COMMERCIAL 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

Part one. GENERAL PART

Chapter one. GENERAL PROVISIONS

Art. 1

(1) (Amended, SG No 83/1996) For the purposes of this Act a merchant shall mean any individual or corporate body engaged by occupation in any of the following transactions:

1. purchasing goods or other chattels 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 are:
1. the companies;
2. the cooperatives, except housing cooperatives.

(3) Any person who has established a business, which in accordance with its purposes and volume requires that its activities be conducted on a commercial basis even if not listed under paragraph 1, shall also be deemed a merchant.

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

Art. 3

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

Art. 4

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

Article 4a

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

Art. 5

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

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

Chapter three. TRADE NAME AND SEAT

Art. 7

(1) A trade name shall be the name under which a merchant shall carry on its business and under which it shall sign.

(2) (Amend., SG, No 103 1993) In addition to the necessary content established by law, a trade name may also denote the purposes of a business, the names of the partners, and a freely chosen 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 mandatorily inscribe its trade name in Bulgarian. It may additionally inscribe it in a foreign language.

Art. 8

The trade name of a branch shall incorporate the trade name of the merchant and the extension "branch".

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

Art. 10

(1) A trade name may be changed upon an application by the merchant which 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.

Art. 11

(1) A trade name may be used only by the merchant which has registered it.

(2) In case of use of another's trade name the interested parties shall be free to seek an injunction, as well as damages for such use.

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.

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) A merchant shall provide the following data on all his commercial correspondence and his Internet site if available: trade name; seat and

registered office; the unified identification code and bank account. A merchant may also provide a forwarding address. Whereas a trade company shall point out the amount of their capital, they shall also point out the part of which has been paid in.

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

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. ENTERPRISES AND TRANSACTIONS WITH THEM

Art. 15

(1) An enterprise as a set of rights, obligations and factual relations shall be transferable by a transaction in writing with the signatures attested 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. 262p 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.

Art. 16

(1) (amend., SG 58/03; amend. - SG 38/06, in force from 01.07.2007) The transfer of an enterprise shall be registered 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)

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

(4) (Amended SG 104/1996; prev. para 2 - SG 58/03) Should the contract transfer real property or another interest therein, the contract shall be registered with the recordation office as well.

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

(2) (amend. - SG 38/06, in force from 01.07.2007) Within the period under para 1 every creditor of the transferor or the transferee, whose receivable has not been secured and has occurred before the date of the entry of the transfer, may require

execution or security in compliance 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 individual management.

Chapter five. BRANCHES

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 on the grounds of a written application containing:

1. seat and subject of activity of the branch;

2. data for the person managing the branch and for the extent of his representative authority.

(3) Attached to the application under para 2 shall also be 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).

Art. 17a. (new – SG 66/05)

(1) (amend. - SG 38/06, in force from 01.07.2007) A branch of a foreign person, registered with the right of performing trade activity under the 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 name of the foreign person, as well as the firm or the branch if it is different than this of the foreign person;

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

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

4. the persons, who shall represent the foreign person as per the register, where it is registered, 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 in the register:

1. under Para 2, as well as each change in it, including closing of the branch;

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

3. from all the acts of the insolvency-court, which ate 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 if such exist;

4. about the deletion of the foreign person.

(4) At the register shall be submitted a copy of:

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

2. each annual financial report of the foreign person, after being registered or presented as per legislation of the state where it is registered.

Art. 18

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

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.

Art. 20

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

Chapter six. AGENCY

Art. 21

(1) (Amended, SG No 70/1998) A procurator shall be a natural person commissioned and authorized by a merchant to manage its firm for compensation. Such authority may be given to more than one person for either a separate or joint exercising of the procuration. The signatures on the procurator's mandate (procuration) shall be notarized and it shall be submitted by the merchant for registration in the commercial register together with a specimen signature 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.

Art. 22

(1) A procurator shall be entitled to perform or effect any acts or transactions related to the carrying on 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 be binding upon third parties.

Art. 23

The relationship between a merchant and a procurator shall be governed by an agreement.

Art. 24

An authorization shall be binding upon third parties only after being registered in the commercial register.

Art. 25

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

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

Art. 26

(1) An agent shall be a person authorized by a merchant to perform, for compensation, the acts set forth in the mandate. Absent any other instructions, an 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 shall be notarized.

(2) An agent shall need express authorization 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 be binding upon a third party only if that party new or ought to have known of such restrictions.

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

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

Art. 27

The relationship between a merchant and an agent shall be governed by an agreement.

Art. 28

The authorization of an agent shall be terminated in accordance with the provisions of civil law.

Art. 29

(1) A procurator or agent may not, without the merchant's consent, effect commercial transactions either on their own behalf or on the behalf of a third party within the framework of their authorization. Consent shall be deemed given if at the time of authorization the merchant knew of the carrying on of such activities and their termination was not agreed upon expressly.

(2) In case of a breach of the obligations set forth in the preceding paragraph

the merchant shall be entitled to seek damages or to state that the transactions effected by the authorized persons have been effected on its behalf. The statement shall be made in writing not later than one month of its becoming aware of the transaction, but not later than one year of the effecting of the transaction, and shall be addressed to the procurator or agent and to the third party.

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

Art. 30

(1) The relationship between a merchant and its assistant shall be governed by a contract.

(2) A shop assistant may not effect transactions on the merchant's behalf. When working in a generally accessible sales area, a shop assistant shall be deemed authorized to effect the transactions which are usually effected in such an area.

Art. 31

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

Section II. Sales Representative

Art. 32

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

(2) (suppl. - SG 38/06) The contract between the merchant and the sales representative shall be executed in writing. The merchant may not refer against the 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.

Art. 33

(1) (Amended, SG No 83/1996; prev. text of art. 33 – SG 38/06) A sales representative shall cooperate or effect transactions with due care, taking into consideration the merchant's interests. It shall forthwith notify the merchant of any transaction effected by it.

(2) (new - SG 38/06) The sales representative shall be obliged to fulfil the instructions of the merchant as well as to provide the full information at his disposition regarding his activities.

Art. 34

(1) (amend. - SG 38/06) A merchant shall provide the sales representative with all relevant information and documents concerning the conclusion and

performance of the assigned deals.

(2) (suppl. - SG 38/06) A merchant shall forthwith notify the sales representative whether he accepts a transaction effected without authorization as well as whether he has concluded a deal prepared by him.

(3) (new - SG 38/06) A merchant shall be obliged to provide the sales representative with the information necessary for implementing his activities including possible considerable reduction of the volume of the concluded deals compared to the anticipated.

Art. 35

A sales representative which 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 owed.

Art. 36

(1) (amend. and suppl. - SG 38/06) A sales representative shall be entitled to a commission for all transactions effected by him, through his assistance or with clients attracted by him for concluding the respective type of deals 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 sales representative is entrusted with a specified territory or circle of clients, it shall also be entitled to a commission for all transactions concluded without its assistance, but with persons from the same territory or with the same clientele.

(3) A sales 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 sales 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.

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.

Art. 38

(amend. and suppl. - SG 38/06) A sales representative's commission shall be paid on a monthly basis. Other period for payment of the commission may be agreed

in the contract but not longer than the end of the month following the quarter the respective deal was concluded or intended to be concluded.

Art. 39

A sales representative shall be entitled to reimbursement for the customary expenses related to its activities, unless the agreement provides otherwise.

Art. 40

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

(2) The compensation shall be equal to the sales representative's average annual commission for the entire duration of its 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 sales representative of the merchant demanding the due compensation;

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

3. the sales representative has transferred the legal relationship to another person even with consent of the merchant.

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

(5) The sales 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 sales representative unless according to the circumstances the commission shall be divided between both of them.

Art. 41

(1) Any restrictions on the activities of a sales representative subsequent to the termination of the agreement shall be agreed upon in writing.

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

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

Art. 42.

Even when not authorized to conclude contracts a sales representative may accept acts performed by third parties to protect their rights against imperfect performance by the merchant. A sales 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.

Art. 43

Should a sales 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 sales representative or the third party and inform them correspondingly.

Art. 44

A sales 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 sales representative.

Art. 45

The subject and territory of a sales representative shall be determined by the agency agreement.

Art. 46

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

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

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

Art. 47

(1) (New SG, No 103 1993; amend. - SG 38/06) Where the sales representation agreement 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) An agreement which has been concluded for a definite 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 sales 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 sales representation both of the parties continue to fulfil their obligations, it shall be deemed extended to unlimited duration. 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 sales 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 sales 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)

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. Broker

Art. 49

(1) A broker shall be a merchant which by occupation acts as an intermediary so that transactions may be entered into.

(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 mercantile broker.

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.

Art. 51

A 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 transaction in the specific circumstances shall be owed by both parties.

Section IV. Trade Secrets

Art. 52

In carrying on their activities a procurator, an agent, a shop assistant, a sales representative and a broker must protect the trade secrets of the persons which have commissioned them to perform certain acts, as well as their good name as merchants.

Chapter seven. ACCOUNT BOOKS

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 provided by law cases.

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.

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

Art. 56

Any natural person possessing capacity whose domicile is in the country may register as a sole entrepreneur.

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.

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.

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.

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 acquiring 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.

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 - OWNED AND MUNICIPAL ENTERPRISES

Chapter nine. PUBLIC ENTERPRISE MERCHANT

Art. 61

A state-owned and municipal enterprise shall be either a single person limited liability company or a single person joint stock company. State-owned and municipal enterprises may also form other companies or groups of companies.

Art. 62

(1) State-owned enterprises shall be formed as or transformed into single person limited liability companies or single person joint stock companies pursuant to a procedure to be established by a law.

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

(3) State-owned enterprises which are not companies may be formed with a law.

Division three. COMPANIES

Chapter ten. GENERAL PROVISIONS

Art. 63

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

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

(3) Companies shall be legal persons.

Art. 64

(1) The types of companies are:

1. general partnership;

2. limited partnership;

3. limited liability company;

4. joint stock company;

5. partnership limited by shares.

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

(3) (new, SG 58/03) The trade 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 trade companies.

Art. 65

(1) A company's founders shall be Bulgarian or foreign individual or corporate bodies possessing capacity.

(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.

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.

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 managing organ.

Art. 68

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

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 create 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 liable jointly and severally for 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.

Art. 70

(1) (amend., SG 84/00) The constitution of the company shall be void only when one of the following offences has been admitted:

1. there is no constituent contract or it has not been worked out in the form stipulated by the law;

2. for joint-stock or a limited joint-stock company with stocks the requirements of art. 159 and 163 have not been met;

3. (revoked – SG 38/06, in force from 01.07.2007) the company has been registered not by the court at its headquarters;

4. the subject of activity of the company contradicts the law or the good ethics;

5. the constituent contract or the statutes do not contain the company, the subject of activity of the company or the size of the instalments, as well as the capital when the law so requires;

6. the part of the capital stipulated by the law has not been installed;

7. less able persons than the number stipulated by the law have participated in the constituting of the company.

(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 that the company be declared void within a period of one year after the institution of the company. In the cases under para 1, item 3, 4, 5 and 6 the court shall declare the company void only if the offence has not already been repealed or it has not been repealed within a suitable term defined by the court.

(3) (amend., - SG 66/05; amend. - SG 38/06, in force from 01.07.2007) The court's ruling to declare the company void shall be effective from the date of entry into force. As of that moment the company shall be deemed terminated and the court shall send the decision for entering into the commercial register, after which liquidation shall be carried out by a liquidator appointed by the official for registration 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 void have been carried out, the founders shall be liable jointly and severally and their liability shall be unlimited.

(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 regarding the constitution of a trade company.

Art. 71

Any partner in a company may bring an action to the district court of the company's seat to protect its right to be a partner and its individual rights as a partner, when these have been violated by the company's organs.

Art. 72

(1) Should a partner or, respectively, a shareholder, make a non-monetary contribution, the articles 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 for 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 in a limited liability company, a joint stock company or a partnership limited by shares shall be valued by three independent experts appointed by the official for registration at the Registry Agency. The conclusion of the experts must contain full description of the non-pecuniary instalment, the method of assessment, the obtained assessment and its compliance with the size of the share of the capital or of the number, the nominal and the issued value of the stocks registered by the contributor. The conclusion shall be presented to the commercial register with the application for entry.

(3) (new, SG 84/00; amend. - SG 38/06, in force from 01.07.2007) The assessment in the corporate contract, respectively in the statutes, cannot be higher than the one given by the experts.

(4) (prev. para 3 - SG 84/00) Should the contributor not agree with the valuation, it 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 have as a subject future labour or services.

Art. 73

(1) The contribution of a right for the creation or transfer of which a notarial form is required shall be effected with the articles. For contributions to a joint stock company the consent in writing of the contributor and a description of the contribution with a notarized signature shall be attached to the statutes.

(2) The contribution of any other rights shall be made pursuant to the form the law provides for their creation or transfer.

(3) (suppl., SG 84/00) The contribution of a claim shall be made with the articles 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 taking regards the company itself.

(4) Title to a contribution shall be acquired from the moment of the company's formation.

(5) (Amended SG 104/1996) Where a contribution has as a subject a real right over real property, the respective organ of the company shall, after such right has arisen, present an abstract of the articles, certified by a recordation judge, for recording in the recordation office and, whenever necessary, separately the contributor's consent as well. Such organ shall present an abstract of the statutes certified by a recordation judge and the contributor's consent. In making the recording the recordation judge shall ascertain the contributor's rights.

Art. 73a. The obligation of the partners of the limited liability company and of the stock holders for instalments in the capital cannot be remitted, except in its reduction, neither can it be deducted.

Art. 73b. (1) When a joint stock company, within 2 years from its constitution acquires rights at a price exceeding 10 percent of the capital from a person who has registered stocks at the time of constitution 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 for rights acquired in the process of the usual activity of the company, at the stock exchange or under supervision of an administrative or court body.

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

Art. 74

(1) Every partner or shareholder may bring an action before the district court of 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 articles 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 notified, or otherwise within 14 days of learning of the resolution, but not later than three months after the date of the general meeting.

(3) A partner or shareholder 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) The claim shall be considered pursuant to the provisions of Chapter Thirty Three “Collective Claims Proceedings” of the Civil Procedure Code, when a decision of the general meeting of a joint stock company with issued shares to bearers or of an open investment company is being disputed. In this case no exclusion from participation shall be allowed.

Art. 75

(1) The instructions given by the court in repealing a general meeting resolution concerning the interpretation of the law, the memorandum of association or the statutes shall be binding on the general meeting whenever it discusses the same issue again.

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

Chapter eleven. GENERAL PARTNERSHIP

Section I. General Provisions

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 joint trade name. The partners shall be liable jointly and severally and their liability shall be unlimited.

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].

Art. 78

A partnership's articles 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.

Art. 79

(1) The application for registration of the general partnership in the commercial register shall be signed by all partners and the articles of partnership shall be attached to it.

(2) Registered in the register shall be the information under items 1, 2 and 5 of the preceding Art..

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

Section II. Partners' Relationships

Art. 80

The partners' legal relationships shall be governed by this Section, unless the articles of partnership provide otherwise, with the exception of the provision of Art. 87.

Art. 81

(1) A partner shall be entitled to reimbursement for necessary expenses incurred in the course of the partnership's business and to compensation for damages suffered in connection with such business.

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

Art. 82

A partner which is in arrears in paying its monetary contributions or receives or, respectively, takes partnership money for itself 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, the partnership may seek compensation for the balance.

Art. 83

(1) (Amend., SG, No 103 1993) A partner may participate in another company or enter into transactions related to the purposes for which the partnership was set up, on its 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 request 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 acquiring knowledge of the transaction, but not later than one year of its conclusion, and be forwarded to the partner and the third party.

(3) The right to an action pursuant to the preceding paragraph shall expire after three months from the date of the partners' becoming aware of the said act, or after three years of the commitment of the said acts when the partners have no knowledge of them.

Art. 84

(1) Each partner shall be entitled to take part in the management of the partnership's business, except when management has been assigned with the articles of partnership to one or several of the 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 executing an agreement for a cash loan exceeding a sum fixed in the articles of partnership.

Art. 85

(amend. - SG 38/06, in force from 01.07.2007) The resolution to assign the management to one or several partners may be revoked by the district court of 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 articles of partnership. The ruling shall be officially sent to the Registry Agency

for entering into the commercial register.

Art. 86

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

Art. 87

Where the articles of partnership require that 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

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.

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.

Art. 90

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

Art. 91

A partner may, in addition to the partnership's pleas, make its personal pleas before the partnership's creditors.

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 a Partners' Participation 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 articles of partnership;

2. the agreement of the partners;

3. declaring the partnership bankrupt;

4. where there is no other provision, death or the placing under judicial disability of a partner or dissolution of a partner which is a legal person;

5. (amend., SG, No 63 1994) request of the trustee 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.

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 articles of partnership provide otherwise.

Art. 95

(1) The district court may dissolve a partnership upon an action brought by a partner when another partner has deliberately or in gross negligence omitted to perform an obligation of its under the articles of partnership 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 an action brought by a partner the court may, instead of dissolving the partnership, dismiss the partner which is at fault.

Art. 96

(1) The creditor of a partner which in the course of six months cannot be satisfied by forcible execution upon the debtor'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.

Art. 97

(1) The partners may provide in the articles that the partnership shall continue to exist in the case of termination of the participation of a partner. In this case the remaining partners shall buy out the share of the partner which has terminated its participation, and in the case of a partner's death, those of its 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 succession.

(2) In case the heirs do not wish to be admitted as partners, as well as in case of termination of the participation of a partner, the partnership shall pay the value of

the share in the partnership's assets of the decedent or the partner which has terminated its membership, and their share in the annual profits for the period up to the death or termination of the participation.

Art. 98

(1) The right of action against a partner for obligations of the partnership shall expire by limitation after five years, except where the right of action 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 with articles of partnership 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.

Art. 100

The articles of partnership shall be drawn up in writing with notarized signatures of the partners.

Art. 101

(1) The company'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.

Art. 102

A limited partnership's articles shall state:

1. the trade name of the partnership;

2. the seat and the registered office;

3. the purposes for which the partnership is set up;

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.

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 articles of partnership and specimen signatures.

Section II. Partners' Legal Relationships

Art. 104

The partners' legal relationships, to the extent the articles of partnership contain no provision to the contrary, shall be governed by this Section.

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.

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.

Art. 107

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

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.

Art. 109

(1) Where a limited partner has not paid in full the stipulated contribution, such contribution shall be deducted from its share of the profits.

(2) A limited partner shall participate in losses up to the amount of the

stipulated contribution. It shall not be bound to pay back any profits it has received to offset subsequent losses.

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

Art. 111

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

Art. 112

A limited partner shall bear unlimited liability with respect to transactions entered into by it in the name of the partnership prior to its formation, or after such formation whenever the creditor did not know that it 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 which shall be liable for the company's obligations with their contributions to the company's registered capital.

Art. 114

(1) (New - SG, No 103 1993) The articles of incorporation shall be executed in writing.

(2) (Previous sole para - SG, No 103 1993) A partner may be represented by an agent holding a special 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 articles of incorporation.

Art. 115

The articles of incorporation shall state:

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

2. the purposes and the time period for which the company is being set up;

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) the registered capital. Where the full amount has not been paid at incorporation, the articles shall set the time periods and terms for payment. The term of final instalment of the whole size of the capital cannot be longer than two years from the registration of the company, respectively from the increase of the capital.;

5. the interests of the partners;

6. the management and manner of representation;

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

8. other rights and obligations of the partners.

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 person limited liability company]

Art. 117

(1) (Amend., SG, No 100 of 1997) The registered capital of a limited liability company shall be not less than 5 000 levs. It shall consist of the interests of the company's partners, and no interest shall be smaller than 10 levs.

(2)(amend., SG 66/05) The sum total of all interests shall be equal to the registered capital, and the value of each interest shall be a multiple of 10.

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

(4) An interest may be held jointly by several persons.

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 acted with due care.

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

Art. 119

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

1. to file the articles of incorporation;

2. to have an appointed manager or managers;

3. (amend., SG 84/00) each partner to have paid at least one third of its interest, but not less than10 levs;

4. (amend. - SG 100/08) at least 35 per cent of the registered capital to have been paid.

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

(3) (New - SG 114/99, amend. SG 39/05) For entering in the commercial register the implementation of activity as investment broker as well as other activities for which certain law provides accomplishment with a permission of a state body, shall be presented the corresponding license or permission.

(4) (new, SG 84/00) For amendment and supplement of the company contract a copy of it shall be presented at the commercial register, which shall contain all amendments and supplements, certified by the body representing the company.

Section II. Partners' Rights and Obligations

Art. 120

(1) Each partner shall pay up or contribute its interest as provided in the articles of incorporation.

(2) (revoked - SG 84/00)

Art. 121

(1) The failure to pay up or contribute an interest shall constitute grounds for the expulsion of a partner from the company. A partner which has failed to pay up or contribute its interest within a specified period shall owe interest at a rate determined by operation of law, and compensation for damages in excess of such interest.

(2) Where the interest 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 interests or reduce the company's registered capital in accordance with established procedures.

Art. 122

A new partner shall be admitted by the general meeting upon an application in writing, in which it shall state that it accepts the terms of the articles of incorporation. The resolution to admit the partner shall be registered in the commercial register.

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.

Art. 124

The partners must pay up or contribute their interests, take part in the management of the company, provide assistance for the carrying out of its activities, as well as carry out the resolutions of the general meeting.

Art. 125

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

1. death or disability;

2. expulsion;

3. dissolution and liquidation, in the case of a legal person;

4. bankruptcy.

