556.

(2) The crossing shall be done with two parallel lines on the face.

(3) The crossing may be general or special. The crossing shall be general where it does not contain any provision between the two lines, or contains the provision "bank" or another phrase of equivalent meaning. The crossing shall be special if the name of a bank is written between the two lines.

(4) A general crossing may be transformed into special, but a special crossing may not be transformed into general.

Effect of a crossed cheque

Art. 556. (New, SG, No 83 1996) (1) A cheque with general crossing may be paid only to a bank or to a customer of the drawee.

(2) A cheque with special crossing may be paid only to the bank indicated or should that bank be the drawee – to its customer. The bank indicated may procure the cheque to be collected by another bank.

(3) A cheque may have only one special crossing. Two special crossing are allowed only where one of them is for payment through a clearing house. A cheque which is not in compliance with this provision may not be paid.

(4) A drawee who violates the requirements of Para 1, 2 and 3 shall be liable for damages up to the amount of the sum under the cheque.

Cheque payable in account

Art. 557. (New, SG, No 83 1996) (1) The drawer and the bearer of a cheque may prohibit its payment in cash by writing on the face of the cheque the provision "payable in account" or another phrase of equivalent meaning.

(2) In the case under Para 1 the payment can be effected only by means of book-entry. In the case where the account has been indicated as well, the drawee may transfer the sum only to the indicated account. The indication of the account may be done by the drawer and by any lawful holder of the cheque.

(3) The obliteration of the provision "payable in account" shall be null and void.

(4) A drawee who has paid in violation of Para 1, 2 and 3 shall be liable for damages up to the amount of the sum under the cheque.

Section V.
Recourse due to default on payment

Grounds

Art. 558. (New, SG, No 83 1996) The bearer may bring his recourse actions against the endorsers,

the drawer and the other liable persons, where the refusal to pay has been ascertained by:

1. a protest;

2. a declaration of the drawee written on the cheque with indication of the date of presentation;

3. a dated declaration of the clearing house that the cheque has been presented in due time and has not been paid.

Term for protest

Art. 559. (New, SG, No 83 1996) (1) The protest must be made before expiration of the term for presentation.

(2) If presentation is made on the last date of the term, the protest must be done on the next business day.

Section VI.
Parts of a set

Issue of parts

Art. 560. (New, SG, No 83 1996) With the exception of bearer cheques , any cheque issued in one country and payable in another may be issued in a set of identical parts. Where a cheque has been issued in a set of parts, they should be numbered in the text itself, failing which each part shall be considered a separate cheque.

Section VII.
Limitation

Limitation periods

Art. 561. (New, SG, No 83 1996) (1) Recourse actions of the bearer against the endorsers, the drawer and the avals on the cheque are barred after six months from the date of presentation or from the date of expiration of the term for presentation.

(2) Recourse actions of the endorser against all persons liable before him shall expire by limitation after six months from the date on which he has paid the cheque, or from the date where a claim has been lodged against him.

Section VIII.
Special provision

Reference

Art. 562. (New, SG, No 83 1996) The provisions on the bill of exchange shall apply, inasmuch as compatible to its nature, to the cheque.

Chapter thirty three.
APPLICABLE LAW TO THE BILL OF EXCHANGE, THE PROMISSORY NOTE AND THE CHEQUE

Ownership

Art. 563. (New, SG, No 83 1996) (1) The capability of a person to undertake obligations under a bill of exchange, a promissory note or a cheque, shall be determined by their national law. Where this law declares the law of another country to be applicable law, the law of that country shall apply.

(2) A person who is incapable according to Para 1, shall be considered liable if his signature has been placed in a country the law of which recognizes him as capable person.

Form and contents

Art. 564. (New, SG, No 83 1996) (1) The form and contents of a bill of exchange, a promissory note and a cheque shall be determined pursuant to the law of the place of their signature. For a cheque the observance of the form and contents pursuant to the law of the place of payment shall be sufficient.

(2) Where a bill of exchange, a promissory note or a cheque are not valid, but are in compliance with the law of the country where a subsequent obligation has been undertaken, it shall be valid.

Obligation

Art. 565. (New, SG, No 83 1996) (1) The obligation of the drawee under a bill of exchange and of the drawer of a promissory note shall be determined by the law of the place of payment.

(2) The obligation of the other persons who have signed shall be determined by the law of the place where the signatures have been placed.

Time periods for bringing recourse actions

Art. 566. (New, SG, No 83 1996) The time periods for recourse for persons who have signed shall be determined by the law of the place of issue of the document.

Acquisition of the claim by the bearer

Art. 567. (New, SG, No 83 1996) The law of the place of issue of a bill of exchange or a promissory note shall determine whether the bearer acquires the claim in view of which they have been issued.

Partial acceptance

Art. 568. (New, SG, No 83 1996) The right of the drawee to partially accept a bill of exchange or a promissory note and the obligation of the bearer to accept partial payment shall be determined by the law of the place of payment.

Protest

Art. 569. (New, SG, No 83 1996) The form and time limits for protest, as well as of other acts necessary for the exercise or retaining of rights under a bill of exchange, a promissory note and a cheque, shall be determined by the law of the place where the respective acts must be undertaken.

Loss and theft

Art. 570. (New, SG, No 83 1996) The acts that must be undertaken in the case of loss or theft of a bill of exchange, a promissory note or a cheque, shall be determined by the law of the place of payment.

Payer of a cheque

Art. 571. (New, SG, No 83 1996) Persons on whom a cheque may be drawn shall be determined by the law of the place of payment. Where pursuant to that law a cheque is not valid in view of the capacity of the person on whom it has been drawn, the obligations ensuing from signatures placed in other countries, the laws of which contain such provisions, shall be valid.

Application of the law of the place of payment

Art. 572. (New, SG, No 83 1996) Determined pursuant to the law of the place of payment of a cheque shall be:

1. whether it should be issued at sight, or it could also be within a certain term after presentation, as well as what shall be the consequences of presentation on a later date;

2. time limit for presentation;

3. the possibility a cheque to be accepted, confirmed or advised, as well as the effect of such notes;

4. the possibility a cheque to be crossed or with provision "payable in account" or another phrase of equivalent meaning, and the consequences thereof;

5. the right of the drawer to cancel a cheque or to object to its payment.

Chapter thirty four.
DEPOSIT IN PUBLIC WAREHOUSE

Definition

Art. 573. (New, SG, No 83 1996) Under a contract for deposit in a public warehouse the depositary accepts goods, in return for consideration, with an obligation to keep and return them to the depositor or the person authorized to receive them.

Form

Art. 574. (New, SG, No 83 1996) (1) A contract for deposit in a public warehouse shall be concluded in writing and shall be entered in a warehouse register.

(2) The depositary shall enter the contract in a warehouse register kept by him. The entry shall be made pursuant to a procedure specified in an ordinance approved by the Minister of Justice.

Obligations of the depositary

Art. 575. (New, SG, No 83 1996) (1) A depositary shall allow the depositor access to the goods during the working hours of the warehouse, in order to inspect them, to take samples from them and, with the permission of the depositary, to undertake acts for their maintenance, packing, sorting, separating and other similar acts.

(2) The depositary may combine fungible goods deposited in the warehouse with other of the same type and quality, unless otherwise agreed.

(3) Where the goods are affected by obvious changes, causing apprehension for their damaging, the depositary must immediately notify the person authorized to receive them, and where no such person is known, the depositor.

(4) The depositary shall be obliged to insure the deposited goods on behalf of and for the account of the depositor for the value declared thereby, against fire, flood and earthquake, unless they have already been insured or the depositor objects to the insurance. Upon request from the depositor the depositary shall be obliged to insure the deposited goods against other risks as well.

Obligations of the depositor

Art. 576. (New, SG, No 83 1996) (1) Upon conclusion of the contract the depositor shall be obliged to provide the information required for the safekeeping of the goods.

(2) The consideration shall be paid at the end of each calendar quarter or upon return of the goods, unless otherwise agreed.

Warehouse receipt

Art. 577. (New, SG, No 83 1996) (1) The depositary shall issue a warehouse receipt for the goods upon request from the depositor.

(2) The warehouse receipt shall be issued on the basis of the warehouse register and shall comprise a goods note and a pledge note. The two parts of the warehouse receipt shall contain:

1. indication of the public warehouse and the sequence number under the warehouse register;
2. name and address of the depositor;
3. type and quantity of goods and whether they may be intermixed;
4. time period for keeping the goods;
5. statement by the depositary that he shall deliver the goods as agreed;
6. acts to be undertaken by the depositary for preservation of the goods;
7. information whether the goods are insured, with whom, for what sum insured, against what risks and for what premium;
8. amount of remuneration due and unpaid expenses prior to the issue of the receipt;
9. amount of ullage, except where the goods have been accepted by numbers;
10. place and date of issue of the receipt;
11. signatures of the depositor and the depositary.

(3) The depositor, as well as any legitimate holder of the warehouse receipt, ascertained by a continuous sequence of the endorsements, shall be entitled to request the issuing of warehouse receipts for separate parts of the goods in return for the warehouse receipt for the total. Such warehouse receipts shall have the date of the initial warehouse receipt.

(4) The depositary may refuse to issue a warehouse receipt on the grounds of good reasons or if the depositor is in default on payment of due remunerations and expenses.

Transfer of a warehouse receipt

Art. 578. (New, SG, No 83 1996) (1) The warehouse receipt may be transferred by dated endorsement on the back of the goods note and the pledge note.

(2) The rules of Art. 466 - 470 and of Art. 474 shall apply also to the warehouse receipt.

(3) An endorsement on the pledge note only shall constitute a right of pledge on the goods deposited in favour of the endorsee. The first endorsement should contain the amount of the loan secured, the interest and maturity, as well as the name and address of the creditor. The pledge shall be binding on the endorsers of the goods note and shall be entered in the warehouse register. The first endorsee shall be obliged to request those data to be entered in the goods note and in the warehouse register.

(4) The transfer of the goods note only or the pledge note only shall be effected by dated endorsement on the respective part of the warehouse warrant.

(5) The legitimate holder of the goods note only, ascertained by an uninterrupted series of endorsements, shall be entitled to receive the deposited goods even before maturity of the loan secured by pledge of the goods. In such case he shall be obliged to pay to the depositary the amount of the loan together with interest as of the date of payment according to the rate specified in the warehouse register. Where the interest has been prepaid, it shall be deducted for the period from the date of payment to maturity.

Presentation of the pledge note

Art. 579. (New, SG, No 83 1996) The legitimate holder of the pledge note by an uninterrupted series of endorsements shall present it upon maturity to the debtor for payment, or where the debtor is not known, to the depositor. The note shall be presented for payment at the public warehouse. In such cases the provisions of Art. 505 and 507 shall apply.

Protest, enforcement and indemnification

Art. 580. (New, SG, No 83 1996) (1) The non-payment on maturity of the amount on the receipt

shall be ascertained by protest against the debtor on the pledge note, and where he is not known, against the depositor. In such case Art. 496 and 498 shall apply mutatis mutandis.

(2) If not satisfied from the sale of the goods, the creditor under the pledge note may enforce his claim against the debtor, the endorsers and the persons having endorsed the goods note following the arrangement of the pledge, who shall be liable jointly and severally.

(3) (Amended, SG No 70/1998) Where the creditor under the pledge note fails to make the protest within the specified time period, or if he fails to sell the goods within twenty days from the date of protest, he shall lose the recourse action against the endorsers under the pledge note, but shall retain his action against the debtor and the endorsers of the goods note.

(4) The endorser of the goods note who has paid in respect of the pledge note shall be entitled to claim the sum paid, the interest and the expenses from the debtor and the preceding endorsers on the goods note, who shall be liable jointly and severally. The action against the endorsers shall be barred after six months from the date of payment of the debt, and that against the debtor, after three years.

Invalidation of a destroyed or lost warehouse receipt

Art. 581. (New, SG, No 83 1996) (1) (amend. – SG 59/07, in force from 01.03.2008) A destroyed or lost warehouse receipt shall be invalidated pursuant to Art. 560 et seq. of the Code of Civil Procedure.

(2) Following the institution of proceedings for invalidation, the owner of the destroyed or lost warehouse receipt may request from the depositary the issue of a duplicate, by providing sufficient guarantee. Where the depositary does not agree with the amount of the guarantee, it shall be determined by the regional court .

(3) Should the destroyed or lost receipt be invalidated, the guarantee deposited pursuant to Para 2 shall be reimbursed.

Return of deposited goods

Art. 582. (New, SG, No 83 1996) (1) The goods deposited shall be returned to the depositor, or where a warehouse receipt has been issued, to the legitimate holder of the receipt according to an uninterrupted series of endorsements, against delivery of the receipt. The return of the goods shall be effected at the warehouse where they have been deposited, and shall be noted down on the warehouse receipt. The receipt shall be signed by the recipient.

(2) Where several persons are entitled to receive the goods and it has not been ascertained what part of the goods should be received by whom, or where the goods are indivisible, in the case of disagreement between the above the depositary shall be entitled, upon expiration of the term, to sell the goods and to deposit the amount received in a bank in their name.

(3) Where fungible goods have been deposited, the holder of a goods note may receive part of them by paying to the creditor or depositing to his account the respective part of the claimed amount for which the pledge note was issued, together with interest and expenses.

(4) Ullage of the goods shall be deducted up to the amount agreed or provided by the law.

Right to pledge

Art. 583. (New, SG, No 83 1996) The depositary shall be entitled to a pledge for the goods deposited in order to secure his claims.

Termination

Art. 584. (New, SG, No 83 1996) The depositary may request the depositor to remove the goods after the expiration of the agreed term, or where no term has been agreed, within three months following the deposit of the goods.

Early termination

Art. 585. (New, SG, No 83 1996) (1) Where the goods deposited are threatened by damage or where they may damage other goods, as well as where there are other important reasons for termination of the contract, the depositary may terminate the contract and demand that the goods are immediately removed by the last endorsee, and where he is not known - by the depositor.

(2) If the goods have not been removed, the depositary shall be entitled to sell them under the procedure set forth in Art. 328, Para 1, Item 2, after notifying the legitimate recipient in writing, or where he is not known, the depositor, and also satisfy his claims under the deposit contract from the sales price. The depositary shall deposit the remaining amount to an account of the creditor under the pledge note.

(3) If the goods are perishable, the provision of Art. 328, Para 1, Item 3, shall apply.

Limitation

Art. 586. (New, SG, No 83 1996) (1) An action for damages against the depositary shall be barred after one-year. The limitation period shall commence from the date of return of the deposited item. Where the deposited item has not been returned, the limitation period shall commence from the date on which it should have been returned, and if the item has been destroyed -- from the date of learning thereof.

(2) Where the loss, damage, destruction or delayed return of the item have been caused intentionally by the depositary, the limitation period shall be three years.

Chapter thirty five.
LICENCE CONTRACT

Definition and form

Art. 587. (New, SG, No 83 1996) (1) (amend., SG 81/99) Under a license contract the right holder of an invention, utility model, industrial design, mark, topology of integral circuits or know-how, who shall be termed licensor, grants for payment, entirely or in part, the use thereof to the licensee.

(2) The licence contract shall be made out in writing.

Ceding of right to application

Art. 588. (Revoked - SG 81/99)

Territorial coverage of licence

Art. 589. (New, SG, No 83 1996) Unless otherwise agreed in the licence contract, the licence shall be deemed granted for the territory of the Republic of Bulgaria.

Registration of the contract

Art. 590. (New, SG, No 83 1996) The licence contract shall be entered in a register of the Patent Office. It shall have effecs vis-a-vis third parties after the registration.

Providing use

Art. 591. (New, SG, No 83 1996) The licensor shall be bound to ensure to the licensee peaceful and undisturbed enjoyment of the rights granted, as well as defense against claims by third parties.

Information and assistance

Art. 592. (New, SG, No 83 1996) The licensor shall be bound to provide the licensee with the information as agreed and to render assistance for use of the subject-matter of the licence.

Obligation for confidentiality

Art. 593 (New, SG, No 83 1996)

The licensee shall be bound to keep in secret the information about an unpatented invention, utility model or know-how, which he has been granted the right to use.

Licence of a mark (amend., SG 81/99)

Art. 594. (New, SG, No 83 1996) (1) (amend., SG 81/99) In the case of licence of a mark the licensee shall be bound to ensure the quality of goods corresponding to the mark and which has become known to the consumers before conclusion of the contract.

(2) (amend. SG 81/99) The licensee shall be bound to place the mark on the goods for which the licence has been granted.

Compensation

Art. 595. (New, SG, No 83 1996) (1) Where the compensation has been agreed to be in accordance with the volume of use of the subject-matter of the licence, the licensee shall be bound to inform the licensor about that volume of use within the agreed time periods.

(2) Compensation shall be due for the expired calendar year, unless otherwise agreed.

Contract for sub-licence

Art. 596. (New, SG, No 83 1996) (1) Under a sub-licence contract the licensee of an exclusive licence may grant to another person the right to use the subject-matter of the licence.

(2) The right for sub-licensing pursuant to Para 1 may be excluded by the licence contract, or a provision requiring the consent of the licensor may be stipulated. The consent may be refused only on the grounds of good reasons.

Rights of the licensor in respect of a of sub-licencee

Art. 597. (New, SG, No 83 1996) The licensor may demand from the sub-licencee the compensation which at the time of demand he owes to his licensor.

Termination with advance notice

Art. 598. (New, SG, No 83 1996) (1) A licence contract concluded for an unlimited term may be terminated by one of the parties with advance notice.

(2) Where the term for advance notice has not been specified in the contract, it shall be deemed to be six months, but the licensor may not terminate the contract before the expiration of the first year of its validity.

Extension of the contract by tacit agreement

Art. 599. (New, SG, No 83 1996) Where after the expiration of the contract term the licensee continues to use the subject-matter of the licence with the knowledge and without objections from the licensor, the contract shall be deemed extended up to its term of protection provided by law.

Chapter thirty six.
CONTRACT FOR COMMODITY CONTROL

Definition

Art. 600. (New, SG, No 83 1996) Under a contract for commodity control the controller shall undertake, for payment and by use of special knowledge, to make unbiased comparison between the required and the actual state, or to establish only the state of a commodity or service. The controller shall issue a certificate for his findings.

Obligations of the controller

Art. 601. (New, SG, No 83 1996) (1) The control shall be carried out in magnitude and manner provided for in a law or in the contract, and where nothing has been provided -- in magnitude and manner which are customary at the location of the object of control.

(2) Where the contract provides for keeping a sample, the controller shall be obliged to keep it at his seat for not less than six months after receipt thereof.

Invalid provision

Art. 602. (New, SG, No 83 1996) Invalid shall be any provision imposing obligations to the controller which could affect his impartiality.

Obligations of the principal

Art. 603. (New, SG, No 83 1996) (1) The principal shall be obliged to provide the controller access to the object of control and render him assistance in carrying out his duties.

(2) Where the amount of the payment has not been specified, the principal shall owe the ordinary payment.

Limitation

Art. 604. (New, SG, No 83 1996) The right to an action for claims under a contract for commodity control shall be barred after one year.

Chapter thirty seven.
CONTRACT OF A SAFE DEPOSIT BOX RENTAL (new – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union)

Definition

Art. 605. (new – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union) (1) Under the contract of a safe deposit box rental the lessor shall provide to the lessee for a definite period the use of a safe deposit box in guarded premises against payment. The safe deposit box serves for safe-keeping of valuables and securities, other items and documents. The contents of the safe deposit box shall be accessible only by the lessee.

(2) The contract of a safe deposit box rental may or may not provide for announcement of the deposited contents to the lessor.

(3) The lessor shall not be entitled to hold a copy of the key to the safe deposit box, handed over to the lessee.

Forbidden items

Art. 606. (new – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union) (1) In the safe deposit box may not be placed items, threatening the security of the safe deposit box or the lessor, and also any items which keeping is prohibited by law.

(2) The lessor shall control in a suitable manner the observance of the requirement of Para 1, without revealing the deposited contents if not announced.

(3) In the event of non-fulfilment of the obligation under Para 1 the lessor may cancel the contract immediately.

Rights of the lessor in case of non-payment

Art. 606a. (1) In case of cancellation of the contract because of non-payment of the agreed remuneration, the lessor may demand the opening and establishing the contents of the safe deposit box in the presence of a notary. The items found in the safe deposit box shall be kept by the lessor, who shall be entitled to compensation for incurred costs and remuneration.

(2) The lessor shall have a right of lien in the contents of the safe deposit box.

Part four.
BANKRUPTCY (New – State Gazette, number 63 from 1994)

Chapter thirty eight.
GENERAL CONDITIONS (Former Chapter Thirty-four – State Gazette, number 83 from 1996)

Section I.
General Provisions

Object of the proceedings

Art. 607. (1) Bankruptcy proceedings shall be aimed at providing equitable satisfaction of creditors and opportunities for recovery of the debtor's undertaking.

(2) Bankruptcy proceedings shall take into consideration the interests of the creditors, the debtor and his employees.

Grounds for instituting bankruptcy proceedings

Art. 607a. (New, State Gazette, No 70 from 1998) (1) Bankruptcy proceedings shall be instituted in respect of a merchant facing illiquidity.

(2) Except for illiquidity bankruptcy proceedings shall also be instituted in cases of overindebtedness of a limited liability company, a joint-stock company or a limited stock partnership.

Insolvency

Art. 608. (amend., SG 58/03; amend. - SG 38/06) (1) (amend. – SG 20/13) Insolvent shall be deemed any merchant who is unable to perform a matured:

1. monetary obligation due under or in relation to a commercial transaction, including its validity, performance, non-performance, termination, invalidation or dissolution or the results from termination thereof, or

2. public duty to the state and the municipalities related to their commercial activity, or

3. (suppl. - SG 102/17, in force from 31.03.2018) private state obligation, or

4. (new - SG 102/17, in force from 31.03.2018) an obligation to pay wages to at least one third of the employees, which has not been completed for more than two months.

(2) (amend. - SG 105/16) It shall be assumed that the merchant is unable to fulfill due obligations

under par. 1, if, prior to submitting the request for opening bankruptcy proceedings, they have not asked for announcement in the commercial register their annual financial reports for the last three years.

(3) (amend. - SG 105/16) Insolvency shall also be present when the debtor has paid in full or partially the claims of certain creditors.

(4) (new - SG 105/16) Insolvency shall be assumed if, under enforcement proceedings initiated for the implementation of an effective act of the creditor, having filed a petition under Art. 625, the claim has remained entirely or partially unsatisfied within 6 months upon receiving a call or a message for voluntary compliance.

Concealed Participation

Art. 609. Bankruptcy proceedings shall be instituted also in respect of a person concealing commercial activity by means of an illiquid debtor.

Institution of Bankruptcy Proceedings in Respect of an Unlimited Partner

Art. 610. (Amended, State Gazette, No 70 from 1998) Simultaneously with the institution of bankruptcy proceedings in respect of a company, such bankruptcy proceedings shall be deemed instituted also in respect of its unlimited partner.

Institution of Bankruptcy Proceedings in Respect of a Deceased or Deleted Sole Entrepreneur or a Company in Process of Liquidation (Title, amended, State Gazette, No 70 from 1998)

Art. 611. (1) (Amended, State Gazette, No. 70 from 1998) Bankruptcy proceedings shall be instituted also in respect of a deceased sole entrepreneur or such deleted from the commercial register if he was illiquid before his death or, respectively, deletion.

(2) (New, State Gazette, No 70 from 1998) Bankruptcy proceedings shall be instituted also in respect of a deceased or deleted from the commercial register unlimited partner.

(3) (Previous paragraph 2, State Gazette, No 70 from 1998) Bankruptcy proceedings shall be instituted also in respect of an illiquid company in a process of liquidation.

(4) (Previous paragraph 3, amended, State Gazette, No 70 from 1998) In the cases of Para 1 and 2 the petition for institution of bankruptcy proceedings may be filed within one year from the death or, respectively, from deletion from the commercial register.

Inapplicability of the Bankruptcy

Art. 612 (amended and added, State Gazette No. 42 from 1996) (1) (amended, State Gazette No. 70 from 1998, No. 84 from 2000) No bankruptcy proceedings shall be instituted in respect of a public undertaking merchant exercising state monopoly or formed pursuant to a special act.

(2) (Amended, State Gazette No. 70 from 1998) Bankruptcy proceedings in respect of a bank or an insurer shall be carried out according to a procedure, specified in another act. The orders of the present Part shall apply as far as the other act does not provide otherwise.

(3) (New – State Gazette No. 70 from 1998) The relations, concerning the illiquidity of a public undertaking merchant exercising state monopoly or formed pursuant to a special act, shall be governed in another act.

Competent Court

Art. 613. (amend. - SG 38/06) The court of bankruptcy shall be the district court at the seat of the merchant at the moment of submission of the petition for institution of the bankruptcy proceedings.

Appealing of the decisions and determinations of the district court

Art. 613a. (New, SG 70/98; amend. SG 64/99; amend., SG 58/03) (1) (amend. - SG 38/06; amend. – SG 59/07, in force from 01.03.2008) The decisions and determinations of the district courts under Art. 630, Para 1 and 2, Art. 631, Art. 632, Para 1, 2 and 4, Art. 701, Art. 705, Para 2, Art. 709, Para 1, Art. 710, 735, Art. 740, Para 2, Art. 744 and Art. 755, Para 2 shall be subject to appeal following the general procedure of the Code of Civil Procedure.

(2) (amend. - SG 38/06, suppl. – SG, 101/2010) The decisions referred to in Art. 630 and 632 may be appealed by third parties having claims originating from a court decision in force or an act in force, establishing a public debt, and also by third parties, having a claim, secured by a pledge or a mortgage that have been entered in a public register before the date of submitting the petition for institution of bankruptcy proceedings

(3) (new - SG 38/06; amend. – SG 59/07, in force from 01.03.2008, amend. – SG, 101/2010) In cases other than those under Para 1 the acts delivered by the district court in the bankruptcy proceedings shall be subject to appeal only before the respective appellate court under the provisions of the Code of Civil Procedure.

(4) (prev. text of para 03 - SG 38/06) The court shall institute the case on the day of filing the appeal or on the next working day at the latest and shall deliver its act within 14 days from the date of the last hearing of the case.

Cassation appeal

Art. 613b. (New, SG 84/2000; revoked, SG 58/03)

Bankruptcy Estate

Art. 614. (1) The bankruptcy estate shall comprise:

1. the assets of the debtor at the date of the decision for institution of bankruptcy proceedings;

2. the assets of the debtor acquired after the date of the decision for institution of bankruptcy proceedings.

(2) (Amend., SG70/1998; amend., SG 58/03) The assets of a sole entrepreneur debtor shall include also a half of the objects, rights in objects and monetary deposits that are joint marital property;

(3) (New, State Gazette, No 70 from 1998) The assets of an unlimited partner shall include also 1/2 of the objects, the rights in objects and the monetary deposits that are joint marital property.

(4) (Previous paragraph 3, amended, State Gazette, No 70 from 1998) The non-seizable assets of the debtor or the unlimited partner shall not be included in the bankruptcy estate.

(5) (new - SG 70/08) The bankruptcy estate shall not include the funds from financial securities under Art. 22h and Art. 63a, Para 2 of the Underground Natural Resources Act.

(6) (new – SG 47/09, in force from 23.06.2009) The bankruptcy estate shall not include the assets of a water and sewage operator required for his primary operations until the assignment of another water and sewage operator on the same piece of territory.

(7) (new - SG 41/10; amend. – SG 53/12, in force from 13.07.2012) The bankruptcy estate shall not include the amounts from the bank account referred to in Art. 60, Para 2 of the Waste Management Act.

Invalidity of the Termination of the Joint Marital Property

Art. 615 (Amended, State Gazette, No 70 from 1998) The termination or the partition of the joint marital property, as well as the allocation of a larger share, shall have no effect with regard to the bankruptcy estate, if carried out less than 6 months before the initial date of illiquidity and until the end of the bankruptcy proceedings.

Bankruptcy Creditors

Art. 616. (1) (amend. - SG 38/06) The bankruptcy estate shall serve for satisfaction of all debtor's creditors having commercial and non-commercial claims.

(2) Following the complete satisfaction of the rest of the creditors shall be satisfied claims ensuing from:

1. statutory or contract interest on non-secured claims, which is due after the date of the decision for institution of the bankruptcy proceedings;

2. (suppl. - SG 38/06) a debtor's credit granted by a partner or a stockholder;

3. a gratuitous transaction;

4. (new - SG 38/06) the expenses of the creditors related to their participation in the bankruptcy proceedings except the expenses referred to in Art. 629b.

(3) Foreign creditors shall have equal rights with the domestic ones in the bankruptcy proceedings.

Demandable Obligations

Art. 617. (1) All pecuniary or non-pecuniary obligations of the debtor shall become demandable as of the date of the decision of declaring bankruptcy.

(2) (Amended, State Gazette No. 84 from 2000) A non-pecuniary obligation shall be converted into pecuniary according to its market value as of the date of the decision for institution of bankruptcy proceedings.

Retention of Securities

Art. 618. (1) In the course of the bankruptcy proceedings the creditor shall retain the rights in a given security.

(2) (Repealed, State Gazette, No 70 from 1998)

Subpoenaing

Art. 619. (1) (amended, State Gazette No. 84 from 2000) in the bankruptcy proceedings the debtor shall be subpoenaed at the address of his management and the creditors, that are litigants - at the address in the country appointed by them. In case they have changed the address without informing the court of bankruptcy, all subpoena and papers shall be attached to the case file and shall be considered as duly delivered.

(2) (amend. - SG 38/06) Creditors domiciled abroad without address in the country shall indicate legal address in the country. If such was not indicated the subpoena shall be sent for announcement in the commercial register.

(3) (New, State Gazette No. 84 from 2000; amend. - SG 38/06) After the bankruptcy proceeding has been instituted, the creditors are considered to be informed about all the acts of the court that are not subject to announcement in the commercial register according to the present act or a subject of announcement according to the Civil Procedure Code or a subject of appealing, after the announcement for the appropriate act has been entered into the book according to Art. 634 c, paragraph 1.

(4) (new, SG 58/03; amend. - SG 38/06) In cases where this law stipulates summoning to be carried out through announcement in the commercial register, the announcement of the invitation, notification or subpoena shall be made not later than 7 working days before the meeting, respectively the sitting.

Fees and Expenses

Art. 620. (1) (Amended, State Gazette, No 70 from 1998) casein case of a petition for initiation of bankruptcy proceedings filed by the debtor the state fees shall not be collected in advance. Such fees shall be collected from the bankruptcy estate at the time of distribution of the assets.

(2) (New, State Gazette, No 70/1998; added, State Gazette No. 84 from 2000) In case the petition

for initiation of bankruptcy proceedings is filed by a creditor, as well as in case of accession of a creditor, the state fee shall be collected from the creditor, respectively from the accessed creditor.

(3) (New State Gazette, No 70/1998) After the bankruptcy proceedings have been instituted the expenses shall be collected from the bankruptcy estate. For this purpose the court may permit the receiver in bankruptcy to perform disposition according to Art. 658, Para 1, Item 8.

(4) (New, State Gazette, No 70/1998) If not otherwise provided for in the judicially approved recovery plan under Art. 705 the court shall order the debtor to pay the due state fees and the expenses in its decision under Art. 707.

(5) (Former paragraph 2, amended State Gazette, No 70/1998; amended, State Gazette No. 84 from 2000) In respect of cases instituted for constitution of the bankruptcy estate and for avoidance actions no state fees shall be collected in advance.

(6) (Former paragraph 3, amended, State Gazette, No 70/1998; amend. - SG 38/06) No state fees shall be collected for entry into the commercial register of circumstances concerning the bankruptcy based on acts of the court, as well as for entry and deletion of foreclosure under Art. 630, Para 1, Item 4 and of a general foreclosure.

(7) (New – SG, 101/2010) In cases of dismissal of an action under Art. 645, 646 or Art. 647 brought by the receiver in bankruptcy, the expenses for the case made by a third parties shall be collected from the bankruptcy estate.

Subsidiary Application

Art. 621. As far as no special provisions are foreseen in the present part, the provisions of the Code of Civil Procedure shall apply accordingly.

Special Rules in the Bankruptcy Proceedings

Art. 621a. (new - SG 38/06) (1) Except the rules provided in this part, the following specific procedural rules shall also apply to the bankruptcy proceedings:

1. the jurisdiction for the bankruptcy cases determined by this law may not be avoided by agreement between the participating persons;

2. the court may establish facts and collect evidence of significance for his decisions and determinations at his own initiative.

(2) Except the actions indicated in this part, under the jurisdiction of the bankruptcy court, without possibility to avoid such jurisdiction by agreement between the participating persons, shall also be:

1. the actions against the receiver in bankruptcy referred to in Art. 663, Para 2 and 3 regardless whether at the moment of the claim the bankruptcy proceedings are pending or have ended;

2. the actions determined by art. 646 or art. 647.

(3) Inapplicable to the bankruptcy procedure shall be the rules of the Code of Civil Procedure concerning:

1. the staying of the proceedings upon agreement between the parties;

2. withdrawal of the creditor’s petition for institution of the bankruptcy proceedings or its waiver following the delivery of the decisions referred to in Art. 630, Para 1 and 2 or Art. 632;

3. withdrawal or waiver of action, brought by a receiver in bankruptcy or a creditor pursuant to Art. 645, Para 3, Art. 646 or Art. 647.

Section II.
Entry and Announcement (title amend. - SG 38/06)

Entry and Publishing of Court Judgements

Art. 622. (Amended, State Gazette, No 70/1998, added No. 84 from 2000; amend. - SG 38/06) The

judicial decisions pursuant to Art. 272a, Para 1, Art. 630, 632, 641, 705, Para 2, Art. 707, 709, Para 1, Art. 710, 713, Para 2, 735, 740, Art. 744, Para 1 and Art. 755 shall be entered into the commercial register.

Entry of Circumstances Related to the Receiver in Bankruptcy and the Supervisory Body (Title amend. – SG 38/06)

Art. 623. (Amend., SG 70/1998; amend. - SG 38/06) (1) The name, the telephone number and the address of the appointed receiver in bankruptcy or the provisional receiver, and in the cases of Art. 707, Para 1 - of the appointed members of the supervisory body shall be entered into the commercial register.

(2) The changes of the circumstances under Para 1 shall also be entered in the commercial register.

Sending the Judicial Acts for Entry (Title amend. – SG 38/06)

Art. 624. (Amended, State Gazette No 70/1998; amend. - SG 38/06) The court is obliged to send for entry in the commercial register copies of the court acts referred to in Art. 622 and 623 on the day of their issue or no later than the next working day.

Chapter thirty nine.
INSTITUTION OF BANKRUPTCY PROCEEDINGS (Former Chapter Thirty-fifth – State Gazette No. 83/1996)

Section I.
Start of the Proceedings

Institution of the Proceedings

Art. 625. (Suppl., SG 70/1998; Amend. SG 84/2000; amend. and suppl., SG 58/03; amend. - SG 38/06; amend. – SG 12/09, in force from 01.05.2009, suppl. - SG 102/17, in force from 31.03.2018) Bankruptcy proceedings are instituted pursuant to a petition in writing filed with the court by the debtor, respectively by the liquidator or by the creditor of the debtor under a commercial transaction, by the National Revenue Agency for a public debt to the state or the municipalities related to the trade activity of the debtor or a private state debt as well as by the Executive Agency "General Labor Inspectorate" when due and outstanding obligations for wages for more than two months to at least one third of the merchant's employees.

Duty to File a Petition

Art. 626. (1) (Added, State Gazette No 84 from 2000; amend. - SG 38/06) In case of illiquidity or over-indebtedness any debtor is obliged to file a petition for institution of bankruptcy proceedings within 30 days.

(2) (Added, State Gazette No 84 from 2000; amend. - SG 38/06) The petition referred to in Para 1 shall be filed by the debtor, his heir, a management body or a representative, respectively liquidator, of a company or an unlimited partner.

(3) The procurator is obliged to inform in writing the merchant for the illiquidity within 7 days.

(4) In case the petition is filed by an attorney, explicit power of attorney is required.

Liability

Art. 627. For the failure to comply with the obligation for filing a petition the persons referred to in Art. 626, Para 2, shall be liable jointly and severally before the creditors for any damages caused.

Attachments to the Petition

Art. 628. (1) (added, State Gazette No. 84 from 2000) The debtor, respectively the liquidator, shall attach to the petition:

1. (amend., - SG 66/05; amend. – SG 67/08) a transcript of the latest annual financial report and balance sheet certified by a registered auditor as of the date of filing of the petition, provided the merchant is obliged by law to draw up such documents;

2. inventories and evaluation of the assets and liabilities as of the date of filing of the petition;

3. a list of the creditors, indicating their addresses, the type, size and securities of their claims;

4. inventory of the personal property and the joint marital property - in respect of sole entrepreneurs and unlimited partners;

(2) (suppl. - SG 102/17, in force from 31.03.2018) The creditor or the Executive Agency "General Labor Inspectorate" shall produce along with the petition evidence in writing and shall indicate any other evidence of the illiquidity of the debtor.

(3) (New, State Gazette 103 from 1999; amend. - SG 105/05, in force from 01.01.2006) The debtor or the creditor are obliged to attach to the petition evidence under Art. 78, Para 2 of the Tax-Insurance Procedure Code.

(4) (Former, Paragraph 3 – State Gazette No. 103/99; added, State Gazette No. 84 from 2000) In conjunction with his petition the debtor or the creditor may propose also a plan pursuant to Art. 696 and name a person that meets the conditions of Art. 655, Para 2, which the court shall appoint as a provisional receiver in bankruptcy, if bankruptcy proceedings are instituted.

Effects of Filing a Petition on Limitation Periods

Art. 628a. (new - SG 38/06) (1) Submission of the petition for institution of bankruptcy proceedings by a creditor shall interrupt the limitation period regarding the claim on which the petition referred to in Art. 625 was based. The limitation period shall not run while the bankruptcy proceedings last.

(2) To acceded creditors as referred to in Art. 629 the rules referred to in Para 1 shall apply from the moment of submission of the petition for accession.

(3) If the petition for institution of the bankruptcy proceedings was rejected by a decision in force, the limitation period shall not be considered interrupted. The effect of suspension of the limitation period shall be preserved.

Consideration of Petition

Art. 629. (1) (amended, State Gazette No. 84 from 2000) A bankruptcy petition filed by a debtor or a liquidator shall be considered immediately by the court in camera. The petition shall be notified to the commercial register, where Art. 624 shall apply correspondingly.

(2) (Amended State Gazette No. 70 from 1998) A bankruptcy petition filed by a creditor shall be considered by the court in camera by summoning the debtor and the petitioner within 14 days from filing the petition.

(3) (new – SG 101/10) The court shall stay the proceedings under Para 1, if before the date of delivery of a decision a creditor files a petition for institution of bankruptcy proceedings.

(4) (New, State Gazette No. 84 from 2000; prev. text of Para 03 – SG 101/10) Before the end of the first hearing of a case, instituted by petition of a creditor, the proceedings may be joined by other creditors and filing of objections and written evidence shall be allowed.

(5) (New, State Gazette No. 103 from 1999; prev. text of Para 04 – SG 101/10) The court shall apply the rules of the previous paragraphs in case the filed petition for institution of bankruptcy proceedings meets all requirements of Art. 628.

(6) (New, State Gazette No. 84 from 2000; prev. text of Para 05 – SG 101/10) The court shall institute the case on the day of filing the petition and shall announce the case is to be decided not later than three months from its institution.

Provisional and security measures

Art. 629a. (New, State Gazette, No 70/1998) (1) (suppl. - SG 38/06) Before delivery of its decision on the petition for institution of bankruptcy proceedings, where necessary for preservation of the property of the debtor, the bankruptcy court may, at the request of a creditor or ex officio:

1. appoint in advance a provisional receiver in bankruptcy who shall have the rights under Art. 635, Para 1;

2. admit the measures referred to in Art. 630, Para 1, Item 4;

3. (amend. – SG 12/09, in force from 01.05.2009) stay the enforcement cases against the debtor's assets, except the enforcement cases instituted according to the Tax-Insurance Procedure Code.

4. admit the measures under Art. 642;

5. impose the measures under Art. 650.

(2) In case the request for imposing the measures under Para 1 is made by a creditor the court shall impose them:

1. If the request of the creditor is supported by cogent documentary evidence, or

2. If a security is provided in amount determined by the court for compensation of the damages caused to the debtor in case that it is not established that the debtor is illiquid, respectively over-indebted

(3) The court may oblige the creditor to provide security in the cases under Para 2, Item 1.

(4) The imposed security measures shall be to the benefit of all bankruptcy creditors.

(5) The court may lift the imposed security measures if their continuation is not necessary with view to the security objectives.

(6) The determination for imposing the measures under Para 1 shall be notified to the person they have been imposed on and to the person who has requested them. The determination shall be subject to appeal within 7 days from the receipt of the notification.

(7) The determination for imposing the measures under Para 1 shall be immediately enforceable. The appeal shall not suspend its enforcement.

(8) The security measures shall be considered lifted when the petition for institution of bankruptcy proceedings is rejected by a decision in force.

(9) The imposed security measures shall be in effect until the date of the decision for institution of bankruptcy proceedings. As of this date their effect shall be replaced by the effect of the decision for institution of bankruptcy proceedings and of the measures imposed as set out in Art. 630, Para 1, Item 4. Pursuant to Art. 630, Para 1, Item 4 the court may impose new security measures or extend the effect of the measures already imposed under the present Article.

Institution of Bankruptcy Proceedings in Case of Insufficient Assets to Cover the Initial Expenses

Art. 629b. (new - SG 38/06) (1) If the available assets of the debtor are not sufficient to cover the initial expenses, the court shall determine the amount to be prepaid in a period set by it by the persons referred to in Art. 625 or by another creditor in order to institute the bankruptcy proceedings. The court's determination shall not be subject to appeal or enforcement but shall indicate the consequences referred to in Art. 632, Para 1 for the failure to pay the amount.

(2) The initial expenses shall be determined by the court depending on the current salary of the provisional receiver and the expected bankruptcy expenses.

(3) If the debtor is a personal company, the court shall rule on the prepaying referred to in Para 1 taking into consideration also the property of the unlimited partners.

Section II.

Delivery of a Decision

Decision for Institution of Bankruptcy Proceedings

Art. 630. (1) (Amended, State Gazette No 70/1998) When illiquidity or overindebtedness is established the court by its decision shall:

1. (Amended, No 70/1998) declare illiquidity or over-indebtedness and determine the initial date thereof;

2. institute bankruptcy proceedings;

3. appoint a provisional receiver;

4. admit the provision of security by imposing distress, injunction or other security measures.

5. assign a date for the first meeting of creditors, not later than one month following the issue of the decision.

(2) (Amend., SG 70/1998; SG 84/2000; suppl., SG 58/03; amend. – SG 12/09, in force from 01.05.2009) If it is obvious that further operation would damage the bankruptcy estate, the court may, upon request by the debtor, respectively the liquidator, the receiver in bankruptcy, the National Revenue Agency or a creditor, declare the debtor bankrupt and terminate his activity concurrently with the decision for institution of bankruptcy proceedings or later, but prior to expiration of the term for proposing a plan under Art. 696.

(3) The decision for instituting of bankruptcy proceedings shall be effective towards everybody.

(4) (new – SG 47/09, in force from 23.06.2009) When taking a decision for institution of bankruptcy proceedings in respect of a water and sewage operator, the court shall not rule termination of their activity before the assignment of another water and sewage operator for the same piece of territory.

Decision for Rejection of the Petition

Art. 631. The court shall reject the petition, should it establish that the debtor's difficulties are temporary or his assets are sufficient to meet the debts without threatening the creditors' interests.

Indemnification

Art. 631a. (new, SG 58/03) (1) When, by virtue of a decision in force the petition of a creditor for institution of bankruptcy proceedings is rejected the debtor - natural or legal person - shall be entitled to indemnification if the creditor has acted deliberately or by gross negligence.

(2) Indemnification shall be due for all material and immaterial damages which are direct and immediate consequence of the harm. It may be paid once or periodically.

(3) If the debtor has contributed to the occurrence of the damages the indemnification may be reduced.

(4) The indemnification for immaterial damages shall be determined by the court ex aequo et bono.

(5) If the petition for institution of bankruptcy proceedings is filed by several creditors they shall be jointly and severally liable.

Decision for Termination of the Proceedings

Art. 632. (amend - SG 38/06) (1) In case the available assets are insufficient to meet the initial expenses and if the expenses were not prepaid as referred to in Art. 629b, the court shall declare the illiquidity, respectively the overindebtedness, determine the initial date thereof, institute the bankruptcy proceedings, admit securing by placing distraint, interdict or other security measures, rule on termination of the activity of the undertaking, declare the debtor bankrupt and stay the proceedings. In this case the court shall not rule the deletion of the merchant from the commercial register.

(2) Stayed bankruptcy proceedings may be resumed in a period of one year from the registration of

the decision referred to in Para 1 at the request of the debtor or a creditor. The resumption shall be allowed if the requester proves there are sufficient assets or if he deposits the necessary amount for prepaying the initial expenses referred to in Art. 629b.

(3) In the resumed bankruptcy proceedings the period for submitting the claims shall begin from the moment of registration of the decision referred to in Para 2.

(4) If in the period referred to in Para 2 the resumption of the proceedings was not requested, the court shall terminate the bankruptcy proceedings and rule on the deletion of the debtor from the commercial register.

(5) The provisions referred to in Para 1 - 4 shall apply also if in the course of the bankruptcy proceedings it was established that the available assets of the debtor are insufficient to cover the expenses of the bankruptcy proceedings.

(6) (new – SG 18/11) Within one month from registration the decision referred to in Para 1 the debtor shall terminate the employment relations with employees, notify thereof the competent territorial directorate of the National Revenue Agency, issue the necessary documents, certifying labor and insurance practice and insurance income, proceed with the employees information procedure, draw up the reports of persons entitled to guaranteed receivables according the Act on Guaranteed Claims of Workers and Employees In The event of Employer's Bankruptcy and the normative acts on its implementation and deliver the payrolls to the competent territorial unit of National Social Security Institute.

Reimbursement of Prepaid Amounts

Art. 632a. (new - SG 38/06) The prepaid amounts under Art. 629b and 632 shall be reimbursed to the respective person, provided the bankruptcy estate increases sufficiently.

Appeal of the Decisions

Art. 633. (amend. - SG 38/06) (1) The decisions according to Art. 630 and 632 shall be subject to appeal within 7 days from the date of their entry into the commercial register.

(2) The decision for rejecting the petition referred to in Art. 625 shall be subject to appeal within 7 days from the date of the notification as set out in the Code of Civil Procedure.

Immediate Enforcement

Art. 634. The decision according to Art. 630 shall be subject to immediate enforcement.

Chapter fourty .
EFFECTS OF THE DECISION FOR INSTITUTION OF BANKRUPTCY PROCEEDINGS (Former Chapter Thirty sixth – State Gazette, No. 83 from 1996)

Date of institution of the bankruptcy proceedings

Art. 634a. (New, State Gazette, No 70/1998) The bankruptcy proceedings shall be considered instituted as of the date of the decision under Art. 630, Para 1. If the activities under Art. 635, 636, Para 1, Art. 637, 638 and 646 are carried out on this date, it shall be considered that they have been carried out after the institution of the bankruptcy proceedings.

Rulings of the court on petitions in case of instituted bankruptcy proceedings

Art. 634b. (New, State Gazette No. 84 from 2000) (1) The court shall rule within 3 days on a petition of a participant in the proceedings, unless another time limit is specified in the present Part. In case the act of the court is subject to appeal, the court of appeal shall decide within 7 days as of the receipt of the appeal and shall give obligatory instructions.

(2) In the absence of the judge who hears the bankruptcy proceedings another judge shall be appointed by the chairman of the bankruptcy court to hear the case during the absence.

(3) Upon a petition for recusal the judge hearing the case shall rule immediately. The determination for dismissal of the petition for recusal shall be subject to appeal before the chairman of the appellate court who shall rule within 3 days as of its receipt.

Notification of the court's acts

Art. 634c. (New, State Gazette No. 84 from 2000) (1) (suppl. - SG 38/06) The acts of the debtor, the creditors, the committee of creditors, the assembly of the creditors, the receiver in bankruptcy, as well as the acts of the bankruptcy court shall be entered into an individual book which shall be public and available at the office of the bankruptcy court. Into the same book shall be entered the decisions and the determinations of the appellate and cassation court on appeals against the acts of the bankruptcy court. The book may be kept also in electronic form.

(2) (amend. – SG 104/07) The interested parties shall be notified as provided in the Code of Civil Procedure of the determinations and the decisions of the court that are subject to appeal, except for the definition referred to in Art. 729, Para 1.

(3) (new – SG 31/05) If the debtor is an operator or participant in a payment system, entered in the register of the Bulgarian National Bank, along with the delivery of the decision for institution of the bankruptcy proceedings under Art. 630 the court shall notify the Bulgarian National Bank of the institution of the bankruptcy proceedings by sending the decision to the Bulgarian National Bank.

(4) (new – SG 31/05) If the debtor is an operator or participant in a system for settlement of transactions with securities, along with the delivery of the decision for institution of bankruptcy proceedings under Art. 630 the court shall notify the Central Depositary of the institution of bankruptcy proceedings by sending the decision to the Central Depositary of Securities.

(5) (new – SG 23/09, in force from 01.11.2009) If the debtor participates in a transaction settlement system with state securities, along with the delivery of the decision for institution of bankruptcy proceedings under Art. 630, the court shall notify the Bulgarian National Bank of the institution of the bankruptcy proceedings by sending the decision to the Bulgarian National Bank.

Sending notification for the bankruptcy proceedings at the company case of the debtor

Art. 634d. (New, SG 84/2000; suppl., SG 58/03; revoked – SG 38/06)

Limitation of the Rights of the Illiquid Debtor

Art. 635. (1) (Amended, State Gazette No 84 from 2000) After institution of the bankruptcy proceedings or in the cases under Art. 629a the debtor shall continue his activities under the supervision of the receiver in bankruptcy. He may conclude new transactions with the preliminary approval of the receiver in bankruptcy and in compliance with the measures, imposed by the decision for institution of bankruptcy proceedings or by the determination under Art. 629a.

(2) The court may deprive the debtor of the right to administrate and dispose of his assets and to concede this right to the receiver in bankruptcy, should it establish that by his actions the debtor jeopardises the interests of creditors.

(3) (new - SG 38/06) In the bankruptcy proceedings as well as in the proceedings referred to in Art. 621a, Para 2, Art. 649 and 694 the debtor, respectively its bodies, provided it is a legal person, may carry out personally or through a person authorized by them all procedural actions not explicitly vested with the receiver in bankruptcy.

Performance of Pecuniary Obligations

Art. 636. (1) (amend. - SG 38/06) The performance of obligations to the debtor shall be accepted by the receiver in bankruptcy as from the date of entry of the decision for institution of bankruptcy proceedings.

(2) (Amended, State Gazette, No 70/1998; amend. - SG 38/06) The performance made to the debtor after the date of the decision for institution of bankruptcy proceedings, but before its registration, shall be considered valid, if the performing party has not learned of the institution of the proceedings or, even though he has learned thereof, the object of performance has been included in the bankruptcy estate. The good faith shall be presumed until proven otherwise.

Stay of Judicial Proceedings

Art. 637. (1) (Suppl., SG 84/2000; suppl., SG 58/03) Upon institution of bankruptcy proceedings shall be stayed any judicial and arbitration proceedings on civil and commercial cases against the debtor, with the exception of labour disputes on pecuniary claims. The present provision shall not apply, where at the date of institution of the bankruptcy proceedings, in another case with the debtor as a defendant, the court has admitted for joint hearing a counter claim of the debtor or a set-off objection made by him.

(2) (Amended, State Gazette, No 70/1998; amend. - SG 38/06) The stayed proceedings shall be terminated, should the claim be accepted as set out in Art. 693.

(3) (New, State Gazette, No 70/1998) The proceedings stayed pursuant to Para 1 shall resume and continue with the participation of:

1. the receiver in bankruptcy and the creditor, where the claim is not included in the list of claims accepted by the receiver in bankruptcy or in the list under Art. 692 approved by the court;

2. (amend. - SG 38/06) the receiver in bankruptcy, the creditor and the person who has filed an appeal, where the claim is included in the list of the claims accepted by the receiver in bankruptcy, which has been objected according to of Art. 692, Para 3.

(4) (New, State Gazette, No 70/1998) The decision under Para 3 shall have an ascertaining effect in the relations between the debtor, the receiver in bankruptcy and all the bankruptcy creditors.

(5) (New – SG, 101/2010) No stay hall apply to cases concerning for pecuniary claims, secured by property of thirdparties.

(6) (new, SG 58/03; amend. - SG 38/06, former Para. 5 – amend. - SG, 101/2010) Following the institution of the bankruptcy proceedings it shall be inadmissible to institute new judicial or arbitration proceedings concerning civil or commercial cases against the debtor except for:

1. defence of the rights of the third parties having property in objects within the bankruptcy estate;

2. employment disputes;

3 (new – SG, 101/2010) pecuniary claims, secured by property of third parties.

Stay of Enforcement Proceedings

Art. 638. (1) (Added, State Gazette 103/99; amend. - SG 105/05, in force from 01.01.2006) Upon institution of bankruptcy proceedings shall be stayed any enforcement proceedings on assets included in the bankruptcy estate, except the assets under Art. 193 of the Tax-Insurance Procedure Code.

(2) (amend. - SG 38/06) Where within the period from the stay pursuant to Para 1 to the registration of the decision for institution of bankruptcy proceedings a payment has been made to the claimant, the paid amount shall be restored to the bankruptcy estate.

(3) (Amended and added, State Gazette, No 70/1998) In case actions have been undertaken in favour of a secured creditor for realisation of the security, the court may allow the proceedings to continue should a danger of jeopardising the creditor's interests exists. The amount received exceeding the amount of the security shall be included in the bankruptcy estate.

(4) (new, SG 58/03; amend. - SG 105/05, in force from 01.01.2006) The stayed proceedings shall be terminated if the claims have been brought and admitted as set out in Art. 693. Distraints and interdictions imposed in the enforcement proceedings shall have no effect in respect of creditors of the

bankruptcy estate. The imposition of security measures according to the Code of Civil Procedure or the Tax-Insurance Procedure Code on the property of the debtor after institution of the bankruptcy proceedings shall be inadmissible.

Claims Emerging after the Institution of Bankruptcy Proceedings (Title amend. – SG 38/06)

Art. 639. (1) (amend. - SG 38/06) Creditors whose claims have emerged after the date of the decision for institution of bankruptcy proceedings shall receive payment on maturity, and in case they have not received payment on maturity they shall be satisfied pursuant to the procedure under Art. 722, Para 1.

(2) (revoked – SG 38/06)

Special cases of sale

Art. 639a. (New – State Gazette No. 70/1998, Repealed, State Gazette No. 84 from 2000)

Special Cases of Sale (New – SG 38/06; amend. – SG 101/10)

Art. 639b. (1) (new, SG 58/03; prev. text of art. 639b - SG 38/06, amend. – SG, 101/2010) The court may allow the receiver in bankruptcy to sell, before ruling conversion in cash, perishable articles.