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

Art. 126

(1) (amend., SG 58/03) A partner who has not paid up or deposited his share within a period additionally determined by the general meeting, which may not be shorter 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 shall notify him about 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 notice in writing where it:

1. fails to perform its obligations for providing assistance for the carrying out of the 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) for failure to pay up an additional monetary instalment, if the partner has not exercised his right to leave according to art. 134, para 2.

Art. 127

Each partner shall have a company interest in the company's assets the amount of which shall be determined in proportion to its interest in the registered capital, unless otherwise agreed.

Art. 128

The certificates issued to the partners for evidencing their participation in the company shall not be negotiable securities.

Art. 129

(1) An interest in a limited liability company may be transferred and inherited. The transfer of an interest from one partner to another shall be unrestricted, and the transfer to third parties shall be subject to the provisions for admitting new partners.

(2) An interest in a limited liability company shall be transferred with notarized signatures and shall be registered in the commercial register.

Art. 130

The transferee shall be liable jointly and severally with the transferor for any payments to the registered capital due at the date of transfer.

Art. 131

The partition of an interest shall be admissible only with the consent of the partners, unless otherwise agreed.

Art. 132

Where one interest belongs to several persons they may exercise their rights over it only jointly. They shall be liable jointly and severally for any obligations arising from such interest. The joint owners of the interest shall designate a person to represent them before the company.

Art. 133

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

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

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 interests in the capital, unless otherwise determined.

(2) (amend., SG 58/03) A partner who has not voted for 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 - for the partners who have not 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 registered capital. It may be agreed that the company shall pay interest on them. Article 73c shall not apply for reimbursement of additional monetary instalments.

Section III. Management

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.

Art. 136

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

(2) The company's manager shall take part in the general meeting's sittings in a consultative capacity.

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

Art. 137

(1) The general meeting shall:

1. amend the articles of incorporation;

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

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

4. resolve on the increase or decrease of the registered 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 interest of the capital, unless the articles provide 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 Articles provide otherwise.

(4) The partners may vote by proxy only when such proxy holds a special power of attorney in writing; the above rule shall not apply to partners which are legal persons or to agents by operation of law.

(5) The general meeting shall adopt resolutions on labour and social issues only after hearing the position of a representative of the company's employees.

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 interests 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 registered 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.

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 articles provide otherwise. The notice shall specify the business to be transacted.

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

Art. 140

(1) The general meeting resolutions which are related to registrations pursuant to Art. 119, paragraph 2 shall be registered in the commercial register.

(2) Paragraph 1 shall apply to the resolutions of the owner of a single person 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, acceptance and exclusion of a partner, transformation of the company, election and release of a manager, as well as appointment of liquidator shall have effect from the time of their entry in the commercial register.

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 Articles provide otherwise. Other restrictions of the representative authority of the manager shall not have effect regarding 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 registered 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 empowering and its deletion shall take effect regarding third diligent persons after their inscription.

(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.

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 partnerships and partnerships limited by shares, and in limited liability companies;

3. hold positions in managing organs of other companies.

(2) The limitations under paragraph 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 paragraph 1 the manager shall owe compensation for damages caused to the company.

Art. 143

(1) The company shall keep a book of interests and minutes book on the general meeting resolutions.

(2) The value of each partner's interest, the payments made and all relevant changes thereto shall be recorded in the book of interests.

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

Art. 144

(1) The articles may provide for the appointment of a comptroller (comptrollers) who shall supervise the observance of the articles, the taking of proper care 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, descendants or ascendants and collateral relatives to the third degree of the persons under the preceding item;

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

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

Art. 145

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

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 condition 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 be liable for the 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.

Art. 147

(1) The single owner of the capital shall manage and represent the company either personally or through an appointed by it manager. 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 of the capital shall resolve on the issues falling within the powers of the general meeting, for which a written statement shall be made in the form for the decisions of the general meeting.

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

Section IV. Amending the articles of Incorporation

Art. 148

(1) The registered capital may be increased through:

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

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

Art. 149

(1) (Amend., No 70/1998; SG 84/00) The capital may be reduced to the minimum established by a law by a resolution to amend the company contract observing the requirements of Articles 150 and 151. Carried out in this case can be simultaneously increase or reduction of the capital by the order of 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 interests;
2. cancellation of the interest of a partner which has terminated its participation;
3. relieving of the obligation to pay up the unpaid portion of the registered capital.

Art. 150

(1) (amend. - SG 38/06, in force from 01.07.2007) The resolution to reduce the registered capital shall declared in the commercial register and shall be announced. With the announcement it shall be considered that the company has stated that it is ready to provide security for claims or to pay its obligations as of the moment of the announcement to the creditors which 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)

Art. 151

(1)(amend., - SG 66/05) The amendment to the articles with which the registered capital is reduced shall be submitted at the commercial register and registered upon expiration of the time period specified in the previous articles.

(2) Attached to the application for registration shall be 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.

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 expressed their discord within the term fixed in Art. 150, para 2 and have not obtained satisfaction or hedging of their claim to a sufficient extent 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 hedging claims. The security shall be repealed, if entry of capital reduction has been refused or the creditor obtains satisfaction of his/her claim.

Art. 153

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

Section V. Dissolution and Liquidation of the Company

Art. 154

(1) The company shall be dissolved:

1. with the expiration of the term set in the articles;

2. (amend., SG 84/00) upon decision of the partners adopted with a majority of 3/4 of the capital, unless the company contract stipulates a higher majority;

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

4. upon being declared bankrupt;

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

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

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 upon:

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

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

3. (new, SG 58/03) by an action of the public attorney when no manager of the company has been registered.

Art. 156

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

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

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

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

Art. 157

(1) A company in which the 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 stock of which is divided

into shares. 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".

Art. 159 (amend., SG 84/00)

(1) A joint stock company can be found by one or more individuals or corporate bodies.

(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.

Art. 160

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

(2) Persons declared bankrupt may not be founders.

Art. 161

(1) The capital stock and the value of the shares shall be designated in levs.

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

(3) (Amend., SG, No 70 of 1998) The minimum amount of the capital stock required for performing banking, insurance activities or activity on voluntary health assurance shall be determined by a separate law.

(4) (suppl., SG 84/00, amend., - SG 66/05) The capital stock must be fully subscribed. The company cannot register stocks from its capital. When this prohibition is violated at the time of founding the company the founders shall be jointly liable for the instalments against the registered stocks. If a person subscribes shares on own behalf but on the account of the company, they shall be assumed acquired only on the account of this person.

Article 162 (amend., SG 84/00)

The minimum nominal value of a stock shall be 1 lev. Larger nominal values of stocks must be determined in integer levs

Section II. Incorporation Prospectus

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. Founder can be represented by a proxy with an explicit letter of attorney with notary certified signature.

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

(3) The constituent assembly shall:

1. take decision for constituting the company;

2. adopt the statutes;

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

4. elect supervisory board, respectively board of directors.

(4) The decisions under para 3, item 1 and 2 shall be adopted unanimously, issuing written statement for which art. 232 shall apply.

(5) When a joint-stock company is founded by one person a constituent act shall be issued.

Art. 164

(Repealed - SG No 63/1995)

Art. 165 (amend., SG 84/00)

The statutes must contain:

1. the firm, the headquarters and the address of management of the company;

2. the subject of activity and the term, if any;

3. (suppl., - SG 66/05) size of the capital, as well as the share of it which shall be paid in at the establishing of the company, the type and the number of the stocks, the rights for the individual 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-pecuniary instalments, if any, the persons who make them, the number and the nominal value of the stocks to be granted;

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 reverse purchase, if such is stipulated;

8. the way of distribution of the profit;

9. the way of convening the general assembly;

10. other conditions in connection with the constituting, the existence and the termination of the company.

Art. 166

(1) (amend., SG 84/00) Monetary payments shall be made to a bank account opened by the managing board, respectively by the board of directors, to the name of the company, with an indication of the name of the payer, and any payments with deposited sums shall be effected with the unanimous decision of this body.

(2) The provisions of Articles 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 certify before the bank that the company has been declared for registration the payers can draw back the instalments in full. The members of the respective board shall be jointly responsible for the payment of the instalments.

Art. 167

(1) (amend., SG 84/00) For payments or contributions for subscribing to shares 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 shares upon presentation of interim certificates.

Art. 168 (revoked, SG 84/00)

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 requirements and the order thereof.

Art. 170 (revoked, SG 84/00)

Art. 171 (revoked, SG 84/00)

Art. 172 (revoked, SG 84/00)

Art. 173 (revoked, SG 84/00)

Art. 174

(1) For the registration of a joint stock company in the commercial register it shall be necessary that:

1. the statutes have been adopted;

2. the full amount of the capital stock has been subscribed;

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

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

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, item 1 - 4, item 5 - only the type and the value of the non-pecuniary instalment - and item 10, as well as the names of the members of the board of directors, respectively of the supervisory and managing board. To the entry application attached shall be the constituent statement and a list of the persons who have registered 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 one person entered in the commercial register shall be the name, respectively the company and the unified identification number of the stock holder.

(3) (New - SG 114/99, amend. SG 39/05) For entering into the commercial

register the implementing of banking and insurance activity, activity at the stock exchange, investment broker, investment company, managing company and other activities for which certain law provides accomplishment with a permission by a state body shall be necessary the corresponding license or permission to be presented.

(4) (new, SG 84/00) For amendment or supplement of the statutes in the commercial register shall be presented the statutes with the amendments by the respective date, certified by the person or by the persons representing the company.

Section III. Shares Nominal Value of the Shares.

Art. 175

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

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

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

Art. 176

(1) The issue price is the price at which the shares 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.

Art. 177

Shares are indivisible. Where a share belongs to several persons they shall exercise their rights in it jointly by designating a proxy.

Art. 178

(1) Shares may be registered or bearer shares. Preferred shares may also be issued.

(2) (new, SG 84/0) The joint-stock company can also issue non-cash stocks. The issuance and the administering of non-cash stocks shall be carried out by an order established by a law.

(3) (prev. para 2 - SG 84/00) Bearer shares shall not be delivered until payment of their nominal value or issue price.

(4) (prev. para 3 - SG 84/00) Where bearer shares are delivered before payment of the full issue price the amount of the instalments shall be indicated on them.

Art. 179

The joint stock company shall keep a stockholders' register in which the

names and addresses of the owners of registered shares shall be recorded and the type, nominal value and issue price, quantity and serial numbers of the shares shall be indicated. The same shall be applied for interim certificates.

Art. 180 (amend., SG 84/00)

Bearer shares shall be exchanged for registered shares and vice versa upon request of the shareholder after payment in full of their price, unless the statutes provide an order for it.

Art. 181

(1) A share entitles its owner to one 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 share.

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

(3) (suppl., SG 84/00) The shares providing equal rights form a separate class. Not admitted shall be restriction of the rights of individual stock holders of one class.

Art. 182

(1) (Suppl., SG, No 103 1993) Preferred shares 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 respective share.

(2) Preferred shares having no voting rights shall be included in the nominal value of the capital stock.

(3) (New - SG No 63/1995) It shall not be allowed more than 1/2 of the shares to be non-voting shares.

(4) (Previous para 3 - SG, No 63 1995) Where a dividend due from a preferred share 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 share shall acquire voting rights pending payment of the delayed dividends. In this case the preferred shares shall be taken into account in determining the quorum and majority.

(5) (Previous para 4 - SG, No 63 1995) In order to adopt a resolution with which the advantages arising from the nonvoting preferred shares are to be restricted, it shall be necessary to obtain 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 shares are represented. Resolutions shall be adopted with a vote of at least three quarters of the shares so represented. The preferred shares shall acquire the right to vote upon the removal of the advantages.

Art. 183

(1) A share shall contain:

1. the designation `share' for a denomination of one or `shares' for larger

denominations, preceded by the respective number thereof;

2. type of the shares;

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

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

5. the amount of the capital stock;

6. the total number of shares, 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 share shall also be considered valid signature.

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

Art. 184

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

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

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

Art. 185

(1) (suppl., SG 58/03) Bearer shares shall be transferred and pledged by delivery.

(2) Registered shares shall be transferred by endorsement which, to be binding on the company, must be recorded in the registered stockholders register. The statutes may provide for other conditions for the transfer of registered shares.

(3) (new, SG 58/03) Registered shares 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 registered stock holders. The right to vote on pledged shares shall be exercised by the stock holder, unless the pledge contract stipulates otherwise. Article 473 shall not apply.

Art. 186

The transferor of registered shares 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 termination of a period of two years from the date that the transfer was recorded in the stockholders register.

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, paragraph 2.

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

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 reorganization;

3. if this is gratuitous;

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

5. for exclusion of a stock holder according to art. 189, para 2 and 3;

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

7. if they have been issued as privileged stocks specially by this privilege;

8. for reverse purchase.

(2) (amend., - SG 66/05)In the cases under para 1, item 3, 4,6, 7 and 8 the stocks must be paid in full.

(3) The company shall terminate the exercising of the rights on the 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, item 2 - 8 are not expropriated 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.

Art. 187b (New - SG No. 84/00)

(1) The company can buy own stocks on the grounds of a decision of the general assembly of the stock holders which shall determine:

1. the maximal number of stocks subject to reverse 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 minimal and the maximal size of the 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 reverse purchase is not explicitly stipulated by the statutes - by a majority of two thirds of the represented stocks. The decision shall be entered in the commercial register.

(3)(suppl., - SG 66/05) The purchasing shall be carried out by respectively applying art. 247a, para 1 and 2.The total nominal value of the bought up shares and of these under Art. 187a, Para 4 may nor exceed 10 per cent of the capital. Regarding the bough up shares which overcome this amount, Art. 187d shall be applied.

(4) (new – SG 66/05) The Managing Board, respectively the Boar of Directors shall execute the repurchase observing the requirements of Para 1 - 3.

Art. 187c (New - SG No. 84/00)

(1) The statutes can stipulate the purchasing of stocks subject to reverse purchase, under conditions and by an order stipulated by it.

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

(3) The purchasing can be carried out only by sums designated for distribution 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 can be distributed among the stock holders only in reducing the capital by the purchased stocks, as well as to be used for increase of the capital.

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.

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 be pointed out:

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 acquiring or transfer have been executed;

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

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

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 possessed by one person for the account of the company;

2. stocks of the company are acquired and possessed by another company where the first one directly or indirectly possesses a majority of the right of voting or on which it can exercise directly or indirectly control;

3. the company shall accept own stocks or stocks of a company under item 2 as a pawn.

(2) (amend., - SG 66/05)When the company has registered own stocks at the

time of its constituting or increase of the capital, they shall be immediately transferred. Otherwise the stocks shall be nullified and Art. 200, item 2 shall be applied. Regarding these stocks Art. 187a, Para 3 and Art. 187e shall be applied.

(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 cannot grant loans or secure the acquisition of its stocks by a third person. The restriction shall not apply for transactions concluded by banks or financial institutions during their usual activity, if as a result of this the pure value of the property continue to meet the requirements of Art. 247a, Para1 and 2.

Section IV. Contributions

Art. 188

(1) The stockholders shall be obligated to make contributions for the shares subscribed, which shall cover the fixed by the statutes portion of the value of the shares. The rest portion of the value shall be contributed within a term defined by the statutes, but not later than 2 years from the court-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.

Art. 189

(1) The stockholders which have not made their contributions within the specified time periods shall owe interest, unless the statutes do not provide for liquidated damages. In case of a delayed non-monetary contribution, compensation for actual damage 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 shares is subject to the consent of the company.

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

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 difference, unless the statutes provide otherwise. The interest shall be paid prior to the dividends according to art. 247a regardless of the decision of the general assembly of the stock holders 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.

Art. 191

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

Section V. Increase of the Capital Stock

Art. 192

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

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

(3) Where shares of various classes exist, the resolution shall be adopted by each class at a separate meeting.

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

(5) An increase of the capital stock 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 instalments for the registered 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, Sub-section II shall apply, respectively, and increase of the capital through subscription shall be carried out under conditions and by an order established by a law.

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

Art. 192a. (New, SG 84/00)

(1) For entering the increase of the capital in the commercial register shall be necessary:

1. to have registered the new stocks;

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

3. to have paid the difference between the nominal and the issued value of the

new stocks.

(2) When the new stocks are not registered in full the capital shall be increased only by the value of the registered stocks if the decision of the general assembly for the increase admits such possibility.

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

Art. 193 (amend., - SG 66/05)

(1) Where the capital stock is increased by non-monetary contributions, the general meeting resolution shall specify the subject of each contribution, the contributor, and the nominal value of shares 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 at the commercial register for announcement together with the decision for increasing the capital.

Art. 194

(1) (amend., SG 84/00) Each shareholder is entitled to acquire a part of the new shares in proportion to its share in the capital stock prior to the increase.

(2) (amend,. SG 84/00) For stocks of different classes the right under para 1 shall be valid for the stock holders of the respective class. The rest of the stock holders shall exercise their advantage after the stock holders 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 stock holders under para 1 and 2 shall be redeemed within a period determined by the general assembly but at least once a month after announcement in the commercial register of an invitation for registering the stocks. The invitation for registration of 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 stock holders under para 1 and 2 can be restricted or dropped only by a decision of the general assembly 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 the restriction of the advantages and shall substantiate the issued value of the new stocks. The decision of the general assembly shall be submitted to the commercial register for announcement.

Art. 195

The increase of the capital stock may be conditional upon the buying of the shares by certain persons at a certain price, or against bonds issued by the company.

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

stock up to a certain nominal amount in the course of five years from the date of incorporation, by issuing new shares. 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) For 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 stock holders under art. 194, para 1 only if it has been authorised to do so by the statutes or by a decision of the general assembly 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 by the order of art. 193 and 195.

Art. 197

(1) (amend., - SG 66/05) The general meeting may resolve to increase the capital stock by partial capitalisation of profits. The resolution shall be adopted within three months from the date that the annual financial report for the previous year is approved, with a majority of the votes of three quarters of the shares 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 the company's own funds shall be explicitly stated upon filing the resolution to increase the capital stock for registration.

(3) (amend., SG 84/00) The new shares shall be allocated among stockholders, including the company when it possesses own stocks on a pro rata basis. Any general meeting resolution in contravention of the latter provision shall be null and void.

Art. 198

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

(2) (amend. - SG 38/06, in force from 01.07.2007) New bearer shares which have not been claimed within one year of the date that the increase of the capital stock was entered into the commercial register shall be sold on the stock exchange. The stockholders' rights shall lapse, and moneys from the sale shall be appropriated to the company's reserve fund.

Section VI. Reducing the Capital Stock

Art. 199

(1) A reduction of the capital stock shall be implemented by a general meeting resolution.

(2) (amend., SG 84/00) If there are several classes of shares, resolutions of each class of stockholders shall be necessary to reduce the capital stock.

(3) The resolution shall set forth the purpose of the reduction and the method by which it is to be effected.

Art. 200

(1) The capital stock may be reduced:

1. by reduction of the nominal value of shares;

2. by cancellation of shares.

Art. 201

(1) Shares may be cancelled forcibly or after their acquisition by the company.

(2) (amend., SG 84/00) Forcible cancellation of shares shall be allowed if provided for in the statutes and the stocks registered under this condition.

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

Art. 202 (amend., SG 84/00)

(1) (amend. - SG 38/06, in force from 01.07.2007) For 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 made with the purpose of covering losses. In this case the stockholders shall not be released from the obligation for instalments.

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

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 minimal size established by the law if by increasing the capital at least the minimum established by the law is achieved.

(3) The rule of art. 202, para 1 shall not apply if, as a result from the increase the size of the capital before its change is not achieved or exceeded.

Section VII. Bonds

Art. 204

(1) (amend. SG 114/99; amend., SG 58/03) Bonds can be issued by a joint

stock company. Issuance of bonds through public offering may be carried out at least two years after the entering of the company in the commercial register and if there are two annual accounts approved by the general meeting.

(2) (amend. SG 114/99) The requirement of para 1 shall not refer to bonds issued or guaranteed by the state.

(3) (amend. and suppl., SG 61/02) Resolutions to issue bonds may be adopted by the general meeting of stockholders, which can empower for that the board of directors, respectively the managing board by the order of 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 the form of bond stock and bond certificates. The rules for shares 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 bond stock and bond certificates.

Art. 205

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

(2) When issuing bonds in cases other than those under para 1 the company shall work out a proposal for registering 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 of their transfer;

5. for active 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 submitted security, if any;

8. the way and the term of payment of the interest and the main part;

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

10. conditions of registering the bonds;

11. minimal and maximal size of the collected instalments by which the loan shall be considered concluded.

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

(4) The decision under art. 204, para 3 for issuing public issue of bonds can stipulate the application of, respectively, the provisions of the law regarding the agent of the bond holders and the security of a public issue of bonds.

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 mediator.

(2) (Amend., SG 61/02) Subscribers shall pay the relevant moneys into an accumulation account with a bank specified by the company. The sums in the said

account may not be used prior to the announcement according to para 6.

(3) (Amend., SG 61/02) The decision under art. 204, para 3 shall determine the conditions under which the loan shall be considered concluded. Obligatory condition is for the issuance value of all registered bonds to be paid in full.

(4) (Amend., SG 61/02) Within 14 days from the conclusion of the offering the company shall conclude a contract with a bank settling 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 short of compliance with the terms provided for the 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 registration of the bonds under art. 205, para 2, item 9 the managing body of the company shall present at the commercial register for announcement notification for the concluded bond loan indicating:

1. the size of the loan;

2. the date of beginning of the period to maturity;

3. the date of maturity - for interest and main part payments;

4. the bank under para 4 servicing the payments on the bond loan;

5. the place, the date, the hour and the agenda of the first general meeting of the bond holders.