(2) (New – SG, 101/2010) The court may allow the receiver in bankruptcy to sell, before ruling encashment, articles, whose value does not cover the costs on their storage for the period before the encashment as provided by the general procedure, after consent of the creditors' meeting or the creditors' committee.

(3) (New – SG, 38/2006, former Para. 2, suppl. – SG, 101/2010) The sale under Para 1 shall be done by the receiver in bankruptcy by means of direct negotiation.

(4) (New – SG, 101/2010) Other assets of the bankruptcy estate may be sold as provided by Para 1 with the consent of the creditors' meeting or creditors' committee, if this is needed for the support if the bankruptcy procedure and if after the invitation under Art. 629b none of the creditors has paid the costs in advance.

Cooperation by the Debtor

Art. 640. (1) (Former Art. 640 - amended, State Gazette No.84 from 2000) Within 14 days from the institution of the bankruptcy proceedings the debtor is obliged to provide to the court and to the receiver in bankruptcy:

1. the needed information related to the activities of the undertaking and his assets;

2. (amended, State Gazette No. 90/99; amend. - SG 38/06) a list of payments in cash or by means of a bank transfer, exceeding BGN 1200 and effected within 6 months prior to the initial date of the illiquidity;

3. a list of payments effected by the debtor to related parties within one year prior to the initial date of the illiquidity.

4. (new - SG 38/06) a notary certified declaration indicating the individual items, material rights and claims, the names and the addresses of his debtors.

(2) new, SG 58/03) The debtor shall submit to the court or to the receiver in bankruptcy information regarding the state of his assets and his commercial activity at the date of its request, as well as any documents related thereto. The information and the documents shall be submitted within 7 days from the written request.

(3) (New, SG 84/2000; prev. para 2 - suppl., SG 58/03) If the debtor fails to perform his obligation under Para 1 the court shall impose to the offender a fine from BGN 500 to 1000, and under Para 2 the court shall impose to the offender a fine from BGN 1000 to 5000.

Effect of the Repeal of the Decision for Institution of Bankruptcy Proceedings

Art. 641. (Amend., SG 84/2000; amend., SG 58/03; amend. - SG 38/06, amend. – SG, 101/2010) In case of repeal of the decision for institution of bankruptcy proceedings any imposed distress and injunction shall be deemed lifted, the capacity of the debtor – restored, and the competences of the receiver in bankruptcy - terminated, as of the moment of entry of the decision in force in the commercial register.

Security Measures

Art. 642. (suppl. - SG 38/06) Upon petition of the receiver in bankruptcy, the debtor or any creditor, the bankruptcy court may allow the measures provided by law, securing the available assets of the debtor.

Chapter fourty one.
CONSTITUTION OF THE BANKRUPTCY ESTATE. PROTECTIVE MEASURES (Former Chapter Thirty-seven – State Gazette No. 83/1996)

Section I.
Constitution of the Bankruptcy Estate

Collection of Unpaid Capital

Art. 643. The receiver in bankruptcy shall collect shares or contributions –not paid up or not contributed by the limited partners in order to constitute the bankruptcy estate.

Termination of a Contract

Art. 644. (1) The receiver in bankruptcy may terminate any contract to which the debtor is a party, in case it has not been performed wholly or in part.

(2) The receiver in bankruptcy shall send an advance notification of 15 days for termination of the contract.

(3) At the request of the other party the receiver in bankruptcy shall respond within 15 days whether he shall keep the contract in effect or terminate it. Should there be no response, the contract shall be considered terminated.

(4) Upon termination of the contract the other party shall be entitled to compensation for damages incurred.

(5) Keeping of a contract requiring the debtor to make recurring payments shall not bind the receiver in bankruptcy to make such payments that have been overdue prior to the date of the decision for institution of bankruptcy proceedings.

Set-off

Art. 645. (1) Any creditor may effect a set-off with his debt to the debtor, in case prior to the date of the decision for institution of bankruptcy proceedings both debts have existed and were mutual, of the same kind and his claim was mature. If his claim has matured in the course of bankruptcy proceedings or as result of the decision for declaration of the bankruptcy, and also where both debts have become of the same kind as a result of the said decision, the creditor may effect a set-off only after the maturity or the similarity-of-kind have emerged.

(2) The set-off statement shall be notified to the receiver in bankruptcy.

(3) (Amended, State Gazette, No 70/1998) The set-off may be declared invalid with respect to the bankruptcy creditors, if the creditor has acquired the claim and his debt to the debtor prior to the date of the decision for institution of bankruptcy proceedings, knowing at the time of acquiring the claim or the debt that illiquidity or overindebtedness, have occurred or that a petition for institution of bankruptcy proceedings has been filed.

(4) (Amended, State Gazette, No 70/1998) Regardless of the time of emergence of the mutual debts, a set-off effected by the debtor after the initial date of illiquidity or overindebtedness, but not earlier than an year prior to submission of the petition, shall be invalid with respect to the bankruptcy creditors, except for the part that the creditor would acquire after the distribution of assets converted into cash.

Invalidity of Actions and Transactions (title amend. – SG 20/13)

Art. 646. (1) (Amended, State Gazette, No 70/1998) The following shall be considered invalid with respect to the bankruptcy creditors, if effected after the date of the decision for institution of bankruptcy proceedings and not in compliance with the procedure established thereby:

1. performance of a debt that has emerged prior to the date of the decision for institution of bankruptcy proceedings;

2. arrangement of a pledge or a mortgage in rights or objects included in the bankruptcy estate;

3. transactions with rights or objects included in the bankruptcy estate.

(2) (Amended, State Gazette, No 70/1998; amend. – SG 20/13) The following activities and transactions carried out by the debtor after the initial date of the bankruptcy, respectively the over-indebtedness may be declared voidable with respect to the creditors of the bankruptcy, within the time limits fixed in items 1 – 3 prior to submission of the petition under Art. 625:

1. performance of a monetary obligation prior to its maturity, if made within one year period, regardless of the performance manner;

2. creation of a mortgage or a pledge to secure receivables from the debtor, which were unsecured prior to that within one year period;

3. performance of a due monetary obligation of the debtor if made within six month period, regardless of the performance manner.

(3) (new – SG 20/13) If the creditor had known that the debtor is insolvent or overindebted, the time limit under para 2, items 1 and 2 shall be two years, and the one under para 2, item 3 – one year.

(4) (new – SG 20/13) The creditor`s awareness under para 3 is presumed if the debtor and the creditor are related parties or if:

1. the creditor and the debtor are related parties, or

2. the creditor was aware of, or was in a position to be aware of, circumstances based on which he could reasonably suppose the existence of insolvency/overindebtedness of the debtor.

(5) (new – SG 20/13) Para 2, items 1 and 3 shall not apply if payment falls within the ordinary course of business of the insolvent debtor and:

1. is made according to the terms agreed upon by the parties and simultaneously with the provision to the debtor of goods or services of equal value or within 30 days after the due date of the payment, or

2. after payment is made the creditor has provided to the debtor goods or services of equal value.

(6) (new – SG 20/13) Para 2, item 2 shall not apply if the mortgage or pledge is provided:

1. prior to or simultaneously with the granting of the loan to the debtor;

2. to replace another security in rem, which is not declared invalid pursuant to the provisions of this Section;

3. to secure a loan granted for the purposes of acquisition of the asset subject to mortgage or pledge.

(7) (new – SG 20/13) The invalidity of any voidable transactions under para 2 shall not affect any rights, which third parties acting in good faith have acquired against consideration prior to the date of registration of the invalidation claim. Bad faith shall be presumed until the contrary is proved, if the third party is a related party to the debtor or the person with whom the debtor negotiated.

(8) (New, State Gazette, 103/99; prev. text of para 3 – SG 20/13) Previous paragraphs shall not apply in cases of performance of the debtor of public claims or private state claims whose involuntary debt collection is carried out by the order for the public ones.

Invalidation claims

Art. 647. (Amended, State Gazette, No 70/1998; amend. – SG 20/13) Except in the cases provided for by the law, the following acts and transactions carried out by the debtor may be invalidated with respect to the bankruptcy creditors, if carried out within the time limits fixed in items 1 – 6 prior to submission of the petition under Art. 625:

1. transactions for no consideration (excluding ordinary donation), concluded with a related party to the debtor within a period of three years;

2. transactions for no consideration concluded by the debtor within a period of two years;

3. undervalued transaction, made within a period of two years, but not earlier than the initial date of insolvency/overindebtedness;

4. creation of a pledge or mortgage or granting a personal guarantee to secure a third party obligations made within a period of one year, but not earlier than the initial date of insolvency/overindebtedness;

5. creation of a pledge or mortgage or granting a personal guarantee to secure a third party obligations made in favour of a creditor who is a related party to the debtor within a period of two years, or

6. any transaction, which is harmful to the creditors and is concluded with a related party to the debtor within a period of two years.

(2) Paragraph 1 shall also apply to actions and transactions made within the period from filing the petition under Art. 625 and the decision for initiation of insolvency proceedings.

(3) Invalidity of voidable transactions under the present Article shall not affect any rights, which third parties acting in good faith have acquired against consideration prior to the date of registration of the invalidation claim. In such cases Art. 646, para 8 shall apply respectively.

Return of Items Given by Third Parties

Art. 648 Where the provisions of Art. 646 or 647 have been applied to transactions, the items given by third parties shall be returned, and in case the given is not found in the bankruptcy estate or money are owed, the third party shall constitute as a creditor.

Filing Invalidation Claims

Art. 649. (amend. – SG 20/13) (1) A claim under Art. 645, 646, and Art. 647 of the present Act and under Art. 135 of the Obligations and Contracts Act may be filed by the receiver in bankruptcy, and should he fail to do so - by any bankruptcy creditor within one year following the institution of proceedings, or respectively from announcement of the decision under Art. 632, para 2. If the deduction has been made after the date of the decision for initiation of insolvency proceedings, the time limit shall start running from the deduction.

(2) In the cases referred to in para 1 the receiver and, respectively, the creditor may also claim enforcement suits on the grounds of the claims referred herein in order to complete the bankruptcy estate.

(3) Where the claim is brought by a creditor, the court shall constitute the Receiver in bankruptcy as a joint applicant ex officio. Where a creditor has filed a claim under para 1, another creditor is not entitled to bring the same claim, however the latter may intervene as a joint applicant not later than the first hearing of the case.

(4) In proceedings for declaring insolvency of a transaction or action, the presumption under Art. 135, para 2 of the Obligations and Contracts Act shall apply to all related parties.

(5) A claim under para 1 shall be brought before an insolvency court. Final decision takes effect on the debtor in bankruptcy and all creditors.

(6) In proceedings for filed claims under para 1 no state fees shall be collected in advance. If the claim is granted the due state fees shall be collected from the sentenced party and if the claim is rejected the state fees shall be collected out of the bankruptcy estate.

Section II.
Sealing

Order for Sealing

Art. 650. (1) Should there exist any danger of dissipation, destruction or concealment of assets, the court of bankruptcy may order the sealing of premises, equipment, transport vehicles, etc., where chattels of the debtor are stored.

(2) The occupied homes and premises, necessary for continuing the activities of the debtor or for storing of perishable goods, shall not be sealed.

Execution of Sealing

Art. 651. (amend. SG 43/05) The sealing is performed by a private bailiff. The record about the implemented actions shall be sent to the court.

Section III.
Inventory of Assets

Removal of Seals

Art. 652. Within 3 days following the taking up of his duties, the receiver in bankruptcy shall request the removal of the seals and draw up an inventory of immovables and movables, money, valuables, securities, contracts, etc. of the debtor's claims and of the properties in possession of third parties.

Drawing up of the Inventory

Art. 653. (1) (amend. SG 43/05) The inventory shall be drawn up by the receiver in bankruptcy.

(2) The receiver in bankruptcy shall inform the debtor of the acts under Para 1.

(3) Should other assets be found after completion of the inventory, a supplementary inventory shall be drawn up.

Responsibility for the Inventorised Assets

Art. 654. The receiver in bankruptcy shall be responsible for the inventorised assets as from the time of drawing up the inventory, in case it has not been handed over to the debtor or to third parties for keeping.

Chapter fourty two.
BODIES AND MANAGEMENT OF THE BANKRUPTCY ESTATE (Former Chapter Thirty-eight – State Gazette No. 83/1996)

Section I.
Receiver in bankruptcy

Qualifications

Art. 655. (1) (Amended, State Gazette, No 70/1998) Natural persons may become receivers in bankruptcy.

(2) (Amended, State Gazette, No 70/1998) The receiver in bankruptcy shall conform to the following requirements:

1. not to have been convicted at an age of majority for deliberate crimes, unless rehabilitated;

2. not to be a spouse of the debtor or a creditor and without kinship with any of them of direct lineage, of peripheral lineage - up to the sixth degree, and by marriage – up to the third degree;

3. not to be a creditor in the bankruptcy proceedings;

4. not to be a bankrupt debtor that has been granted restitutio in integrum;

5. not be in any relations with the debtor or a creditor, which may generate reasonable suspicion of impartiality;

6. (New, State Gazette, No 70/1998) to hold a postgraduate degree in economics or law and have at least 3 years of service in the field of his speciality;

7. (New, SG 70/1998; amend., SG 58/03) to have passed successfully the examination for acquiring qualification as set out in the ordinance under Art. 655a, Para 1 and to be included in a list approved by the Minister of Justice and published in the State Gazette, of the persons who can be appointed as receivers in bankruptcy;

8. (New, State Gazette 84/00; amend. - SG 38/06; suppl. – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union) not to have been discharged as a receiver in bankruptcy pursuant to Art. 657, Para 2 of the present Act or Art. 29, Para 1, Items 6 or 7 of the Bank Bankruptcy Act;

9. (New, State Gazette 84 from 2000; amend. - SG 38/06; amend – SG 59/06 in force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union) not being imposed a measure under Art. 65, Para 2, item 11 of the Banks Act or under Art. 103, Para 2, Item 14 of the Credit Institutions Act.

(3) (Amended, State Gazette, No 70/1998; addition, State Gazette 84 from 2000; amend. - SG 38/06) The Minister of Justice shall remove from the list under Para 2, Item 7 the persons who have been found to commit violation in the course of their activities as receivers in bankruptcy, even if the said violation have not been established by the bankruptcy court. These changes shall be published in the State Gazette.

(4) (Addition, State Gazette 84 from 2000) The powers of the receiver in bankruptcy may be exercised by several persons. In such cases, decisions shall be taken by unanimity and actions shall be undertaken jointly, unless the meeting of creditors or the court decide otherwise, in case of dispute between the persons who exercise the powers of the receiver in bankruptcy,.

(5) In case the powers of the receiver in bankruptcy are exercised by several persons who take the decisions by unanimity and act jointly, they shall bear joint liability under Art. 663, Para 2 and 3.

Payment for professional qualification

Art. 655a. (new, SG 58/03) (1) The receiver in bankruptcy shall make an obligatory annual payment for professional qualification, which size shall be determined in an ordinance on the procedure of selection, qualification and control of the receivers in bankruptcy to be issued jointly by the Minister of Justice, the Minister of Economy and the Minister of Finance.

(2) The failure to pay in due time the amounts under Para 1 shall constitute grounds for removal of the person from the list under Art. 655, Para 2, Item 7.

(3) The Minister of Justice, jointly with the Minister of Economy, shall be obliged to organise annual courses for qualification of the receivers in bankruptcy.

Appointment of the Receiver in Bankruptcy

Art. 656. (amended, State Gazette 84/00) (1) The bankruptcy court shall appoint the receiver in bankruptcy elected by the first meeting of the creditors, provided he meets the requirements under Art. 655 and has given his preliminary consent in writing with a notary certified signature. In the same determination the bankruptcy court shall also specify the date of taking up the duties of a receiver in bankruptcy.

(2) At the time of his appointment the receiver in bankruptcy shall declare in a written declaration

with notary certified signature the availability of the conditions and the lack of obstructions according to this law, his participation in trade companies as a partner, stockholder, the occupation of positions of a liquidator, receiver in bankruptcy and other paid occupations.

(3) In case of a change of any of the circumstances under Para 2 the receiver in bankruptcy shall be obliged to inform in writing the bankruptcy court immediately.

(4) The receiver in bankruptcy shall be obliged to take up his duties on the date determined by the court. In case of non-compliance with the said obligation the bankruptcy court shall, within 7 days, replace the appointed receiver in bankruptcy with another person among those nominated by the first meeting of the creditors. If there are no such persons the replacement shall be made with another person from the relevant list and a new meeting of the creditors shall be convened.

Removal of the Receiver in Bankruptcy

Art. 657. (1) The court shall remove the receiver in bankruptcy in the following cases:

1. at his request in writing sent to the court;

2. placement under guardianship;

3. (New, State Gazette, No 70/1998) if the appointed receiver in bankruptcy ceases to meet the requirements under Art. 655, Para 2;

4. (prev. item 3, SG 70/1998; amend., SG 58/03) at the request of the creditors holding more than half of the sum of all claims;

5. (New, State Gazette 84 from 2000) by a decision of the meeting of the creditors;

6. (Former point 4, State Gazette, No 70/1998; former point 5 - State Gazette 84 from 2000) where he is practically unable to exercise his powers;

7. (Former point 5, State Gazette, No 70/1998; former point 6 - State Gazette 84 from 2000) death.

(2) The court may remove the receiver in bankruptcy at any time, ex officio or at the proposal of the debtor, the committee of creditors or a creditor, in case he fails to perform his duties or his actions jeopardise the interests of the creditor or the debtor.(3) (Amend., SG 70/1998; SG 84/2000) The removed receiver in bankruptcy under Para 1, Item 1 shall continue exercising his duties until a new receiver in bankruptcy takes up his office.

(4) (New, State Gazette 84 from 2000) Subject to appeal before the appellate court shall be:

1. the determination of the bankruptcy court rejecting the request under Para 1, Items 1 - 6 and Para 2;

2. the determination of the bankruptcy court granting the request under Para 2.

(5) (new - SG 105/16) The ruling of the Appellate Court which upholds the order of the court regarding bankruptcy under par. 4, item 2, shall be subject to appeal before the Supreme Court of Cassation.

(6) (new – SG 84/00, prev. Para. 5 – SG 105/16) The determination for removal of the receiver in bankruptcy shall be instantly enforceable. The appeal against the determination for removal of the receiver in bankruptcy shall not suspend its enforcement. The repeal of the determination for removal of the receiver in bankruptcy shall not restore that person to his rights of a receiver in bankruptcy in the same bankruptcy proceedings. When the determination of the court for removal under Para 4, Item 2 is appealed, the determination may be appealed only by the receiver in bankruptcy.

(7) (New, SG 84/2000; suppl., SG 58/03, prev. Para. 6 – SG 105/16) In the cases under Para 1, Items 1, 2, 3, 5, 6, 7 and Para 2 the court shall convene a meeting of the creditors for the election of a new receiver in bankruptcy.

(8) (New, State Gazette 84 from 2000, prev. Para. 7 – SG 105/16) In the cases under Para 1, Items 2, 3, 5 and 6 and under Para 2, until the appointment of a new receiver in bankruptcy his powers shall be exercised by an official receiver in bankruptcy appointed by the court.

(9) (new, SG 58/03, prev. Para. 8 – SG 105/16) In the cases of Para 1, Item 4 the creditors shall be obliged to name a receiver in bankruptcy in their request.

Powers of the Receiver in Bankruptcy

Art. 658. (1) The receiver in bankruptcy shall:

1. represent the undertaking;

2. administrate its current affairs;

3. (New, State Gazette 84/00) supervise the activity of the debtor in the cases under Art. 635, Para 1;

4. (Former, point 3 - State Gazette 84/00) take possession under inventory, store and keep the account books and business correspondence of the enterprise;

5. (Former, point 4 - State Gazette 84/00) identify and establish the debtor's assets;

6. (Former, point 5 - State Gazette 84/00) under the terms and conditions set forth by law file requests for terminating, cancellation or invalidation of contracts to which the debtor is a party;

7. (Former, point 6 - State Gazette 84/00) participate in judicial proceedings of the debtor's enterprise and bring lawsuits on his behalf;

8. (Former, point 7 - State Gazette 84/00) collect the pecuniary claims of the debtor and deposit the proceeds into a special bank account;

9. (Former, point 8 - State Gazette 84/00) dispose of the funds in the debtor's bank accounts with the permission of the court, where this is necessary in connection with the administration and protection of the assets;

10. (Former, point 9 - State Gazette 84/00) identifies and establishes the debtor's creditors;

11. (Former, point 10 - State Gazette 84/00) convene and organise the meetings of creditors pursuant to a judicial determination;

12. (Former, point 11 - State Gazette 84/00) propose a plan under Art. 696;

13. (Former, point 12 - State Gazette 84/00) undertake actions to terminate the debtor's participation in companies;

14. (Former, point 13 - State Gazette 84/00) convert the bankruptcy estate into cash;

15. (Former, point 14 - State Gazette 84/00) undertake other actions prescribed by law or assigned by a court.

(2) The receiver in bankruptcy shall exercise his powers in conformity with the progress of the bankruptcy proceedings and the court orders.

(3) (new - SG 38/06) All public bodies and organizations shall be obliged to cooperate with the receiver in bankruptcy at the exercise of his powers.

Accounting

Art. 659. (1) (amended, State Gazette 84/00) The receiver in bankruptcy shall record each action on his part, relative to the management and disposal of property and rights of the debtor’s assets or the bankruptcy estate in a bound and paginated by him and certified by the court logbook. When the functions of the receiver in bankruptcy are carried out by two or more persons, the disagreements between them and the taken decisions shall be entered into the logbook.

(2) (suppl., SG 58/03) The receiver in bankruptcy shall submit to the court and the committee of creditors each month, and immediately when asked, a report of his activity.

(3) (New, State Gazette 84/00) At the request of a creditor the receiver in bankruptcy shall present to him the logbook under Para 1, the report under Para 2, and also a report on any particular questions, if they have not been answered in the report under Para 2 for the same period.

Due Care

Art. 660. (1) (Amended, State Gazette, No 70/1998) The receiver in bankruptcy shall exercise his powers with the care of a prudent merchant.

(2) The receiver in bankruptcy may not entrust his rights to another persons, except with the

explicit permission by the court.

Remuneration

Art. 661. (amended, State Gazette 84/00) (1) The receiver in bankruptcy shall be entitled to remuneration for his work - current and final, which size is determined by the meeting of the creditors. A decision of the way of determining the final remuneration may be taken also prior to the conclusion of the activity of the receiver in bankruptcy.

(2) (amend. – SG 105/16) The court shall determine a current remuneration of the provisional receiver in bankruptcy, as well as of the receiver in bankruptcy in the cases under Art. 657, Para 7 at the time of his appointment.

(3) The current remuneration shall be paid monthly.

(4) (amend., SG 58/03) The final remuneration of the receiver in bankruptcy may be determined also at the time of adopting a recovery plan, respectively at reaching out-of-court settlement between the debtor and the creditors, being dependent on the following circumstances:

1. observing procedural terms;

2. whether the list of the admitted claims by the receiver in bankruptcy has been approved by the court without any changes to it;

3. performed activities and granted actions for constitution of the bankruptcy estate;

4. termination of the bankruptcy proceedings due to an approval of a recovery plan ;

5. conversion of the bankruptcy estate in cash upon declaring bankruptcy;

6. other circumstances of importance for the term of the proceedings and for the bankruptcy estate.

(5) The final remuneration may be determined also as a percentage of the assets constituting the bankruptcy estate and/or as a percentage of the value of the assets converted in cash.

(6) In the cases the meeting of the creditors was unable to take a decision for election of a receiver in bankruptcy or a decision for determining the remuneration of the receiver in bankruptcy, it shall be determined by the court.

Restrictions

Art. 662. (1) (amended, State Gazette 84/00) The receiver in bankruptcy may not enter into agreements on behalf of the debtor either with himself or with a person related to him.

(2) The receiver in bankruptcy may not acquire in any way, directly or through another person, any object or right from the bankruptcy estate. This restriction shall apply also to the spouse of the receiver in bankruptcy, his relatives of direct or peripheral lineage up to the sixth degree and by marriage - up to the third degree.

(3) The receiver in bankruptcy shall not make available to the public any information, data or facts, learned by him in the course of exercising his powers.

(4) (Repealed, State Gazette, No 70/1998)

Liability

Art. 663. (1) In case the receiver in bankruptcy fails to perform his duties or performs them poorly, the court may impose a fine, which, for each individual case, may not exceed the amount of his monthly remuneration.

(2) The receiver in bankruptcy is liable to pay compensation equal to the interest determined by operation of law for any delay on his part to deposit the proceeds to a bank.

(3) The receiver in bankruptcy is liable to compensate the debtor and the creditors for any damages caused due to his fault in the course of the exercising of his powers.

Insurance

Art. 663a. (new, SG 58/03) (1) The receiver in bankruptcy shall make an insurance for the time of his appointment as a receiver in bankruptcy in the proceedings in question, for the damages which may result from a breach of his duties. The minimal size of the insurance amount shall be determined in the ordinance under Art. 655a, Para 1.

(2) The duty under Para 1 shall be fulfilled within three days from the election and before taking up his duties.

Final Report of the Receiver in Bankruptcy

Art. 664. (1) The receiver in bankruptcy shall submit a report in writing at the termination of his work within a term specified by the court.

(2) The newly appointed receiver in bankruptcy, the debtor, the creditors' committee or a creditor may raise objections to the report within seven days after its submission.

(3) (Addition, State Gazette 84/00) Within 14 days from the receipt of the objection the court shall issue a determination with respect to the objection which shall not be appealable.

(4) Should no objection be raised within the term according to Para 2, the report shall be considered accepted.

Submission of the Account Books and the Property

Art. 665. (amended, State Gazette 84/00) At the termination of his activities, the receiver in bankruptcy shall immediately hand over according to an inventory the account books, the logbook and the reports under Art. 659, as well as the property at his disposal, to the new receiver in bankruptcy or to a person specified by the court, and in the cases set forth in Art. 707, Para 1 - to the debtor.

Section II.
Provisional Receiver in Bankruptcy

Appointment of Provisional Receiver in Bankruptcy

Art. 666. (Addition, State Gazette 84/00) The court shall appoint the provisional receiver in bankruptcy with the decision for institution of bankruptcy proceedings or in the cases under Art. 657, if he meets the requirements of Art. 655 and has given his consent in writing.

Removal of the Provisional Receiver in Bankruptcy

Art. 667. (amended, State Gazette 84/00) The provisional receiver in bankruptcy shall be removed under the conditions set forth in Art. 657 and upon the appointment of a receiver in bankruptcy elected by the meeting of the creditors.

Powers of the Provisional Receiver in Bankruptcy

Art. 668. The provisional receiver in bankruptcy shall have the powers referred to in Art. 658. In addition, within 14 days after the date of the decision for institution of the bankruptcy proceedings, the provisional receiver in bankruptcy shall draw up:

1. (suppl., SG 84/00, suppl. – SG 105/16) a list of creditors on the basis of the debtor's commercial accounts, stating the size of their claims, as well as which of the creditors are related persons to the debtor or were related persons to the debtor in the last three years prior to opening the proceedings according to data from the commercial register and the records of the debtor;

2. (New, State Gazette 84/00) an extract of the commercial books certified by him;

3. (Former point 2 - State Gazette 84/00) a report in writing of the reasons for the illiquidity, the

state of the assets and the taken protective measures and of the possibilities for recovery of the undertaking.