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

(8) (New, SG 61/02) The company shall inform immediately the representatives of the bond holders under art. 209 and the bank servicing the payments on the bond loan about all changes of their trading activity related to its obligations regarding the issued bonds.

Art. 207

Null shall be every decision of the company for:

1. change of the conditions under which issued bonds have been registered;

2. issuance of new bonds with preferential regime of payment without the presence of consent at the general meetings of the bond holders from previous unpaid issues.

Art. 208

(Suppl. SG, No 103/93; Amend., SG 61/02) The first general meeting of the bond holders shall be legal if 1/2 of the registered loan is represented.

Art. 209

(1) The holders of bonds 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 bond-holders. These trustees may not be more than three.

Art. 210

(1) The following may not be trustees as per the preceding Art.:

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 on company governing bodies;

(2) Trustees may be recalled by a general meeting resolution of bond-holders.

Art. 211

Trustees may perform acts to protect the bond-holders' interests pursuant to resolutions of the general meeting of bond-holders.

Art. 212

(1) The trustees of bond-holders 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 decisions 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 bond-holders' trustees.

Art. 213

(1) The remuneration of the bond-holders' 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 bond-holders shall do so.

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

Art. 214

(1) (Suppl., SG 61/02; amend. - SG 38/06, in force from 01.07.2007) The general meeting of bond-holders shall be called by the trustees of the bond-holders 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 holders of not less than 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 bond-holders shall be bound in duty to call the general meeting of bond-holders upon receipt of notice from the governing bodies of the joint stock company as to:

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

2. (Amend., SG 61/02) proposal for issuance 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 bond-holders.

(6) The general meeting of stockholders shall be bound in duty to review a general meeting of bond-holders resolution.

Section VIII. 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 stock. The stockholders may subscribe preferentially such bonds under the terms which apply to a subscription for a new issue of shares.

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

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

(4) The issue price of the converted bonds may not be lower than the nominal value of the shares which the bond-holders would acquire by conversion.

(5) In case of reduction of the capital stock because of losses through a reduction of the number of shares or of the nominal value thereof, the rights of bond-holders shall be reduced proportionally.

Art. 216

A resolution to issue new bonds convertible into shares shall be valid subject to approval by the general meeting of bond-holders which have acquired the right to convert bonds into shares.

Art. 217

Upon adoption of a resolution to increase the capital stock, 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.

Art. 218

The managing board, respectively the board of directors, shall declare for registration the increase of the capital stock occurring as a result of conversion of bonds into stocks.

Section IX. Joint Stock Company 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 sole owned joint-stock company the sole owner of the capital shall decide on the issues of competence of the general assembly.

Art. 220

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

(2) (amend., SG 58/03) The stock holders of preference 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 stock holders, 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 advisory power. Their representative shall have the rights under art. 224.

Art. 221

The general meeting shall:

1. amend the statutes;

2. resolve on increase or reduction of the capital stock;

3. resolve on transformation and dissolution of the company;

4. (amend., SG 58/03) elect and recall 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 shares and bonds of the company;

6. (prev. item 5 - SG 58/03; amend. – SG 67/08) appoint and dismiss registered auditors;

7. (prev. item 6 - amend., SG 58/03, amend., - SG 66/05) approve the annual financial report as certified by the appointed auditor, take decision for distribution of the profit, for complementing Fund "Reserve" 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 and 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.

Art. 222

(1) (amend. and suppl., SG 58/03) A general meeting of stockholders shall be held at least once a year in 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 not later than 18 months from the incorporation of the company and the next regular meetings - not later than 6 months from the end of the year of account.

(3) (new, SG 84/00; prev. para 2 - SG 58/03) If the losses exceed one second of the capital general assembly shall be held not later than 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.

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 the owners who have possessed shares for a period longer than three months, representing at least 5 percent of the capital.

(2) (Amend., SG, No 33 of 1999; amend. and suppl., SG 58/03) Should, within one month from filing the request of the stock holders, holding at least 5 percent of the capital, under para 1, it is not granted or if the general assembly is not held within 3 months from filing the request the district court shall convene a general assembly or shall empower the stock holders who have requested the convening or their representative to convene the assembly. The circumstance that the stocks have been possessed for a period longer than three months shall be established in 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) The general meeting shall be convened by an invitation announced in the commercial register. If stocks have not been issued to a bearer the statutes can stipulate for the convention to be carried out only by written invitation.

(4) As a minimum the notice shall state:

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. the formalities, if provided for in the statutes, to be satisfied for attendance and exercise of the right to vote;

5. (Amend., SG 61/02) the agenda and business to be transacted, and the concrete proposals.

(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.

Art. 223a. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) Stock holders who have possessed for a period longer than three months stocks representing at least 5 percent of the capital of the company may, upon announcement in the commercial register or sending invitation, include other issues 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 issues to be included in the agenda and the proposals for decisions. With the announcement in the commercial register the issues shall be considered to be included in the proposed agenda.

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

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

Art. 224.

(1) (prev. text of art. 224 - amend., SG 58/03; amend. - SG 38/06, in force from 01.07.2007) All papers 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 mailing of the notice thereof.

(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 data for the names, the permanent address and the professional qualification of the persons nominated for members. This rule shall also apply when the issue is included in the agenda by the order of art. 223a.

(3) (new, SG 58/03) On request the written matters shall be submitted to every stock holder free of charge.

Art. 225

A list shall be drawn up of the stockholders or proxies present at the meeting, and the respective number of shares owned or represented. The stockholders or proxies shall certify their presence at the meeting by signature. The list shall be authenticated by the chairman and the secretary of the meeting.

Art. 226

A shareholder shall have the right to attend a general meeting by proxy executed in writing.

Art. 227

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

(2) (new, SG 58/03) The decisions under art. 221, item 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 legal regardless of the capital represented in it. The date of the new sitting may also be indicated in the invitation for the first sitting.

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 shall apply for each class individually.

Art. 229

A shareholder may not, either in person or by proxy, vote on:

1. actions brought by the company against it;

2. proceedings to realise the liability of such shareholder to the company.

Art. 230

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

(2) (amend., SG 58/03) Resolutions under 221, items 1, 2 and 3 (only for termination), shall require a majority of at least two thirds of the shares represented. The statutes may provide for another bigger majority for 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 apply for each class individually.

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

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 of which there has been no announcement 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 decisions regarding amendment and supplement of the statutes and closing of the company shall be enacted upon their entry in the commercial register.

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

Art. 232

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

1. the place, date and hour 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 votes taken and the results thereof;

6. the objections made.

(2) The minutes of the meeting shall be signed by the chairman and the secretary, 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 stock holder 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 shareholder shall have the right to inspect the file on demand.

Art. 232a. (new, SG 84/00)

Written statements shall be issued for the resolutions of the sole owner of the capital.

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 of office, 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) Directors may be re-elected for any number of terms.

(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 for entry his release in the commercial register. Should the company fail to do so the interested member of the board may declare himself for entry this circumstance which shall be registered regardless of whether another person has been elected in his place.

Art. 234

(1) A director may be any natural person possessing capacity. Where the statutes so provide, a director may be a legal person. In this case the legal person shall designate a representative for performance of its duties on the board. The legal person shall bear unlimited liability and shall be liable jointly and severally with the other directors for the liabilities arising from acts of its representative.

(2) A person may not be a director, if it:

1. (amend., SG 84/00) has been 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 for declaring bankruptcy if there remain unsatisfied creditors;

2. (revoked, SG 84/00)

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

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

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 revoked.

(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) 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 not be binding upon bona fide third parties.

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

Art. 235a. (new, SG 84/00)

The contracts between the sole owner of the capital of the company, when it is represented by him, shall be concluded in writing.

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 decision of the general meeting of the stock holders may the following transactions be concluded:

1. transfer or ceding the administering of the whole trade company;

2. (amend., - SG 66/05) administering assets whose 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 submitting securities to one person or to related persons, whose 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 by 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 responsible to the company for the caused damages.

Art. 237 (amend., SG 58/03)

(1) The members of the boards shall have equal rights and obligations, regardless of any internal division of functions among them and the ceding of right of management and representation of some of them.

(2) The members of the boards shall be obliged to perform their functions by due diligence to the interest of the company and all stock holders.

(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, about his participation in trade companies as unlimited liable partner, about the possession of more than 25 percent of the capital of another company, as well as about 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 of 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 having become known to them in this quality, 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 regard the information which, by virtue of a law, is accessible to third persons or it has already been made public by the company.

(6) Paragraphs 1 - 5 shall also apply for the individuals representing corporate bodies - members of boards according to art. 234, para 1.

Art. 238

(1) The boards may pass resolutions if at least half the directors are present, whether in person or represented by another director. 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 decision.

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 issues.

Art. 240

(1) The directors shall deposit a guarantee for their management of the affairs of the company 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 shares or bonds deposited with the company.

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

(3) Any director may be held harmless if it is established that it has no fault for the damage suffered by the company

Art. 240a. (new, SG 58/03)

Stock holders, possessing at least 10 percent of the capital of the company, may lay a claim for holding responsible members of the board of directors, respectively of the supervisory and managing boards, for damages caused to the company.

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 requirements.

(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 for caused damages to the company.

Art. 241

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

(2) The members of the managing board shall be appointed by the supervisory board, which shall determine their remuneration and shall have the right to recall them at any moment.

(3) No person may simultaneously serve on both 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 3 to 9 persons and it 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.

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 relationship with the managing board.

(2) (amend., SG 84/00) The members of the supervisory board shall be appointed by the general meeting of stockholders. 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 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 call meetings of the supervisory board on his own initiative, as well as upon request by the members of the supervisory board or the members of the managing board.

(6) (new, SG 58/03) The relations between the company and a member of the supervisory board shall be settled by a contract. The contract shall be concluded on behalf of the company through a person authorised by the general assembly of the stock holders or by the single owner.

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 respectively contain the data under art. 247, para 2 and 3.

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

(3) The supervisory board may at any time require 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, as its members shall have access to the entire necessary information and documents. For purposes of such investigation it may employ the services of experts.

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 vice chairman from among its members.

(3) The board of directors shall meet regularly not less than once every 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 officers must immediately inform the chairman of the board of all circumstances which have arisen which are material to the company.

(6) Each director 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 settled by a contract for commissioning of the management which shall be concluded in writing on behalf of the company, through the chairman of the board of directors. The relations with the remaining members of the board may be settled by a contract to be concluded on behalf of the company through a person authorised by the general meeting of the stock holders or by the single owner.

Section X. Annual Closing of Accounts and Distribution of Profits Documents

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.

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 profit which shall be set aside until the fund's assets reach one tenth or more of the company's capital stock or such other larger proportion as the statutes may provide;

2. the proceeds obtained in excess of the nominal value of shares and bonds upon their issuing;

3. the total of the additional payments made by the stockholders for preferences given them with shares;

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 stock, 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 stock.

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 comprise a review of the company's operations over the year and its current state of affairs, and the accounting notes to 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 remuneration 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 economic 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.

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 are subject to payment, is not less than the sum of the capital of the company, fund "Reserve" and the other funds which the company is obliged to establish by virtue of a law or statutes.

(2) In the context of para 1 the net value of the assets 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 be made up to the size of the profit for

the respective year, the undistributed profit from past years, the part of fund "Reserve" 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 fund "Reserve" and the other funds which the company is obliged to establish by virtue of a law or 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 sums, except if the company proves that they have known or would have known about the lack of preconditions.

(5) (new, SG 58/03) The company shall be obliged to pay to the stock holders the dividend voted by the general meeting within three months from its holding, unless the statutes provide for a longer period.

Section XI. Annual Audit

Art. 248

(1) (amend., - SG 66/05; amend. – SG 67/08) The annual financial report shall be audited by the registered auditors appointed by the general meeting.

(2) The audit shall have as its object to ascertain whether the provisions of the Accountancy Act and the statutes on annual closing have been observed.

Art. 249

(1) (amend. - SG 50/08, in force from 30.05.2008; amend. – SG 67/08) Where the general meeting has failed by the end of the calendar year to appoint registered auditors, the registry official at the Registry Agency shall, upon request of the board of directors, or of the managing or the supervisory board as the case may be, or of an individual shareholder appoint Certified Public Accountants.

(2) (amend. – SG 67/08) The registered auditors shall assume responsibility for the bona fide and unbiased performance of audit, and nondisclosure of secrets.

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 it to the supervisory board, together with the annual financial report, annual business report and registered auditors report. The managing board shall also submit the draft resolution on distribution of profit to be discussed by the general meeting.

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 67/08) The annual

financial report may not be approved by the general meeting without an audit by registered auditors. 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) The inspected and approved annual financial report shall be presented for announcement in the commercial register.

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 of stockholders;

2. upon the expiration of the time period for which it was formed. The general meeting may pass a resolution to dissolve the company prior to the expiration of the said period;

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 attorney 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, within 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 by the order of 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 private limited company shall not be dissolved with the death or with the dissolution of the single owner of the capital.

Chapter fifteen. PARTNERSHIP LIMITED BY SHARES

Art. 253

(1) A partnership limited by shares shall be formed by articles of incorporation, whereby limited partners are issued with shares against their contributions to the capital. The limited partners shall be not less than three.

(2) The provisions for the joint stock company shall apply mutatis mutandis to the partnership limited by shares, unless this chapter provides otherwise.

(3) The trade name of a partnership limited by shares shall include the extension, `Komanditno druzhestvo s aktsii' [Partnership limited by shares], or the abbreviation `KDA'.

Art. 254

(1) The partnership limited by shares shall be formed by the general partners. They shall have the right to select stockholders among subscribers.

(2) The general partners shall draw up the statutes and shall convene the constituent meeting.

Art. 255

(1) The amount of the partners' contributions shall be specified by the statutes.

(2) Revoked, SG, No 103 1993)

Art. 256

The organs of the partnership limited by shares shall be those set forth by this Act for a one-tier system joint stock company.

Art. 257

(1) Only limited partners shall have the right to vote in the general meeting. General partners, even when they own shares, 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.

Art. 258

The board of directors shall consist of the general partners.

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 bankruptcy of a limited partner, unless the statutes provide otherwise.

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

Art. 261. (amend., SG 58/03)

(1) Trade companies may be transformed through merging, incorporation, splitting and split off from itself another company or a change of the legal form.

(2) In all forms of transformation the transforming and newly established 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.

Art. 261a. (new, SG 58/03) (1) A company in liquidation may be transformed by the order of this chapter in the presence of 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 for the transformation.

Art. 261b. (new, SG 58/03) (1) In transformation the partners or stock holders of the transforming companies shall become partners or stock holders of one or more of the newly established and/or receiving 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 payments to the partners or stock holders amounting to no more than 10 percent of the total nominal value of the acquired shares and stocks.

(3) (new – SG 66/05) Stocks or shares may not be acquired in accepting or newly established company against stocks or shares of the transformed company, owned by the accepting company, as well as against own shares of the transformed company. This prohibition shall refer also to a person, who acts on his/her behalf but on the account of the company.

Art. 261c. (new, SG 58/03) The members of the managing bodies of the transforming and receiving companies shall be liable to the partners and stock holders of the company for damages caused by non-fulfilment of their obligations in preparing and carrying out the transformation.

Art. 261d. (new, SG 58/03) (1) In transformation existing pledges and

distraint on shares and stocks of transforming companies shall pass on to the shares and stocks of receiving 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 stock holders, kept by the company or by the Central Depository.

Section II. Transformation through joinder, merger, splitting and separation

Art. 262. (amend., SG 58/03) (1) In case of a joinder the whole property of one or more trade companies (transforming companies) shall pass on to one existing company (receiving company) which shall become their legal successor. The transforming companies shall be dissolved without liquidation.

(2) In the case of para 1 a change of the legal form of the receiving company may not be done simultaneously.

Art. 262a. (new, SG 58/03) In case of merger the whole 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 dissolved without liquidation.

Art. 262b. (new, SG 58/03) (1) In splitting the whole property of a trade company (transforming company) shall pass on to two or more companies which shall become its legal successors for a respective part. The transforming company shall be dissolved without liquidation.

(2) The companies to which the property of the transforming company shall pass on may be existing companies (receiving companies) in cases of splitting through acquisition, newly established companies upon splitting through establishment, as well as existing and newly established companies simultaneously.

(3) A change of the legal form of the receiving company may not be carried out simultaneously with the splitting.

Art. 262c. (new, SG 58/03) (1) In separation 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 dissolved.

(2) The companies to which the part of the property of the transforming company is being passed on may be existing companies (receiving companies) in cases of splitting through acquisition, newly established companies after separation through establishment, as well as existing and newly established companies simultaneously.

(3) It shall be impossible, on separation, to implement simultaneously a change of the legal form of the transforming or receiving company.

Art. 262d. (new, SG 58/03) (1) On separation 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 established companies), whereas the transforming company becomes single owner of their capital. This transformation may be carried out simultaneously with the separation under art. 262c.

(2) The rules for separation through incorporation shall apply in the separation of a single owner trade company, inasmuch as this law does not stipulate otherwise.

Art. 262e. (new, SG 58/03) (1) Prior to taking a decision for transformation the participating receiving 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 receiving companies shall prepare a draft contract for which all rules regarding the contract for transformation shall apply. As date of the contract, in the meaning of this section, shall be considered the date of the draft contract.

(3) Contract shall not be concluded on splitting with incorporation, separation with incorporation and separation of a single owner trade company. In these cases the transforming company shall prepare a plan for 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 worked out in writing with a notary certification of the signatures of the persons representing each of the transforming and receiving companies.

(3) The plan for transformation shall be worked out 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.

Art. 262g. (new, SG 58/03) (1) The contract for transformation shall settle 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 firm, the unified identification code and the seat of each of the transforming and receiving 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 stock holder acquires in the newly established and/or receiving companies;

5. the requirements regarding the distribution and submission of the stocks of the newly established or receiving companies;

6. the moment from which the participation in a newly established or receiving company entitles to a share of the profit, as well as all particularities pertaining to that right;

7. the moment from which the actions of the transforming companies are considered fulfilled for the account of the newly established or receiving companies for the purposes of the accountancy;

8. the rights which the newly established or receiving companies give to the stock holders with special rights and to the holders of securities which are not 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 plan for transformation, besides the data under para 2, shall also contain:

1. exact description and distribution of the rights and obligations of the property of the transforming company which are passed on to every newly established company;

2. the distribution of the shares, stocks and membership in the newly established and/or transforming companies among the partners or stock holders of the transforming companies and the criterion for this distribution.

(4) The ratio of exchange shall be determined by a date which may not be earlier than 6 months before the date of the contract or the plan for transformation and later than the date of the contract or the plan 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 receiving 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 responsibility 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 respective majority under art. 262o.

Art. 262i. (new, SG 58/03) (1) The managing body of the transforming and receiving companies shall prepare a written report for the transformation. The report for the personal companies shall be prepared by the partners with right of management.

(2) (suppl., - SG 66/05) The report under para 1 shall contain a detailed legal and economic rationale of the contract or the plan for transformation and, particularly of the ratio of exchange, and on splitting and separation - of the criterion for distribution of the shares and stocks. The report shall obligatorily indicate data for the appointed inspector and for the authorised depositary under art. 262w, as well as the difficulties of assessment, if such have occurred. Whereas the newly established company is a capital company or will perform increase of the capital of the accepting company, the report shall contain data also about the passing into this company property, on the base of which the amount of the capital shall be assessed as per Art.

262s, Para 3 and Art. 262u, Para 1.

(3) (new - SG 108/08) In the cases of Art. 262k, Para 5 the consent of the partners or the shareholders shall be annexed to the report.

Art. 262j. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The contract and the plan for transformation and the report of the managing body shall be presented in the commercial register where the announcement shall be performed simultaneously in the files of each transforming and receiving company.

(2) (amend. - SG 38/06, in force from 01.07.2007) The presentation of the documents under para 1 of the participating capital companies shall be announced in the commercial register within a period not less than 30 days before the date of the general meeting for adopting the decision for transformation.

Art. 262k. (new, SG 58/03) (1) The contract or the plan for transformation shall be inspected by a special inspector for each transforming or receiving 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 a right of management for each transforming or receiving company. At a common request of the managing bodies the official for registration at the Registry Agency may appoint one inspector for all transforming and receiving 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 contributions in kind. The appointed inspector may not be appointed auditor of some of the companies participating in the transformation two years after the date of the transformation.

(4) Access shall be provided to the auditor to any information and written materials regarding any of the transforming and receiving companies with respect of his task.

(5) (*) (new - SG 108/08) Inspection of the transformation shall not be made if all partners or shareholders in the transformed and receiving companies have explicitly stated their consent for that.

Art. 262l. (new, SG 58/03) (1) The appointed inspector shall prepare a report on the inspection to the partners or stock holders of the respective company. When one inspector is appointed he shall prepare a common report for all companies.

(2) The report of the inspector shall contain an assessment of whether the ration of exchange stipulated by the contract or the plan for transformation is adequate and reasonable, and shall indicate:

1. the methods used in determining the ration of exchange;

2. to what extent is the using of these methods appropriate and correct in the specific case;

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 responsible to all companies participating in the

transformation and to their partners and stock holders for damages caused by non-fulfilment of his obligations.