Section II "a".
ASSISTANT RECEIVER IN BANKRUPTCY (NEW - SG 105/16)

COMPETENCE

Art. 668a. (new – SG 105/16) (1) Assistant Receiver in bankruptcy may undertake certain actions within the competence of the Receiver in bankruptcy, in accordance with the latter’s instructions and pursuant to Art. 660, para. 2.

(2) The Assistant Receiver may sign certain documents in connection with the activities of the Receiver by adding "Assistant" to the signature.

(3) In the event of damages from failure to fulfill the duties of Assistant Receiver, the Receiver in bankruptcy shall be jointly liable with the Assistant Receiver.

(4) The relationship between the Receiver and the Assistant Receiver shall be governed by a contract.

(5) Since there are no specific rules about the Assistant Receiver in bankruptcy, the rules for the Receiver in bankruptcy shall apply.

REQUIREMENTS

Art. 668b. (new – SG 105/16) (1) Assistant Receiver in bamruptcy shall be a natural person who meets the requirements of Art. 655, Para. 2, item 1-6, and item 8, except for the requirement for professional experience, which shall be no less than two years.

(2) To acquire qualifications of Assistant Receiver in bankruptcy, one shall sit an exam under order determined with the ordinance of Art. 655a, Para. 1.

(3) The Justice Minister shall issue an order to include in the list of Art. 655, Para. 2, item 7 the person who has acquired qualifications for Assistant Receiver in bankruptcy.

Section III.
First Meeting of the Creditors

Holding the First Meeting of the Creditors

Art. 669. (Amended, State Gazette, No 70/1998) (1) (Former art. 669 - amended, State Gazette 84/00) The first meeting of the creditors shall be hold on the date appointed by the court in the decision for institution of the bankruptcy proceedings and shall be chaired by the judge examining the petition for institution of the bankruptcy proceedings.

(2) (New, State Gazette 84/00) The first meeting of the creditors shall be attended by the creditors of the list under Art. 668, Item 1 and those in the extracts of the commercial accounts of the debtor, which the provisional receiver in bankruptcy shall present at the first meeting.

(3) (new – SG 105/16) First meeting of the creditors shall not be held if:

1. the debtor, prior to submitting the application for opening insolvency proceedings, has not asked to declare their annual financial reports in the Commercial Register for the last three years;

2. the debtor fails to fulfill their obligations under Art. 640 and fails to provide the provisional receiver with his trade records, or if its commercial records are obviously irregular.

(4) (new – SG 105/16) In the cases under Para. 3, the court-appointed provisional receiver in bankruptcy shall perform their powers until the election of a permanent Receiver in bankruptcy by the creditors' meeting after approving the list of Art. 692 by the court.

Passing of Resolutions at the First Meeting of Creditors

Art. 670. (amended, State Gazette 84/00; amend. - SG 38/06) (1) The participation of the creditors in the first meeting shall be personal or by proxy with explicit letter of attorney in writing. When the creditor is a natural person, the letter of attorney must have notary certified signature.

(2) (suppl. - SG 105/16) The resolutions shall be passed by simple majority of the sum of the claims of the creditors according to the list under Art. 668, Item 1, where the following votes shall not be taken into account:

1. (new – SG 105/16) the creditors who are related persons to the debtor or were related persons to the debtor in the last three years before the opening of bankruptcy proceedings;

2. (new – SG 105/16) the creditors who have acquired claims by persons related to the debtor in the last three years before the opening of bankruptcy proceedings.

(3) The resolutions of the first meeting of the creditors may be revoked according to the order of Art. 679.

Participation of the Provisional Receiver in Bankruptcy and the Debtor

Art. 671. The participation of the provisional receiver in bankruptcy at the first meeting of creditors is mandatory, whereas the debtor may attend it if he deems it necessary.

Authorities of the First Meeting of Creditors

Art. 672. (1) (Former art. 672 amended State Gazette 84/00) The first meeting of creditors shall:

1. hear the report of the provisional receiver in bankruptcy under Art. 668, Item 2;

2. (Amended, State Gazette 84/00) elect a receiver in bankruptcy and propose to the court his appointment;

3. elect a creditors' committee.

(2) (New, State Gazette 84/00) At their meeting the creditors may , nominate and order by preference several persons for receivers in bankruptcy among which the court shall appoint a receiver in bankruptcy if the elected receiver in bankruptcy does not take up his duties within the appointed term, in case of his removal until the convening of the meeting under Art. 673 or when any of the requirements under Art. 655, Para 2, does not apply to him.

Section IV.
Meeting of Creditors

Holding the Meeting of Creditors and Voting Rights

Art. 673. (1) The meeting of creditors shall be held after the approval of the list under Art. 692 by the court.

(2) After the admission of the claims, voting rights at the meeting of creditors shall enjoy only the creditors with admitted claims.

(3) (Amend., SG 70/1998; amend., SG 58/03) The court may grant voting rights also to a creditor under Art. 637, Para 3, provided his claim is sustained by cogent documentary evidence and to a creditor whose claim was not admitted who has brought an action under Art. 694, as well as to a creditor with admitted claim, against whom an action has been brought under Art. 694 for establishing non-existence of his claim.

(4) No voting rights under Para 3 shall be granted to a creditor under Art. 616, Para 2.

Convening the Meeting of Creditors

Art. 674. (amended, State Gazette 84/00) (1) At the request of the debtor, the receiver in bankruptcy, the creditors' committee or of creditors holding 1/5 of the amount of the admitted claims, the

court shall convene the meeting within 7 days from the receipt of the request.

(2) (amend. - SG 38/06) The meeting of the creditors shall be convened immediately upon approval of the list of the admitted claims by the court under Art. 692, Para 4 and, when no objections have been raised - according to Art. 692, Para 1 with an agenda according to Art. 677, Item 8.

Invitation to the Meeting of Creditors

Art. 675. (1) (addition, State Gazette 84/00; suppl. - SG 38/06) The invitation to the meeting of creditors shall contain the trade name, the unified identification code and the seat of the debtor, the agenda, day, hour and the place where the meeting is to be held.

(2) (amend. - SG 38/06) The invitation shall be notified to the commercial register, whereby all creditors shall be deemed duly notified.

Passing of Resolutions

Art. 676. (1) (amended, State Gazette 84/00) The meeting of creditors shall be held, regardless of the number of persons present and shall be chaired by the judge responsible for the case.

(2) During the passing of the resolutions, each creditor shall be entitled to a number of votes representing the proportional share of his claim in the total amount of the admitted claims and the claims with voting rights under Art. 673, Para 3.

(3) Resolutions shall be passed by simple majority, unless the law prescribes otherwise.

(4) (New, State Gazette 84/00) The participation of the creditors at the meeting of the creditors shall be carried out as set out in Art. 670, Para 1.

Powers of the Meeting of Creditors

Art. 677. (1) The meeting of creditors shall:

1. hear a report of the receiver in bankruptcy about his activities;

2. hear a report of the creditors' committee;

3. (Amended, State Gazette 84/00) elect a receiver in bankruptcy, if none has been elected; in such case Art. 672, Para 2 shall apply;

4. (Amended, State Gazette 84/00) pass a resolution for the removal of the receiver in bankruptcy and his substitution;

5. (amend., SG 58/03) determine the amount of the current remuneration of the receiver in bankruptcy, any alteration thereof, as well as the amount of his final remuneration;

6. elect a creditors' committee, if none has been elected, or change its members;

7. propose to the court the amount of the support money for the debtor and his family.

8. (New, SG 84/00) determine the order and the way of conversion of the property of the debtor into cash, the method and terms for evaluation of the property, the choice of assessors and the determination of their remuneration.

(2) If the meeting of creditors fails to pass a resolution under Para 1, Item 3, the receiver in bankruptcy shall be appointed by the court. The determination of the court shall not be subject to appeal.

(3) Minutes shall be taken for the meeting of creditors and signed by the chairing judge and the reporter.

(4) (New, State Gazette 84/00) When the meeting of the creditors fails to pass a resolution under Para 1, Item 8, the resolution shall be taken by the receiver in bankruptcy.

Effects of the Resolutions passed by the Meeting of Creditors

Art. 678. The resolutions passed by the meeting of creditors shall be binding to all creditors, including those absent.

Repeal of a Resolution of the Meeting of Creditors by the Court

Art. 679. (1) The bankruptcy court may repeal a resolution of the meeting of creditors, at the request of the debtor or a creditor, in case such a resolution is unlawful or causes substantial damages to a part of the creditors.

(2) (Amended, State Gazette 84/00; suppl. - SG 38/06) The request shall be filed within 7 days from the meeting and shall be heard by a different chamber of the court of bankruptcy with summoning of the debtor and the creditors. The hearing of the request by the court shall be held within 14 days from its filing.

(3) The creditors under Para 2 shall be summoned through the State Gazette.

(4) (Amended, State Gazette 84/00) The court shall issue a determination.

Section V.
Creditors' Committee

Optionality

Art. 680. (1) The meeting of creditors may elect a creditors' committee consisting of at least three and not more than nine members.

(2) The creditors' committee shall include persons representing both secured and non-secured creditors, except for those under Art. 616, Para 2.

Powers

Art. 681. (1) (Amended and added, State Gazette 84/00) The creditors' committee shall assist and supervise the activities of the receiver in bankruptcy with respect to the property administration, inspect the commercial accounts and cash availabilities and inform the court in the cases under Art. 657.

(2) Cash availabilities shall be inspected at least once a month and the bankruptcy court shall be informed of the findings.

(3) (new, SG 58/03) The creditors' committee may, of its own motion or at the request of the court, give an opinion regarding the continuation of the activity of the debtor's undertaking, the remuneration of the provisional and official receiver in bankruptcy, the activities related to the conversion in cash, the liability of the receiver in bankruptcy under Art. 663, Para 1 and other cases.

Remuneration

Art. 682. (1) The members of the creditors' committee shall be entitled to remuneration that is determined at the time of their election and shall be for the account of the creditors.

(2) At the request of the creditors' committee any unpaid remuneration shall be deducted, at the time of distribution of the assets converted into cash, on a pro rata basis from the claims subject to payment.

Assets Acquisition Restriction

Art. 683. Members of the creditors' committee shall not acquire in any way either directly or through another person a property or any right from the bankruptcy estate. This restriction applies also to the spouses, relatives of direct lineage, and relatives of peripheral lineage - up to sixth degree and by marriage - up to third degree.

Supplementary Application of the Obligations and Contracts Act

Art. 684. As far as the relations between the creditors' committee and creditors are not settled by the

provisions of the present Section or by a contract, the provisions of Art. 280-292 of the Obligations and Contracts Act shall apply.

Chapter fourty three.
SUBMISSION OF CLAIMS (Former Chapter Thirty ninth – State Gazette No. 83/1996)

Deadline for Submission

Art. 685. (1) (amended, State Gazette 84/00; amend. - SG 38/06) The creditors shall submit their claims in writing to the bankruptcy court within one month from the entry into the commercial register of the decision for institution of the bankruptcy proceedings.

(2) (Amended, State Gazette 84/00) Each creditor shall indicate the grounds and the amount of his claims, any alleged preference and security, his judicial address and submit documentary evidence.

Limitation of Claims in the Bankruptcy Proceedings

Art. 685a. (new - SG 38/06) (1) The submission of a claim in the bankruptcy proceedings shall interrupt the limitation period. The limitation period shall not run in the course of the bankruptcy proceedings.

(2) Provided that the submitted claim is not admitted to the bankruptcy proceedings and a determinative action is lodged for its establishment, the limitation period for it shall be interrupted. Provided the action was not granted the limitation shall not be considered interrupted.

(3) Provided that the submitted claim was not admitted and within the period referred to in Art. 694 the creditor does not lodge a determinative action, the limitation shall not be considered interrupted.

(4) With the termination of the bankruptcy proceedings as set out in Art. 632, Para 5 a new limitation period shall commence as referred to in Art. 110 of the Obligations and Contracts Act, and to the cases of Art. 740, Para 2 shall apply the provisions of Art. 707b. Where a request for resumption of the bankruptcy proceedings has been made, limitation period shall not run for the admitted claims in the course of the resumption proceedings.

List of Submitted Claims

Art. 686. (amended, State Gazette 84/00; amend. SG 58/03) (1) Within 7 days from the expiration of the term under Art. 685, Para 1 the receiver in bankruptcy shall draw up,:

1. a list of submitted claims that have been admitted in the order of their filing with an indication of the creditor, the amount and the grounds of the claim, any alleged preference and security, the date of the submission;

2. a list of the claims under Art. 687;

3. (amend., - SG 66/05; amend. - SG 38/06) a list of denied submitted claims, an annual financial report for the previous calendar year and of the last month before the date of institution of the bankruptcy proceedings.

(2) The documents under Para 1 shall be made available to the creditors and to the debtor at the office of the court.

Ex officio Entry

Art. 687. (1) (previous, art. 687 - State Gazette 84/00; amend. - SG 38/06, suppl. - SG 102/17, in force from 22.12.2017, amend. – SG 15/18, in force from 16.02.2018) The claims of an employee arising from a labour relationship or terminated labour relationship with the debtor shall be entered ex officio in the list of admitted claims by the receiver in bankruptcy.

(2) (New, State Gazette 84/00) The receiver in bankruptcy shall enter ex officio in the list of lodged

claims also any public claims determined by an act in force.

Subsequent Submission

Art. 688. (1) (Amend., SG 84/00; amend., SG 58/03; amend. - SG 38/06) Claims submitted after the term under Art. 685, Para 1, but not later than two months of its expiration, shall be entered into the list of submitted claims and shall be admitted as set out in the law. After the expiration of the said term no claims which have emerged before the date of institution of the bankruptcy proceedings may be submitted.

(2) A creditor having claims under Para 1 may not contest claims that have been already admitted or a distribution that has been performed and shall be satisfied from the remainder if the converted into cash assets have already been distributed. The additional expenses for the admission of his claim shall be borne by him.

(3) (new, State Gazette 84/00; amend. - SG 38/06) Claims not paid on maturity and arising after the date of institution of the bankruptcy proceedings prior to the approval of the recovery plan shall be submitted under the present chapter. The receiver in bankruptcy shall draw up an additional list for such claims.

(4) (New, State Gazette 84/00; revoked – SG 38/06)

List of the Claims Admitted by the Receiver in Bankruptcy

Art. 689. (amended, State Gazette 84/00; amend. SG 58/03; amend. - SG 38/06) The receiver in bankruptcy shall submit for publication in the commercial register the lists and the financial reports immediately after being drawn up and shall make the available to the creditors and the debtor at the office of the court.

Objecting the List

Art. 690. (amend., SG 58/03) (1) (amend. - SG 38/06) The debtor or a creditor may file with the court a written objection with a copy to the receiver in bankruptcy against any claim admitted or denied by the receiver in bankruptcy within 7 days from the publication under Art. 689.

(2) The receiver in bankruptcy shall be obliged to submit to the court a statement on each filed objection within three days from its receipt but not later than the date of the hearing of the objections by the court.

Claims not Subject to Objections

Art. 691. Not subject to objections shall be claims determined in a judicial decision in force delivered after the date of the decision for institution of the bankruptcy proceedings with the participation of the receiver in bankruptcy.

Approval of the List of the Claims Admitted by the Receiver in Bankruptcy

Art. 692. (amended, State Gazette 84/00) (1) (Amend., SG 70/ 1998; amend., SG 58/03; amend. - SG 38/06) Provided that against the lists referred to in Art. 686, Para 1 no objections have been raised the court shall approve the list of admitted and officially entered claims in camera immediately after the expiration of the term under Art. 690, Para 1. The court shall rule by a determination.

(2) (new - SG 38/06) Provided that objections have been raised against the lists referred to in Art. 686, Para 1 as set out in Art. 690, Para 1, the court shall rule on the lists after examination of the objections.

(3) (amend., SG 58/03; prev. text of para 02 - SG 38/06) The court shall examine the objections in a public hearing by summoning the receiver in bankruptcy, the debtor, the creditor, whose claim inclusion or not inclusion in the list is objected, and the creditor who has raised the objection. Where possible, all objections shall be examined in one hearing.

(4) (prev. text of para 03 - SG 38/06) In case the court finds the objections well founded, it shall approve the list after the necessary changes. Otherwise the court shall dismiss the objections. The court shall rule by a determination within 14 days from the hearing under Para 2.

(5) (prev. text of para 04 - SG 38/06) The determination of the court for approval of the list shall be published in the commercial register.

(6) (new, SG 58/03; prev. text of para 05 - SG 38/06) The determinations under Para 1 and 4 shall not be subject to appeal.

Admitted Claim

Art. 693. (Amended, State Gazette 84/00) All claims included in the list approved by the court of the admitted claims according to Art. 692, except the claims under Art. 694, Para 1, shall be deemed admitted for the purposes of the bankruptcy proceedings.

Bringing Declaratory Actions (title amend. – SG 38/06, amend. – SG 105/16)

Art. 694. (new, SG 84/00; amend., SG 58/03, amend. - SG 105/16) (1) (amend. and suppl. - SG 38/06) The debtor may bring an action to establish the non-existence of:

1. allowed claim, if he has raised an objection under Art. 690, para. 1, but the court has not considered it;

2. a claim included in the list of allowed claims with the order of Art. 692, para. 4.

(2) A creditor with a disallowed claim may bring an action to establish the existence of disallowed claim if:

1. he has raised an objection under Art. 690, para. 1, but the court has left his opposition rejected;

2. the claim lodged by creditors is excluded from the list of allowed claims following the order of Art. 692, para. 4 on the objection by the debtor or by another creditor.

(3) A creditor may bring an action to establish the non-existence of:

1. allowed claim of another creditor, if an objection under Art. 690, para. 1 was made by him, but the court left the opposition rejected;

2. claim of another creditor, included in the list of allowed claims with the order of Art. 692, para. 4.

(4) The Receiver in bankruptcy shall be obligated to participate in the proceedings under par. 1 - 3. In proceedings under par. 2, as third parties - supporters of the debtor may intervene the creditors with claims allowed under Art. 693, and creditors, whose claims are the subject of a claim brought under par. 1-3.

(5) If a claim is brought by the debtor under par. 1 or under a claim brought by a creditor under par. 3, another creditor may not bring the same claim, but can intervene in the proceedings for the claim brought as a co-claimant until the first hearing of the case.

(6) Actions under par. 1-3 shall be brought before the bankruptcy court within 14 days from the date of the order of the court under Art. 692, para. 4 being announced in the Commercial Register, and shall be reviewed by another court.

(7) The state fee shall be determined on one quarter from the claim, for which the declaratory action was brought. Upon bringing the action, state fee shall not be paid in advance. If the claim is rejected, the costs are borne by the claimant.

(8) The effective decision on a claim under par. 1-3 shall have a declaratory action in the relations of the debtor, the Receiver in bankruptcy and any creditors in bankruptcy proceedings.

(9) In the rehabilitation plan, respectively in distributing the liquidated property, there shall be set aside reserves for disallowed claims - the subject of declaratory action.

Expansion of the List

Art. 695. The list approved by the court shall be expanded with subsequently submitted and

admitted claims as set out in the law.

Chapter fourty four.
RECOVERY OF THE UNDERTAKING (PREV. TEXT OF CHAPTER FORTY – SG 83/96)

Recovery Plan

Art. 696. (amended, State Gazette 84/00) A recovery plan may provide for a deferment or rescheduling of payments, a release from liability in full or in part, a reorganisation of the enterprise, or the undertaking of other acts or transactions.

Proposal of a Plan

Art. 697. (1) The right to propose a plan shall be exercised by:

1. the debtor;

2. the receiver in bankruptcy;

3. the creditors holding at least one-third of the secured claims;

4. the creditors holding at least one-third of the unsecured claims;

5. the partners, respectively the stockholders, holding at least one-third of the capital of the debtor company;

6 an unlimited partner;

7. twenty percent of the total number of the debtor's employees.

(2) The creditors holding the claims specified in Art. 616, Para 2, are not entitled to propose a plan.

(3) (New, State Gazette 84/00) In the cases under Art. 630, Para 2 a recovery plan cannot be proposed.

Deadline for Proposing a Plan

Art. 698. (1) (Amended, State Gazette, No 70/1998; State Gazette 84/00; amend. - SG 38/06) A plan can be proposed not later than one month from the moment of publication in the commercial register of the judicial determination for approval of the list of admitted claims according to Art. 692.

(2) More than one plan may be proposed in the bankruptcy proceedings.

Expenses for the Preparation of the Plan

Art. 699. The expenses for the preparation of a plan proposed by the debtor or by the receiver in bankruptcy shall be for the account of the bankruptcy estate, and in the rest of the cases they shall be at the expense of the proposer.

Contents of the Plan

Art. 700. (1) The plan shall contain:

1. (amended, State Gazette 84/00, suppl. – SG, 101/2010) the extent of satisfying the claims, included in the lists approved by the court at the moment of introducing the plan, the manner and periods for paying to the creditors within each class, as well as guarantees for performance of the objected denied claims that are subject to pending judicial proceedings towards the date of proposing the plan;

2. the terms and conditions under which the partners in a general or limited partnership are released from liability in full or in part;

3. the extent of satisfaction received by each class of creditors as compared to what he would have received in the event of distribution of the assets under the terms and procedures provided by law;

4. the guarantees provided to each class of creditors in relation with the implementation of the plan;

5. the managerial, organisational, legal, financial, technical, and other actions for the

implementation of the plan;

6. the influence of the plan on the employment of the debtor's employees.

(2) (amended, State Gazette 84/00; suppl. – SG 47/09, in force from 23.06.2009) The plan may envisage the sale of the entire undertaking, or of a separate part of it, the manner and the conditions of sale, the buyer, a transformation of a claim into a part of the capital, novation of an obligation, or undertaking other actions or transactions. The plan shall not provide for the sale of the property of a water and sewerage operator that is essential for carrying out their main activity until another water and sewerage operator is assigned for the same piece of territory.

(3) (New, State Gazette 84/00; amend. - SG 38/06) in the cases under Para 2 the recovery plan shall be accompanied by a market evaluation of the assets subject of the respective transaction.

(4) (New, State Gazette 84/00) When the recovery plan stipulates the sale of the entire enterprise or of a separate part thereof the recovery plan shall be accompanied by a draft contract signed by the buyer.

(5) (new, SG 58/03) The recovery plan may provide for appointment of a supervisory body for exercising control over the activity of the debtor for the term of effect of the recovery plan or for a shorter period.

(6) (new, SG 58/03) When the recovery plan provides for transformation of claims into a part of the capital the plan shall be accompanied by a list of names of the creditors that have consented to register shares or stocks, a full description of the non-monetary contributions - claims, their capital evaluation according to Art. 72, Para 2, the grounds of the rights of the contributor, as well as the number, the type and the nominal value of the shares, respectively of the stocks acquired. In these cases Art. 72, Para 5 shall not apply. If the assets of the company are insufficient to cover its monetary liabilities the transformation of the claims into a part of the capital shall be made according to the nominal value of the shares, respectively of the stocks. If the assets of the company are sufficient to cover its monetary liabilities the transformation of the claims into a part of the capital shall be made according to the balance value of the shares, respectively of the stocks. When the recovery plan provides for transformation of claims into a share of the capital, the decision for approval of the recovery plan shall have the effect of a decision of the general meeting of the stock holders, respectively of the partners, for increase of the capital through non-monetary contributions.

Supervisory Body

Art. 700a. (new, SG 58/03) (1) The supervisory body under Art. 700, Para 5 may be individual or collective.

(2) The collective supervisory body shall consist of 3 to 7 persons, including a chairman and a deputy chairman.

(3) The chairman shall convene the sittings of the supervisory body on his own initiative, as well as at the request of the members of the supervisory body or of the debtor.

(4) The order of convening the collective supervisory body, the quorum and the way of adopting decisions shall be set out in the recovery plan.

(5) The debtor shall submit to the supervisory body a report of his activity and of the activities undertaken for implementation of the recovery plan at least once in three months.

(6) The debtor shall immediately notify the supervisory body of all new circumstances of substantial importance for the implementation of the recovery plan.

(7) The supervisory body shall have the right, at any time, to request the debtor to submit information or a report on every issue affecting the activity of the debtor and the implementation of the recovery plan.

(8) The bodies of the debtors may, only after a prior consent of the supervisory body, adopt decisions for:

1. transformation of the debtor;

2. closure or transfer of undertakings or of substantial parts of them;

3. transactions with property beyond the usual actions and transactions related to the management

of the commercial activity of the debtor;

4. a substantial change of the activity of the debtor;

5. substantial organisational changes;

6. long-term cooperation of substantial importance for the implementation of the recovery plan or termination of such a cooperation;

7. establishment or closure of a branch.

(9) The circumstances under Para 8 shall be entered in the commercial register.

(10) Objections stating that the actions have been carried out in violation of Para 9 may not be raised against third parties.

Admission of the Plan

Art. 701. (1) (Amended, State Gazette 84/00) In a determination, ruled in camera within 7 days after the expiration of the term under Art. 698, the court shall admit the plan to be examined by the meeting of the creditors, provided the plan meets the requirements of Art. 700, Para 1. The court shall appoint the date of holding the meeting within 45 days after the date of the determination.

(2) (Added, State Gazette 84/00) In case the plan proposed does not meet the requirements of Art. 700, Para 1, the court shall send a notification to the proposer to remove the deficiencies within 7 days. This provision shall not apply in case of repealing the decision of the bankruptcy court for approval of a recovery plan and referring the case by the second-instance court back for continuation of the proceedings.

(3) The determination of non-admission of the plan shall be subject to appeal within 7 days.

Notification of the Plan and Appointing a Meeting of the Creditors

Art. 702. (1) (amended, State Gazette 84/00; amend. - SG 38/06) The court shall send for publication in the commercial register a notification of the date of holding the meeting of the creditors for adoption of the plan admitted for examination.

(2) (amend. and suppl. - SG 38/06) The debtor and the receiver in bankruptcy shall be summoned for the meeting, and the creditors shall be deemed summoned by the publication of the notification in the commercial register.

Adoption of the Plan

Art. 703. (1) Entitled to vote on the plan shall be only creditors with admitted claims or whose voting right is recognized under Art. 673, Para 3.

(2) The creditors shall vote separately in the following classes:

1. creditors with secured claims and creditors with a right of lien;

2. creditors under Art. 722, Para 1, Item 4;

3. (Amended, State Gazette, No 70/1998) creditors under Art. 722, Para 1, Item 6;

4. creditors with unsecured claims;

5. creditors under Art. 616, Para 2,

(3) A creditor may also vote in absentia, by a letter with a notary certified signature.

(4) (Amended State Gazette 84/00) The plan shall be adopted by each class by a simple majority of the aggregate amount of the claims of the same class.

(5) (suppl. - SG 38/06) An objection against the adopted plan may be raised to the bankruptcy court within 7 days after the date of the voting. Objections may be raised also by a creditor holding a denied claim subject to action lodged as referred to in Art. 694.

(6) (new, State Gazette 84/00) A plan shall not be deemed adopted where the creditors holding more than the half of the admitted claims have voted against it, regardless of the classes in which they are distributed.

(7) (new, SG 58/03) The meeting of the creditors may take a decision for appointment of a

supervisory body under Art. 700a even if not provided for in the recovery plan of the undertaking.

(8) (new - SG 38/06) The adoption of the plan shall be published in the commercial register.

Affirmation of the Plan by the Court

Art. 704. (1) The bankruptcy court shall affirm the adopted plan if the requirements of the law have been met.

(2) (amended, State Gazette 84/00) In case several plans have been adopted, affirmed shall be the plan for which creditors with more than half of the aggregate amount of the admitted claims have voted. If it cannot be affirmed, affirmed shall be the plan adopted by the classes of creditors whose interests have been prejudiced to the greatest extent.