Art. 262m. (new, SG 58/03) (1) Submitted at the disposal of the partners and stock holder, prior to adopting the decision for transformation, shall be:

1. the contract or the plan for 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 receiving companies for the last three financial years, if any;

5. (amend., - SG 66/05)the accountancy balance by the last day of the month before the date of the contract or of the plan for transformation, unless the last financial report regards a financial year which has ended less than 6 months before this date;

6. the new corporate draft contract or statutes of each of the newly established companies, respectively of amendments and supplements of the statutes or of the corporate contract of each of the transforming and receiving companies.

(2) The materials under para 1 shall be submitted at the seat and at the address of the capital trade companies within 30 days before the date of the general meeting. On request, copies of the materials or abstracts from them shall be submitted to each partner or stock holder free of charge.

(3) The term under para 2 may not be observed if all partners or stock holders have voted for the transformation.

(4) The managing bodies of each transforming or receiving companies shall be obliged to inform the general meeting of the partners or stock holders about every change of the property rights and obligations having occurred between the preparation of the contract or the plan for transformation and the day of the general meeting. The change shall also be announced to the managing bodies of the other transforming or receiving companies which shall be obliged to notify the general meetings of their companies.

Art. 262n. (new, SG 58/03) (1) The decision for transformation shall be taken individually for every transforming or receiving company.

(2) The decision for transformation shall approve the contract or the plan for 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) The decision for transformation shall also adopt decisions stipulated by this section regarding all changes related to the transformation.

Art. 262o. (new, SG 58/03) (1) Transformation of a general or limited partnership shall be carried out by 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 stock holders by a majority of 3/4 of the represented stocks of voting right. For stocks of different classes the decision shall be taken by the stock holders of each class.

(4) For transformation of a partnership limited by shares shall be necessary 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 stock holders, taken by a majority of 3/4 of the represented stocks of voting right.

Art. 262p. (new, SG 58/03) (1) Where, as a result of transformation, a partner of a limited liability company or a stock holder becomes an unlimited liable partner his explicit consent shall be required.

(2) The consent shall be considered given if the partner or the stock holder has voted for the decision for transformation. In such a case a public notary shall attend the general meeting, who shall issue findings records under art. 488a of CPC, copy of which shall be attached to the minutes of the general meeting.

(3) Should a partner or a stock holder not participate in taking the decision his consent may be given in writing with a notary certification of his signature.

Art. 262q. (new, SG 58/03) (1) Where, on transformation, a new company is incorporated, the decision of each of the transforming companies shall accept the corporate contract and/or the statutes of each of the newly incorporated companies and bodies shall be elected.

(2) Considered, by taking the decision under para 1, shall be met the requirements for a form of the corporate contract or statutes.

(3) The size of the capital of the newly incorporated company may not be larger than the net value of the property passing on to the company on transformation. Art. 262s, para 3 shall apply respectively.

(4) The rules for the concrete kind of trade company shall apply for the newly incorporated company.

Art. 262r. (new, SG 58/03) (1) The amendments or supplements of the corporate contract and/or statutes of a receiving company, introduced on transformation, shall be adopted by the decision of each of the transforming companies and by the decision of this receiving company.

(2) The amendments or supplements of the corporate contract and/or statutes of a transforming company shall be adopted by the decision for its transformation.

(3) The requirements for a form of the corporate contract and/or statutes shall be considered met by the adoption of the decision under para 1 and 2.

Art. 262s. (new, SG 58/03) (1) The capital of a receiving 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 stock holders of the transforming companies.

The size of the increase may not be larger than 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 made where:

1. it possesses own stocks, or

2. a transforming company possesses stocks of the receiving company and they have been paid in full.

(3) Increase of the capital of the receiving company may not be made if:

1. it possesses stocks of the transforming company;

2. a transforming company possesses own stocks, or

3. a transforming company possesses stocks of the receiving company and they have not been paid in full.

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 a receiving company is made, the inspectors of all companies shall prepare, besides the report under art. 262l, 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 the newly incorporated or receiving company.

(3) The rules for instalments in the capital shall not apply in the cases of para 2.

Art. 262u. (new, SG 58/03) (1) Where, on separation, a reduction of the capital of the transforming company is made payments to the partners and stock holders may not be made. The rules for protection of the creditors shall not apply.

(2) Paragraph 1 shall also apply when a receiving company reduces its capital for the purposes of transformation.

Art. 262v. (new, SG 58/03) (1) The holders of securities which are not stocks and provide special rights shall be given equal rights in the receiving or newly incorporated companies after the transformation.

(2) Art. 262w shall apply for the transfer of securities under para 1.

(3) Paragraph 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.

Art. 262w. (new, SG 58/03) (1) After taking a decision for transformation by all participating companies the managing body of a receiving or newly incorporated joint-stock company or partnership limited by shares shall submit to a depositary interim certificates or shares to be received by the partners or stock holders of the transforming companies.

(2) The depositary shall be an individual or corporate body authorised by the

managing body of an individual transforming company. The rules of a mandate contract shall apply regarding the relations between the depositary and the partners or stock holders. The depositary shall not exercise the rights of the submitted 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 stock holders, within two months, the interim certificates or shares.

(4) The interim certificates or shares not received within the period under para 3 shall be returned to the managing body of the receiving or newly incorporated company. The shares of a bearer not claimed within one year shall be sold by the managing body, and the rights of the previous stock holders shall be lapsed and the obtained sums shall be deposited in Fund "Reserve". The one-year period shall run from the expiration of the period under para 3.

(5) Where the partners or stock holders of the transforming companies must receive dematerialised shares the managing body of a receiving 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.

Art. 262x. (new, SG 58/03) (1) The holders of stocks of a bearer in a transforming company shall be indicated in the list of the persons acquiring shares, stocks or membership of a newly incorporated or receiving company in the book of stock holders kept by the company or by the Central Depositary, or in the commercial register, indicating the class and the numbers of the stocks possessed by them.

(2) Where a holder of stocks of a bearer, until the announcement of the transformation for registration, deposits in the company his stocks his name shall be listed in the documents under para 1.

(3) After the date of transformation every person may request in writing the listing of his name in the book of the stock holders or in the commercial register by presenting the stocks of a bearer possessed by him. Until that moment the person may not exercise the rights pursuant to the shares, stocks or membership acquired in exchange of the respective stocks of a bearer, and they shall not be counted in determining the necessary quorum and majority.

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 receiving company shall declare for entry in the commercial register the joinder or the merger. The declaration 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 declaration shall also be accompanied by:

1. (revoked – SG 38/06, in force from 01.07.2007)
2. (revoked – SG 38/06, in force from 01.07.2007)
3. copy of the corporate contract and/or the statutes of the receiving company

containing all amendments and supplements, certified by the body representing the company, if such have been introduced in the transformation;

4. the adopted corporate 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 acquiring stocks, shares or membership of a newly incorporated or receiving company, the type of the membership, as well as data for existing pledges and distraint;

9. declaration by the depositary that the interim certificates or shares have been submitted, 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 of personal companies shall be made by each of the partners entitled to management.

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 splitting or separation. Attached to the declaration for registration shall be:

1. the contract or the plan for transformation and the decisions of all companies participating in the transformation;

2. copy of the corporate contract and/or statutes of the receiving company, containing all amendments and supplements, certified by the body representing the company, if such have been introduced at the time of transformation;

3. the adopted corporate 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 shall be attached to the declaration:

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

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

3. copy of the corporate contract and/or statutes of the transforming company which shall contain all amendments and supplements, certified by the body representing the company if such have been introduced at the time of 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 acquiring stocks, shares or membership of a newly incorporated or receiving company, the type of the membership, as well as data for existing pledges and distraint;

8. declaration by the depositary that the interim certificates or shares have been submitted, 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 of personal companies shall be made by

each of the partners entitled to management.

Art. 263b. (new, SG 58/03) (1) The declaration under art. 236, para 2 and art. 236a, para 2 may not be made later than 8 months after the date by which the ratio of exchange has been determined by the contract or the plan for 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 stipulates a prior permit of the transformation by a state body the declaration shall be filed within the period under para 1 and the permit shall be presented in the commercial register its issuance.

Art. 263c. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The registration of joinder or merger shall be carried out by the official for registration at the file of the transforming, the receiving or respectively the newly incorporated company not earlier than 14 days after declaring. Registered shall be simultaneously the amendment of the corporate contract or of the statutes, change of the capital and change of the persons managing and representing the receiving 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)

Art. 263d. (new, SG 58/03) (1) (amend. and suppl. - SG 38/06, in force from 01.07.2007) The registration of splitting or separation shall be carried out by the official for registration at the file of the transforming, receiving, respectively the newly incorporated company not earlier than 14 days after declaring. Registered shall be simultaneously the amendment of the corporate contract or of the statutes, change of the capital and change of the persons managing and representing the receiving company, if such have been introduced at the time of transformation. In splitting 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)

Art. 263e. (new, SG 58/03; revoked – 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.

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 the entry in the commercial register.

(2) The contract or the plan for transformation may stipulate an earlier date from which the activities of the transforming companies shall be considered as performed for the account of the newly incorporated or receiving 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 plan for transformation.

Art. 263h. (new, SG 58/03) (1) Every transforming company which is being dissolved shall prepare a concluding balance by the date of transformation. A copy of the concluding balance shall be submitted to each of the receiving or newly incorporated companies.

(2) Every newly incorporated company shall prepare an opening balance by the date of the transformation on the basis of the balance values of the assets and liabilities obtained through the transformation, or on the basis of their fair price.

(3) Where the contract or the plan for transformation stipulates an earlier date according to art. 263g, para 2 concluding and opening balances shall be prepared by this date.

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 originate and the transforming companies shall be dissolved, except the transforming company in separation.

(2) By the registration of the joinder or merger the rights and obligations of the transforming companies shall pass on to the receiving or newly incorporated company. The partners and stock holders of the transforming companies shall become partners or stock holders of the receiving or newly incorporated company.

(3) By the registration of the splitting the rights and obligations of the transforming company shall pass on to each of the receiving and/or newly incorporated company correspondingly to the distribution stipulated by the contract or plan for 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 plan for transformation. The partners and the stock holders of the transforming company shall become partners or stock holders of one or more of the receiving or newly incorporated companies according to the provision of the contract or plan for transformation.

(4) By the registration of the separation a part of the rights and obligations of the transforming company shall pass on to every receiving and/or newly incorporated company correspondingly to the distribution stipulated by the contract or plan for transformation. The partners and stock holders of the transforming company shall become partners or stock holders of one or more of the receiving or newly incorporated companies, and/or shall retain their membership of the transforming company according to the provisions of the contract or plan for transformation.

(5) By the registration of separation of a single owner trade company the part of the rights and obligations of the transforming company, stipulated by the plan for 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 contains real right on a real estate or on a movable property the transactions through which they are subject to registration, the certificate for

registration under art. 263c, para 1 and art. 263d, para 1 shall be presented for registration in the respective register. In splitting and separation the contract or the plan for transformation shall also be attached.

(7) In splitting and separation the found pending proceedings on cases shall continue with the person of the legal successor of the party according to the stipulated by the contract or plan for transformation. Where the transforming company is a defendant the court shall summon, ex officio, as parties all companies which shall be jointly and severally responsible according to art. 263k, para 1 and 2.

(8) Permits, licences or concessions possessed by the transforming company, when it is dissolved, shall pass on to the receiving or newly incorporated company in cases of joinder or merger, and in case of splitting - to the company determined by the contract or plan for transformation, inasmuch as the law or the act for submission does not stipulate otherwise.

Art. 263j. (new, SG 58/03) (1) (amend. and suppl. - SG 38/06, in force from 01.07.2007) The receiving or newly incorporated company shall manage independently 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) Within the period under para 1 each creditor of a company participating in the transformation, whose receivables have not been secured, and it has occurred before the date of transformation, may request execution or securing 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.

(3) The members of the managing body of the receiving or newly incorporated company shall be responsible jointly and severally to the creditors for the individual management.

Art. 263k. (new, SG 58/03) (1) For liabilities having occurred until the date of transformation all companies participating in the transformation, except the dissolved, shall be jointly and severally responsible. The liability of each company shall be up to the size of the obtained rights, except those of the company whose liability has been distributed by the contract or the plan for transformation.

(2) Where, in separation a liability is not distributed all receiving and/or newly incorporated companies shall be jointly and severally responsible thereof. The 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 plan for transformation.

(3) In cases of splitting and separation, when a part of the property passes on to one or more existing companies the rules for individual management under art. 263j shall apply respectively for each of the receiving companies.

(4) Where, in splitting through incorporation and separation through incorporation, 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 also be true when some or all newly incorporated companies are personal.

Art. 263l. (new, SG 58/03) (1) The unlimited liable partners of transforming companies shall continue their liability to the creditors for liabilities having originated until the date of transformation.

(2) Where, in transformation, a person becomes unlimited liable partner of the receiving company he shall not be responsible for the liabilities of this company, having originated by the date of the transformation.

Art. 263m. (new, SG 58/03) (1) Partners or stock holders of a transforming or receiving company shall not be released from instalment obligation which they have not paid in full.

(2) After the date of transformation the instalments shall be due to the receiving or newly incorporated company in cases of joinder or merger, and in splitting and separation - according to the provisions of the contract or plan for transformation.

Art. 263n. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) Every partner or stock holder 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 receiving or the newly incorporated company in case of joinder and merger, respectively in the court at the seat of the transforming company in case of splitting and separation, to establish that some of the following violations has been admitted in the transformation, regardless of where the violation has been found with the companies participating in the transformation:

1. a contract, draft contract, plan for transformation is missing or they are void;

2. the requirements of art. 262f, art. 262g, para 2, item 1, 2 and 8 and para 3, art. 262i, art. 262j, art. 262k, para 2 and 3, art. 262l - 262t and art. 262 v, para 1 have not been met;

3. the decision for transformation contradicts imperative provisions of the law or of the Art.s of association, 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 stock holder may enter the proceedings and maintain 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 claim under para 1 shall stop 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 considered by the rules of chapter thirty two "Commercial Disputes Proceedings" of the Civil Procedure Code.

(6) Claim, pursuant to art. 74, may not be laid against the decision for transformation.

Art. 263o. (new, SG 58/03) (1) (amend., - SG 66/05) It way be required, after the date of transformation, declaring voidability of the newly incorporated company as a result of the transformation, applying art. 70. The claim may be laid only by a partner or stock holder.

(2) A partner or a stock holder may also request the declaring of voidability when the general meeting having taken the decision for transformation has not been convened by the order stipulated by the law or by the corporate contract or statutes and he has not attended.

(3) The claim under para 1 may not be laid by a partner or a stock holder who has participated in proceedings on a claim for contesting the transformation and the claim has been rejected.

Art. 263p. (new, SG 58/03) (1) Every partner or stock holder, within three months from the date of transformation, may lay a claim in the district court for owelty of exchange if the ratio of exchange stipulated by the contract or the plan for transformation is not equivalent.

(2) The claim under para 1 shall be laid against the receiving or newly incorporated company in joinder or merger. In splitting and separation the claim shall be laid against the company or companies where the partner or stock holder participates after the transformation.

Art. 263q. (new, SG 58/03) (1) A partner in a limited liability company or a stock holder 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. Termination of the participation shall be carried out by a notary certified notification to the company within three months from the date of transformation.

(2) The partner who has left shall be entitled to the equivalence of the share or stocks possessed before the transformation of the company, according to the ration of exchange stipulated by the contract or the plan for transformation. The partner who has left may lay an owelty of exchange claim within three months from the notification under para 1.

(3) The shares of the partner who has left 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 stock holder who has left shall be taken over by the company and the rules for acquiring own stocks shall apply besides art. 187a, para 4.

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 a request of a partner with management right in one of the participating companies the official for registration at the Registry Agency shall appoint an inspector who shall inspect all companies participating in the transformation. Art. 262k and 262 l shall apply respectively in this case.

(2) Whereas all the transforming and accepting 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 base of a decision of the single owner. Regarding the decision shall be applied respectively Art. 262f and Art. 262g. Art. 262h – Art. 262p and Art. 263p-263q shall not be applied.

(3) In case of transformation by splitting off of a single owner company proportion of exchange shall not be inspected. Art. 261b, 262l and 262m shall not be applied. This refers also in cases of merging of a sole owner trade company into the sole owner of its capital.

Section III. Transformation through a change of the legal form

Art. 264. (amend., SG 58/03) (1) A trade company (transforming company) may be transformed through a change of the legal form by a transformation 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 stock holders may not be accepted simultaneously with the change of the legal form.

Art. 264a. (new, SG 58/03) (1) In changing the legal form the managing body or the partners with management right in a personal company shall prepare a plan for transformation in writing with a notary certification of the signatures.

(2) The plan for 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 by a concrete date;

3. the size of the monetary payments if such are provided for according to art. 261b, para 2, as well as term of the payment;

4. description of the shares, stocks or membership which every partner or stock holder will acquire of the newly incorporated company, as well as data for existing pledges and distraint;

5. the requirements regarding the distribution and submission of the stocks by the newly incorporated company;

6. the rights to be obtained by the stock holders with special rights and the holders of securities which are not stocks.

(3) The plan for transformation shall also be accompanied by a new draft corporate contract or statutes of the newly incorporated company.

Art. 264b. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) The plan for transformation shall be presented for announcement in the commercial register. If the transforming company is a capital one the presented plan shall be announced within a period not less than 30 days before the date of the general meeting for adopting a decision for transformation.

(2) Submitted at the disposal of the partners and stock holders shall be:

1. the plan for transformation along with the new draft corporate contract or

statutes of the newly incorporated company;

2. (amend., - SG 66/05) the accountancy balance by the last day of the month before the date of the plan for transformation, unless the last annual financial report regards the financial year which has ended less than 6 months before this date;

3. the data regarding 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 from them shall be submitted to every partner or stock holder free of charge.

(4) The period under para 3 may not be observed if all partners or stock holders have voted for the transformation.

Art. 264c. (new, SG 58/03) (1) Where the newly incorporated company is a capital one the plan for transformation shall be inspected by a special inspector appointed by the managing body or by the partners with management right.

(2) The inspector shall prepare a report for the inspection to the partners or stock holders. The report shall contain an assessment of whether the ratio of exchange stipulated by the plan is adequate and reasonable, and shall indicate the data under art. 262l, para 2.

(3) Applied for the inspector shall respectively be 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 in the cases of para 1 inspection of the transformation shall also be made at a request of a partner or stock holder or by a decision of a managing or control body of the company. Where the inspection is requested by a partner, stock holder or a control body the inspector shall be appointed by the official for registration at the Registry Agency.

Art. 264d. (new, SG 58/03) (1) The change of the legal form of the company shall be carried out by 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 stock holder becomes unlimited liable partner art. 262p shall apply.

(3) The decision for transformation shall approve or amend the plan for transformation. This decision shall also adopt the corporate contract and/or the statutes of the newly incorporated company and shall be elected bodies, by which the requirements for a form of the corporate contract or statutes shall be considered fulfilled.

Art. 264e. (1) If the newly incorporated company is a capital one the size of its capital may not be larger than 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.

Art. 264f. (1) Art. 262x and art. 262v shall apply for the holders of stocks of a

bearer and of special rights, which are not stocks of the transforming company.

(2) Art. 262w shall apply respectively for the transfer of stocks to the newly incorporated company.

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 after its declaring.

(2) The declaration for registration shall be filed by the managing body or by a partner with management right of the newly incorporated company and it shall be accompanied by:

1. the decision for transformation;

2. the consents under art. 264d, para 2;

3. the adopted corporate 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. declaration of the depositary that he has been presented with the interim certificates or shares, 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)

Art. 264h. (new, SG 58/03) (1) The change of the legal form shall have effect after the entry has been made 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 stock holders 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 contains a real right on a real estate or chattel, the transactions with which are subject to registration, the certificate for registration of the change of the legal form shall be presented for entry in the respective register.

(5) Permits, licences or concessions possessed by the transforming company shall pass on to the newly incorporated company, inasmuch as a law or the act for submission does not stipulate otherwise.

(6) Concluding and opening balance by the date of registration shall be prepared according to art. 263h, para 1 and 2.

Art. 264i. (new, SG 58/03) 91) Unlimited liable partners in the transforming company shall continue to be responsible before the creditors for liabilities having occurred after the change of the legal form. When one person becomes an unlimited liable partner in the newly incorporated company he shall not be responsible for liabilities having occurred before the change of the legal form.

(2) Partners or stock holders of a newly incorporated company shall not be released from the liabilities for instalments which have not been paid 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 with receivables having occurred before the change of the legal form may request security up to the size of the difference of the capital.

Art. 264j. (new, SG 58/03) (1) Every partner or stock holder of the transforming company may lay a claim with the district court at the place of his seat in order to establish that some of the following violations have been admitted in the change of the legal form:

1. there is no plan for transformation or the plan is void;

2. the requirements of art. 264a, para 1 and para 2, item 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 Art.s of association, 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 until the registration of the change of the legal form. Every partner or stock holder may enter the proceedings and maintain 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 stop the registration of the transformation. On the grounds of the enacted 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 considered by the rules of chapter Thirty Two - "Commercial Disputes Proceedings" of the Civil Procedure Code.

(6) Claim may not be laid pursuant to art. 74 against the decision for transformation.

Art. 264k. (new, SG 58/03, amend., - SG 66/05) After the registration of the change of the legal form a partner or a stock holder may request declaring of invalidity. Art. 263p shall apply respectively.

Art. 264l. (new, SG 58/03) (1) Every partner or stock holder, within three months from the registration of the change of the legal form, may lay a claim in with the district court an owelty of exchange claim against the company if the ratio of exchange adopted by the plan for transformation is not equivalent.

(2) A partner in a limited liability company or a stock holder, whose legal status is changed after 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 respectively.

Art. 264m. (new, SG 58/03) (1) In a change of the legal form of a single owner trade company a plan for transformation shall not be prepared and there shall be no obligation to submit information. The appointed inspector shall only carry out 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 through 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 will it be an individual registered as 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 distrained.

(3) The decision for transformation shall be taken by the single owner in writing, with a notary certification of the signature.

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 considered notified regarding their rights under art. 265c.

Art. 265b. (new, SG 58/03) (1) (amend. - SG 38/06, in force from 01.07.2007) 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 contains a real right on a real estate or chattel, the transactions with which are subject to registration, the certificate for registration of the transfer of property to the single owner shall be presented for registration in the respective register.

(4) Permits, licences or concessions possessed by the transforming company shall pass on to the sole entrepreneur, inasmuch as a law or the act for submission does not stipulate otherwise.

Art. 265c. (new, SG 58/03) (1) (amend. and suppl. - SG 38/06, in force from

01.07.2007) The sole entrepreneur shall manage individually the property of the transforming company having passed on to him for a period of 6 months from the moment of the entry of the transformation.

(2) Within the period under para 1 every creditor of the transforming company and of the sole entrepreneur, whose receivables have not been secured, and which has occurred before the registration, may request execution 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 individual management the sole entrepreneur may not request to be written off the court 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)

Art. 265d. (new – SG 104/07) (1) Transformation according to this Section shall be carried out by way of joinder and merger, 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 receiving 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 receiving 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.

Art. 265e. (new – SG 104/07) (1) Prior to taking a decision on transformation,

the receiving and/or transforming companies participating in it shall compile common draft terms of transformation.

(2) Common draft terms of transformation shall be compiled in writing for the companies taking part in the transformation having their seat of business in the Republic of Bulgaria and shall be signed by the persons representing the company.

(3) Common draft terms of transformation shall regulate the manner in which the transformation shall be carried out. It shall contain at least the following:

1. legal form, company name and seat of each of the transforming companies, of the receiving company in case of joinder, as well as of the newly incorporated company in case of merger;

2. share exchange ratio of the stocks or the shares, calculated with regards to a specific date;

3. amount of cash payments, if such are provided as per Art. 216b, para 2, as well as the term for payment thereof;

4. description of the shares or stocks which every partner or stock holder acquires in the newly incorporated or the receiving company, including the envisaged capital increase of the receiving company, if such is necessary for the purposes of transformation, as well as the terms concerning the allotment and delivery of shares by the newly incorporated or the receiving company;

5. the date from which the participation in newly incorporated or receiving company entitles the holders to participate in profits and any special conditions affecting that entitlement;

6. the date from which the transactions of the companies being transformed shall be treated for accounting purposes as being those of the newly incorporated or receiving company;

7. the rights conferred by the newly incorporated or receiving company on the holders of shares to which special rights are attached and the holders of securities other than shares;

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 determination of the participation of workers and employees in the management of the newly incorporated or the receiving company, where possible;

11. information on the assessment of the property, being transferred to the newly incorporated or the receiving company.

(4) Integral part of the common draft terms of transformation shall be:

1. draft of Art.s of association or of statutes of the newly incorporated company in case of joinder, respectively the amendments of the Art.s of association or the statutes of the receiving 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 receiving company, on the basis of which have been drawn up the draft terns of transformation.

Art. 265f. (new – SG 104/07) The managing body of each of the transforming

companies and the receiving one shall draw up a written report on the transformation, setting out the legal and economic grounds of the general transformation plan, in particular the share exchange ratio, as well as the influence of the transformation on the situation of the partners and stock holders, the creditors, workers and employees.

Art. 265g. (new – SG 104/07) (1) The draft terns of transformation and the report of the managing body of each transforming and/or receiving company having a seat in the Republic of Bulgaria shall be presented in the commercial register. The announcement shall be made simultaneously in the files of each transforming and/or receiving company within a minimum of one month before the date of the general assembly regarding taking a decision on 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 receiving companies is entered. The list shall also contain information about each company concerning the rules for protection of its creditors and minority stock holders, as well as where could be found complete information.

(3) Within the term set out in para 1 the report of the managing body shall be presented to the representatives of workers and employees referred to in Art. 7a of the Labour code, and in case there are not such – to the workers and employees. The received statements of workers and employees shall be attached to the report.

Art. 265h. (new – SG 104/07) (1) The common draft terms of transformation shall be examined with regards to each transforming or receiving company having a seat in the Republic of Bulgaria by a specified examiner, appointed by the managing body of the respective company.

(2) Upon mutual request by all transforming and receiving companies the official responsible for registration at the Registry Agency may appoint a general examiner for all transforming and receiving companies, including the ones having a seat in another Member State.

(3) Art. 262k, para 3 shall be applied to the appointed examiner under para 1 and 2.

(4) Examiners, appointed according to paras 1 and 2 or appointed pursuant to the law of another Member State, where a transforming or receiving company has a seat, shall have the rights as per Art. 262k, para 4 and shall bear responsibility under Art. 262l, para 3.

(5) Transformation Inspection shall not be carried out if all partners or stock holders in the transforming and receiving companies have given their agreement in writing.

Art. 265i. (new – SG 104/07) (1) Art. 262l, paras 1 and 2 shall be applied to the report of examiners, appointed pursuant to Art. 265h, paras 1 and 2.

(2) Where a newly formed company by means of merger has its seat of business in the Republic of Bulgaria or in case of joinder where capital increase of the receiving company which has its seat in the Republic of Bulgaria is being carried out,

the examiner shall also draw up a report concerning the examination of the capital. Art. 262t, paras 1 and 2.

(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 receiving 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 stock holders upon request.

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 receiving companies shall decide on the approval of the common draft terms of transformation.

(2) Decision on transformation of transforming or receiving company having a seat of business in the Republic of Bulgaria shall be taken pursuant to Art. 262o, paras 2, 3 and 4.

(3) Art. 262p shall also be applied in case a partner in a limited liability company or a stock holder in a company having a seat in the Republic of Bulgaria becomes a limited partner in the receiving or the newly formed company.

Art. 265k. (new – SG 104/07) In case a receiving or newly formed company has its seat in another Member State, the managing body of each of the transforming companies which has a seat in the Republic of Bulgaria shall require from the commercial register the issue of a certificate of legality of the transformation with regards to the said company. Attached to the said 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 owe any land in accordance with the prohibition set out in Art. 265d, para 3.

Art. 265l. (new – SG 104/07) (1) The managing body of the newly formed or the receiving company having a seat in the Republic of Bulgaria shall declare the merger or joinder for entering in the commercial register. To the request for an entry shall be enclosed the common draft terms of transformation and the decisions of all companies taking part in the transformation, as well as the certificates as per 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 of business in another Member state. Art. 263, para 2 shall be applied respectively.

(2) Entries of merger or joinder shall be made in the file of the receiving, respectively the newly formed company having a seat of business in the Republic of Bulgaria, as well as in the files of the transforming companies having a seat of business in the Republic of Bulgaria, not earlier than 14 days after the entry has been declared, in case;

1. the transforming companies having with seats in another Member States have provided certificates as per Art. 10 of Directive 2005/56/EC;

2. the companies taking part in the transformation, having a seat of business

in the Republic of Bulgaria have observed the requirements set out in this Section and the requirements of this Law concerning the adoption of the decision on transformation;

3. the transforming companies and the receiving one have approved common draft terms of transformation, and

4. the requirements of the Bulgarian legislation regarding the receiving or the newly formed company have been observed.

(3) Along with the joinder shall also be registered any amendments of the Art.s of association or statutes, amendments of the capital or change of the persons who manage and represent the receiving company, in case such have been made during the transformation.

Art. 265m. (new – SG 104/07) Where the seat of the newly formed 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 notice from the register of the Member Sate, where the receiving or the newly formed company has been entered, that the transformation has been registered.

Art. 265n. (new – SG 104/07) (1) Transformation as per Art. 262l shall have an effect from the moment of its entry in the commercial register, and in case of transformation where the receiving or the newly incorporated company has a seat in another Member state shall have an effect according to the law of the said state.

(2) The newly incorporated company shall be deemed formed when it is registered and the transforming companies are being wound up, their rights and liabilities being transferred to the receiving or the newly incorporated company. The partners and stock holders in the transforming companies shall become partners and stock holders in the receiving or the newly incorporated company.

(3) In case in the property of a transforming company having a seat in the Republic of Bulgaria there is property right over real estate, movables or other right, the transactions which are subject to entry in a special register, the certificate of registration in the commercial register, respectively the registration notice referred to in Art. 265m of the register of the Member State, shall be presented for entry in the respective register.

(4) Authorizations, licenses or concessions, owned by the transforming company, shall be transferred to the receiving or the newly incorporated company, unless a law or the act certifying the transfer provides otherwise.

Art. 265o. (new – SG 104/07) (1) A claim as per Art. 74 may not be lodged against a decision on transformation of a company having a seat in the Republic of Bulgaria. A newly formed company as a result of merger with a company having a seat in the Republic of Bulgaria may not be declared invalid as per Art. 263o.

(2) Transformation according to this Section may not be declared void. It may also be contested by the persons and 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 receiving or the newly incorporated company has a seat in another Member State, the claim shall be lodged till the issue of a certificate as per Art. 265k. The lodging of a claim shall not stop 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 receiving or the newly incorporated company has a seat in the Republic of Bulgaria, the claim shall be lodged before the entry of transformation. The lodging of a claim shall stop the registration of the transformation. On the grounds of an enacted decision, which grants the claim, registration of the transformation shall be refused.

Art. 265p. (new – SG 104/07) In case the receiving company is a sole proprietor of the capital of all companies undergoing transformation, the latter shall be carried out on the grounds of a decision of the sole proprietor of the capital. Art. 265f, para 3, items 2 through 5, Art. 265h, 265i and Art. 265n, para 2, second sentence shall not be applied.

Art. 265q. (new – SG 104/07) (1) In case the seat of one of the transforming companies, the receiving or the newly formed company is in the Republic of Bulgaria, with regards to participation of workers and employees shall be applied Art.s 12 through15, Art. 16, para 1, 2 and para 3, items 4 and 5 (provided that one third of the total number of the workers and employees therein is required instead of 25 per cent), Art.s 17, 18, 19, 29 and Art. 30 of the Law on Informing and Consulting the Workers and Employees in Multinational Enterprises, Groups of Enterprises and European Companies, provided that the receiving or the newly formed companies under this Section shall be considered European companies.

(2) In case the seat of the receiving or receiving company is in the Republic of Bulgaria, the managing bodies of the transforming companies and of the receiving one may take a decision on implementation of the standard rules as per Art. 16 and 17 of the Law on Informing and Consulting the Workers and Employees in Multinational Enterprises, Groups of Enterprises and European Companies, without negotiating. In case the seat of the receiving or receiving 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 receiving or the newly formed company is in the Republic of Bulgaria and one of the transforming companies has implemented rules for participation of the workers and employees within the meaning of § 1, item 2 of the Additional provisions of the Law on Informing and Consulting the Workers and Employees in Multinational Enterprises, Groups of Enterprises and European Companies, the receiving or the newly formed company shall be obliged to provide that the rights ensuing from the said rules are being exercised. This rule shall also be applied in case of 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 as per Art. 265p, para 1.

Chapter seventeen. 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 decision of the partners with unlimited liability. Such a term shall also be determined by the official for registration at the Registry Agency when appointing liquidators. Where necessary, the term determined as above 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 with notary certified consents with their specimen signatures.

(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 on application by the partners, or, respectively, by the stockholders which own at least one twentieth of the stock.

(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 partners with unlimited liability in a company, unanimously;

3. the court, where the liquidators have been appointed by it;

4. (new - SG 38/06, in force from 01.07.2007) the official for registration at the Registry Agency when the liquidators were appointed by him.

(6) (New, SG No 83/1996) The liquidators shall be liable for their activities related to the liquidation in the same way as the managers and the other executive bodies of companies.

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 in writing and delivered to known creditors, and shall be announced in the commercial register.

Art. 268

(1) A liquidator shall be obliged to consummate pending transactions, to collect payments due, to convert the company's assets into cash and satisfy its creditors. A liquidator may not enter into new transactions unless so warranted for the purposes of liquidation.

(2) A liquidator may, subject to the consent of the partners or, respectively, the stockholders, and the consent of 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.

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.

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 explanatory notes thereto. At the end of each year the liquidators 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 on holding the liquidators harmless.

Art. 270a (New, SG No 83/1996; revoked SG 58/03)

Art. 271

Upon satisfaction of the creditors, the remaining assets shall be distributed among the partners, or among the stockholders as the case may be.

Art. 272

(1) (Amended, SG No 83/1996; amend. and suppl. - SG 38/06, in force from 01.07.2007) The company's assets shall not be distributed before six months have passed from the date that the notice to the creditors was announced in the commercial register.

(2) Should a creditor duly notified not assert its claim, the sum owed to it shall be deposited in a bank account in its name.

(3) Where a liability is disputed, assets shall not be distributed until the creditor concerned has been secured.

(4) (New, SG No 83/1996) The managing body of the company may, upon satisfaction of the creditors, write off any bad amounts receivable of the company. Such decision shall be taken by simple majority.

Art. 272a. (new, SG 84/00)

(1) (suppl. - SG 38/06) From the date of the decision for opening proceedings for bankruptcy the proceedings for liquidation of a company in liquidation shall be stopped. The proceedings for liquidation shall be terminated on the date of enactment of the decision under art. 630. By the decision for opening the proceedings for bankruptcy the court shall declare bankruptcy of the company-debtor 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 be obliged to send a copy of the decision for institution of the bankruptcy proceedings for entering in the commercial register on the same day.

Art. 272b. (new, SG 84/00)

(1) In the cases of opened bankruptcy proceedings for a company in liquidation the liquidator shall work out and present to the bankruptcy court a balance by the date of the decision for opening the bankruptcy proceedings and a report on his activity under art. 270 within 7 days from termination 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 presentation to the court.

(3) Within 14 days the court shall rule on the objection by a definition which shall not be subject to appeal.

(4) If, within the period under para 2, objection has not been received, it shall be considered that the report and the balance of the liquidator have been accepted.

(5) While the liquidation proceedings are stopped the liquidator cannot carry out the activities stipulated by chapter seventeen.

Art. 273

(1) (suppl., SG 84/00; amend. - SG 38/06, in force from 01.07.2007) When all liabilities have been settled and the remaining assets 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 arise for further liquidation proceedings, the official for registration at the Registry Agency shall, on application by the person concerned, appoint liquidators, either the previous or new ones.

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 assets has commenced. This provision shall also apply in 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 shares represented;

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. COMMERCIAL 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.

Art. 276

The respective rules either for partnerships under civil law 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 partnership limited by shares or a limited liability company the purpose of which is to participate under 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 stock of a holding company must be invested directly in 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 and is in a position to appoint, directly or indirectly, a majority of the directors.

Art. 278

(1) The purposes for which a holding company is set up 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, assigning licences for the use of patents of companies in which the holding company owns an interest;

4. financing 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 licences 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.

Art. 279

(Repealed, SG No 59/1996)

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 stock 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 stock.

Section III. EUROPEAN ECONOMIC INTEREST GROUPING (new – SG 104/07)

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 registered office is located in another Member State shall also be entered in the commercial register.

(2) Art. 70 shall be applied respectively to 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 latter owns land in 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.

Art. 280b. (new – SG 104/07) (1) A European economic interest grouping may be wound up 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 wound up 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 this shall not apply to its members as per Art. 610.

(3) In case a member of a grouping having a seat in the Republic of Bulgaria is in liquidation proceedings or is announced insolvent, his participation in the grouping shall be terminated by the liquidator, respectively the trustee.

Chapter nineteen. EUROPEAN COMPANY (new – SG 104/07)

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 merger or joinder of a stock company, having a seat in the Republic of Bulgaria, with 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 is located its head office.

(3) A European company having a seat in another Member State may not be formed by means of a merger in case the 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 be applied according to the terms ensuing from the accession of the Republic of Bulgaria to the European Union.

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 a merger, the official responsible for registration at the Registry Agency shall appoint an examiner as per Art. 22, item 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 to a European company or of a European company having a seat in the Republic of Bulgaria to a joint stock company, the official responsible for registration 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) In those cases referred to in paras 1 and 2 Art. 262k, para 3 shall also be applied.

Art. 283. (repealed – SG 42/05, new – SG 104/07) (1) A European company shall be terminated 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 wound up only in case the violation has not been removed within a proper term, specified by the court by a definition.

Chapter twenty. ADMINISTRATIVE PENAL PROVISIONS

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 who is liable under this law, but who does not indicate in his commercial correspondence or his Internet site if available the data under art. 13 shall be fined with 100 to 500 levs. The same punishment shall be imposed to a person, who does not specify the data referred to in Art. 25 of Regulation (EEC) No 2137/85.

(5) (prev. para 4 - SG 84/00) Fines shall be imposed by the district court. The

court's resolution may be appealed with a particular appeal.

Art. 285

(1) (New, SG, No 103 1993) For non-performance of the obligation under Art. 7, paragraph 3 a fine or, respectively, a financial sanction, equal to 50 levs shall be imposed on the merchant.

(2) The statements for establishing the violations shall be drawn up by the mayors of communities, and the penal orders shall be issued by the mayors of municipalities or persons designated by them.

(3) The establishment of the violations, the issuing, appeal and enforcement of the penal orders shall be done pursuant to the Administrative Violations and Sanctions Act.

Part three. COMMERCIAL TRANSACTIONS

Chapter twenty one. GENERAL

Section I. General Provisions

Art. 286

(1) A Commercial transaction 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, paragraph 1, regardless of the capacity of the persons effecting them.

(3) In case of doubt it shall be considered that transactions concluded by a merchant are related to his occupation.

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.

Art. 288

The provisions of civil legislation shall apply to matters of commercial transactions not regulated by this Act, and where it is inadequate, the commercial customs shall apply. Where commercial customs vary, the customs of the place of performance shall apply.

Art. 289

The exercising 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 paragraph 1 is not accepted without just cause the author of the invitation shall be held liable for the damages incurred by the offerer.

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.

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 paragraph 1, the merchant shall be bound to safeguard whatever has been sent to him at the expense of the offerer, unless he has been secured for the costs or the safeguarding does not cause him unusual inconvenience.

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 execution, performance or termination of a commercial transaction shall be null and void unless 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 also be required for any amendments to the transaction.

Art. 294

(1) Interest shall be due between merchants unless otherwise agreed.

(2) Interest on interest shall be due only if so agreed.

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 party who has undertaken to request permission or approval must make immediately the necessary reasonable efforts and bear the costs related with that, and must inform the other party of the result.

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.

Art. 297

A commercial transaction concluded between merchants may not be voided on grounds of financial duress or due to manifestly unfavourable 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 been obliged to know them and has failed to object to them immediately.

(2) If a 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 govern.

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 commercial custom.

(2) Should the third party fail to make the determination or makes it in a manner inconsistent with paragraph 1, either party may petition the court to make the determination.

Art. 300

Where the parties agree to supplement the contract upon the occurrence of

certain circumstances, and should they fail to reach agreement in the event of such occurrence, 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 custom.

Art. 301

Where a person acts on behalf of a merchant without authority for representation, it shall be deemed that the merchant confirms such actions provided he has not objected immediately after learning of them.

Section III. Performance

Art. 302

A debtor in a transaction which is commercial with respect to him, shall exercise the care of a good husband.

Art. 303

Where a contract does not specify a term for performance of an obligation, provided the nature of the transaction or the commercial custom do not require otherwise, the performance may be requested and may be made at any time during working hours at the place of performance.

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.

Art. 305 (amend. SG 31/05)

When the payment is effected by debiting and/or crediting of an account, it shall be deemed completed with crediting the account of the creditor or payment the sum of the liability of the creditor in cash.

Section IV. Non-performance

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 suspended for the duration of the force majeure.

(5) Should the duration of the force majeure be such that the creditor loses its interest in the performance, he shall be entitled to terminate the contract. The debtor shall also have the same right.

Art. 307

A court may, upon request by 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.

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.

Art. 309

The liquidated damages due under a commercial transaction concluded between merchants may not be reduced on grounds of excessive amounts.

Section V. Commercial security

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 securities to order - 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 receivable the pledge shall be considered transferred upon delivery of the pledged object, unless the transferor has agreed to hold it as another person within the meaning of paragraph 1, item 1.

Art. 311

(1) Where the pledge contract has been concluded in writing with a valid 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 on his own the pledged item or securities, 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, paragraph 2, shall also be entitled to the rights under paragraph 1.

Art. 312

The pledgor may keep the pledged item in his possession in the cases and in compliance with the procedure specified by a law.

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 immediately of the sale.

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.

Art. 315

(1) A merchant shall be entitled to a lien for his due claim from another merchant, under 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 exist 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 transfer it back to the debtor.

(3) The lien shall also have effect against the third parties to the extent objections the creditor may have against the claim of the debtor for 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 for sums receivable which have not become due:

1. if the debtor has entered bankruptcy proceedings;

2. if a compulsory execution undertaken against the debtor has 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 paragraph 5 have come to the

knowledge of the creditor after the delivery of the item.

Section VI. TRANSFER OF RIGHTS

Art. 316

(1) An instruction issued to order and addressed to a merchant for payment of money, delivery of securities or other fungible goods, and which does not set the performance as subject to counter performance, may be transferred by endorsement. This shall also apply to documents for obligations issued to order by a merchant for items as above, if the performance thereof is not conditioned upon 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.