(3) (Supplement, State Gazette 84/00) The plan is affirmed in camera. In case objections have been raised against the plan that has been adopted by the meeting of the creditors, the court shall examine the objections in camera by summoning the debtor, the receiver in bankruptcy and the party which has raised the objection. If possible, all objections shall be examined in a single hearing and the court shall decide on the objections within 14 days from the hearing.

Conditions for the Affirmation of the Plan

Art. 705. (1) (Former art. 705, State Gazette, No 70/1998) The court affirms the plan if:

1. the requirements of the law for the adoption of the plan by the different creditor classes have been observed;

2. (amended, State Gazette 84/00; amend. - SG 38/06) the plan has been adopted by a majority of the creditors holding more than half of the admitted claims included in the lists approved by the court under Art. 692, Para 1 and Art. 692, Para 4. In case the plan envisages partial payment, at least one of the creditor classes, which have adopted it, shall receive partial payment;

3. all creditors of the same class shall be treated equally, unless the prejudiced creditors give their consent in writing;

4. the plan ensures that a dissenting creditor and a dissenting debtor will receive the same payment which they would have received if the assets were distributed under the terms and procedures provided by law;

5. no creditor receives more than is due under his admitted claim;

6. no income is envisaged to be received by a partner or a stockholder until the final payment of the debts to the class of creditors whose interests are affected by the plan;

7. no support is envisaged to a sole entrepreneur, an unlimited partner or to their families, larger than the support defined by the court until the final performance of the debts to the class of creditors whose interests are affected by the plan.

(2) (New, State Gazette, No 70/1998) The court shall issue a decision for affirmation of the recovery plan of the undertaking or for refusal to do so.

Effect of the Affirmed Plan

Art. 706. (1) The plan affirmed by the court shall be mandatory for the debtor and the creditors whose claims have arisen before the date of the decision for institution of the bankruptcy proceedings.

(2) (New, State Gazette, No 70/1998) The guarantor and the persons who have arranged a pledge or a mortgage for securing an obligation of the debtor, as well as the jointly and severally liable persons, except those under Art. 610, cannot use the facilities stipulated by the plan.

(3) (Former paragraph 2, State Gazette, No 70/1998) The claims of the creditors under Para 1 shall be transformed in accordance with what is envisaged in the plan.

(4) (Former paragraph 3, State Gazette, No 70/1998) The debtor shall be obliged to carry out the structural changes envisaged by the plan immediately.

(5) (New, State Gazette, No 70/1998) In case of sale of the whole undertaking or a part of it the acts of disposal carried out by the purchaser before the final payment of the price shall be considered invalid with respect to the bankruptcy creditors.

Deadline for conclusion of a contract

Art. 706a. (new, State Gazette 84/00) (1) The deadline for conclusion a contract for sale of the whole undertaking, of a separate part of it according to the affirmed recovery plan shall be one month as of the entry into force of the decision for affirmation of the plan.

(2) If, within the deadline under Para 1, a contract for sale is not concluded according to the draft to the affirmed recovery plan, each of the parties may, within one month from the expiration of the deadline under Para 1, request from the bankruptcy court to declare the contract concluded according to the draft under Art. 700, Para 4, adopted at the meeting of the creditors.

(3) If within the deadline under Para 2 none of the parties requests the declaring of the contract concluded, and if there is a request by a creditor, the bankruptcy court shall resume the proceedings and shall declare the debtor bankrupt.

Termination of the Bankruptcy Proceedings

Art. 707. (1) (suppl., SG 58/03) In the decision for affirmation of the plan, the court shall terminate the bankruptcy proceedings and shall appoint the supervisory body proposed in the recovery plan or elected by the meeting of the creditors.

(2) (Repealed, State Gazette 84/00)

(3) (new, SG 58/03) At the request of a creditor, of the supervisory body or of the debtor, in the decision for affirmation of the plan or later, for the purpose of preserving the assets and enabling the implementation of the plan, the court may:

1. determine the assets which the debtor may dispose of only after an advance permit of the supervisory body, and if there is none - by the court;

2. replace one or more members of the supervisory body with other persons.

(4) (New – SG, 101/2010) Unless otherwise provided for in the judicially affirmed recovery plan under Art. 705 the court shall sentence the debtor to pay the creditors' debts under Art. 688, Para 3, included in the additional list.

Appeal

Art. 707a. (1) (New, State Gazette, No 70/1998, former art. 707 a. State Gazette No. 84/2000; amend. - SG 38/06) The decision under Art. 707 and the decision rejecting the affirmation of a recovery plan of the debtor's undertaking adopted by the meeting of the creditors shall be subject to appeal within 7 days from its publication in the commercial register.

(2) (New, State Gazette 84/00) Following the revocation of the decision of the court no recovery proceedings shall be carried out.

Limitation Period in Case of an Affirmed Recovery Plan

Art. 707b. (new - SG 38/06) (1) A new limitation period under Art. 110 of the Obligations and Contracts Act shall commence with respect to claims under Art. 706, Para 1 as from the date of entry into force of the decision for affirmation of the recovery plan, where the said claims are subject to immediate satisfaction, and where by virtue of the plan their performance is deferred or rescheduled - as from becoming demandable.

(2) In case resumption of the bankruptcy proceedings was requested, limitation shall not run for admitted claims in the course of the proceedings for resumption.

Collection of a Transformed Claim (Title amend. – SG 59/07, in force from 01.03.2008)

Art. 708. (amend. – SG 59/07, in force from 01.03.2008, amend. – SG, 101/2010) On the grounds of the judicially affirmed plan the creditor may request the issue of a writ of execution under Art. 405 of the Code of the Civil Procedure for execution of the transformed claim, irrespective of its amount.

Resumption of the Bankruptcy Proceedings

Art. 709. (1) (Amend., SG 70/1998, SG 84/00; amend., SG 58/03) In case the debtor does not perform his obligations under the plan or under Art. 700a, Para 5, 6, 7 and 8, the creditors whose claims have been transformed by the plan and account for at least 15 per cent of the aggregate amount of the claims, or the supervisory body under Art. 700a may request the resumption of the bankruptcy proceedings, without proving new illiquidity or overindebtedness.

(2) In the cases under Para 1, the transformative effect of the plan concerning the creditors' rights and the security shall be preserved.

(3) (New, State Gazette, No 70/1998) No recovery proceedings shall be carried out in the resumed bankruptcy proceedings.

(4) (New, State Gazette 84/00; suppl. - SG 38/06) The request under Para 1 shall be considered by the bankruptcy court within 14 days from its filing in a public judicial hearing by summoning the creditor who has made the request and the debtor.

Chapter fourty five.
DECLARATION OF BANKRUPTCY (Former Chapter Forty one – State Gazette No. 83/1996)

Decision of Declaring Bankruptcy

Art. 710. The court declares the debtor bankrupt, in case a plan under Art. 696 has not been proposed within the term provided by law or the proposed plan has not been adopted or affirmed, as well as in the cases under Art. 630, Para 2, Art. 632, Para 1, and Art. 709, Para 1.

Contents of the Decision of Declaring Bankruptcy

Art. 711. (1) In the decision of declaring bankruptcy the court shall:

1. (Amended, State Gazette, No 70/1998) declare the debtor bankrupt and rule termination of the activity of the undertaking;

2. rule a general injunction and distress on the debtor's assets;

3. terminate the powers of the debtor's bodies when he is a legal person;

4. deprives the debtor of the right to manage and dispose of the assets included in the bankruptcy estate,

5. rules the start of the conversion of the bankruptcy estate assets into cash, and the distribution of the converted assets.

(2) (Repealed, State Gazette, No 70/1998)

Effects of the Decision (Title amend. – SG 38/06)

Art. 712. (1) The decision of declaring bankruptcy shall be effective in respect of all persons.

(2) (amend. - SG 38/06) The decision for declaring bankruptcy shall be entered into the commercial register.

Appeal of the Decision of Declaring Bankruptcy

Art. 713. (1) (Former Art. 713, State Gazette, No 70/1998; amend. - SG 38/06) The decision of declaring bankruptcy shall be subject to appeal within 7 days from its entry in the commercial register.

(2) (New, State Gazette, No 70/1998; amend. - SG 38/06) The decision which revokes partially or completely or cancels the decision of declaring bankruptcy issued by the district court shall be entered into the commercial register.

Instant Enforceability

Art. 714. The decision of declaring bankruptcy shall be instantly enforceable.

Imposing a General Injunction and Distraint and Their Registration

Art. 715. (1) (amend. - SG 38/06) As from the moment of entry of the decision of declaring bankruptcy into the commercial register, the real estates of the debtor shall be considered under injunction, the movables and the debtor's claims in respect of third parties in good faith shall be considered under distraint.

(2) (amend. - SG 38/06) The general injunction on the debtor's real estates and ships shall be entered into the notary's registers, or in the ships' registers respectively, on the basis of the decision of declaring the debtor bankrupt that has been entered into the commercial register.

Chapter fourty six.
CONVERTING THE ASSETS INTO CASH (Former Chapter Forty – two – State Gazette No. 83/1996)

Scope

Art. 716. (1) (prev. art. 716 - SG 58/03) The immovables and movables as a whole or separate parts of them, the real and the other property rights within the bankruptcy estate shall be converted into cash, insofar as it is required for the payment of the debtor's debts.

(2) (new, SG 58/03) The sale of the property rights of the bankruptcy estate shall be carried out by the receiver in bankruptcy with the permission of the court.

Sale of Property and Property Rights

Art. 717. (amend., SG 58/03) (1) The property and property rights of the bankruptcy estate shall be sold by the receiver in bankruptcy as set out in this chapter and according to the decision of the meeting of the creditors under Art. 677, Para 1, Item 8, except in the cases of Art. 677, Para 4.

(2) At the proposal of the receiver in bankruptcy and according to the decision of the meeting of the creditors the bankruptcy court shall permit the sale of the properties and the property rights as a whole, separate parts of them or individual property rights. The court shall be obliged to decide on the proposal of the receiver in bankruptcy on the day of its filing with the court or at latest on the next working day.

Announcement of the Sale

Art. 717a. (new, SG 58/03) (1) (amend. - SG 38/06) The receiver in bankruptcy shall draw up an announcement of the sale indicating information of the debtor, description of the assets, the procedure and the manner of sale, the place and the day on which the sale shall be carried out, the deadline for accepting the offers during the day and the assessment of the property to be sold.

(2) (amend. - SG 38/06) The receiver in bankruptcy shall place the offer under Para 1 on a visible place in the building of the municipality at the seat of the debtor and in the building at the address of management of the debtor in a period not shorter than 14 days before the day specified in the announcement and shall draw up written records thereof. The receiver in bankruptcy shall submit for publication the

announcement of the sale in a special bulletin of the Ministry of Economy not later than 14 days before the sale day indicated in the announcement.

Place of the Sale

Art. 717b. (new, SG 58/03) The sale shall take place in the office of the receiver in bankruptcy or at the address of management of the debtor on the day indicated in the announcement.

Order of Carrying Out the sale

Art. 717c. (new, SG 58/03) (1) The sale papers shall be kept in the office of the receiver in bankruptcy or at the address of management of the debtor and shall be at the disposal of everybody interested.

(2) A deposit of 10 percent of the assessment shall be paid for participation in the bidding.

(3) Every bidder shall indicate the price he offers in digits and in words and shall file his offer along with the receipt for the paid deposit in a sealed envelope. The offers shall be filed on the day of the sale until the deadline under Art. 717a, Para 1 with the receiver in bankruptcy who shall enter them in the order of their filing in an incoming register.

(4) Immediately after the expiration of the term under Para 3 the receiver in bankruptcy shall announce the received bidding offers in the presence of the attending bidders, of which he shall draw up written records. The written records shall list the bidders and the bidding offers in the order of opening the envelopes. Buyer of the property right shall be considered the one who has offered the highest price. If the highest price is offered by more than one bidder, the buyer shall be determined by the receiver in bankruptcy through an immediate tender through an open bidding, in the presence of the attending bidders. The announcement of the buyer shall be made by the receiver in bankruptcy in the written records to be signed by him and by the attending bidders.

(5) (amend. - SG 38/06) Bidding offers by persons who do not have the right to bid, as well as offers for a price below the assessment, if any, shall be void.

Restrictions to Participate in the Sale

Art. 717d. (new - SG 58/03) (1) (amend. - SG 105/16) The debtor, his agent, the Receiver in bankruptcy and the persons referred to in Art. 185 of the Obligations and Contracts Act shall not be eligible to participate in the bidding and be buyers neither directly, nor through an intermediary or persons related to them.

(2) Where the property right is bought by a person without bidding rights, the sale shall be void.

(3) In the case of Para 2 the money paid by the buyer shall be retained for satisfying the claims of the creditors.

Payment of the Price

Art. 717e. (new, SG 58/03, amend. - SG 105/16) (1) The buyer shall be obliged, within 7 days of completion of the sale, to submit the price proposed by him, deducting the paid deposit.

(2) If a creditor with an allowed claim is declared the buyer or a creditor with rights under Art. 717m, the Receiver in bankruptcy shall prepare a distribution account in which to state the part of the price payable, which the buyer must submit for the payment of claims of other creditors, and also the part withheld against the creditor’s claim. The buyer shall be obliged, within 7 days from the entry into force of the distribution account, to deposit the amounts required for payment of the claims of other creditors, according to the entered into force distribution account, or the amount, by which the price exceeds his claim, where there are no other creditors.

Subsequent Buyers

Art. 717f. (new, SG 58/03) If the price is not paid within the period under Art. 717e:

1. the deposit paid by the bidder shall be used for satisfying the creditors;

2. (amend. - SG 38/06) the receiver in bankruptcy shall invite the bidder who has offered the next highest price unless he has withdrawn his deposit; if this bidder agrees he shall be declared the buyer; if he does not agree or does not pay the price within 5 days from being declared a buyer, the deposit he has paid shall be retained for satisfying the creditors and the receiver in bankruptcy shall offer the assets to the bidder next in order of the offered prices and shall act in such a manner until the exhaustion of all bidders having offered as low as the assessment price; the bidder who agrees to buy the assets and to pay on time the offered price shall be bound according to Item 1.

Holding a New Tender

Art. 717g. (new, SG 58/03; amend. - SG 38/06) (1) In the absence of bidders or if valid bidding offers have not been made, or the buyer has not paid the price, a new sale by tender with open bidding shall be held with initial price of 80 percent of the assessment and following a new announcement as set out into Art. 717a, Para 2.

(2) The bidding at the tender referred to in Para 1 shall be carried out by registration into a bidding list. The bidding step shall be determined by the receiver in bankruptcy and shall be noted in the announcement referred to in Art. 717a.

Assignment

Art. 717h. (new, SG 58/03) (1) (amend. - SG 38/06) When the person declared a buyer pays the due sum in due time the court shall issue a decree for assignment of the object or the right to him on the day following the day of payment.

(2) From the date of issuance of the decree for assignment the buyer shall acquire all rights the debtor has had in the property right. The rights, which third persons have acquired in the property right, may not be opposed to the buyer if these rights may not be opposed to the debtor.

(3) (amend. - SG 38/06) The decree for assignment, issued by the court, may be appealed before the appellate court by the participants in the tender and the debtor.

(4) If the assignment is not appealed the validity of the sale may be disputed by bringing a civil action only for violation of Art. 717d and for failure to pay the price. In the latter case the buyer may prevent the grant of the action if he pays the due sum along with the interests due as from the day of being declared a buyer.

Revoking the assignment

Art. 717i. (new, SG 58/03) If the assignment decree is revoked or if the sale is declared invalid according to Art. 717d the new sale shall be carried out following a new announcement.

Acquisition and Litigation of the Ownership

Art. 717j. (new, SG 58/03) (1) The buyer of movables shall become their owner regardless of whether they have belonged to the debtor.

(2) The former owner shall have the right to receive the price if not paid, and if paid, he shall have the right to claim from the creditors and the debtor what they have acquired pursuant to the distribution.

Livery and Transfer of the Risk

Art. 717k. (new, SG 58/03) (1) The buyer shall be entered into possession of the property right by the receiver in bankruptcy on the grounds of an assignment decree in force, and a certificate of paid fees for

transfer of the property and of registration of the said decree.

(2) The risk of loss of the property right shall be for the account of the buyer, and the expenses related to its preservation until the livery shall be for the account of the bankruptcy estate.

(3) Livery shall be carried out with respect to any person holding the property right. Such person may defend himself only by bringing an action of ownership.

(4) (new - SG 38/06) The sale, carried out according to the procedure of the present Chapter, shall have the effect of a sale at enforcement proceedings according to the order of the Code of Civil Procedure.

Sale in Case of Co-ownership

Art. 717l. (new, SG 58/03) (1) When the enforcement is directed at a property right under co-ownership for a debt of some of the owners, the property right shall be described as a whole but only the ideal part belonging to the debtor shall be sold.

(2) The property may be sold also in its entirety if the remaining co-owners agree to that in writing.

Sale of a Mortgaged or Pledged Property (title amend. - SG 105/16)

Art. 717m. (new, SG 58/03, amend. – SG, 101/2010, amend. - SG 105/16) (1) Upon the sale of property which is mortgaged or pledged by the debtor in order to secure foreign debt or is acquired by the debtor, encumbered by a mortgage or pledge, the Receiver in bankruptcy shall send the secured creditor a message scheduling the sale.

(2) For the amounts received from the sale of property mortgaged or pledged for foreign debt shall be prepared a separate distribution account also indicating the sums owed to the secured creditor. The secured creditor shall have the rights under Art. 728 and 729 regarding the distribution account.

(3) The sum of the secured creditor under the distribution shall be kept by the Receiver in bankruptcy and shall be delivered to the creditor, after the latter has presented a writ of execution for his claim, or has certified before the Receiver in bankruptcy that the secured claim is allowed in the bankruptcy proceedings of the person, whose debt is secured through the sold property.

(4) The sum of a creditor secured by a pledge under the distribution shall be retained by the Receiver in bankruptcy and shall be delivered to the creditor on the basis of a shown certificate from the register of registered special pledge and a notarized signed declaration regarding the actual amount of the secured claim.

Sale in Special Cases

Art. 718. (1) (Amended, State Gazette, No 70/1998; amend. - SG 38/06, amend. - SG 105/16) At the proposal of the Receiver in bankruptcy and as decided by the meeting of creditors, the bankruptcy court shall authorize the sale to be carried out through direct negotiations or through an intermediary, in case the objects or the property rights as a whole, the separate part or the single object, or property right have been offered under Art. 717 and the following, but the sale was not carried out because of lack or withdrawal of a buyer. In such cases the sale price may be lower than the initial price referred to in Art. 717g. The court shall be obliged to decide on the proposal of the receiver in bankruptcy on the day of its receipt in the court or at latest on the next working day.

(2) Shares in other companies owned by the debtor shall be sold after being offered for purchase to the rest of the partners and the offer has not been accepted within one month.

(3) (New, State Gazette, No 70/1998) In case of a sale under Para 1 of the objects and the property rights as a whole or of a separate part the creditors cannot be placed in a less favourable position than in case of a sale of individual objects and property rights.

(4) (Prev. para 3, amend, SG 70/98, amend. - SG 105/16) The deadline for the payment of the price may not be longer than 60 days from the date the choice of buyer. The contract for sale under par. 1 shall be concluded after full payment of the price, where Art. 717e, Para. 2 shall apply accordingly.

(5) (New, State Gazette 84/00) The seller under a contract according to Para 1 shall be the receiver in bankruptcy.

Sale by the Receiver in Bankruptcy of Housing Rented by Employees

Art. 718a. (new - SG 38/06) (1) Provided that at the date of the resolution of the meeting of the creditors referred to in Art. 677, Para 1, Item 8 there are housings owned by the debtor that have been rented out to his employees at the date of the said resolution or to persons holding claims under Art. 687, Para 1, the receiver in bankruptcy shall be obliged to offer for sale these housings to the lessees. In such cases Art. 33 of the Ownership Act shall apply.

(2) The receiver in bankruptcy shall address a notification in writing to every person referred to in Para 1, indicating the housing in question, its assessment as drawn up by the assessor elected by the meeting of the creditors or determined according to Art. 677, Para 4, the term of payment, which shall not be shorter than 30 days and longer than 60 days, as well as the bank account for payment of the price.

(3) The persons referred to in Para 1 shall have the right within a 14-day period from the notification to state in writing before the receiver in bankruptcy their desire to buy the housing at a price equal to the assessment and within the period indicated by the receiver in bankruptcy. At the payment of the price the employees shall have the right to a set-off for claims for unpaid salaries by the debtor.

(4) The contract for sale shall be concluded in notary form, and the seller according to the contract shall be the receiver in bankruptcy. The expenses for the sale shall be for the account of the seller.

(5) The provisions of Para 1 – 4 shall not apply in case of a lawsuit regarding the housing subject of the rental contract.

Sale of a Pledged Object

Art. 719. (Amended, State Gazette, No 70/1998) A pledged object, held by a creditor or by a third person, shall be demanded by the receiver in bankruptcy and sold as set out in the present Chapter, except if the law provides for its sale by the creditor without court intervention.

Chapter fourty seven.
DISTRIBUTION OF THE ASSETS CONVERTED INTO CASH AND CLOSING THE BANKRUPTCY PROCEEDINGS

Section I.
Distribution of the Assets Converted into Cash

Distribution Prerequisite

Art. 720. The distribution shall be carried out when sufficient cash funds are accumulated in the bankruptcy estate.

Distribution Account

Art. 721. (1) (Amended, State Gazette 84/00) The receiver in bankruptcy shall draw up an account for the distribution of the available amounts among the creditors holding claims according to Art. 722, Para 1 in conformity with the order, the privileges, and the securities.

(2) The distribution account shall be partial to the extent that the debts have been paid in full or the entire bankruptcy estate except the non-sellable objects has been converted into cash.

(3) (New, State Gazette 84/00) The inclusion into the distribution account of a claim under Art. 722, Para 1, Item 7 may not be refused, if the debt has been undertaken with the consent of the receiver in bankruptcy or has been acknowledged by him.

Order of the Claims

Art. 722. (1) In the course of the distribution of the converted into cash assets the claims are paid up in the following order:

1. (Amended, State Gazette, No 70/1998; amend. - SG 105/05, in force from 01.01.2006) claims secured by a pledge or mortgage, or distraint or injunction registered under the procedure of the Special Pledges Act - from the received sum from the realisation of the security;

2. claims because of which the right of lien is exercised - from the value of the property subject to lien;

3. bankruptcy costs;

4. (amend., SG 58/03) claims arising from employment relations, which have emerged before the date of the decision for institution of bankruptcy proceedings;

5. maintenance owed by the debtor to third persons by operation of law;

6. (Amended, State Gazette, No 70/1998; State Gazette 84/00) public claims of the state and the municipalities such as taxes, customs, duties, fees, mandatory insurance instalments and others, that have emerged before the date of the decision for institution of bankruptcy proceedings;

7. (Repealed, State Gazette, No 70/1998. Amend. – SG, 101/2010) claims that have emerged after the date of the decision for institution of the bankruptcy proceedings and not paid on maturity;

8. (Former point 9, State Gazette, No 70/1998) the remaining unsecured claims that have emerged before the date of the decision for institution of bankruptcy proceedings

9. (New, State Gazette, No 70/1998) the claims under Art. 616, Para 2, Item 1;

10. (New, State Gazette No 70/1998) the claims under Art. 616, Para 2, Item 2;

11. (New, State Gazette, No 70/1998) the claims under Art. 616, Para 2, Item 3;

12. (new - SG 38/06) the claims under Art. 616, Para 2, Item 4.

(2) (Amended, State Gazette, No 70/1998; amend. - SG 38/06) In case the cash funds are insufficient to fully satisfy the claims under Para 1, Items 3-12, they shall distributed among the creditors of the same rank proportionally.

(3) (new - SG 38/06; amend. – SG 12/09, in force from 01.05.2009) Provided that a number of claims of the state of the same rank were submitted and admitted, the amount shall be paid to the respective rank in general from the distribution account and upon the receipt it shall be distributed by the National Revenue Agency according to the order of the Tax-Insurance Procedure Code. The National Revenue Agency shall immediately notify the bankruptcy court and the receiver in bankruptcy of the effected distribution.

Bankruptcy Costs

Art. 723. Bankruptcy costs are:

1. (amend. - SG 38/06) the state fee for the bankruptcy proceedings and the rest of the expenses incurred before entering into force of the decision for institution of the bankruptcy proceedings;

2. the receiver's remuneration;

3. the amounts owed to the employees, in case the debtor's undertaking has not ceased its activity

4. the expenses for constitution, administration, assessment and distribution of the bankruptcy estate;

5. the maintenance determined for the debtor and his family.

Satisfaction of a Secured Creditor and of a Creditor with Right of Lien

Art. 724. (1) In case the selling price of a pledged or mortgaged object does not completely meet the claim along with the interest incurred, the creditor shall participate for the balance in the distribution along with the creditors with unsecured claims.

(2) In case the selling price of a pledged or mortgaged object exceeds the secured claim with the

interest incurred, the balance shall be included in the bankruptcy estate.

(3) (Amended, State Gazette, No 70/1998) The due sum under Para 2 from the realisation of the security shall be delivered immediately to the creditor.

(4) Paragraphs 1, 2, and 3 shall also apply to satisfying the claim of a creditor with a right of lien.

Participation of Claims under Postponing or Peremptory Conditions

Art. 725. (1) A claim under a postponing condition is included in the initial distribution as a litigated claim. An adequate distribution amount is set-aside for it. In the final distribution, this claim shall be excluded, in case the condition has not occurred.

(2) A claim under a peremptory condition shall be included in the distribution as unconditional.

Setting Aside of Amounts for a Litigated Claim

Art. 726. (1) For a claim litigated before the court, the adequate amount shall be set aside in the distribution account.

(2) In case only the security or the privilege has been litigated, the claim shall be included as unsecured until the settlement of the dispute, the amount which the creditors would have received for a secured claim being set aside in the distribution account.

Publicity of the Distribution Account

Art. 727. (suppl. - SG 38/06) The distribution account shall be placed in a visible and accessible place in the courthouse, designated for this purpose, for 14 days. The composition of the distribution account shall be announced in the commercial register by the receiver in bankruptcy.

Objections against the Account

Art. 728. The debtor, the creditors' committee, and each creditor may raise objections before the court in writing against the distribution account, within the period under Art. 727.

Approval of the Distribution Account

Art. 729. (1) The bankruptcy court shall approve in a determination the distribution account, having made the relevant change in case it has established ex officio or following an objection any unlawfulness.

(2) (new – SG 104/07) The determination for approving the distribution account and any appeals filed against it shall be published in the commercial register, thereby the creditors and the debtor are considered informed.

(3) (amend. - SG 38/06; prev. text of para 2 – SG 104/07, amend. – SG, 101/2010, amend. - SG 105/16) The definition under para. 1 may be appealed against by the debtor, by the creditor committee and by a creditor who has filed an objection under Art. 728. The definition can be appealed by the creditor who has not filed an objection, when the distribution account is amended or canceled with the court's definition under para. 1.

(4) (prev. text of para 3 – SG 104/07) The approved distribution account is executed by the receiver in bankruptcy.

Additional Inclusion of a Creditor in the Distribution

Art. 730. A creditor, who has submitted his claim after a distribution has been made, shall be included in the subsequent distributions without the right of equalisation with what has already been paid.

Additional Inclusion of Amounts

Art. 731. The bankruptcy estate shall include additionally the newly-collected amounts from claims of the debtor and from converting assets into cash, as well as the amounts from claims which the creditors have waived.

Return of the Bankruptcy Estate Balance

Art. 732. After the full payment of the debts, the remaining of the bankruptcy estate shall be returned to the debtor.