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 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) A commercial sale shall be a 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.

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.

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.

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.

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.

Art. 323 (New, SG, No 83 1996)

Should the sale be avoided and within an appropriate period of time after the avoidance 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.

Art. 324 (New, SG, No 83 1996)

The buyer shall inspect the goods in the course of time as necessary in view of the circumstances, 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.

Art. 325 (New, SG, No 83 1996)

(1) In the event of refusal to accept goods forwarded from another place, the buyer shall be obliged to keep them with the care of good merchant for the time period usually needed by the buyer to give his instructions. Should the seller be in delay, the buyer may deliver 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 on account of the seller.

(3) Where no instructions have been given pursuant to paragraph 1, the buyer shall be liable only for intentional acts or gross negligence.

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 weight of the goods, the tare shall be deducted. This rule shall also apply where substances other than the goods are used for the purpose of preservation of goods.

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 forward the goods, he shall be entitled to demand that this happens only against payment of the price or presentation of evidence for payment thereof.

Art. 328

(1) Where the buyer is in delay of receipt of goods, the seller may:

1. deliver 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 paragraph 1 shall be on the account and risk of buyer.

Section II. Special rules for some sales

Art. 329

(1) The parties may agree that the seller deliver the goods to a third party indicated by the buyer.

(2) The seller shall be obliged to notify the buyer of the forwarding 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.

Art. 330

(1) Where the goods have to be forwarded to a place other than the place of delivery, the costs pertaining to forwarding and transportation shall be on 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 forwarding 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.

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 avoid the contract.

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.

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.

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.

Art. 335 (New, SG, No 83 1996)

(1) An installment sale 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 avoided due to the buyer's failure to perform, the seller may also claim compensation.

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

Art. 337 (New, SG, No 83 1996)

The seller shall provide publicity of the auction terms by announcement in at least one daily.

Art. 338 (New, SG, No 83 1996)

A participant in the auction shall be bound by his proposal in compliance with the terms of the auction.

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.

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.

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 party, 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. LEASING CONTRACT

Art. 342 (New, SG, No 83 1996)

(1) Under a leasing contract the lessor undertakes to provide an item for use against payment.

(2) Under a financial leasing 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.

Art. 343 (New, SG, No 83 1996)

In the case of a financial lease the risk of accidental destruction or damages to the Art. shall be on the account of the lessee.

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 its rights in respect of the third party concurrently with the transfer of title of the item.

Art. 345 (New, SG, No 83 1996)

(1) The lessee shall undertake the obligations of lessee pursuant to articles 232 and 233, paragraph 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 on the account of the lessee.

Art. 346 (New, SG, No 83 1996)

The lessee may give the item to be used by another party with the consent of the lessor.

Art. 347 (New, SG, No 83 1996)

(1) The rules of this Chapter shall also apply mutatis mutandis to leasing of an enterprise.

(2) (amend. – SG 92/07) The rules relevant to lease contracts shall apply mutatis mutandis to leasing contracts with the exception of Art. 229, paragraph 3, Art. 231, paragraphs 1 and 2, Art. 233, paragraph 1, Art. 235, Art. 236, paragraph 1, articles 237, 238 and 239 of the Obligations and Contracts Act.

Chapter twenty four. COMMISSION MERCHANT CONTRACT

Art. 348 (New, SG, No 83 1996)

(1) Under a commission merchant contract the commission merchant shall undertake, for a commission, to perform on his own behalf and on 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.

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 also arise for the commission merchant in the case where 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 their transfer to the principal.

(3) The commission merchant shall be bound to meet 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 compelled to meet the obligations towards a third party only after the transfer thereof by the commission merchant.

Art. 350 (New, SG, No 83 1996)

(1) The commission merchant must perform the mandate with the care of good husband.

(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 bound 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.

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 on 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.

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 on account of the principal, the commission merchant shall be bound to notify immediately the principal and to provide the necessary evidence.

(2) Upon receipt of 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 in respect of such party.

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.

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.

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.

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 undertake 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.

Art. 357 (New, SG, No 83 1996)

The commission merchant shall be entitled to a pledge on the items acquired by him on account of the principal, or which the principal has delivered to him.

Art. 358 (New, SG, No 83 1996)

(1) Where subject of the mandate is the purchase or sale of goods or securities 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 assumed a party to the sale provided he has notified the principal of the carrying out of the mandate without indicating a third party.

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 principle. 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.

(2) If the commission merchant refuses to carry out 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 carry out an undertaken mandate shall be bound, 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 deliver such property for safekeeping on 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.

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, paragraph 3.

Chapter twenty five. FORWARDING CONTRACT

Art. 361 (New, SG, No 83 1996)

(1) Under a forwarding contract a forwarding agent shall undertake, for compensation, to conclude a contract for transportation of cargo in his own name and on account of the principal.

(2) The provisions for commission merchant contract shall apply mutatis mutandis to all matters not covered by this Chapter.

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.

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.

Art. 364 (New, SG, No 83 1996)

(1) The principal shall be bound 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 bound to notify the principal thereof.

Art. 365 (New, SG, No 83 1996)

(1) The forwarding agent shall be bound to comply to the instructions of the principal pertaining to the route, direction and manner of transportation, as well as to

the selection of carriers and subsequent 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 complied to the instructions.

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

Art. 367 (New, SG, No 83 1996)

Under a contract of carriage a carrier shall undertake to carry out for compensation the transportation of a person, luggage or cargo to a certain place.

Art. 368 (New, SG, No 83 1996)

(1) A carrier shall be bound 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 return of the cargo or delivery of the cargo to another person, if he has not delivered the cargo or the bill of lading.

Art. 369 (New, SG, No 83 1996)

A carrier shall be bound to ensure to passengers appropriate conveniences and safety according to the type of transport vehicle and the distance of transportation.

Art. 370 (New, SG, No 83 1996)

(1) A consignor shall be bound to deliver the cargo to the carrier in a state allowing it to undergo transportation, according to its type and special requirements for various types of cargo.

(2) The consignor shall deliver 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 on his own account.

Art. 371 (New, SG, No 83 1996)

(1) The consignor may request the carrier to issue him a consignment note for the delivered cargo, 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.

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.

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, paragraph 3.

(2) Pursuant to the provisions of paragraph 1 the carrier shall be liable for damages due to delay in performing the transportation.

(3) An arrangement to relieve from liability under paragraphs 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.

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 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.

Art. 375 (New, SG, No 83 1996)

A carrier shall be entitled to a pledge on the cargo for his dues under the contract. This right shall be exercised by the last carrier and shall exist until the rights of all carriers are satisfied.

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.

Art. 377 (New, SG, No 83 1996)

The respective rules for transportation of cargo shall apply to transportation of luggage.

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 coming of knowledge thereof, but not later than three years.

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

Art. 380 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 381 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 381a. (New - SG 96 2002; revoked – SG 103/05, in force from 01.01.2006)

Art. 382 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 383 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 384 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 385 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 386 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 387 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 388 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 389 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 390 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 391 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 392 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 393 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006; revoked – SG 103/05, in force from 01.01.2006)

Section II. Property insurance

Art. 394 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 395 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 396 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 397 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 398 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 399 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 400 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 401 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 402 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 403 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 404 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Section III. "Liability" insurance

Art. 405 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 406 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 407 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 408 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 409 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Section IV. "Life" and "accident" insurances

Art. 410 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 411 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 412 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 413 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 414 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 415 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 416 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 417 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Art. 418 (New, SG, No 83 1996; revoked – SG 103/05, in force from 01.01.2006)

Chapter twenty eight. CONTRACT FOR CURRENT ACCOUNT

Art. 419 (New, SG, No 83 1996)

(1) Under a contract for current account two persons, where at least one of them is a merchant, may agree the amounts receivable and payable ensuing from their mutual relations to be kept under one account, which shall be periodically settled. The party to the benefit of which a balance exists at the time of settlement, may demand it together with interest from the date of settlement of the account even though interest may have already been included therein.

(2) The settlement 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 a declaration of any of the parties be invalid, the action may be brought within one year thereafter.

(3) A contract for current account may be terminated by a one-month advance notice in writing even before settlement of the account, unless otherwise agreed, whereas the party with a balance to his benefit may demand its payment.

Chapter twenty nine. BANKING TRANSACTIONS

Section I. Contract of bank deposit

Art. 420 (New, SG, No 83 1996)

(1) Under a contract of bank deposit a bank shall undertake to keep for consideration 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 Art., but he should pay the bank the expenses incurred thereby in view of the agreed duration of the 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 to the same 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.

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 under the bank batch 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 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 indisputable circumstances.

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 the notary public.

Art. 424 (New, SG, No 83 1996)

A bank may undertake to manage deposited securities by exercising the rights thereon, unless otherwise agreed.

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 articles shall be returned to the depositor.

Section II. Current account contract

Art. 426 (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Art. 427 (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Art. 428 (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Art. 429 (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Section III. Contract for bank credit

Art. 430 (New, SG, No 83 1996)

(1) Under a contract for bank credit a bank shall be obliged 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 for bank credit shall be concluded in writing.

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.

Art. 432 (New, SG, No 83 1996)

(1) Further to the cases provided for in the contract, the bank may request early return of the sum under the credit, where:

1. the credit is not used for the purpose for which it has been received;

2. the borrower provides untrue information;

3. the security becomes insufficient and is not supplemented within a term set by 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 paragraph 1, sub-paragraph 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)

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)

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. Documentary letter of credit

Art. 435 (New, SG, No 83 1996)

(1) A documentary letter of credit shall be a unilateral declaration in writing by a bank, by which it undertakes to pay to the person indicated in the documentary letter of credit the sum of the documentary letter of credit, provided he submits to the bank within the term specified in the documentary letter of credit the documents listed therein, and fulfills its other conditions. A documentary 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 documentary 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 documentary letter of credit shall be of importance for payment of the sum under the documentary letter of credit.

(5) The obligations under the documentary letter of credit shall cease upon expiration of the term.

Art. 436 (New, SG, No 83 1996)

Unless anything else ensues from the documentary letter of credit, it shall be considered irrevocable and may be revoked or modified only with the consent of the third party.

Art. 437 (New, SG, No 83 1996)

A revocable documentary letter of credit may be revoked unilaterally by the bank, as long as it is not carried out.

Art. 438 (New, SG, No 83 1996)

A documentary letter of credit shall be divisible and non-transferable, unless otherwise ensues therefrom.

Art. 439 (New, SG, No 83 1996)

Where an irrevocable documentary letter of credit is confirmed by another bank, it shall undertake to pay on its own and directly the sum under the letter of credit.

Art. 440 (New, SG, No 83 1996)

The provisions for contract of mandate shall apply to the relations between the principal and the bank which has opened the documentary letter of credit, as well as between the banks under the documentary letter of credit.

Art. 441 (New, SG, No 83 1996)

The principal shall owe a fee to the bank.

Section VI. Bank guarantee

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

Art. 443 (New, SG, No 83 1996)

Under a contract for bank collection a bank undertakes, for a fee, to collect by mandate from the principal his cash receivable or to effect another action for collection.

Art. 444 (New, SG, No 83 1996)

Under a contract for bank documentary collection the bank by mandate from the principal undertakes to deliver, in return for remuneration, to another person documents entitling him to dispose with goods, or other documents against payment of an amount which the bank undertakes to collect, or against effect of other actions for collection.

Art. 445 (New, SG, No 83 1996)

(1) The principal should pay to the bank the agreed expenses.

(2) Upon performance of bank collection and of bank documentary collection the bank shall be liable only for incorrect performance of the instructions provided. It shall not be obliged to verify the form and compliance of documents.

(3) A bank which uses the services of another bank in view of performing the orders of the principal, shall do so on his account.

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.

Art. 447 (New, SG, No 83 1996)

Contracts for bank collection and for bank documentary collection shall not be terminated upon the death of the principal.

Section VIII. Bank transfer

Art. 448 (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

Art. 449 (New, SG, No 83 1996; revoked – SG 23/09, in force from 01.11.2009)

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)

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)

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).

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)

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

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.

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.

Art. 457 (New, SG, No 83 1996)

A bill of exchange may be issued to the order of the drawer himself, as well as against the drawer.

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 with 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.

Art. 459 (New, SG, No 83 1996)

(1) In a bill of exchange payable on demand or within a certain term after presentation, the drawer may undertake an obligation for interest on the amount. In the case of any other bill of exchange such an obligation 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.

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 difference 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 difference the smallest sum shall be valid.

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.

Art. 462 (New, SG, No 83 1996)

A person who signs a bill of exchange as an agent without having such authority, or who exceeds his authority by doing so, 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.

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.

Art. 464 (New, SG, No 83 1996)

If a bill of exchange, which has not been filled in at issue, is filled in not as agreed, the default on the agreed may not be counterposed against the bearer unless he has acquired the bill of exchange through abuse of authority or gross negligence.

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 did not act in good faith in acquiring the bill of exchange.

Section II. Endorsement

Art. 466 (New, SG, No 83 1996)

(1) Any bill of exchange, even where not explicitly issued 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 receivables.

(3) A bill of exchange may be endorsed to the drawee, the drawer or any other person who has undertaken obligations under the bill of exchange. Such persons may again endorse the bill of exchange.

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.

Art. 468 (New, SG, No 83 1996)

(1) The endorsement must be written on the bill of exchange or on a sheet 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.

Art. 469 (New, SG, No 83 1996)

(1) An endorsement shall transfer 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.

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.

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 any way, the bearer, who shall ascertain his right pursuant to paragraph 1, shall not be obliged to deliver it, unless where it was acquired in bad faith or by gross negligence.

Art. 472 (New, SG, No 83 1996)

(1) In the case of endorsement with provision "to be received", "for collection", "by authorization" or another phrase to the meaning of authorization, the bearer may exercise all the rights on the bill of exchange, but he may transfer it only with endorsement by authorization. In such case the persons liable may use against the bearer only the objections they could counterpose against the endorser.

(2) The authorization contained in an endorsement by authorization shall not be terminated upon the death or the legal disability of the authorizing person.

Art. 473 (New, SG, No 83 1996)

(1) In the case of endorsement with provision "for guarantee", "for pledge" or another phrase with the meaning of security, the bearer may exercise all the rights on the bill of exchange, but he may transfer it only with endorsement by authorization.

(2) Debtors may not put 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.

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 default of payment or after expiration of the term for protest, shall have the effect of the transfer of a receivable.

(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

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.

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 to 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.

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 paragraph 1 may be reduced by the endorsers.

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.

Art. 479 (New, SG, No 83 1996)

(1) The acceptance shall be written on the bill of exchange with the word "accepted", or with another word of equivalent meaning, 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 provision, 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 ascertain the lack of date by protest.

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.

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.

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 repealed. 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 guarantee

Art. 483 (New, SG, No 83 1996)

The payment of a bill of exchange may be secured entirely or in part through a guarantee. The guarantee may be given by a third party or by a person whose signature has already been put on the bill of exchange.

Art. 484 (New, SG, No 83 1996)

(1) The guarantee shall be put on the bill of exchange or on the allonge. It shall be expressed by the words "as guarantee" or another phrase of equivalent meaning, and must be signed by the guarantor.

(2) The signature on the face of the bill of exchange shall be considered a guarantee, unless it is the signature of the drawee or the drawer.

(3) Where the guarantor has not indicated for whom he guarantees, it shall be considered that the guarantee is for the drawer.

Art. 485 (New, SG, No 83 1996)

(1) The guarantor shall be liable in the same way as the person for whom he has guaranteed.

(2) The obligation of the guarantor shall be valid also where the obligation for which it has been undertaken is not valid for any reason whatsoever, except for defect in the form.

(3) The guarantor who has paid the bill of exchange shall assume the rights under it against the person for whom he has provided the guarantee, and against all persons liable to that person under the bill of exchange.

Section V. Maturity

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 with maturity specified in some other way or by subsequent maturity, shall be null and void.

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.

Art. 488 (New, SG, No 83 1996)

(1) Maturity of a usance bill of exchange 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.

Art. 489 (New, SG, No 83 1996)

(1) Maturity of a bill of exchange payable one or several months after its issue or presentation, shall be on the respective day of the month for effect of the payment. If there is no such day of that month, maturity shall fall 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.

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 paragraphs 1 and 2.

(4) Paragraphs 1, 2 and 3 shall not apply if something else follows from a provision in the bill of exchange or from its contents.

Section VI. 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.

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 reject 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.

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.

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 by his own choice request the sum under 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) Paragraphs 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 assumed to be paid in the currency of the country of payment.

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

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.

Art. 497 (New, SG, No 83 1996)

(1) A protest due to default on acceptance must be made within the terms specified for presentation for acceptance. If in the case stipulated under Art. 478, paragraph 1, the first presentation has been effected on the last date of the term, the protest may be effected on the next date.

(2) The protest on default of acceptance shall relieve the bearer from presentation of the bill of exchange for payment, and also from protest due to default on payment.

Art. 498 (New, SG, No 83 1996)

A protest to 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, paragraph (1).

Art. 499 (New, SG, No 83 1996)

(1) The bearer should notify his immediate endorser and the drawer for the default on acceptance and the default on payment within four business days following the date of protest, and in the case of 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, up to the drawer. Time periods shall run from the date of receipt of the preceding notification.

(2) Where pursuant to paragraph 1 notification was made to a person who signed the bill of exchange, it must be made within the same term also to his guarantor.

(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 effected 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 the notification within the time periods specified in paragraphs 1 - 4, shall be liable for damages to the amount of the sum under the bill of exchange.

Art. 500

(1) The drawer, as well as any endorser or guarantor through a provision "sans frais", "sans protest" or a phrase of equivalent meaning signed on the bill of exchange, may relieve the bearer from making a protest to default on acceptance or default on payment, in order to lodge his recourse actions.

(2) The provision of paragraph 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 provision stipulated by the drawer shall have effect in respect of all persons who have signed the bill of exchange. A provision written by an endorser or a guarantor shall have effect only in respect of himself. Where despite the provision written by the drawer the bearer lodges a protest, the expenses shall be on his account, and where the provision has been written by an endorser or a guarantor, all persons who have signed shall be liable for the expenses.

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.

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.

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.

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 delivered to the bearer.

Section VIII. Recourse actions

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.

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 interest from the date of bringing the recourse action to maturity to the amount of the official discount rate of the central bank at the place of residence of the bearer shall be deducted from the sum of the bill of exchange.

Art. 507 (New, SG, No 83 1996)

A person who has paid the bill of exchange may claim from the persons obliged before 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 costs incurred;

4. commission pursuant to Art. 506, paragraph 1, item 4.

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.

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 transcript of the bill of exchange and the protest, so that the person who has paid may bring subsequent recourse actions.

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 a recourse action after presentation of the bill of exchange for payment to the drawer and after making a protest.

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 action.

(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.

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 (recourse bill of exchange), which shall be a sight bill of exchange and shall be payable at the place of residence of that person, unless otherwise agreed.

(2) The recourse bill of exchange shall cover further to the amounts under articles 506 and 507 also other expenses.

(3) Where the recourse bill of exchange has been issued to bearer, the amount shall be determined according to the rate of the sight bill of exchange issued at the place of payment of the initial bill of exchange, and payable at the place of residence of the preceding endorser.

(4) If the recourse bill of exchange has been issued by an endorser, its sum shall be determined according to the rate of the sight bill of exchange, issued at the place of residence of the drawer of the recourse bill of exchange, and payable at the place of residence of the preceding endorser.

Art. 513 (New, SG, No 83 1996)

(1) The persons who have issued, accepted and endorsed the bill of exchange, or who have provided a guarantee, 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, jointly or severally, without taking in consideration the order in which they have become liable. Entitled to the same right shall be any liable person who has paid the bill of exchange, in respect of persons who have become liable before him.

(3) The bearer who has brought an action against one of the debtors under the bill of exchange, shall not forfeit his rights against the other debtors, including those who have signed after the one against whom he has brought the action.

Art. 514 (New, SG, No 83 1996)

(1) The bearer shall forfeit 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 sight bill of exchange or the usance bill of exchange;

2. for making a protest due to default on 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 forfeit his right to recourse for default on acceptance and on payment, unless it ensues from the contents of the bill of exchange that the drawer wanted to exclude only the liability for acceptance.

(3) Where the provision with a term for presentation is included in an endorsement, only the endorser may refer to it.

Art. 515 (New, SG, No 83 1996)

(1) Where the presentation of the bill of exchange or the lodging of a protest within the specified time periods are prevented by force majeure, the time periods shall be extended, respectively.

(2) The bearer shall be obliged to notify forthwith his immediate endorser of the force majeure, and to note that notification on the bill of exchange or the allonge, indicating the place, date and signing thereunder, as well as to meet 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 lodge a protest, if necessary.

(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 sight bill of exchange or a usance bill of exchange, 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 usance bill of exchange, the thirty day time period shall be extended by the time period specified in the bill of exchange after presentation.

(6) Circumstances relevant to the person of the bearer, or to the person to whom he has assigned the presentation of the bill of exchange or the effecting of the protest, shall not be deemed force majeure.

Section IX. Brokerage

Art. 516 (New, SG, No 83 1996)

(1) The drawer, the endorser or the guarantor may appoint one person - a broker - who where necessary may accept the bill of exchange or pay.

(2) A broker may be any third party and any person liable under the bill of exchange, except the drawee who has already accepted it.

(3) The broker shall be obliged to notify within two business days the person for whom he has been operating. If the broker fails to meet this term he shall be held liable for damages to the amount of the sum of the bill of exchange.