Section II.
Closing the Bankruptcy Proceedings

Account and Report of the Receiver in Bankruptcy

Art. 733. (amend. - SG 38/06) Within a period not longer than one month after the depletion of the bankruptcy estate, with exception of the unsellable objects, the receiver in bankruptcy shall present to the bankruptcy court:

1. an account of his activities;

2. a report of the effected distribution of the amounts, collected upon the conversion in cash, and of the remaining unpaid claims.

Conclusive Meeting of the Creditors

Art. 734. (1) The court shall convene a conclusive meeting of the creditors within 14 days after receiving the account of the receiver in bankruptcy.

(2) (amend. - SG 38/06) The meeting shall hear the report of the distribution of the amounts collected upon the conversion into cash and of the remaining unpaid claims. The meeting shall pass a resolution also of the unsellable objects from the bankruptcy estate.

(3) (new - SG 38/06) The meeting of the creditors may pass a resolution for granting the debtor objects of insignificant value or claims the collection of which would be significantly harder.

Closing the Bankruptcy Proceedings

Art. 735. (1) The bankruptcy proceedings shall be closed by means of a judicial decision, when:

1. the debts have been paid;

2. the bankruptcy estate has been depleted.

(2) (new - SG 105/16) The bankruptcy proceedings shall not be terminated when, in order to secure the debtor's obligations, collateral by third parties has been established and enforcement against the collateral has not been completed, or the debtor is a party to pending legal proceedings.

(3) (Prev. Para. 2 - SG 105/16) In the decision under Para 1, the court shall order the deletion of the merchant, unless all creditors have been satisfied and assets have remained.

(4) (amend. - SG 38/06, prev. Para. 3 - SG 105/16) The decision under Para 1 shall be subject to appeal within 7 days from its entry into the commercial register.

Termination of the Powers of the Receiver in Bankruptcy

Art. 736. (1) The powers of the receiver in bankruptcy shall be terminated with the termination of the bankruptcy proceedings.

(2) The receiver in bankruptcy shall hand over the commercial accounts and the remaining assets to the debtor or to the debtor's managing body.

Depositing of the Uncollected Amounts

Art. 737. Upon a judicial order, the receiver in bankruptcy shall deposit with a bank the amounts, which have been set aside at the final distribution, for the purpose of uncollected or litigated claims.

Termination of the Effect of the General Injunction

Art. 738. (1) The effect of the general injunction shall be terminated with the closing of the bankruptcy proceedings.

(2) (amend. - SG 38/06) The general injunction shall be deleted ex officio as from the moment of entry of the decision for the closing of the bankruptcy proceedings.

Exhaustion

Art. 739. (1) The claims that have not been submitted in the bankruptcy proceedings and the rights that have not been exercised shall be extinguished.

(2) (amend. - SG 105/16) The claims that have not been satisfied in the bankruptcy proceedings shall be exhausted, except in the cases of Art. 744, Para 1 and in the cases where, in order to secure the claims that have not been satisfied in the bankruptcy proceedings, collateral by third parties has been established.

Chapter fourty eight.
EXTRAJUDICAL SETTLEMENT (Former Chapter Forty-four – State Gazette No. 83/1996)

Agreement

Art. 740. (1) (Amended, State Gazette, No 70/1998) In every stage of the bankruptcy proceedings the debtor may conclude with all creditors with admitted claims, an agreement for settlement of the payment of the monetary liabilities. In this case the receiver in bankruptcy shall not represent the debtor as a party.

(2) (amend. - SG 38/06) Provided that the agreement complies with the requirements of the law, the court shall close the bankruptcy proceedings with a decision on the condition that there are no actions brought as referred to in Art. 694, Para 1 for establishing non-existence of an accepted claim. The decision shall be subject to appeal within a 7-day period from its entry into the commercial register.

(3) The agreement shall be concluded in writing.

Applicability of the Civil Legislation

Art. 741. The civil legislation shall apply unless otherwise provided in the agreement or the present Act.

Resumption of the Bankruptcy Proceedings

Art. 741a. (New, State Gazette, No 70/1998) If the debtor does not perform his duties under the contract the creditors whose claims amount to at least 15 percent of the aggregate amount of the claims, may request resumption of the bankruptcy proceedings without proving new illiquidity, respectively overindebtedness. Recovery proceedings shall not be carried out during the resumed bankruptcy proceedings.

Chapter fourty nine.
SPECIFIC RULES FOR TRADE COMPANIES (Former Chapter Forty-five – State Gazette No. 83/1996)

Overindebtedness

Art. 742. (1) A trade company shall be deemed overindebted provided its assets are insufficient to meet its financial liabilities.

(2) (Amended, State Gazette, No 70/1998) Institution of bankruptcy proceedings on grounds of overindebtedness may also be requested by a member of the company's management body as well as the liquidator.

Separation of Property

Art. 743. (1) The assets of a general partnership, a limited partnership or a limited stock partnership with respect to which bankruptcy proceedings have been instituted, as well as the assets of an unlimited partner shall be kept separately.

(2) The creditors to personal commercial debts of an unlimited partner shall not participate in the distribution of the company's assets.

(3) The creditors of a trade company may participate in the distribution of the personal property of an unlimited partner only with a claim, which was not satisfied in the course of the company's bankruptcy proceedings.

Chapter fifty .
RESUMPTION OF THE BANKRUPTCY PROCEEDINGS (Former Chapter Forty-six – State Gazette No. 83/1996)

Conditions for Resumption

Art. 744. (1) Terminated bankruptcy proceedings shall be resumed by a judicial decision provided within a year after such termination:

1. amounts set aside for litigated claims are released;

2. assets the existence of which was unknown during the bankruptcy proceedings are discovered.

(2) Where the released set aside amounts and the newly discovered assets are insufficient to meet the costs of the proceedings, the court may refuse to resume the proceedings unless an interested party pays the necessary amount in advance.

Request for Resumption of the Proceedings

Art. 745. The bankruptcy proceedings shall be resumed at the written request of the debtor or of a creditor whose claim is admitted or judicially determined.

Effect of Resumption

Art. 746. (1) In the decision to resume the proceedings the receiver in bankruptcy and the creditors' committee shall be granted restitution in integrum.

(2) The resumed proceedings shall recommence from the final distribution account, which shall be deemed partial.

Chapter fifty one.
RESTITUTION IN INTEGRUM (FORMER CHAPTER FORTY-SEVEN STATE GAZETTE NO. 83/1996; TITLE AMEND. - SG 38/06)

Effect of the Restitutio in Integrum

Art. 747. (1) (prev. text of art. 747 - SG 38/06) The restitution in integrum of a debtor – a sole entrepreneur or an unlimited partner – shall cancel and revoke ex tunc the of a merchant natural person - debtor and an unlimited partner shall delete ex tunc the consequences, which the law relates to the

declaration of bankruptcy.

(2) (new - SG 38/06) This Chapter shall apply correspondingly to the natural persons participating in the management of a company declared in bankruptcy.

Prerequisites for Restitutio in Integrum

Art. 748. (1) Restitutio in integrum shall be granted to a debtor who pays in full the claims admitted in the bankruptcy proceedings, together with the incurred interest and expenses.

(2) Restitutio in integrum shall be granted also in case the debts are not paid in full, if the bankruptcy is due to adverse changes in the economic environment.

(3) An unlimited partner shall be granted restitution in integrum pursuant to Para 1 and 2. If he pays the debts of the illiquid company, such payment shall not be deemed undue payment.

Inadmissibility

Art. 749. No restitution in integrum shall be granted to a debtor convicted for bankruptcy.

Request for Restitutio in Integrum

Art. 750. (1) Debtors shall file a request for restitutio in integrum with the bankruptcy court.

(2) The request shall be accompanied by evidence that the claims admitted in the bankruptcy proceedings have been paid.

Restitutio in Integrum of Deceased Debtors

Art. 751. A request for restitutio in integrum of a deceased debtor shall be filed by at least one of his heirs.

Publication of of the Request for Restitutio in Integrum

Art. 752. (amend. - SG 38/06) The request for restitutio in integrum shall be published in the commercial register in the file of the merchant declared in bankruptcy.

Objection against the Request

Art. 753. (amend. - SG 38/06) Within a month from the publication of the request for restitutio in integrum in the commercial register any creditor holding an admitted or judicially determined claim may raise an objection in writing against the request for restitutio in integrum.

Examination of the Request

Art. 754. The request for restitutio in integrum and the related objections shall be examined in an open hearing by summoning the petitioner and the objected creditor.

Appeal

Art. 755. (1) The judicial decision granting the request shall not be subject to appeal.

(2) The judicial decision rejecting the request for restitutio in integrum shall be subject to appeal by the debtor within a 7-days period.

(3) (amend. - SG 38/06) The judicial decision, which has entered into force, shall be entered into the commercial register in the file of the merchant declared in bankruptcy.

New Request for Restitutio in Integrum

Art. 756. A new request for restitutio in integrum may be filed not earlier than one year from the entry into force of the decision rejecting the request.

Chapter fifty two.
APPLICABLE LAW (Former Chapter Forty-eight – State Gazette No. 83/1996)

Recognition of Foreign Judicial Decision of Bankruptcy

Art. 757. On conditions of reciprocity the Republic of Bulgaria shall recognise foreign judicial decisions that declare bankruptcy, provided they are passed by an authority of the state of the debtor's domicile.

Powers of a Receiver in Bankruptcy Appointed by a Foreign Court

Art. 758. A receiver in bankruptcy appointed in a decision of a foreign court shall have the rights envisaged in the state where the bankruptcy proceedings are instituted, to the extent they do not contradict the public order rules of the Republic of Bulgaria.

Effects of the Subsidiary Proceedings

Art. 759. (1) At the request of the debtor, of the receiver in bankruptcy appointed by a foreign court or of a creditor, a Bulgarian court may institute subsidiary bankruptcy proceedings in respect of a merchant who has been declared bankrupt by a foreign court, provided he has substantial property on the territory of the Republic of Bulgaria.

(2) The decision pursuant to Para 1 shall be effective only in respect of the debtor's assets on the territory of the Republic of Bulgaria.

Effect of Subsidiary Proceedings

Art. 760. (1) An avoidance action brought by the receiver in bankruptcy in the main or subsidiary bankruptcy proceedings shall be deemed to apply to both proceedings.

(2) A creditor who has received a partial payment in the main proceedings shall participate in the distribution of assets in the subsidiary proceedings, if the portion he would receive exceeds the respective portion to be received by the other creditors under the subsidiary proceedings.

(3) A plan referred to in Art. 696 may be approved in the subsidiary bankruptcy proceedings only with the consent of the receiver in bankruptcy in the main bankruptcy proceedings.

(4) When distribution in the subsidiary proceedings is completed, the remaining assets shall be transferred to the assets in the main proceedings.

Part five.
MERCHANT STABILIZATION PROCEEDINGS (new – SG 105/16, in force from 01.07.2017)

Chapter fiftythree.
GENERAL PROVISIONS (new – SG 105/16, in force from 01.07.2017)

Aim of the Proceedings

Art. 761. (new – SG 105/16, in force from 01.07.2017) Merchant stabilization proceedings shall aim to avoid the opening of bankruptcy proceedings by achieving an agreement between the merchant and creditors on how debts will be repaid which may lead to continuation of business operations.

Grounds For Instituting Stabilization Proceedings

Art. 762. (new – SG 105/16, in force from 01.07.2017) (1) Stabilization proceedings may be instituted for a business which is not insolvent, but is in imminent threat of insolvency.

(2) Imminent threat of insolvency shall be deemed present when the merchant, with a view to the forthcoming maturity of its cash obligations within the 6 months after the date of filing the application for stabilization, finds itself unable to pay due cash debts under Art. 608, Para. 1, or may stop payments.

(3) Stabilization proceedings shall not be opened:

1. for a merchant that, within the term stipulated by law, has not asked that his annual financial reports be declared in the Commercial Register for the last three years prior to filing the application for stabilization.

2. for a merchant, for whom stabilization proceedings have been opened in the last three years prior to filing the application for stabilization.

3. for a merchant, for whom an application to open bankruptcy proceedings has already been filed prior to filing the application for stabilization.

4. when over one-fifth of the merchant's debts are to related persons and to persons who, for the last three years, have acquired accounts receivable from persons related to the merchant.

Opening Stabilization Proceedings For A Partner With Unlinited Liability

Art. 763. (new – SG 105/16, in force from 01.07.2017) Simultaneously with instituting stabilization proceedings for a trade company, it shall be deemed as open the stabilizing proceedings for partners with unlimited liability.

Unapplicability Of Stabilization Proceedings

Art. 764. (new – SG 105/16, in force from 01.07.2017) Stabilization proceedings shall not apply to merchants - public companies which hold a state monopoly or have been established under a special act. Proceedings shall also be inapplicable to banks and insurance companies.

Competent Court

Art. 765. (new – SG 105/16, in force from 01.07.2017) The competent court in the stabilization proceedings shall be the district court at the seat of the trader at the time of filing the application for stabilization.

Creditors In The Stabilization Proceedings

Art. 766. (new – SG 105/16, in force from 01.07.2017) (1) In stabilization proceedings shall take part all creditors of the merchant, including creditors, for whom the merchant has established collateral of third party's obligations.

(2) Stabilization shall create equal rights of all creditors of the merchant of one and the same class.

(3) For the participation in stabilization proceedings of creditors with non-cash claims, all non-cash obligations of the business shall be monetized at their market value at the date of filing the application for stabilization.

(4) In stabilization proceedings, creditors shall retain their rights to the given collateral.

(5) Creditors which are related to the merchant shall be satisfied last only after all other creditors have been satisfied.

Entering And Declaring of Acts In Stabilization Proceedings

Art. 767.(new – SG 105/16, in force from 01.07.2017) (1) In the Commercial Register, under the business's batch shall be announced that there has been an application filed for merchant stabilization.

(2) Rulings of the court in stabilization proceedings shall be listed in the Commercial Register under the business's batch.

(3) In the Commercial Register shall be listed the name, telephone number, address and email of the following persons appointed by the court: trusted parties, verifiers–chartered auditors, and supervising

authority over the stabilization plan's implementation, and any changes in this data.

(4) All subpoenas and notifications in stabilization proceedings shall be made by announcements in the Commercial Register under the business's batch. Serving shall be considered in order, if the call, notification or subpoena have been announced in the Commercial Register at least one week prior to the date of the session, respectively the meeting, which they relate to.

(5) The court shall be obliged to send to the Commercial Register an announcement to be made regarding the filed application for stabilization, and also to send the acts under Para. 2 to be listed on the day of their enactment or on the next working day at the latest.

Subsidiary Application And Special Rules

Art. 768. (new – SG 105/16, in force from 01.07.2017) (1) Insofar as in this part there are no special provisions, the respective provisions of the Civil Procedure Code shall apply for the stabilization proceedings.

(2) Apart from the rights regulated in this part, in stabilization proceedings shall also apply the following special procedure rules:

1. the court may establish facts and gather evidence at its own initiative since they matter to the acts enacted in the proceedings;

2. the court may impose ex officio as provided in this part security measures and restrictions on the actions and activities of the merchant;

3. the court shall rule within three days at the request of a participant in the proceedings, unless another deadline is established in this part;

4. the stabilization proceedings shall be stopped only in the case of death of the applicant–sole trader, or of the partner with unlimited liability;

5. the application for stabilization shall not be withdrawn after ruling of the court's order to approve the stabilization plan.

(3) The merchant, the trusted party, the verifier–chartered auditor and every creditor may review the papers in stabilization proceedings and obtain transcripts of them.

Chapter fiftyfour.
OPENING THE PROCEEDINGS (NEW – SG 105/16, IN FORCE FROM 01.07.2017)

Application For Stabilization

Art. 769. (new – SG 105/16, in force from 01.07.2017) (1) Stabilization proceedings shall be initiated following a written application to the court submitted by the merchant.

(2) If the application is submitted by a representative, an explicitly written letter of authorization shall be required.

Contents Of The Application

Art. 770. (new – SG 105/16, in force from 01.07.2017) (1) The application for opening stabilization proceedings must comprise the following:

1. name, respectively company name, seat and management address of the merchant and place of exercising the activity during the last three years;

2. merchant's debts to creditors stating the type, amount and maturity of debts, provided security or security measures imposed in their favour;

3. data about the creditors who are related to the merchant or have been related to the merchant for the last three years prior to the application, stating the size of the debt to these creditors;

4. data about the merchant's assets, any collateral established over the assets and the security measures imposed thereof;

5. details of any judicial, arbitration cases led by and against the merchant, as well as executive

proceedings brought by or against the merchant, including any actions for out-of-court settlement with creditors;

6. detailed information about the manufacturing and business activities performed by the merchant in the last three years prior to filing the application, also the number of hired personnel during the period, and the concluded contracts with partied directly related to the manufacturing and business activities;

7. data about dispositive transactions with property rights beyond the merchant's usual activity for the last three years prior to filing the application, as well as the reasons thereof;

8. a presentation of the circumstances thanks to which the merchant is in imminent threat of insolvency, the reasons for which the merchant proposes a stabilization plan, and the aims to be achieved through the stabilization plan;

9. a concrete proposal of the merchant on the manner, time limits and conditions, under which the merchant will pay its debts to the creditors;

10. the level of satisfaction which every class of creditors shall receive, compared to what the merchant would obtain in monetizing the assets as per the provisions in the legislation;

11. guarantees and collateral which the merchant is prepared to offer every class of creditors in relation to the stabilization plan;

12. management, organizational, legal, financial and other activities in order to implement the stabilization plan;

13. other circumstances relevant to the proposed stabilization plan at the discretion of the merchant, including the appointment of a supervising authority.

(2) The application shall be accompanied by:

1. a list of all creditors with the name, respectively name and addresses, the grounds and the amount of their claims and provided collateral; to the list shall be attached documentary evidence for claims and established collateral, and for non-monetary obligations of the merchant shall be attached an evaluation of the market value of the non-monetary obligation, prepared at the date of filing the application;

2. a list of all creditors, to whom the merchant has established collateral for obligations of third parties, where written evidence for the established collateral shall also be appended;

3. a list of all debtors indicating the amount, purpose and maturity of their obligations to the merchant, as well as data which debtors to the merchant are related to the latter or were related to the merchant for the last three years before filing the application, and an estimate by the merchant about which of his receivables are doubtful or bad;

4. a financial statements at the end of the month preceding the month, in which the application is filed;

5. a copy of the annual financial reports and the consolidated annual financial reports, together with the annual report and consolidated management report on the activity, together with a Chartered Auditor's report, if reports are subject to mandatory independent financial audit and if the law obliges the merchant to draw them, for the last three years before filing the application;

6. an inventory of assets and liabilities at net book value at the date of filing the application, and inventory registers of assets for the last three years before filing the application;

7. a list of non-due obligations of the merchant at the time of filing the application, whose due time will occur in the next 6 months from filing the application for stabilization;

8. a list of the payments made by the merchant exceeding 3 000 BGN during the last one year prior to filing the application for stabilization and a list of the payments made by the merchant to related parties amounting to over 3 000 BGN in the last three years prior to filing the application;

9. an inventory of personal property and property - spousal property – for the sole trader and the unlimited liability partner;

10. detailed plan for the stabilization of the merchant containing the time limits, conditions and manners of payment to creditors, and the degree of satisfaction of the creditors, the proposed guarantees and collaterals;

11. evidence under Art. 77a of the Tax-Insurance Procedure Code.

(3) Where the stabilization plan provides for a partial discharge of the merchant's obligations, the plan shall provide for satisfying no less than 50 percent of the claims of every creditor, except for creditors who are related to the merchant, for whom satisfaction in a snaller amount can be provided for.

(4) Where the stabilization plan provides for a partial discharge of the merchant's obligations, with respect to the secured creditors the plan shall provide for a satisfaction in the amount of the market value of their established collateral and not less than 50 percent of their claims. In this case, to the rehabilitation application shall also be attached a market evaluation of the collateral established by the merchant.

(5) Where the stabilization plan provides for deferred payment of obligations, the term for payment to all creditors may not be longer than three years from the date of termination of stabilization proceedings.

(6) Where the stabilization plan provides for the sale of the entire undertaking, of separate parts of the undertaking or of individual property rights, the application shall be accompanied by a market evaluation of the respective property - subject of the transaction, as well as a draft contract signed by the buyer.

(7) Where the stabilization plan provides for a transformation of debt into equity, the application shall be accompanied by a market evaluation of the claim and by the prior consent of the creditor to subscribe shares, respectively stocks, against his claim. Art. 700, para. 6 shall apply accordingly.

Review Of The Application

Art. 771. (1) (new - SG 105/16, in force from 01. 07.2017) (1) The application to open stabilization proceedings shall be examined by the court immediately in closed session.

(2) Where the application is submitted by a merchant, for whom there are obstacles present for opening stabilization proceedings under Art. 762, para. 3, the court shall, with injunction, terminate the application and return it to the applicant. The injunction for termination of the proceedings shall be subject of appeal by the merchant within 7 days under the Civil Procedure Code.

(3) Where the content of the application does not meet the requirements of Art. 770, para. 1, or they are not evidence attached to it as per Art. 770, para. 2, or the conditions under Art. 770, para. 3-7 have not been met, the court shall notify the applicant to remedy the irregularities within a week. The deadline for removal of irregularities shall run from the announcement of the notification in the Commercial Register. Where irregularities are not corrected in time, the proceedings on the application shall be terminated and the application shall be returned to the merchant. The order to terminate the proceedings and return the application shall be subject to appeal by the merchant within 7 days under the Civil Procedure Code.

(4) The court may decide to examine the application and schedule a public session, if it finds it necessary to hear the merchant or to collect further evidence apart from what has been attached to the application for stabilization.

Opening Of Proceedings

Art. 772. (new - SG 105/16, in force from 01. 07.2017) (1) Should the court find that there are grounds for opening stabilization proceedings for the merchant, the court shall rule to:

1. open stabilization proceedings of the merchant;

2. appoint a trusted party and determine their remuneration;

3. grant or not security measures by imposing a distraint, interdiction or other appropriate security measures;

4. appoint or not a verifier-chartered auditor;

5. determine the date of a public session to examine and approve the stabilization plan proposed by the merchant not later than three months from the date of opening of proceedings.

(2) The ruling to open stabilization proceedings shall be in force with respect to all.

(3) Together with the ruling on the opening of stabilization proceedings, the court shall also declare in the Commercial Register the list of creditors prepared by the merchant under Art. 770, para. 2, item 1.

Rejecting An Application To Open Stabilization Proceedings

Art. 773. (new - SG 105/16, in force from 01.07.2017) (1) The Court shall reject the application to open stabilization proceedings with a ruling should it find that:

1. the proposed stabilization plan does not meet the requirements of Art. 770, para. 3;

2. there are grounds for opening of insolvency proceedings for the merchant under Art. 607a;

3. the merchant fails to appear in court at the public session under Art. 771, para. 4 scheduled to examine the application, or declines to give explanations requested by the court;

4. the proposal for stabilization obviously does not correspond to the property and financial status of the trader;

5. the circumstances outlined in the trader's application clearly do not correspond to the data from the annual financial reports declared in the Commercial Register and to the rest of the evidence attached to the application;

6. the threat of insolvency of the merchant is due to bad faith or neglect of a good business in conducting business matters;

7. the rules of applying state aid legislation are not complied with.

(2) The court may reject the application to open stabilization proceedings with a ruling should it find that:

1. during the last three years prior to filing the application, the merchant has effected donations or transactions which have clearly diminished his assets;

2. there are no conditions and options to continue the activities of the merchant after the adoption of the stabilization plan.

(3) The ruling to reject the application shall be subject to appeal by the merchant within 7 days of its announcement in the Commercial Register under the Civil Procedure Code.

Chapter fiftyfive.
Consequences Of Opening Of Proceedings (new - SG 105/16, in force from 01.07.2017)

Date Of Opening Of Stabilization Proceedings

Art. 774. (new - SG 105/16, in force from 01.07.2017) The stabilization proceedings shall be deemed open from the date of announcement in the Commercial Register of the court ruling under Art. 772.

Company Name After The Opening Of Proceedings

Art. 775. From the opening of stabilization proceedings until its completion, the merchant's name shall be followed by the words 'in stabilization proceedings".

Merchant's Operations Restrictions

Art. 776.(new - SG 105/16, in force from 01.07.2017) (1) Following the opening of stabilization proceedings, the merchant shall not be able to repay debts which occurred prior to the date of the application to open the proceedings and unpaid on maturity, with the exception of transfers to pay public debts for value added tax, excise duties, taxes or mandatory social insurance contributions on behalf of workers, employees or other persons, from whose remuneration the public debt is deducted.

(2) The court may rule that the merchant continue its activities under the supervision of the trusted party, including to conclude all deals or such determined by the court only with the prior consent of the trusted party.

(3) Should the court find that with its actions the merchant may harm creditors' interests, the court shall restrict or divest the merchant of its right to manage and dispose of its assets, and shall give this right to the trusted party.

(4) The court may rule repayment of obligation to the merchant be accepted by the trusted party.

(5) The court may rule repayment of monetary obligations by the merchant be done with the consent of the trusted party.

(6) Restrictions in the rights and activities of the merchant under para. 2-5 may be imposed by the court with the ruling for the opening of stabilization proceedings or in the course of the stabilization proceedings - ex officio or at the request of the trusted party or of any of the creditors.

(7) Restrictions to the merchant imposed by the court under para. 2-5 shall be recorded in the Commercial Register on the basis of the act to impose them.

(8) The court may revoke restrictions on the activities of the merchant if their extension is not necessary in order to achieve the objectives of the stabilization.

(9) Any actions and deals performed by the merchant in violation of the restrictions imposed by the court shall not be opposed to creditors in the stabilization proceedings.

Termination Of Contracts

Art. 777. (new - SG 105/16, in force from 01.07.2017) (1) At the request of either party, the court may allow termination of any bilateral contract, which the merchant is party to, if it is not implemented in full or in part at the time of opening of stabilization proceedings.

(2) The court shall allow termination of the contract under par. 1 only if it finds that the contract's implementation will impede any repayment of obligations of the merchant envisaged in the plan for stabilization and that failure to implement the contract will not cause the other party greater damage than the usual.

(3) Upon termination of the contract, the counterparty shall be entitled to compensation for damages.

Merchant's Duty to Assist

Art. 778. (new - SG 105/16, in force from 01.07.2017) (1) The merchant shall be obliged, immediately upon request, to:

1. communicate to the trusted party the undertaking of any new debt, the conclusion of any new deal, as well as their modification and repayment;

2. provide the trusted person with free access to all premises in their enterprise;

3. provide the trusted person and the appointed verifier the chance to examine its trade books and all other papers related to its activities.

(2) The merchant shall be obliged to provide the court, the trusted person and the appointed verifier the necessary information regarding the state of the assets and commercial activity at the date of the request, and all related documents thereof. Information and documents shall be made available within 7 days of the written request.

Set-off

Art. 779. (new - SG 105/16, in force from 01.07.2017) (1) After opening the stabilization proceedings, creditors may effect set-off of their claims against the merchant and their obligations to it only if the conditions for setting off were met before the opening of stabilization proceedings, as well as such of public claims of the value added tax, the excise taxes, duties or mandatory insurance contributions on behald of workers, employees or other persons, from whose remunerations the public debt is deducted.

(2) After opening the stabilization proceedings , the merchant may not effect set-off where the mutual obligations have arisen before the opening of stabilization proceedings.

Suspension Of Enforcement Action Against The Merchant

Art. 780. (new - SG 105/16, in force from 01.07.2017) (1) After opening the stabilization proceedings, it shall be deemed unacceptable to institute enforcement proceedings against the merchant and to start execution under the order of the Special Pledges Act against assets of the business.

(2) With the opening of stabilization proceedings all enforcement proceedings against the merchant shall be stopped, as well as enforcement under the Special Pledges Act against assets of the business. Security measures on the suspended enforcement proceedings against the merchant may be imposed.

(3) The actions effected till the suspension shall retain power. After suspension, the bailiff or the public bailiff may not carry out new enforcement actions, but may perform actions on securing the claim. Interest shall be accrued for the period of suspension.

(4) The suspension of enforcement cases and enforcement under the Special Pledges Act shall have effect until the termination of stabilization proceedings.

(5) With an approved stabilization plan, the suspension under par. 2-4 shall be replaced with the enforcement of the ruling on the approving of said stabilization plan.

(6) Where stabilization proceedings are terminated without an approved stabilization plan, the suspended enforcement cases and the actions taken on repayment under the Special Pledges Act shall resume immediately.

Suspension Of Limitation

Art. 781. (new - SG 105/16, in force from 01.07.2017) (1) No limitation shall run for claims against the merchant from the opening of stabilization proceedings until their termination.

(2) Any limitation time periods stopped shall continue to run from the termination of stabilization proceedings, except in cases where proceedings have ended with an approved stabilization plan.

Trusted Party

Art. 782. (new - SG 105/16, in force from 01.07.2017) (1) The trusted party shall be an auxiliary body in the stabilization proceedings and the court shall determine their remuneration for said proceedings.

(2) As trusted party the court shall appoint a person with degree in law who meets the requirements of Art. 655, para. 2 for a Receiver in bankruptcy.

(3) Upon appointment, the trusted party shall declare, in a written declaration with notarized signature, the presence of conditions and the lack of obstacles of becoming a trusted party in the stabilization proceedings, as well as participation in trade companies as a partner, shareholder, execution of positions of liquidator, Receiver in bankruptcy, trusted party and other paid positions. Upon the occurrence of a change in any of the circumstances under sentence one, the trusted party shall be obliged to notify the court in immediately writing.

(4) The trusted party shall be obliged to take office within three days of announcing the ruling on the opening of stabilization proceedings by telling the court that they agrees to serve as trusted party. When the trusted party does not assume office, the court shall immediately appoint another person.

(5) The court shall dismiss the trusted party:

1. upon their written request to the court;

2. when placed under guardianship;

3. if the appointed trusted party ceases to meet the requirements of Art. 655, para. 2;

4. in inability to carry out its powers;

5. at the request of creditors holding more than half of the claims.

(6) The court may dismiss the trusted party at any time if it finds that the trusted party does not fulfill its obligations or that their actions jeopardize the interests of the busines and of the creditors.

(7) The court ruling to dismiss the trusted party shall not be subject to appeal.

Powers of The Trusted Party

Art. 783. (new - SG 105/16, in force from 01.07.2017) (1) The trusted party shall have the following powers:

1. to examine the objections and opinions of creditors regarding the list of creditors compiled by the merchant and to propose to the court for approval a list of creditors entitled to vote on the plan for stabilization;

2. to prepare a written report on the status of the assets and of the activities of the merchant;

3. to supervise the activities of the merchant according to the limitations imposed by the court under Art. 776, para. 2-5 and to monitor the implementation of the imposed restrictions;

4. to communicate to the court immediately of any circumstances which justify limiting the activity of the merchant.

(2) The trusted party shall assist the merchant and the creditors in specifying the content of the plan for stabilization.

(3) The trusted party shall submit to the court a written report on:

1. the status of the assets and affairs of the merchant;

2. the reliability of the data contained in the application for stabilization and annexes thereto;

3. the reasons for the threat of insolvency for the merchant;

4. the feasibility of obligations taken with the proposal for stabilization.

(4) The written report under para. 3 shall be presented in court and be available to creditors at the latest 14 days before the scheduled court session to examine the plan for stabilization.

(5) The trusted party shall be obliged to appear at the court session which will consider the proposed stabilization plan in order to verbally confirm their written report and to answer the questions of the court and of the persons participating in stabilization proceedings.

Verifiers

Art. 784. (new - SG 105/16, in force from 01.07.2017) (1) The court may appoint ex-officio, at the opening of proceedings or later, a verifier who must be a chartered auditor. Verifiers shall be appointed whenever the plan provided for a transformation of the merchant or a conversion of receivables into part of the equity.

(2) The appointed verifier shall prepare a report to the court and creditors on the compliance of the predictions and manner of satisfying the creditors, mentioned in the stabilization plan, with the financial and property status of the merchant, including the compliance of the plan with Art. 770, para. 3 and 4.

(3) The court shall determine the remuneration of the verifier, which shall be paid by the merchant within 7 days of notification thereof.

Experts

Art. 785. (new - SG 105/16, in force from 01.07.2017) (1) The court may, ex officio or at the request of a participant in the stabilization proceedings, appoint an expert to clarify the circumstances of importance for the proposed stabilization plan, which require special knowledge.

(2) The expert shall be obliged to appear in person at the court session for the adoption of the plan for stabilization and to confirm their conclusion, and to answer the questions of the court and of the participants in the proceedings.

(3) The court shall determine the remuneration of the expert, which shall be paid by a merchant within 7 days of notification thereof.

Chapter fiftysix.
Examination And Approval Of The Plan For Stabilization (new - SG 105/16, in force from 01. 07.2017)

Compiling a Final List Of Creditors Entitled To Take Part In The Stabilization Proceedings

Art. 786.(new - SG 105/16, in force from 01. 07.2017) (1) Any creditor may object in writing to the court with a copy to the trusted party and to the merchant against the inclusion or non-inclusion of a certain creditor in the list of Art. 770, para. 2, item 1 within 14 days of the announcement of the list in the Commercial Register. The merchant may, within 7 days of expiry of the deadline for objections, express its statement in writing to the court with a copy to the trusted party on the objections raised by creditors.

(2) Within 14 days of the expiry of terms under para. 1, the trusted party shall prepare a draft of a final list of creditors entitled to vote on the stabilization plan, indicating the creditor, the amount and grounds of the claim, privileges and security. The draft of final list shall be drawn up on the basis of

evidence attached by the merchant to the application for the opening of stabilization proceedings, where the trusted party takes into account the objections made and opinions expressed on them, and it is presented to the court.

(3) The court shall examine in closed session the draft of final list and upon consideration of the objections and opinions expressed shall approve the final list of creditors. The court shall issue a ruling no later than 14 days before the scheduled court session to vote on the plan for stabilization. The court ruling on the approving of the final list shall be announced in the Commercial Register no later than 7 days before the court session, in which the plan will be examined.

(4) Where there are no objections to the list of Art. 770, para. 2, item 1 within the period under para. 1, the trusted party shall draft the final list only on the basis of the evidence attached to the application for opening stabilization proceedings.

(5) The creditors included in the final list of creditors approved by the court may participate in the court session to examine the plan for stabilization and to vote for its adoption.

Court Session To Examine The Stabilization Plan

Art. 787. (new - SG 105/16, in force from 01. 07.2017) (1) The stabilization plan shall be examined in open court session with the participation of the merchant, the creditors of Art. 786, para. 5, the trusted party, the verifier and the expert witness in the cases, in which such persons have been appointed.

(2) The participation of the merchant at the court session shall be mandatory.

(3) The court session to examine the plan for stabilization shall take place behind closed doors.

Discussion Of The Proposed Plan For Stabilization

Art. 788. (new - SG 105/16, in force from 01. 07.2017) (1) At the court hearing for the examination of the plan for stabilization, the merchant may clarify, specify and add to the proposed stabilization plan. The additions to the plan may not provide for less favorable conditions for satisfying the creditors from the conditions in the proposed stabilization plan.

(2) The merchant shall be obliged to answer the questions of the court and of the creditors relating to predictions of the plan for stabilization.

(3) At the court hearing, the reports of the trusted party under Art. 783, para. 3, of the verifier and of the expert shall be heard, if such have been appointed in the proceedings.

(4) After specifying the final content of the plan for stabilization, the court shall make a report on the contents of the plan stating clarifications and additions to the proposed stabilization plan made during the court hearing and shall take a vote on the plan.

Voting On The Proposed Stabilization Plan

Art. 789. (new - SG 105/16, in force from 01. 07.2017) (1) Creditors shall vote on the proposed stabilization plan separately in the following classes:

1. creditors with secured claims and creditors with lien;

2. (amend. - SG 102/17, in force from 22.12.2017, amend. – SG 15/18, in force from 16.02.2018) creditors with claims arising from employment relations or terminated employment relations occurred before the date of the ruling for opening of stabilization proceedings;

3. creditors with public law debts incurred till the date of the ruling for opening of stabilization proceedings;

4. creditors with unsecured claims;

5. any creditors who are related to the merchant, regardless of the classes mentioned above.

(2) A creditor may be represented at the court hearing for the adoption of the stabilization plan by a representative with an explicitely written power of attorney.

(3) The plan shall be adopted by each class with a majority of more than half of the claims in the class, where, in order for the plan of this class to be adopted, it is required that minium three-quarters of the creditors in the class have to have voted.

(4) The plan shall be deemed adopted, if creditors who hold more than three-quarters of the claims have voted for it, whereas the votes of creditors under para. 1, item 5 shall not be taken into account.

Approval Of The Stabilization Plan

Art. 790. (new - SG 105/16, in force from 01. 07.2017) (1) The court shall approve or refuse to approve with a ruling the adopted plan in closed session.

(2) The court shall approve the plan if:

1. the requirements of the law have been met;

2. the plan is adopted with the majority of Art. 789, para. 3 in each class of creditors and with the majority of Art. 789, para. 4;

3. all creditors of the same class receive equal degree of satisfaction, in compliance with the requirements of Art. 770, para. 4 and 5;

4. the plan does not provide for the creation of more favorable conditions for some of the creditors, unless when, while adopting the plan, more than three-quarters of all creditors and more than three-quarters of the creditors of the class of the creditor for which more favorable conditions were created, have agreed upon;

5. none of the creditors receives more than due for his claim;

6. the plan provides for full satisfaction of the related persons to the merchant after full satisfaction of the rest of the creditors;

7. there is a prior consent for the plan by the Minister of Finance under Art. 189, para. 1 of the Tax-Insurance Procedure Code and under Art. 3, para. 11 of the National Revenue Agency Act;

8. the applicable rules on state aid are met, including in cases where it is required a decision by the European Commission.

(3) The ruling under par. 1 shall be subject to appeal within 7 days from its announcement in the Commercial Register before the Supreme Court of Cassation under chapter twenty-first of the Civil Procedure Code, where an appeal may be lodged by the merchant and by any creditor affected by the transformative action of the plan.

(4) The Court shall announce in the Commercial Register that an appeal has been filed against the ruling under par. 1, where each of the other parties to the case may make a written objection to the complaint within 7 days from the announcement.

(5) The Supreme Court of Cassation shall issue a ruling on the appeal in closed session, which is final.

Chapter fiftyseven.
Effect of The Stabilization Plan (new - SG 105/16, in force from 01. 07.2017)

Effect of the Plan

Art. 791. (new - SG 105/16, in force from 01. 07.2017) (1) The stabilization plan approved by the court shall be mandatory for the merchant and for the creditors whose claims occured before the date of the decision to approve the plan, including for those who have not participated in the proceedings or have voted against the plan.

(2) The plan shall not create effect for a creditor who is not included in the list of creditors or has not been given the opportunity to vote during the adoption of the plan.

(3) The plan shall not affect the rights of creditors in respect of their established collateral, including in relation to collateral established by third parties and creditors' rights against joint and several debtors.

(4) The plan shall create effect also for the partners with unlimited liability, unless otherwise provided.

(5) Claims of any creditor under par. 1 shall be converted as provided in the plan.

(6) The merchant shall be obliged to perform immediately the structural changes envisaged in the plan.

(7) With the entry into force of the court's ruling for approval of the plan, the powers of the trusted party shall be terminated, as well as the pending bankruptcy proceedings.

(8) With the approval of the plan for stabilization, enforcement cases and enforcement actions under the Special Pledges Act shall be stopped. Suspended enforcement cases and enforcement actions shall be resumed when the plan is not implemented.

Deadline To Conclude Contract

Art. 792. (new - SG 105/16, in force from 01. 07.2017) (1) The deadline to conclude a contract for sale of the entire undertaking, of a separate part of it or of an individual property right, when such is provided for in the approved stabilization plan, shall be one month from the entry into force of the court's ruling for the approval of the plan.

(2) If, within the period under para. 1, no contract for sale according to the draft contract to the approved rehabilitation plan is concluded, it shall be deemed that the plan has not been implemented with respect to all claims affected by the plan.

Non-Performance Of The Plan

Art. 793. (new - SG 105/16, in force from 01. 07.2017) (1) A creditor who does not receive full or partial repayment within the terms envisaged in the plan may, based on the stabilization plan approved by a final court ruling, request the issuance of a writ of execution under Art. 405 of the Civil Procedure Code for their claim.

(2) In the cases under para. 1, the transformative effect of the plan concerning the creditor's rights shall drop retroactively and the creditor may also collect the rest of the original claim as provided by law.

(3) In case that enforcement proceedings was instituted for the claim of the creditor or enforcement action was taken under the Special Pledges Act prior to the opening of stabilization proceedings, the creditor may request resumption of the suspended execution. The court which approved the stabilization plan shall rule with an order at the request of the creditor for resumption. For the order of the court for resumption of execution, Art. 407 of the Civil Procedure Code shall apply respectively.

Limitation Period With Approved Stabilization Plan

Art. 794. (new - SG 105/16, in force from 01. 07.2017) (1) New limitation period shall start to run for the conversion in the stabilization plan under Art. 110 of the Obligations and Contracts Act.

(2) The limitation period shall run from the occurrence of the matured restructured debt envisaged in the stabilization plan.

(3) For the period of execution of a claim transformed with the plan, limitation period shall not run for the rest of the initial claim of the creditor.

Termination Of the Plan

Art. 795. (new - SG 105/16, in force from 01. 07.2017) (1) Any creditor affected by the stabilization plan may seek its destruction because of intimidation or fraud during the execution time of the plan.

(2) The destruction shall be effective only for this creditor and shall entitle him to receive his claim in full.

Chapter fiftyeight.
Termination of the Stabilization Proceedings (new - SG 105/16, in force from 01. 07.2017)

Discontinuing Proceedings

Art. 796. (new - SG 105/16, in force from 01. 07.2017) (1) Stabilization proceedings shall be

discontinued:

1. where the merchant withdraws its proposal for a stabilization plan before the plan has been voted on by creditors;

2. where, within 4 months from opening, no stabilization plan has been approved by the court, regardless of wether proceedings have been stopped;

3. where, after opening proceedings, it is established that there are obstacles under the Art. 762, para. 3 to conduct merchant's stabilization proceedings or it is established that the data provided by the merchant is falce;

4. where the merchant does not participate in the court hearing on the adoption of the plan;

5. in case of infringement of the restrictions imposed by the court with respect to the actions performed by the merchant;

6. where the merchant does not provide assistance to the trusted party, to the court-appointed verifier, or does not provide the court, within the set period, requested additional information and evidence, or does not deposit the expenses set by the court for payment of the remunerations for the trusted party, the verifier or the expert;

7. where the proposed stabilization plan has not been accepted or approved;

8. with the approval of the stabilization plan.

(2) With the ruling on the approval of the plan, the court shall terminate the stabilization proceedings and shall appoint a supervising authority, if such is proposed in the stabilization plan and/or is selected by the creditors' meeting. The supervising authority shall have powers under Art. 700a.

(3) At the request of a creditor, of the supervising authority or of the merchant, with the ruling for approval of the stabilization plan or later, and in order to preserve the assets and ensure implementation of the plan, the court may:

1. determine the assets, with which the merchant to dispose only with the prior permission of the supervising authority, and where there is none – of the court;

2. replace one or more members of the supervising authority with others.

Appeal

Art. 797. (new - SG 105/16, in force from 01. 07.2017) (1) Rulings under Art. 796, para. 1, items. 2-6 shall be subject to appeal by the merchant within one week 7-day term from their announcement in the Commercial Register under Chapter twenty-first of the Civil Procedure Code. The ruling of the Appellate court shall be final.

(2) The ruling of Art. 796, para. 1, item 7 may be appealed by the merchant and by any creditor pursuant to Art. 790, para. 3-5.

(3) Appeals shall be announced in the Commercial Register, which shall mean that the merchant and the creditors are deemd to be regularly informed by the announcement.

Additional provisions

§ 1. (1) "Related persons" within the meaning of this Act shall be:

1. spouses, relatives of direct lineage - without any restrictions, relatives of peripheral lineage - up to and including the fourth degree, and of marriage - up to and including the third degree;

2. employers and employees;

3. the persons one of which is involved in the management of the other one's company;

4. the partners;

5. a company and a person who owns more than 5 percent of the company's shares and stock with voting rights;

6. the persons whose activities are under the direct or indirect control of a third party;

7. the persons who exercise joint direct or indirect control over a third party;

8. the persons one of whom is a commercial agent of the other;

9. the persons one of whom has made a donation in favour of the other.

(2) "Related persons" shall be also persons who either directly or indirectly participate in the management, control or capital of another person or persons, which may enable them to agree on terms and conditions which differ from the standard practice.

§ 1a. (New, SG, No 70/1998) "Separate part" in the context of this Act is an organisational structure which can, independently, carry out economic activity (shop, studio, ship, workshop, restaurant, hotel and the like).

§ 1b. (new - SG 38/06) "Internet site" in the context of this Act shall be a specified resource of the global network – Internet, containing programs, text, sounds, graphics, pictures or other materials accessible through standardized protocol for access and content representation.

§ 1c. (new – SG 104/07) (1) There is "control" within the meaning of this Act, in case a natural or legal entity (controlling):

1. holds the majority of votes in the general assembly of another legal entity, or

2. is entitled to nominate more than half of the members of the managing board or the supervisory body of another legal entity and is, at the same time, a stock holder or a partner in the same legal entity, or

3. is entitled to exercise determining influence on another legal entity by virtue of a contract with it by virtue of its articles of association or statutes, or

4. is a stock holder or a partner in another legal entity and by virtue of a contract with other stock holders or partners controls individually the majority of votes in the general assembly of this legal entity.

(2) In those cases referred to in Para 1, Items 1, 2 and 4 to the votes of the controlling person shall be added the votes of the persons controlled by him/her, as well as the votes of persons, acting on their own behalf but for the account of another person, controlled by it.

(3) In those cases referred to in Para 1, Items 1, 2 and 4 votes of the controlling person shall not be considered the ones related to stocks or shares, held by it for the account of another person, who is not being controlled by it, as well as the votes related to stocks or shares, which the controlling person holds as financial security, in case the rights thereof are being exercised by order or in interest of the person, who has provided the security.

(4) In those cases referred to in Para 1, Items 1, 2 and 4 the total number of votes in the general assembly of the controlled person shall be reduced by the votes related to stocks or shares, owned by it, by a person which the latter controls, or by a person acting on its behalf, but at expense of the other person.

§ 1d. (new - SG 20/13; amend. - SG 13/16, in force from 15.04.2016) "Public contracting authority" within the meaning of this Act shall be any e person within the meaning of Art. 5, Para 2 - 4 of the Public Procurement Act.

§ 1e. (New - SG 27/18) "Valid owner" is a notion within the meaning of § 2 of the Additional Provisions of the Measures Against Money Laundering Act.

§ 2. Debts in foreign currency shall be converted in Bulgarian levs at the exchange rate of the Bulgarian National Bank as of the date on which the ruling to institute bankruptcy proceedings was taken.

§ 3. The provisions set forth in Part Four of this Act concerning commercial companies shall apply also to cooperatives - merchants.

§ 3a. (new - SG 38/06) The Minister of Justice shall arrange keeping of the book referred to in Art. 634c, para 1 in electronic form.

§ 4. (Amend., SG 28/02) The Law for privatisation and post privatisation control shall not apply to cases referred to in Art. 700, paragraph 2 of this Act.

§ 5. (1) (Amend., SG 28/02; amend. and suppl., SG 31/03; amend. - SG 38/06) Decision for determining a method of sale of stocks or shares of a trade company with more than 50 percent of state or municipal property in the capital, for which proceedings for bankruptcy have been opened can be accepted by the date of the decision of the curt on the bankruptcy, can be accepted by the date of the court definition for the bankruptcy for approval of the list of the accepted claims according to art. 692, para 4.

(2) Bankruptcy proceedings shall be discontinued upon approval by the court of the list of recognised claims under Art. 692.

(3) Unless a Privatisation transaction is concluded within 4 months after the discontinuation of bankruptcy proceedings, the latter shall be resumed.

(4) (Amend., SG 28/02) Cash receipts deriving from the privatisation of trade companies with respect to which bankruptcy proceedings have been initiated, shall be distributed pursuant to Chapter Forty Seven, Section I of this Act. The amount which remains after satisfying the creditors shall be distributed pursuant to Art. 8 and 10 of the Law for privatisation and post privatisation control.

§ 5a. (new – SG 104/07) This Law introduces the provisions of First Council Directive 68/151/EEC on co-ordination of safeguards which, for the protection of the interests of members and others, are required by member states of companies within the meaning of the second paragraph of article 58 of the treaty, with a view to making such safeguards equivalent throughout the Community, Second Council Directive 77/91/EEC on coordination of safeguards which, for the protection of the interests of members and others, are required by member states of companies within the meaning of the second paragraph of article 58 of the treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent, Third Council Directive 78/855/EEC based on Article 54 (3) (G) of the Treaty concerning mergers of public limited liability companies, Sixth Council Directive 82/891/EEC based on Article 54 (3) (G) of the Treaty, concerning the division of public limited liability companies, Eleventh Council Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another state, Twelfth Council Company Law Directive 89/667/EEC on single-member private limited-liability companies and Council Directive 86/653/eec on the coordination of the laws of the Member States relating to self-employed commercial agents.

§ 6. This Law shall enter into force on 1 July 1991 and shall repeal Chapters one and two and Art. 65, paragraph 4 of Decree 56 on Economic Activity (published State Gazette No 4 of 1989; correction published No 16 of 1989; amended No 38, 39 and 62 of 1989, No 21, 31 and 101 of 1990, No 15 and 23 of 1991; correction published No 25 of 1991)

§ 7. State-owned and municipal firms registered pursuant to Decree 56 on Economic Activity shall continue their activities under the existing provisions until they are transformed into companies pursuant to

articles 61 and 62 of this Law.

§ 8. (1) The registration of firms pursuant to Decree 56 on Economic Activity shall remain valid, and the following changes shall be made ex lege:

1. sole entrepreneur firms shall be deemed sole entrepreneurs. The name as provided for in Art. 59 shall be added if missing;

2. collective or partnership firms of individuals shall be deemed general partnerships. The necessary extension pursuant to Art. 77 shall be added;

3. limited liability firms shall be deemed limited liability companies. The extension "firma s ogranichena otgovornost" or "OOF" shall be replaced with "druzhestvo s ogranichena otgovornost" or "OOD". The firm's head shall become ex lege the company's manager;

4. joint stock firms shall be deemed joint stock companies. The extension "aktsionerna firma" or "AF" shall be replaced with "aktsionerno druzhestvo" or "AD". The functions of the firm's manager shall be assumed by the company's management board;

5. unlimited liability firms which have not issued stock shall be deemed limited partnerships. The extension "firma s neogranichena otgovornost" or "NOF" shall be replaced with "komanditno druzhestvo" or "KD";

6. unlimited liability firms which have issued stock shall be deemed partnerships limited by shares. The extension "firma s neogranichena otgovornost" or "NOF" shall be replaced with "komanditno druzhestvo s aktsii" or "KDA".

(2) The previous paragraph shall apply mutatis mutandis to foreign and joint firms in the country incorporated pursuant to chapter five of Decree 56 on Economic Activity.

§ 9. (1) Persons who are carrying on economic activities pursuant to Council of Ministers Decree No 35 of 1987 (State Gazette No 48 of 1987) and pursuant to issued on the basis of this decree regulations, and who are merchants within the meaning of this Act, must register within 6 months of the entry into force of this Act.

(2) The deadline under the previous paragraph shall be deemed observed if the respective application is made prior to its expiration.

§ 10. (1) Clauses in articles of incorporation or partnership and in statutes of firms which have been registered prior to the entry into force of this Act and which are inconsistent with its mandatory provisions shall be replaced ex lege with the respective provisions of this Act.

(2) On pending applications for registration the court shall provide, if necessary, a deadline to the interested parties to bring their articles or, respectively, statutes, in conformity with the provisions of this Act.

Transitional and concluding provisions
for the LAW FOR AMENDMENT AND SUPPLEMENT OF THE COMMERCIAL LAW

Promulgated State Gazette No 83/01.10.1996

§ 9. Amendments to articles 203 and 266 as well as to Art. 270a shall apply also to such cases of liquidation that have not been completed to the entry of this Act into force.

§ 13. This Act shall be effective as of November 1, 1996.

This Act was adopted by the 37th National Assembly on September 18, 1996 and the State Seal has been affixed to it.

* Shall apply also to cases of liquidation that have not been completed till November 1, 1996.
* Shall apply also to cases of liquidation that have not been completed till November 1, 1996.
* Shall apply also to cases of liquidation that have not been completed till November 1, 1996.

Transitional and concluding provisions
for the LAW FOR AMENDMENT AND SUPPLEMENT OF THE COMMERCIAL LAW

(Promulgated, SG, No 100 of 1997)

§ 5. On pending applications for registration the court, if necessary, shall assign a term to the interested persons to adjust their company contracts, respectively their statutes in compliance with the provisions of this law.

(Amend.., SG, No 39 of 1998)

§ 6. (1) When a trade company is founded with the exceptional purpose of participating in a privatisation transaction by persons under Art. 25, para 3 and Art. 31, para 1 of the Law for transformation and privatisation of state and municipal enterprises the required minimal capital shall be as follows:

1. for a limited liability company - 500 levs as the shares cannot be less than 1 levs;

2. for a joint-stock company and a limited joint-stock company when founded on a subscription - 10 000 levs and without a subscription - 5 000 levs.

(2) The trade company under para 1 cannot conclude any commercial transactions whatsoever except the ones necessary for participation in the privatisation.

(3) Upon conclusion of the privatisation transaction the trade company under para 1 shall be obliged to bring its capital in compliance with the requirements under Art. 117, para 1, respectively Art. 161, para 2.

(4) If the privatisation transaction is not concluded by the trade company under para 1 it shall be closed within three months from conclusion of the privatisation procedure.

§ 7. (1) The found limited liability companies, joint-stock companies and limited joint-stock companies shall be obliged to bring their capital in compliance with the legally required minimum and request an entry of this circumstance in the commercial register within one year from the enactment of this law.

(2) In the cases under para 1 entry in the commercial register of a decision for increase of the capital of a joint-stock company it shall be required to invest not less than 25 percent of the amount of the capital upon the increase.

§ 8. If the company does not fulfil its obligations under § 7 the provisions of Art. 155, item 2, respectively Art. 252, item 5 shall apply.

The law was adopted by the 38th National Assembly on October 22, 1997 and was affixed with the state seal.

Transitional and concluding provisions
for the LAW FOR AMENDMENT AND SUPPLEMENT OF THE COMMERCIAL LAW

§ 139. The claims under art. 70 of the Commercial Law, filed before the enactment of this law shall be concluded by the previous order.

§ 140. The joint-stock companies shall be obliged to bring their statutes in compliance with art. 162 within one year from the enactment of this law. For failure to fulfil this obligation a proprietary sanction up to 2000 levs shall be imposed.