(4) In the cases under paragraphs 2 and 3 the bill of exchange may be

accepted or paid for honour by a broker acting for some of the debtors under the bill of exchange against whom a recourse action could be brought.

Art. 517 (New, SG, No 83 1996)

(1) Acceptance through a broker shall be allowed in all cases where before maturity the bearer may bring his recourse action, except where 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 necessity, the bearer may bring his recourse action before maturity against the person who has added the address, as well as against the persons who have signed after him, only if he has presented the bill of exchange to the person indicated at that address, and has ascertained the rejection by that person by means of a protest.

(3) Except for the cases under paragraph 2 the bearer may refuse acceptance through a broker. If he accepts the brokerage, he shall forfeit the recourse he had before maturity against the person for whom acceptance has been effected, and against those who have signed after him.

Art. 518 (New, SG, No 83 1996)

The acceptance through a broker shall be noted on the bill of exchange and shall be signed by the broker. If the broker does not indicate for whom the acceptance was made, it shall be assumed to be for the drawer.

Art. 519 (New, SG, No 83 1996)

(1) A broker who has accepted the bill of exchange shall be liable in respect of the bearer and the persons who have signed after the person for whom the brokerage has been effected, in the same way as him.

(2) Notwithstanding the acceptance through a broker, the person for whom it has been effected, and the persons liable before 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.

Art. 520 (New, SG, No 83 1996)

(1) Payment through broker shall be allowed where the bearer may lodge his recourse on maturity date or before maturity.

(2) The payment should be for the whole sum owed by the person for whom the brokerage has been effected, and should be done not later than on the date after expiration of the term for protest due to default on payment.

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 necessity, the bearer should present the bill of exchange to those 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 make 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 necessity, or for whom the bill of exchange has been accepted for honour, as well as those who have signed after him, shall be relieved of their obligation.

Art. 522 (New, SG, No 83 1996)

A bearer who refuses to accept payment through a broker shall forfeit his recourse action against those who would be relieved from their obligation due to the brokerage.

Art. 523 (New, SG, No 83 1996)

(1) Payment through a broker shall be ascertained by a receipt on the bill of exchange, indicating for whom it has been paid, and if there is no such indication it shall be assumed that payment has been effected for the drawer.

(2) The bill of exchange and the protest shall be delivered to the broker who has paid.

Art. 524 (New, SG, No 83 1996)

(1) The broker who has paid shall acquire the rights under the bill of exchange against the person for whom he has paid, and against the persons liable to him under the bill of exchange. He may not endorse the bill of exchange.

(2) The persons who have signed the bill of exchange after the person for whom it has been paid, shall be relieved of their obligation.

(3) Where several persons have offered payment through a broker, priority should be given to the broker whose payment would relieve the highest number of debtors under the bill of exchange. The person who has paid contrary to the preceding sentence, being of knowledge of the circumstances, shall forfeit his recourse action against the persons who would have been relieved.

Section X. Set of copies and transcripts

Art. 525 (New, SG, No 83 1996)

(1) The bill of exchange may be issued in several equivalent copies. They should be numbered in the text, and where this has not been done each copy shall be considered a separate bill of exchange.

(2) Where it has not been stated in the bill of exchange that it has been issued in one copy, each bearer may request the issue of more copies on his own account, up to the drawer. The endorsers must reproduce their endorsements on the new copies.

Art. 526 (New, SG, No 83 1996)

(1) The payment under one of the copies shall relieve all liable persons even without special provision therefor. However, the drawee shall be liable under all

accepted copies which have not been returned to him.

(2) An endorser who has transferred the copies to different persons, as well as the subsequent endorsers, shall be liable under all copies signed by them, if they have not been returned to them.

Art. 527 (New, SG, No 83 1996)

(1) A person who has forwarded one of the copies for acceptance must indicate in the remaining copies the name of the person who holds the forwarded copy. This person shall be obliged to deliver it to the bearer of another copy who has established himself as such.

(2) Should delivery be rejected, the bearer may bring his recourse action, ascertaining by protest that:

1. the copy forwarded for acceptance has not been delivered to him upon request;

2. the acceptance or payment could not have been effected on the basis of another copy.

Art. 528 (New, SG, No 83 1996)

(1) All bearers of a bill of exchange shall be entitled to make transcripts.

(2) A transcript should reproduce exactly the original with the endorsements and all other notes thereon, and to indicate the end of the transcript.

(3) A guarantee may be given on a transcript and it may be endorsed. A transcript shall have effect against persons who have put their signatures on the bill of exchange before the transcript, only if presented together with the original.

Art. 529 (New, SG, No 83 1996)

(1) A transcript shall indicate the holder of the original, who shall be obliged to deliver it to the bearer of the transcript who has established himself as such.

(2) Should the holder refuse to deliver the original, the bearer may exercise his recourse rights against the endorsers and the guarantors under the transcript, after ascertaining by protest that the original has not been delivered to him.

(3) If the original contains the provision "valid hereafter shall be only endorsements on the transcript" after the last endorsement before making of the transcript, or a phrase of equivalent meaning, any endorsement written thereafter on the original shall be invalid.

Section XI. Amendments

Art. 530 (New, SG, No 83 1996)

In case of amendments to the text of the bill of exchange, the persons who have signed after the amendments shall be liable under the provisions of the text amended, and those who have signed before the amendments shall be liable pursuant to the initial text.

Section XII. Limitation of actions

Art. 531 (New, SG, No 83 1996)

(1) Actions against the drawee under the bill of exchange shall expire by limitation after three years following maturity.

(2) Actions of the bearer against the endorsers and against the drawer shall expire by limitation after one year from the date of the duly made protest or from maturity, provided the bill of exchange contains the provision "sans frais".

(3) Actions of the endorsers Among themselves and against the drawer shall expire by limitation 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.

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. Unmerited gain

Art. 534 (New, SG, No 83 1996)

(1) Where the bearer of a bill of exchange, a promissory note or a cheque forfeits the right to an action under them due to expiration by limitation or non-performance of the necessary acts for retaining the rights thereunder, he may claim from the drawer or the drawee the sum which they have gained to his detriment.

(2) The action under paragraph 1 shall expire by limitation after three years. This term shall commence from the date of forfeiture of the actions under the bill of exchange, the promissory note or the cheque.

Chapter thirty one. PROMISSORY NOTE

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. 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.

Art. 536 (New, SG, No 83 1996)

(1) A document which does not contain some of the requisites listed under Art. 535, shall not be promissory note, except for the cases specified under paragraphs 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.

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.

Art. 538 (New, SG, No 83 1996)

(1) The drawer of a promissory note shall be liable 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 certify on the document its presentation, write the date and put his signature. The time period after the presentation shall commence from the date certified by the drawer on the note. The refusal of the drawer to certify 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

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. 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.

Art. 540 (New, SG, No 83 1996)

(1) A document which does not contain some of the requisites indicated under Art. 539, shall not be a cheque, except in the cases, specified in paragraphs 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.

Art. 541 (New, SG, No 83 1996)

(1) A cheque payable in the Republic of Bulgaria may be issued only against a bank.

(2) The drawer of the cheque must have coverage with the drawee.

(3) The drawee shall be obliged to pay the cheque 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 paragraphs 2 and 3 have not been complied to.

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.

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 in which the name of the person in whose favour it has been issued is not indicated, shall be deemed a cheque to bearer.

Art. 544 (New, SG, No 83 1996)

(1) A cheque may be issued to the drawer or to his order.

(2) A cheque may not be drawn on the drawer, except where issued between different branches of a merchant.

Art. 545 (New, SG, No 83 1996)

A provision for interest included in a cheque shall be invalid.

Art. 546 (New, SG, No 83 1996)

A cheque may be payable with a third party at the domicile of the drawee or at another place only if the third party is a bank.

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

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 of the drawee shall be invalid;

2. the endorsement in favour of the drawee shall only have the effect of a receipt, except where the endorsement has been made between different branches of a merchant.

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.

Art. 550 (New, SG, No 83 1996)

The drawee may not be guarantor on a cheque.

Section III. Payment

Art. 551 (New, SG, No 83 1996)

(1) A cheque shall be payable always on demand. 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.

Art. 552 (New, SG, No 83 1996)

A cheque must be presented for payment within eight days following the date of its issue.

Art. 553 (New, SG, No 83 1996)

(1) A cheque may be withdrawn by the drawer after expiration of the term for presentation.

(2) Where a cheque has not been withdrawn, the drawee may pay it after the

expiration of the term for presentation as well.

Art. 554 (New, SG, No 83 1996)

The death or legal disability of the drawer occurring after the issue, shall not affect the effect of the cheque.

Section IV. Crossed cheque and cheque directed to account

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.

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 assign the receiving of the sum under the cheque to 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 paragraphs 1, 2 and 3 shall be liable for damages to the amount of the sum under the cheque.

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 "account payee" or another phrase of equivalent meaning.

(2) In the case under paragraph (1) the payment can be effected only to an account. 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 holder of the cheque who has established his identity as such.

(3) The crossing out of the provision "account payee" shall be null and void.

(4) A drawee who has paid in violation of paragraphs 1, 2 and 3 shall be liable for damages to the amount of the sum under the cheque.

Section V. Recourse due to default on payment

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. protest;

2. declaration of the drawee written on the cheque with indication of the date of presentation;

3. dated declaration of the clearing house that the cheque has been presented in due time and has not been paid.

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. Set of copies

Art. 560 (New, SG, No 83 1996)

In addition to the cheques to bearer, each cheque issued in one country and payable in another may be issued in several equivalent copies. Where a cheque has been issued in several copies, they should be numbered in the text itself, and where this has not been done each copy shall be considered a separate cheque.

Section VII. Limitation

Art. 561 (New, SG, No 83 1996)

(1) Recourse actions of the bearer against the endorsers, the drawer and the guarantors on the cheque shall expire by limitation 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

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 ON BILL OF

EXCHANGE, PROMISSORY NOTE AND CHEQUE

Art. 563 (New, SG, No 83 1996)

(1) The capacity of a person to undertake obligations under a bill of exchange, a promissory note or a cheque, shall be determined by its 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 does not possess the capacity referred to in paragraph 1, shall be considered liable if his signature has been put in a country the law of which recognizes him as capable person.

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, they shall be valid.

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 put.

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.

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 receivable in view of which they have been issued.

Art. 568 (New, SG, No 83 1996)

The right of the drawee to effect partial acceptance of 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.

Art. 569 (New, SG, No 83 1996)

The form and terms 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.

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.

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 put in other countries, the laws of which contain such provisions, shall be valid.

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 to presentation, 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 "account payee" 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

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.

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 warehouse register.

(2) The depositary shall keep a warehouse register where he shall enter the contract. An entry shall be made pursuant to a procedure specified in Regulation to be approved by the Minister of Justice.

Art. 575 (New, SG, No 83 1996)

(1) A depositary shall be obliged to provide access of the depositor 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 the maintenance, packing, sorting, separating of the goods and other similar acts.

(2) The depositary may combine fungibles deposited in the warehouse with other of the same type and quality, unless otherwise agreed.

(3) Where obvious transformations have occurred in the goods, which give grounds for fears that the goods may be damaged, 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 on 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.

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.

Art. 577 (New, SG, No 83 1996)

(1) The depositary shall issue a warehouse warrant upon request from the depositor.

(2) The warehouse warrant 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 warrant 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 mixed with other goods;

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 warrant;

9. amount of ullage, except where the goods have been accepted by numbers;

10. place and date of issue of the warrant;

11. signatures of the depositor and the depositary.

(3) The depositor, as well as any legitimate holder of the warehouse warrant, ascertained by a continuous sequence of the endorsements, shall be entitled to request the issuing of warehouse warrants for separate parts of the goods in return for the warehouse warrant for the total. Such warehouse warrants shall have the date of the

initial warehouse warrant.

(4) The depositary may refuse to issue warehouse warrant on the grounds of good reasons or if the depositor is in default on payment of due remunerations and expenses.

Art. 578 (New, SG, No 83 1996)

(1) The warehouse warrant may be transferred by dated endorsement on the back of the goods note and the pledge note.

(2) The rules of articles 466 - 470 and of Art. 474 shall also apply to the warehouse warrant.

(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 may be counterposed against 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 only the goods note or only the pledge note shall be effected by dated endorsement on the respective part of the warehouse warrant.

(5) The legitimate holder only of the goods note, ascertained by the continuous sequence 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 with interest as of the date of payment, to an amount 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.

Art. 579 (New, SG, No 83 1996)

The holder of the pledge note who is established through the continuous sequence 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 articles 505 and 507 shall apply.

Art. 580 (New, SG, No 83 1996)

(1) The default on payment of the amount under the note shall be ascertained by protest against the debtor under the pledge note, and where he is not known, against the depositor. In such case articles 496 and 498 shall apply mutatis mutandis.

(2) If his claim is not satisfied from the sale of the goods, the creditor under the pledge note may direct the execution against the debtor, the endorsers and the persons who have endorsed the goods note after establishment 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 forfeit 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 under the pledge note shall be entitled to an action for the sum paid, the interest and the expenses, against the debtor and the preceding endorsers under the goods note, who shall be liable jointly and severally. The action against the endorsers shall expire by limitation after six months from the date of payment of the debt, and that against the debtor, after three years.

Art. 581 (New, SG, No 83 1996)

(1) (amend. – SG 59/07, in force from 01.03.2008) A destroyed or lost warehouse warrant 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 warrant may request from the depositary the issue of a duplicate copy, by providing sufficient guarantee. Where the depositary does not agree with the amount of the guarantee, it shall be determined by the court of first instance.

(3) Should the destroyed or lost warrant be invalidated, the guarantee deposited pursuant to paragraph 2 shall be returned.

Art. 582 (New, SG, No 83 1996)

(1) The goods deposited shall be returned to the depositor, or where a warehouse warrant has been issued, to the holder of the warrant who is established through the continuous sequence of endorsements, against submission of the warrant. The return of the goods shall be effected at the warehouse where they have been deposited, and shall be noted down on the warehouse warrant. The warrant shall be signed by the person receiving.

(2) Where several persons have been authorized 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 fungibles 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 amount receivable for which the pledge note was issued, together with interest and expenses.

(4) Ullage of the goods shall be deducted to the amount agreed or provided by operation of law.

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.

Art. 584 (New, SG, No 83 1996)

The depositary may request the depositor to take part of the goods after the expiration of the agreed term, or where no term has been agreed, three months

following the deposit of the goods.

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 good reasons for termination of the contract, the depositary may terminate the contract and demand that the goods are received immediately by the last endorsee, and where he is not known - by the depositor.

(2) If the goods are not received, the depositary shall be entitled to sell them under the procedure set forth under Art. 328, paragraph 1, item 2, after written notification to the legitimate holder to receive them, or where he is not known, to the depositor, and satisfy himself from the sale price for his claim under the contract for deposit. The depositary shall deposit the difference to the account of the creditor under the pledge note.

(3) If the goods are perishable, the provision of Art. 328, paragraph 1, item 3, shall apply.

Art. 586 (New, SG, No 83 1996)

(1) An action for damages against the depositary shall expire by a one-year limitation. 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 coming of knowledge 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

Art. 587 (New, SG, No 83 1996)

(1) (amend., SG 81/99) Under a licence contract the owner of a right over an invention, utility model, industrial design, mark, topology of integral circuits or know-how, who shall be termed licensor, shall grant for compensation, entirely or in part, the use thereof to the licensee.

(2) The licence contract shall be made out in writing.

Art. 588 (Revoked - SG 81/99)

Art. 589 (New, SG, No 83 1996)

It shall be assumed, unless otherwise agreed under the licence contract, that the licence has been granted for use on the territory of the Republic of Bulgaria.

Art. 590 (New, SG, No 83 1996)

The licence contract shall be entered in a register of the Patent Office. It shall

be effective vis-ѳ-vis third parties after the registration.

Art. 591 (New, SG, No 83 1996)

The licensor shall be bound to ensure to the licensee peaceful and undisturbed use of the rights granted, as well as protection against claims by third parties.

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 of the licence.

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.

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 in compliance with the mark which has become known to users before conclusion of the contract.

(2) (amend. SG 81/99) The licensee shall be bound to put the mark on the goods for which the licence has been granted thereto.

Art. 595 (New, SG, No 83 1996)

(1) Where the compensation has been agreed to be in accordance with the magnitude of use of the subject of a licence, the licensee shall be bound to inform the licensor about that magnitude of use within the agreed time periods.

(2) Compensation shall be due for the expired calendar year, unless otherwise agreed.

Art. 596 (New, SG, No 83 1996)

(1) Under a contract for sub-licence the licensee of an exclusive licence may grant to another person the right to use the subject of the licence.

(2) The right for granting pursuant to paragraph 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.

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.

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.

Art. 599 (New, SG, No 83 1996)

Where after the expiration of the contract term the licensee continues to use the subject of licence with the knowledge of the licensor and without objections therefrom, the contract shall be deemed extended to the term provided by law for its protection.

Chapter thirty six. CONTRACT FOR COMMODITY CONTROL

Art. 600 (New, SG, No 83 1996)

Under a contract for commodity control the controller shall undertake, for compensation 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.

Art. 601 (New, SG, No 83 1996)

(1) The control should be effected of a magnitude and manner provided by a law or in the contract, and where nothing has been specified -- of the ordinary magnitude and manner at the location of the subject 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.

Art. 602 (New, SG, No 83 1996)

Invalid shall be a provision for obligations of the controller which could affect his impartiality.

Art. 603 (New, SG, No 83 1996)

(1) The principal shall be obliged to provide the controller with access to the subject of control and to render him assistance in carrying out his duties.

(2) Where the amount of compensation has not been specified, the principal shall owe the ordinary compensation.

Art. 604 (New, SG, No 83 1996)

The right to an action for claims under a contract for commodity control shall expire by limitation after one year.

Chapter thirty seven. LEASE CONTRACT FOR A SAFE (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)

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) By the lease contract for a safe the lessor shall concede to the lessee for a definite period the using of a safe in guarded premises against remuneration. The safe shall serve for safe-keeping of valuables and securities, other property and documents. Solely the lessee shall have access to the contents of the safe.

(2) The lease contract for a safe may be with announced or unannounced before the lessor contents of the property, kept in it.

(3) The lessor shall not be entitled to hold a copy of the key to the safe, handed over to the lessee.

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 may not be put objects, threatening the security of the safe and the lessor, and objects, the acceptance of which is prohibited by the law.

(2) The lessor shall control in a suitable manner the observance of the requirement of para 1, without revealing the contents of the property, kept in it, if it is not announced.

(3) In the event of non-fulfilment of the obligation under para 1 the lessor may immediately cancel the contract.

Art. 606a. (1) At cancellation of the contract because of non-payment of the agreed remuneration, the lessor may demand opening and establishing the contents of the safe with participation of a notary. The objects found in the safe shall be kept by the lessor, to whom shall be due a compensation for the expenses and a remuneration.

(2) The lessor shall have right of retention over the property, kept in the safe.

Part four. BANKRUPTCY (New – State Gazette, number 63 from 1994)

Chapter thirty nine. GENERAL CONDITIONS (Former Chapter Thirty-four – State Gazette, number 83 from 1996)

Section I. General Orders

Art. 607 (1) Bankruptcy proceedings shall be aimed at providing equitable satisfaction of creditors and opportunities for institution of composition procedures in order to avoid bankruptcy proceedings.

(2) Bankruptcy proceedings shall take into consideration the interests of the creditors, the debtor and his employees.

Art. 607a. (New, State Gazette, No 70 from 1998) (1) Bankruptcy proceedings shall be instituted for merchant who is insolvent.

(2) Except for insolvency bankruptcy proceedings shall also be instituted in

cases of over-indebtedness of Limited Liability Company, Stock Corporation or Company limited by shares.

Art. 608 (amend., SG 58/03; amend. - SG 38/06) (1) Insolvent shall be deemed merchants who are unable to meet outstanding capital obligation under a commercial transaction or public duty to the state and the municipalities related to his trade activity, or private state obligation.

(2) The insolvency shall be assumed when the debtor has stopped his payments.

(3) Insolvency may be present also when the debtor has paid or is in position to pay partially or in full only the claims of individual creditors.

Art. 609

Bankruptcy proceedings shall be instituted also for persons who conceal commercial activity through out insolvent debtors.

Art. 610 (Amended, State Gazette, No 70 from 1998) In concurrence with the institution of the bankruptcy proceedings for the company a bankruptcy proceedings shall be deemed for instituted as well as for its unlimited partner.

Art. 611. (1) (Amended, State Gazette, No. 70 from 1998) Bankruptcy proceedings shall also be instituted for deceased or stricken off the Commercial Register merchant-natural person if, before his death, respectively before the striking off, he has been insolvent.

(2) (New, State Gazette, No 70 from 1998) Bankruptcy proceedings shall also be instituted for deceased or stricken off the Commercial Register unlimited partner.

(3) (Previous paragraph 2, State Gazette, No 70 from 1998) Bankruptcy proceedings shall also be instituted for insolvent company in a procedure of liquidation.

(4) (Previous paragraph 3, amended, State Gazette, No 70 from 1998) In cases of paragraph 1 and 2 the bankruptcy petition can be filed within one year as of the death, respectively the striking off the Commercial Register.

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 for public enterprise using state monopoly or that has been incorporated on the grounds of a special act.

(2) (Amended, State Gazette No. 70 from 1998) the bankruptcy proceedings for a bank or an underwriter shall be performed under procedure, settled by a separate act. The orders of the present section shall apply as far as the separate act does not provide otherwise.