§ 141. When, prior to the enactment of this law, statutes have empowered a supervisory board with an authority to increase the capital of the joint-stock company this authority shall be retained until their expiration or until a subsequent amendment of the statutes.

§ 142. When, prior to the enactment of this law, there exists a prospectus approved by the State Commission for the Securities for raising capital for constituting a joint-stock company the constituting shall be carried out by the previous order.

§ 143. The establishment claims laid by the order of art. 694 before the date of enactment of the Law for amendment and supplement of the Commercial Law (SG, No 70 of 1998) shall be considered by the order in force by this date. The paid state fee shall be released and shall be returned to the payer.

§ 144. The claims against a decision of the bankruptcy court according to art. 692 before the enactment of this law shall be considered by the order in force by this moment.

§ 145. For pending proceedings on bankruptcy the term under art. 688, para 1 shall begin on the date of enactment of this law.

Transitional and concluding provisions
(SG 58/03, amend., - SG 66/05)

§ 94. A change of a seat of a merchant and an opening of a branch, declared for registration until the enactment of this law, shall be registered by the previous order.

§ 95. Transfer of an enterprise carried out before the enactment of this law shall be registered by the previous order.

§ 96. For found trade companies the term under art. 70, para 2 shall run from the enactment of this law.

§ 97. The claims under art. 70 and 74 against decisions for transformation, filed until the enactment of this law shall be concluded by the previous order.

§ 98. The transformation of trade companies, declared for registration before the enactment of this law, shall be registered by the previous order and shall have effect according to the previous provisions.

§ 99. The rights of creditors in connection with transformations registered until the enactment of this law shall be retained.

§ 100. (1) Within three months from the enactment of the law the Minister of Justice, jointly with the Minister of Economy and the Minister of Finance, shall issue the ordinance under art. 655a, para 1.

(2) Until the issuance of the ordinance under art. 655a, para 1 and the holding of the examinations under art. 655, para 2, item 7 the receivers in bankruptcy shall be appointed by the previous order.

(3) (amend., - SG 66/05) Within one month from the expiration of the term under para 1 examinations shall be organised and held for acquiring qualification of a receiver in bankruptcy by the order of the ordinance under art. 655a, para 1. The order of the Minister of Justice by which the examination is announced shall be promulgated in the State Gazette.

(4) The persons who have successfully passed the examination for acquiring qualification of a receiver in bankruptcy shall be included in a list to be promulgated in the State Gazette.

(5) A person appointed for receiver in bankruptcy or for an interim receiver in bankruptcy for a found bankruptcy proceedings shall be dismissed immediately by the court if he has not been included in the list of persons who may be appointed for receivers in bankruptcy, promulgated in the State Gazette.

§ 101. (1) The found pending bankruptcy proceedings shall be concluded by the order of this law.

(2) Filed appeals against the acts under art. 613, para 1 shall be considered by the previous order.

(3) Regarding the terms under art. 686, art. 688, para 1, art. 690 and art. 694, para 1 which have been running before the enactment of this law shall apply the provisions which have been in force before that, unless they do not expire after the deadlines established by this law.

(4) The public sales for which, before the enactment of this law, offers have been made, shall be concluded by the previous order, upon which the provision of art. 717g shall apply.

Additional provisions
The Law of Amendments and Supplementations to the Commercial Law (SG – 66/05)

§ 31. Everywhere in the law the words "accountancy report" and "accountancy reports" shall be replaced by "financial report" and "financial reports".

Transitional and concluding provisions
TO THE INSURANCE CODE

(PROM. – SG 103/05, IN FORCE FROM 01.01.2006)

§. 28. The code shall enter in force from 1st of January 2006, except:

1. Art. 45, Para 3, Art. 47, Chapter Four, Art. 71, Para 4, Art. 77, Para 5, Art 80, Para 5, Art. 88, Para 3, Art. 89, Art. 99, Para 4, Art. 112-116, Art. 127, 137, 139 -149, Chapter Seventeen, Chapter Twenty Two, Art. 254, Para 1, item 2, Art. 258, Para 1, items 2, 3 and 5, Art. 282, Para 2 and §. 13, item 2, letter "b", item 3, item 4, letter "c" and item 5 of the transitional and concluding provisions, which shall enter in force from the date of the Pre-accession to the European Union of the Republic of Bulgaria Agreement becomes effective;

2. Art. 254, Para 2 which shall enter in force from the date of the Decision of the European Commission, after the data about conclusion of an agreement between the National Bureau of the Bulgarian Automobile Insurers and the Bureaus of the Automobile Insurers of the Member States in accordance with Art. 2, Para 2 of Directive 72/166/EEC for harmonization of the legislation of the Member States, related with the insuring against civil liability with regard to the usage of motor vehicles and for imposing of obligation to insure against such liability is provided;

3. Art. 266, which shall enter into force from 11th of June 2012;

4. Art. 282, Para 4 and Art. 284 – 286, which shall enter in force from the date of the Decision of

the European Commission, after the data about conclusion of an agreement between the National Bureau of the Bulgarian Automobile Insurers and the Bureaus of the Automobile Insurers of the Member States in accordance with Art. 6, Para 3 of Directive 200/26/EU for harmonization of the legislation of the Member States related with the insuring against civil liability with regard to the usage of motor vehicles and for amendment of Directives of the Council 73/239/ EEC and 88/357/EIO is provided. Until the date the Pre-accession to the European Union of the Republic of Bulgaria Agreement enters in force, the National Bureau of the Bulgarian Automobile Insurers shall establish the organization for execution of the functions as a compensatory body.

5. Art. 288, Para 2, which shall enter into force from 11th of June 2007 shall be applied for all filed claims for compensation on which up to this date the managing council of the Guarantee Fund has not pronounced; up to the date on which shall enter in force the Pre-accession to the European Union of the Republic of Bulgaria Agreement, the Guarantee Fund shall pay compensations only if the road-transport accident has occurred on the territory of the Republic of Bulgaria; the Guarantee Fund shall establish the organisation for execution of the functions of Information Centre within a six-months term from the code enters in force.

Transitional and concluding provisions
TO THE TAX-INSURANCE PROCEDURE CODE

(PROM. – SG 105/05, IN FORCE FROM 01.01.2006)

§ 88. The code shall enter in force from the 1st of January 2006, except Art. 179, Para 3, Art. 183, Para 9, § 10, item 1, letter "e" and item 4, letter "c", § 11, item 1, letter "b" and § 14, item 12 of the transitional and concluding provisions which shall enter in force from the day of promulgation of the code in the State Gazette.

Transitional and concluding provisions
TO THE LAW FOR AMENDMENT AND SUPPLEMENTING OF THE COMMERCIAL LAW

(PROM. – SG 38/06)

§ 163. The imperative provisions of this law shall be applied also to existing contracts for sales representation.

§ 164. (Amend., - SG80/06, in force from 03.09.2006) Before the day of entering into force of the Law of the Commercial Register the announcement of the act of the court, the data of the receiver in bankruptcy and the supervisory body, the notifications and subpoenas shall be carried out according to the current order – through promulgation in the State Gazette.

§ 165. (1) The bankruptcy proceedings unfinished before entering into force of this law shall be finished according to the order of this law.

(2) Regarding the terms referred to in Art. 626, para 1 and Art. 698, para 1 which have started to run before entering into force of this law, the provisions previously in force shall be applied.

(3) Regarding public sales which were announced before entering into force of this law, the period of announcement of the notification in force at the date of preparation of the notification shall be applied.

(4) The provision of para 1 shall be applied also regarding Art. 718a for the housings, unless there is contract for their sale concluded at entering into force of this law.

. . . .

§ 167. The provisions of § 1 – 7, § 15, items 3 – 5, § 16 – 77, § 78, item 2, § 79 and 80 shall enter into force from the day the Law of the Commercial Register enters into force.

Transitional and concluding provisions
TO THE LAW OF THE CREDIT INSTITUTIONS

(PROM. – SG 59/06)
§ 36. The law shall enter into force from the date of entry into effect of the Treaty of Accession of the Republic of Bulgaria to the European Union, except for § 35, item 2, which shall enter into force from the date of the promulgation of the law in State Gazette.

Transitional and concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW FOR ACCOUNTING

(PROM. – SG 105/06, IN FORCE FROM 01.01.2007)

§ 61. This Law shall enter in force from 1 January 2007, except for § 48, which shall enter in force on 1 July 2007.

Transitional and concluding provisions
TO THE CIVIL PROCEDURE CODE

(PROM. – SG 59/07, IN FORCE FROM 01.03.2008)

§ 61. This code shall enter into force from 1 March 2008, except for:
1. Part Seven "Special Rules Related to Proceedings on Civil Cases Subject to Application of European Union Legislation"
2. Paragraph 2, Para 4;
3. Paragraph 3 related to revocation of Chapter Thirty Two "a" "Special Rules for Recognition and Admission of Enforcement of Decisions of Foreign Courts and of Other Foreign Authorities" with Art. 307a – 307e and Part Seven "Proceedings for Returning a Child or Exercising the Right of Personal Relations" with Art. 502 – 507;
4. Paragraph 4, Para 2;
5. Paragraph 24;
6. Paragraph 60,
which shall enter into force three days after the promulgation of the Code in the State Gazette.

Additional provisions
TO THE LAW FOR AMENDMENT AND SUPPLEMENTATION OF THE COMMERCIAL LAW

(PROM. – SG 104/07)

§ 11. This Law introduces the provisions of Council Directive 92/101/EEC amending Directive 77/91/EEC on the formation of public limited-liability companies and the maintenance and alteration of their capital, Directive 2006/68/EC of 6 September 2006 amending Council Directive 77/91/EEC as regards the formation of public limited liability companies and the maintenance and alteration of their capital and

Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies.

Transitional and concluding provisions
TO THE LAW FOR AMENDMENT AND SUPPLEMENTATION OF THE COMMERCIAL LAW

(PROM. – SG 104/07)

§ 15. (1) Paragraph 2 shall become effective from the date on which the Commercial law enters into force.

(2) Paragraph 14 shall become effective from the date on which the Law of the Commercial Register enters into force.

(3) Till the entry into force of the Law of the Commercial Register the entering of facts and issue of certificates as per § 14 shall be carried out by the respective district court in accordance with the rules set out in Chapter fifty two of the Civil Procedure Code, and the announcement of the acts shall be carried out by promulgation in the State Gazette.

Transitional and concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW ON COMMERCIAL REGISTER

(PROM. - SG 50/08, IN FORCE FROM 30.05.2008)

§ 30. The Law shall enter into force from the day of its promulgation in the State Gazette except § 24 regarding § 4, Para 7 of the transitional and concluding provision, which shall enter into force from 1 January 2008.

Transitional and concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE CODE OF CIVIL PROCEDURE

(PROM. - SG 50/08, IN FORCE FROM 01.03.2008)

§ 48. The Law shall enter into force from 1 March 2008 except § 23, 25, 45, 46 and 47, which shall enter into force from the day of its promulgation in the State Gazette.

Additional provisions
TO THE LAW ON SUPPLEMENTATION OF THE COMMERCIAL LAW

(PROM. – SG 108/08)

§ 4. This Law shall implement the provisions of Directive 2007/63/EC of the European Parliament and of the Council of 13 November 2007 amending Council Directives 78/855/EEC and 82/891/EEC as regards the requirement of an independent expert’s report on the occasion of merger or division of public limited liability companies (OJ L 300, 17.11.2007).

Transitional provisions

(PROM. – SG 108/08)

§ 5. The provision of Art. 262k, Para 5 shall not apply when upon entry in force of this Law the report of the management body regarding the transformation has been announced in the commercial register.

Transitional and concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE TAX-INSURANCE PROCEDURE CODE

(PROM. – SG 12/09, IN FORCE FROM 01.05.2009; SUPPL. - SG 32/09)

§ 68. (suppl. - SG 32/09) This Law shall enter into force from 1 May 2009 except § 65, 66 and 67 which shall enter into force from the date of promulgation of the Law in the State Gazette and § 2 - 10, § 12, items 1 and 2 - regarding para 3, § 13 - 22, § 24 - 35, § 36, paras 1 - 4, § 37 - 51, § 52, items 1 - 3, item 4, letter "a", item 7, letter "f" - regarding para. 10 and para 11, item 8, letter "a", items 9 and 12 and § 53 - 64, which shall enter into force from the 1st of January 2010.

Transitional and concluding provisions
TO THE LAW ON PAYMENT SERVICES AND PAYMENT SYSTEMS

(PROM. – SG 23/09, IN FORCE FROM 01.11.2009)

§ 68. The Law shall enter into force from 1 November 2009 except for § 10, which shall enter into force from the day of its promulgation in the State Gazette.

Transitional and concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW FOR THE WATERS

(PROM. – SG 47/09, IN FORCE FROM 23.06.2009)

§ 46. The Law shall enter into force from its promulgation in the State Gazette, except for § 26, 29, 30, 32 - 36 and 40, which shall enter into force within three months from its promulgation.

Additional provisions
TO THE LAW, AMENDING AND SUPPLEMENTING THE COMMERSIAL LAW (PUBL. – SG, 101/2010)

§ 20. This law shall implement the provisions of Directive 2009/109/EC of the European Parliament and of the Council of 16 September 2009, amending Directives 77/91/EEC, 78/855/EEC and 82/891/EEC of the Council and Directive 2005/56/EC in relation to the requirements for drawing up reports and documents in joinders and splitting (OJ, L259/14 of 2 October, 2009)

Transitional and concluding provisions

TO THE LAW, AMENDING AND SUPPLEMENTING THE COMMERCIAL LAW (PUBL. – SG, 101/2010)

§ 21. The owners, respectively creditors of named shares, which have not been entered into the shareholders' register on the date of enforcement of thei law, shall be obliged to request registering within 3 month term after the enforcement of this law.

§ 22. The current procedures on insolvency and the procedures under Art. 649 shall be finalized as provided by this law.

§ 23. Started procedures on transformation of commercial companies on the date of the enforcement of this law shall be finaised under the current procedure, if the transformation contract has been concluded, or the transformation plan has been made before its enforcement.

Transitional and concluding provisions
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW ON COMMERCIAL REGISTER

(PROM. - SG 34/11, IN FORCE FROM 01.01.2012)

§ 19. The Law shall enter into force from the day of its promulgation in the State Gazette, except § 17, Item 1, which shall enter into force from 1 January 2011.

Transitional and concluding provisions
TO THE WASTE MANAGEMENT ACT

(PROM. – SG 53/12, IN FORCE FROM 13.07.2012)

§ 35. This Act shall enter into force from the day of its promulgation in the State Gazette except for the following provisions:

1. Art. 10, para 3 and 6, Art. 11, para 1, Art. 19, para 5, Art.38, para 4 and Art.39, para 3, which shall enter into force in two years time from the entry into force of the Act;

2. Art.33, para 4 and Art.34, which shall enter into force from January 1, 2013;

3. Art.49, para 8, which shall enter into force from January 1, 2015.

Transitional and concluding provisions
TO THE ACT AMENDING AND SUPPLEMENRING THE HEALTH INSURANCE ACT

(ОБН. - ДВ, БР. 60 ОТ 2012 Г., В СИЛА ОТ 07.08.2012 Г.)
(PROM. - SG 60/12, IN FORCE FROM 07.08.2012)

§ 44. This Act shall enter into force from the day of its promulgation in the State Gazette.

Transitional and concluding provisions
TO THE OBLIGATORY STOCKS OF CRUDE OIL AND PETROLEUM PRODUCTS ACT

(PROM. – SG 15/13, IN FORCE FROM 15.02.2013)

§ 22. This Act shall enter into force from the day of its promulgation in the State Gazette.

Additional provisions
TO THE ACT AMENDING AND SUPPLEMENRING THE COMMERCE ACT

(PROM. - SG 20/13)

§ 12. This Act introduces the requirements of Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on Combating Late Payment in Commercial Transactions (OB, L 48/1 of February 23, 2011).

Transitional and concluding provisions
TO THE ACT AMENDING AND SUPPLEMENRING THE COMMERCE ACT

(PROM. - SG 20/13)

§ 13. Paragraphs 2 - 5, 11 and 16 shall not apply to contracts concluded till March 15, 2013.

§ 14. (1) Paragraph 7, § 8 regarding para 2 and paras 5 - 7, § 9 and 10 shall apply to pending insolvency proceedings and claim proceedings for the complement the bankruptcy estate.

(2) Within one month from entry into force of this Act the claims filed pursuant to the current provisions of Art. 645, para 4, Art. 646, para 2, items 1 and 3, Art. 647 and 649, under which the proceedings are pending, may be withdrawn without the consent of the defendants, regardless of the phase of the proceedings.

§ 15. Claims under Art. 646, para 2, items 2 and 4 filed till the entry into force of this Act shall be completed according to the previous procedures.

Concluding provisions
TO THE ACT AMENDING AND SUPPLEMENTING THE COMMERCIAL REGISTER ACT

§ 16. The Act shall enter into force from January 1, 2017, except for 3, § 6, item 1, 3 - 6, § 8, 14 and 15, which shall enter into force from the date of its promulgation in the State Gazette.

Transitional and concluding provisions
TO THE ACCOUNTANCY ACT

(PROM. - SG 95/15, IN FORCE FROM 01.01.2016)

§ 29. The Act shall enter into force as of January 1, 2016, except for Art. 48 - 52, which shall enter into force from January 1, 2017.

Transitional and concluding provisions
TO THE PUBLIC PROCUREMENT ACT

(PROM. – SG 13/16, IN FORCE FROM 15.04.2016)

§ 29. This Act shall enter into force on April 15, 2016, with the exception of:

1. Article 39, which shall enter into force on July 1, 2017 and – regarding the central purchasing bodies - from January 1, 2017;

2. Article 40:

a) Para 1 and Para 3, item 1-4 and item 10, which shall enter into force from July 1, 2017;

b) Para 3 item 5-9, which shall enter into force from January 1, 2020;

3. Article 41, Para 1 - on technical compatibility and connectivity, and para 2, which shall enter into force from July 1, 2017;

4. Article 59, Para 4, which shall enter into force on July 1, 2018;

5. Article 67:

a) Para 4 - concerning the mandatory representation of ESPD in electronic form, which shall enter into force on April 1, 2018;

b) Para 8, item 2, which shall enter into force on June 1, 2018;

6. Article 97, which shall enter into force on January 1, 2017;

7. Article 232, which shall enter into force on September 1, 2016;

8. § 26, Para 1 and § 27, which shall enter into force from the day of promulgation of the Act in the State Gazette.

Concluding provisions
TO THE ACT AMENDING AND SUPPLEMENTING THE COMMERCE ACT

(PROM. - SG 105/16)

§ 24. Paragraph 19 shall enter into force within 6 months from the promulgation of the act in the State Gazette.

Concluding provisions
TO THE ACT AMENDING AND SUPPLEMENTING THE LABOUR CODE

(PROM. - SG 102/17, IN FORCE FROM 22.12.2017)

§ 9. The Act shall enter into force on the day of its promulgation in the State Gazette with the exception of § 2, item 2 and § 6, items 3, 4 and 5, which shall enter into force on 31 March 2018.

Transitional and concluding provisions
TO THE MARKETS IN FINANCIAL INSTRUMENTS ACT

(PROM. - 15 OF 2018, IN FORCE FROM 16.02.2018)

§ 42. This Act shall enter into force on the day of its promulgation in the State Gazette, with the exception of:

1. Article 222, Para. 1-3, which shall enter into force on 3 September 2019;

2. paragraph 13, item 12, letter a, which shall enter into force on 1 January 2018;

3. paragraph 13, item 12, letter b, which shall enter into force on 21 November 2017;

4. paragraph 17, item 37 concerning Art. 264a and item 39 regarding Art. 273b, which shall enter into force on 1 January 2020.

Additional provisions
TO THE ACT AMENDING THE COMMERCE ACT

(PROM. - SG 88 OF 2018, IN FORCE FROM 23.10.2018)

§ 10. This Act introduces the requirements of Art. 10, paragraph 2, Art. 58, paragraphs 1, 2 and 5,

and Art. 59, paragraph 1, letter “a” and paragraph 2 of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, amending Regulation (EU) № 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament and of the Council, and repealing the Commission Directive 2006/70/EC (OJ, L 141/73, of 5 June 2015).

Transitional and concluding provisions
TO THE ACT AMENDING THE COMMERCE ACT

(PROM. - SG 88 OF 2018, IN FORCE FROM 23.10.2018)

§ 11. The bearer shares or substitute temporary certificates, issued prior to the entry into force of this Act, shall be replaced by registered shares.

(2) Within 9 months of the entry into force of this Act, companies which have issued bearer shares or substitute temporary certificates shall be obliged to amend their statutes by providing that their shares are registered, replace the bearer shares or the substitute temporary certificates with registered shares, begin to keep books for the shareholders, declare the changes for registration and submit the amended statutes to the Commercial register for announcement. Attached to the application shall be a validated current excerpt from the shareholders' book.

(3) After the entry into force of this Act against temporary certificates certifying rights on subscribed bearer shares, only registered shares shall be received.

(4) In the event that a shareholder fails to present for exchange the bearer's shares or substitute temporary certificates held by him within the term under Para. 2, the company shall invalidate them. In this case, Art. 189, Para. 3, the third and fourth sentences shall apply accordingly.

(5) Any shareholder, whose bearer shares or substitute temporary certificates are invalidated as per Para. 4, shall have the right to ask the company to pay the equivalence of the contributions made to them within 6 months of the knowledge but not later than 5 years from the date of the invalidation.

§ 12. (1) Creditors with a pledge of bearer shares or substitute temporary certificates shall carry out within the term under § 11, Para. 2 the actions for replacement of the bearer shares, respectively for replacement of the substitute temporary certificates with registered shares. Otherwise, the company shall invalidate the bearer's shares or the substitute temporary certificates and Art. 189, Para. 3, third and fourth sentences shall apply accordingly.

(2) Upon replacement, the company shall note on the nominal share the pledge according to the request of the pledgee, and shall enter it in the shareholder book.

(3) Paragraphs 1 and 2 shall apply mutatis mutandis in case of attachment of bearer’s shares or substitute temporary certificates under Art. 515, Para. 1 of the Civil Procedure Code.

(4) Creditors with a pledge or attachment shall be liable for damages caused guiltily to a shareholder as a result of invalidation of his shares or the substitute temporary certificates as per Para. 1, or false records made in connection with the pledge or attachment upon replacement of the shares.

§ 13. (1) Trade companies which do not fulfill their obligations under § 11 and have no pending proceedings on application for registering changes shall be terminated by the order of Art. 252, Para. 1, item 4.

(2) Within two months after the expiration of the term under § 11, Para. 2, the Registry Agency shall draw up a list of trade companies which have not fulfilled their obligations under § 11 and have no pending proceedings on application for registering changes.

(3) The list shall be sent to the Prosecutor's Office for filing claims pursuant to Art. 252, Para. 1, item 4.

(4) The list shall be updated every 6 months and sent to the Prosecutor's Office.

§ 14. Claims under Art. 74, Para. 4 which contest a decision of the general meeting of a joint-stock company with issued bearer shares requested until entry of the respective changes under § 11, Para. 2, shall be considered under the order prevailing hitherto.

§ 15. Secondary normative acts shall be brought into compliance with this Act within three months of its entry into force.

§ 16. The Act shall enter into force on the day of its promulgation in the State Gazette, with the exception of § 6 which shall enter into force on June 1st, 2019.

Relevant acts from the European legislation

DIRECTIVE 2003/58/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 JULY 2003 AMENDING COUNCIL DIRECTIVE 68/151/EEC, AS REGARDS DISCLOSURE REQUIREMENTS IN RESPECT OF CERTAIN TYPES OF COMPANIES

DIRECTIVE 2002/47/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 6 JUNE 2002 ON FINANCIAL COLLATERAL ARRANGEMENTS

DIRECTIVE 2000/35/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 29 JUNE 2000 ON COMBATING LATE PAYMENT IN COMMERCIAL TRANSACTIONS

DIRECTIVE 2000/26/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 16 MAY 2000 ON THE APPROXIMATION OF THE LAWS OF THE MEMBER STATES RELATING TO INSURANCE AGAINST CIVIL LIABILITY IN RESPECT OF THE USE OF MOTOR VEHICLES AND AMENDING COUNCIL DIRECTIVES 73/239/EEC AND 88/357/EEC

DIRECTIVE 97/9/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 3 MARCH 1997 ON INVESTOR-COMPENSATION SCHEMES

COUNCIL DIRECTIVE 96/26/EC OF 29 APRIL 1996 ON ADMISSION TO THE OCCUPATION OF ROAD HAULAGE OPERATOR AND ROAD PASSENGER TRANSPORT OPERATOR AND MUTUAL RECOGNITION OF DIPLOMAS, CERTIFICATES AND OTHER EVIDENCE OF FORMAL QUALIFICATIONS INTENDED TO FACILITATE FOR THESE OPERATORS THE RIGHT TO FREEDOM OF ESTABLISHMENT IN NATIONAL AND INTERNATIONAL TRANSPORT OPERATIONS

COUNCIL DIRECTIVE 92/101/EEC OF 23 NOVEMBER 1992 AMENDING DIRECTIVE 77/91/EEC ON THE FORMATION OF PUBLIC LIMITED- LIABILITY COMPANIES AND THE MAINTENANCE AND ALTERATION OF THEIR CAPITAL

COUNCIL DIRECTIVE 72/166/EEC OF 24 APRIL 1972 ON THE APPROXIMATION OF THE LAWS OF MEMBER STATES RELATING TO INSURANCE AGAINST CIVIL LIABILITY IN RESPECT OF THE USE OF MOTOR VEHICLES, AND TO THE ENFORCEMENT OF THE OBLIGATION TO INSURE AGAINST SUCH LIABILITY

TWELFTH COUNCIL COMPANY LAW DIRECTIVE 89/667/EEC OF 21 DECEMBER 1989 ON SINGLE-MEMBER PRIVATE LIMITED-LIABILITY COMPANIES

SIXTH COUNCIL DIRECTIVE 82/891/EEC OF 17 DECEMBER 1982 BASED ON ARTICLE 54 (3) (G) OF THE TREATY, CONCERNING THE DIVISION OF PUBLIC LIMITED LIABILITY COMPANIES

THIRD COUNCIL DIRECTIVE 78/855/EEC OF 9 OCTOBER 1978 BASED ON ARTICLE 54

(3) (G) OF THE TREATY CONCERNING MERGERS OF PUBLIC LIMITED LIABILITY COMPANIES

SECOND COUNCIL DIRECTIVE 77/91/EEC OF 13 DECEMBER 1976 ON COORDINATION OF SAFEGUARDS WHICH, FOR THE PROTECTION OF THE INTERESTS OF MEMBERS AND OTHERS, ARE REQUIRED BY MEMBER STATES OF COMPANIES WITHIN THE MEANING OF THE SECOND PARAGRAPH OF ARTICLE 58 OF THE TREATY, IN RESPECT OF THE FORMATION OF PUBLIC LIMITED LIABILITY COMPANIES AND THE MAINTENANCE AND ALTERATION OF THEIR CAPITAL, WITH A VIEW TO MAKING SUCH SAFEGUARDS EQUIVALENT

FIRST COUNCIL DIRECTIVE 68/151/EEC OF 9 MARCH 1968 ON CO-ORDINATION OF SAFEGUARDS WHICH, FOR THE PROTECTION OF THE INTERESTS OF MEMBERS AND OTHERS, ARE REQUIRED BY MEMBER STATES OF COMPANIES WITHIN THE MEANING OF THE SECOND PARAGRAPH OF ARTICLE 58 OF THE TREATY, WITH A VIEW TO MAKING SUCH SAFEGUARDS EQUIVALENT THROUGHOUT THE COMMUNITY