(3) (New – State Gazette No. 70 from 1998) The relations, concerning the insolvency of the public enterprise using state monopoly or that has been incorporated on the grounds of a special act, shall be settled by a separate act.

Art. 613. (amend. - SG 38/06) The court of bankruptcy shall be the district court where the merchant is domiciled at the moment of submission of the petition for institution of the bankruptcy proceedings.

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 rulings and judgements of the district courts under art. 630, para 1 and 2, art. 631, art. 632, para 1, 2 and 4, 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 Civil Procedure Code.

(2) (amend. - SG 38/06) The decisions referred to in art. 630 and 632 may be appealed by third parties having claims originating from effective court decision or effective act establishing public debt.

(3) (new - SG 38/06; amend. – SG 59/07, in force from 01.03.2008) In cases other than those under para 1 the acts provided by the district court in the bankruptcy proceedings shall be subject to appeal only before the respective Appellate Court under the provisons of chapter Twenty "Second Instance Appeals" of the Civil Procedure Code.

(4) (prev. text of para 03 - SG 38/06) The court shall institute the case on the day of filing the complaint or on the next working day at the latest and shall rule by its act within 14 days from the date of the sitting when the consideration of the case has concluded.

Art. 613b. (New, SG 84/2000; revoked, SG 58/03)

Art. 614 (1) The bankruptcy estate shall comprise:

1. Property rights of the debtor towards the date of the judgement for institution of bankruptcy proceedings;

2. Property rights of the debtor acquired after the date of judgement for institution of bankruptcy proceedings.

(2) (Amend., SG70/1998; amend., SG 58/03) The property of the debtor - sole entrepreneur shall also include one second part of chattels, rights on chattels and capital deposits that are conjugal rights;

(3) (New, State Gazette, No 70 from 1998) the property of the unlimited partner shall include 1/2 of the chattels, the rights on chattels and the capital deposits – that are conjugal rights.

(4) (Previous paragraph 3, amended, State Gazette, No 70 from 1998) the property of the debtor and the unlimited partner that is not a subject of sequestration 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 Law on Underground Natural Resources.

Art. 615 (Amended, State Gazette, No 70 from 1998) The cesser or the partition of the conjugal rights, as well as the determination of a bigger interest, if it

has occurred within 6 months before the starting date of the insolvency until the order of the bankruptcy proceedings, are nullified in re the bankruptcy estate.

Art. 616. (1) (amend. - SG 38/06) The bankruptcy estate shall be used to satisfy all the creditors of the debtor for commercial and non-commercial claims.

(2) After complete satisfaction of all the rest creditors, is granted the claim ensuing from:

1. Statutory or contract interest on unsecured claim, outstanding after the date of bankruptcy petition;

2. (suppl. - SG 38/06) Credit appropriated to the debtor by partner or stockholder;

3. Voluntary transaction;

4. (new - SG 38/06) the expenses of the creditors regarding 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.

Art. 617 (1) All capital or non-capital obligations of the debtor shall be considered outstanding as of the date of the bankruptcy order.

(2) (Amended, State Gazette No. 84 from 2000) any non-capital obligations shall be converted into capital at the respective market value as of the date of the judgement for institution of bankruptcy proceedings.

Art. 618 (1) In the course of bankruptcy proceedings creditors shall retain the rights on securities provided.

(2) (Repealed, State Gazette, No 70 from 1998)

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.

Art. 620 (1) (Amended, State Gazette, No 70 from 1998) No preliminary state fees shall be collected in case the debtor files the bankruptcy petition. Such fees shall be collected out of the bankruptcy estate at the time of the distribution of the assets.

(2) (New, State Gazette, No 70/1998; added, State Gazette No. 84 from 2000) In case the bankruptcy petition is filed by a creditor, as well as in case of accession of a creditor, the state fee shall be collected by the creditor, respectively by the accessed creditor.

(3) (New State Gazette, No 70/1998) after the bankruptcy proceeding has been instituted the expenses are collected out of the bankruptcy estate. For this purpose the court may permit the receiver in bankruptcy to perform disposition of, according to Art. 658, paragraph 1, point 8.

(4) (New, State Gazette, No 70/1998) if the plan for composition procedures under Art. 705, approved by the court, does not provide otherwise, the court shall, by its decision under Art. 707, sentence the debtor to pay the due state fee and the expenses.

(5) (Former paragraph 2, amended State Gazette, No 70/1998; amended, State Gazette No. 84 from 2000) No preliminary state fees are paid for court cases instituted for complementing of the bankruptcy estate and for annulment claims.

(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 striking off a injunction under Art. 630, paragraph 1, point 4 and of a general injunction.

Art. 621 As far as there are no special orders according to the present section; the appropriate provison of the Civil Procedure Code is applied.

Art. 621a. (new - SG 38/06) (1) Except the rules provided in this part, the following specific procedural rules shall be also applied in the bankruptcy proceedings:

1. the jurisdiction of the bankruptcy cases determined by this law may not be amended upon agreement between the participating persons;

2. the court may establish facts and collect evidence of significance for his decisions and rulings at his own initiative.

(2) Except the claims indicated in this part, under the jurisdiction of the bankruptcy court, without possibility to amend this jurisdiction on agreement between the participating persons, shall also be:

1. the claims 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 ended;

2. the claims determined by art. 646 or art. 647.

(3) Inapplicable in the bankruptcy procedure shall be the rules of the Civil Procedure Code concerning:

1. stopping of the proceeding upon agreement between the parties;

2. withdrawal of the creditor's application for institution of the bankruptcy proceedings or its waiver after decision referred to in art. 630, para 1 and 2 or art. 632 was pronounced;

3. withdrawal or waiver of claim, submitted by a receiver in bankruptcy or a creditor as referred to in art. 645, para 3, art. 646 or art. 647.

Section II. Entry and Announcement (title amend. - SG 38/06)

Art. 622 (Amended, State Gazette, No 70/1998, added No. 84 from 2000; amend. - SG 38/06) Court judgements pursuant to Art. 272a, paragraph 1, Art. 630, 632, 641, 705, paragraph 2, Art. 707, 709, paragraph 1, Art. 710, 713, paragraph 2, 735, 740, Art. 744, paragraph 1 and Art. 755 shall be entered into the commercial register.

Art. 623. (Amend., SG 70/1998; amend. - SG 38/06) (1) The name, the telephone 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 be also entered in the commercial register.

Art. 624. (Amended, State Gazette No 70/1998; amend. - SG 38/06) (1) The court is obliged to send for entry in the commercial register copy of the court acts according to Art: 622 and 623 on the day of their issuance or at least on the next working day.

Chapter fourty. INSTITUTION OF BANKRUPTCY PROCEEDINGS (Former Chapter Thirty-fifth – State Gazette No. 83/1996)

Section I. Start 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) Bankruptcy proceedings is 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, as well as by the National Revenue Agency for state receivables for a public duty to the state and the municipalities related to the trade activity of the debtor or private state obligation.

Art. 626 (1) (Added, State Gazette No 84 from 2000; amend. - SG 38/06) In

case of insolvency 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 pursuant to paragraph 1 is filed by the debtor, his heir, and the management body or the representative, respectively liquidator of a company or unlimited partner.

(3) The prokurist is obliged to inform in writing the merchant for the insolvency within 7 days.

(4) In case the petition is filed by an attorney, explicit power of attorney is required.

Art. 627 Non-compliance with the obligation for announcement of the persons according to Art. 626, paragraph 2, will lead to civil liability contribution to the creditors for damages caused by such delay.

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 last 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 keep such documents;

2. Inventories and profits and loss evaluation account as of the date of filing of the petition;

3. Review report of the creditors, indicating the addresses, types, amount and securities of the claims;

4. Inventory of personal property and property that is of conjugal right - for merchant-natural person and the unlimited partner;

(2) The creditor products along with the petition evidence in writing and indicate any other provable debt for insolvency.

(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) The debtor or the creditor may also propose a plan pursuant to Art. 696 along with the petition, as well as to appoint a person that meets the conditions under Art. 655, paragraph 2 which shall be appointed by the court for provisional receiver in bankruptcy if bankruptcy proceedings are instituted.

Art. 628a. (new - SG 38/06) (1) Submission of the petition for institution of bankruptcy proceedings by a creditor shall interrupt the limitation period of the claim on which the petition referred to in Art. 625 was based. The limitation period shall stop while the bankruptcy proceedings last.

(2) For the accessed creditors referred to in Art. 629 the rules referred to in para 1 shall be applicable 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 the stoppage of the limitation shall be preserved.

Art. 629 (1) (amended, State Gazette No. 84 from 2000) Bankruptcy petition that is filed by the debtor, respectively by liquidator shall be considered immediately by the court in camera.

(2) (Amended State Gazette No. 70 from 1998) Bankruptcy petition that is filed by the creditor shall be considered by the court in camera by subpoenaing of the debtor and the petitioner not later than 14 days as of the filing the petition.

(3) (New, State Gazette No. 84 from 2000) until the conclusion of the first sitting of the case, instituted upon request of a creditor other creditors may access, objections can be made and evidence in written can be produced.

(4) (New, State Gazette No. 103 from 1999) the court has to apply the regulations of the previous paragraphs in case the filed bankruptcy petition meets all the requirements of Art. 628.

(5) (New, State Gazette No. 84 from 2000) the court constitutes the case on the day of filing of the petition and shall announce the case for settlement not later than three months from its constitution.

Art. 629a. (New, State Gazette, No 70/1998) (1) (suppl. - SG 38/06) Prior to the passing of judgement at the petition for bankruptcy proceedings, if this is necessary for preservation of the property of the debtor the bankruptcy court can, at the request of a creditor or ex-officio:

1. Appoint a provisional receiver in advance who shall have the rights under Art. 635, paragraph 1;

2. Admit the measures under Art. 630, paragraph 1, point 4;

3. (amend. – SG 12/09, in force from 01.05.2009) Process discontinuation of the executive cases on the estate of the debtor, except the executive 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 paragraph 1 is made by a creditor the court shall impose them:

1. If the claim 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 insolvent, respectively over-indebted

(3) The court can oblige the creditor to provide security in the cases under paragraph 2, point 1.

(4) The imposed security measures shall be used by all bankruptcy creditors.

(5) The court can repeal the imposed security measures if their continuation is not necessary with a view to the objective of the security.

(6) The judgement for imposing measures under paragraph 1 shall be announced to the person in re they have been imposed and to the person who has requested their imposition. The definition shall be subject to appeal within 7 days from the receipt of the notification.

(7) The definition for imposing the measures under paragraph 1 shall be subject to immediate execution. The appeal shall not stop its execution.

(8) The security measures shall be considered for repealed when by judgement in force; the bankruptcy petition is rejected.

(9) The imposed security measures shall be in effect until the date of the judgement for institution of bankruptcy proceedings. As of this date their effect shall be replaced by the effect of the judgement for institution of bankruptcy proceedings, as well as the measures decreed by the order of Art. 630, paragraph 1, point 4. The court can, pursuant to Art. 630, paragraph 1, point 4, decree new security measures, as well as to continue the effect of the measures imposed by the order of the present Art.

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 that shall be prepaid in a period set by him by the persons referred to in Art. 625 or by another creditor in order to institute the bankruptcy proceedings. The court's ruling shall not be subject to appeal and execution but the consequences referred to in Art. 632, para 1 shall be indicated in it in case the amount was not prepaid within the period.

(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 partners of unlimited liability.

Section II. Passing a judgement

Art. 630 (1) (Amended, State Gazette No 70/1998) when insolvency, respectively over-indebtedness is established, the court by its judgement shall:

1. (Amended, No 70/1998) declare insolvency, respectively over-indebtedness and determine the initial date thereof;
2. Institutes bankruptcy proceedings;
3. Appoint a provisional receiver;
4. Allow for provision of security by means of imposing of distress, injunction or other security measures.
5. Appoints a date for the first meeting of creditors, not later than one month following the issue of the judgement.

(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 the further continuance of the activity could damage the bankruptcy estate, the court may, upon request by the debtor, respectively the liquidator, the receiver in bankruptcy, the National Revenue Agency or creditor, declare the debtor bankrupt and terminate his activity concurrently with the judgement for institution of bankruptcy proceedings or later, but prior to expiration of the term for proposing a plan under art. 696.

(3) The judgement for instituting of bankruptcy proceedings shall be effective in respect of all.

Art. 631 The court shall reject the petition, should it establish that the debtor's

difficulties are temporary or that he disposes of sufficient assets to meet the obligations, safeguarding the creditors' interests.

Art. 631a. (new, SG 58/03) (1) When, by virtue of enacted decision the request of a creditor for opening bankruptcy proceedings is rejected the debtor - an individual or corporate body 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 from 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 request for opening bankruptcy proceedings is filed by several creditors they shall be jointly and severally responsible.

Art. 632. (amend - SG 38/06) (1) In case the available assets are insufficient to meet the initial costs and if the costs were not prepaid as referred to in Art. 629b, the court shall declare the insolvency, respectively the over-indebtedness, 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 enterprise, declare the debtor bankrupt and stop the proceedings. In this case the court shall not rule the deletion of the merchant from the commercial register.

(2) Stopped bankruptcy proceedings may be resumed in a period of one year from the entry of the decision referred to in para 1 upon 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 entry of the decision referred to in para 2.

(4) If in the period referred to in para 2 resumption of the proceedings was not requested, the court shall discontinue 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 be applied 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.

Art. 632a. (new - SG 38/06) The prepaid amount under Art. 629b and 632 shall be reimbursed to the respective person, provided the bankruptcy estate increases sufficiently.

Art. 633 (amend. - SG 38/06) (1) Judgements 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 judgment for rejecting the petition referred to in Art. 625 shall be subject to appeal in a 7-day period from the date of the announcement under the order of the Civil Procedure Code.

Art. 634 the judgements according to Art. 630 are subject of instant execution.

Chapter fourty one. EFFECT OF THE JUDGEMENT FOR INSTITUTION OF BANKRUPTCY PROCEEDINGS (Former Chapter Thirty sixth – State Gazette, No. 83 from 1996)

Art. 634a. (New, State Gazette, No 70/1998) The bankruptcy proceedings shall be considered instituted as of the date of the judgement under Art. 630, paragraph 1. If the activities under Art. 635, 636, paragraph 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.

Art. 634b. (New, State Gazette No. 84 from 2000)

(1) The court shall judge within 3 days on a petition of a participator in the proceedings, except if this part has been established another term. In case the act of judgement of the court is subject of appeal, the court of appeal shall judge within 7 days as of the receipt of the complaint 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 Court who will consider the proceedings during the absence.

(3) Upon a petition for striking off a list the judge who conceders the proceedings shall judge immediately. The definition that lefts without consideration the petition for striking off a list, shall be subject of appeal before the chairman of the court of appeal who shall judge within 3 days as of its receipt.

Art. 634c. (New, State Gazette No. 84 from 2000)

(1) (suppl. - SG 38/06) The activities 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 at the disposal in the office of the bankruptcy court. Entered into the same book shall be the judgements and the definitions of the appellate and cassation court at the complaints against the acts of the bankruptcy court. The book may be kept also in electronic form.

(2) (amend. – SG 104/07) The interested sides shall be notified as provided in the Civil Procedure Code for the definitions and the judgements of the court that are subject of appeal, except for the definition as per Art. 729, para 1.

(3) (new – SG 31/05) If the debtor is operator or participant in a payment system, entered in the register of the Bulgarian National Bank simultaneously with the

pronouncing of the decision for opening insolvency procedure under art. 630 the court shall notify the Bulgarian National Bank about the opening of the insolvency procedure by sending the decision to the Bulgarian National Bank.

(4) (new – SG 31/05) If the debtor is operator or participant in a system for settlement of transactions with securities simultaneously with the pronouncing of the decision for opening of insolvency procedure under art. 630 the court shall notify the Central depositary about the opening of insolvency procedure 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 decision for opening bankruptcy proceedings as per Art. 630, the court shall notify the Bulgarian National Bank (BNB) of the initiation of bankruptcy proceedings by forwarding the decision to BNB.

Art. 634d. (New, SG 84/2000; suppl., SG 58/03; revoked – SG 38/06)

Art. 635 (1) (Amended, State Gazette No 84 from 2000) upon institution of 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 by preliminary approval of the receiver in bankruptcy, and in compliance with the measures, determined by the judgement for institution of bankruptcy proceedings or by the definition 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 by a person authorized by them all procedural actions that were not explicitly granted to the receiver in bankruptcy.

Art. 636 (1) (amend. - SG 38/06) The execution of obligations to the debtor shall be accepted by the receiver in bankruptcy as from the date of entry of the judgement for institution of bankruptcy proceedings.

(2) (Amended, State Gazette, No 70/1998; amend. - SG 38/06) The execution made to the debtor after the date of the judgement for institution of bankruptcy proceedings, but before the entry, shall be considered valid if the executor has not been acquainted about the institution of the procedure or, even though he has been acquainted with, the executed has been included in the bankruptcy estate. The conscientiousness shall be presumed until proven otherwise.

Art. 637 (1) (Suppl., SG 84/2000; suppl., SG 58/03) upon institution of bankruptcy proceedings, court and arbitration proceedings under estate civil and commercial cases against the debtor, with exception of labour disputes on capital receivables, shall be stayed. The present provision shall not apply in case as to the date

of institution of the bankruptcy proceedings on other case at which the debtor is defendant, the court has admitted for joint hearing counter claim of the debtor or objection for deduction made by him.

(2) (Amended, State Gazette, No 70/1998; amend. - SG 38/06) the stayed proceedings shall be discontinued should the receiving be accepted under the conditions of Art. 693.

(3) (New, State Gazette, No 70/1998) the proceedings stayed pursuant to paragraph 1 shall be resumed and continued with the participation of:

1. The receiver in bankruptcy and the creditor if the receiving 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 appeal, in case the claim is included in the list of the claims accepted by the receiver in bankruptcy, but it has been appealed according to of Art. 692, paragraph 3.

(4) (New, State Gazette, No 70/1998) the passed judgement according to paragraph 3 shall have an effect of establishment for the relations between the debtor, the receiver in bankruptcy and all the bankruptcy creditors.

(5) (new, SG 58/03; amend. - SG 38/06) Upon opening a bankruptcy proceedings it shall be inadmissible to institute new court or arbitration proceedings on estate civil or commercial cases against the debtor except claims for:

1. defense of the rights of the third persons owners of property in the bankruptcy estate;

2. employment disputes.

Art. 638 (1) (Added, State Gazette 103/99; amend. - SG 105/05, in force from 01.01.2006) upon institution of bankruptcy proceedings any execution proceedings against assets included in the bankruptcy estate shall be stayed, except the estate under Art. 193 of the Tax-insurance Procedure Code.

(2) (amend. - SG 38/06) Where within the period as from the stay pursuant to paragraph 1 through the entry of the judgement for institution of bankruptcy proceedings payments have been effected to the claimant, the paid money shall be returned to the bankruptcy estate.

(3) (Amended and added, State Gazette, No 70/1998) In case actions have been undertaken in favour of 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 received sum over 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 receivables are claimed and accepted under the conditions of art. 693. Distraints and interdictions imposed by the enforcement procedures shall be non-objectable to the creditors of the bankruptcy estate. Not admitted shall be the imposing of security measures by the order of the Civil Procedure Code or by the Tax-insurance Procedure Code on the property of the debtor after opening bankruptcy proceedings.

Art. 639 (1) (amend. - SG 38/06) Creditors of claims that have occurred after the date of the judgement 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, paragraph 1.

(2) (revoked – SG 38/06)

Art. 639a. (New – State Gazette No. 70/1998, Repealed, State Gazette No. 84 from 2000)

Art. 639b. (1) (new, SG 58/03; prev. text of art. 639b - SG 38/06) The court may permit to the receiver in bankruptcy to sell, before ruling encashment, perishable chattel, as well as other property of the bankruptcy estate, should it be deemed necessary for the support of the bankruptcy proceedings.

(2) (new - SG 38/06) The sale referred to in para 1 shall be carried out by the receiver in bankruptcy in terms of direct negotiations.

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 his enterprise and his assets

2. (amended, State Gazette No. 90/99; amend. - SG 38/06) list of payments in cash or by means of bank transfer, which exceeds 1200 levs and that have been effected within 6 months prior to the initial date of insolvency;

3. List of payments effected by the debtor to link to him persons for a period of one year prior to the initial date of insolvency.

4. (new - SG 38/06) a notary certified declaration indicating the single items, property 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 the property and his commercial activity by the date of the request, as well as all documents thereof. 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 does not execute his obligation under paragraph 1 the court shall impose to the offender a fine from 500 to 1000 levs, and under para 2 the court shall impose to the offender a fine of 1000 to 5000 levs.

Art. 641 (Amend., SG 84/2000; amend., SG 58/03; amend. - SG 38/06)

The repeal of the judgement for institution of bankruptcy proceedings shall remove imposed distress and injunction, restore the authority of the debtor and terminate the authority of the receiver in bankruptcy as of the moment of entry of the judgement of the Supreme Court of Cassation in the commercial register.

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 two. COMPLEMENTING OF BANKRUPTCY ESTATE.PROTECTIVE MEASURES (Former Chapter Thirty-seven – State Gazette No. 83/1996)

Section I. Complementing of bankruptcy estate

Art. 643. The receiver in bankruptcy shall collect shares or contributions unpaid - in or not deposited by a limited liability partner, in order to complement the bankruptcy estate.

Art. 644 (1) the receiver in bankruptcy may terminate any contract at which the debtor is a party, in case it has not been performed wholly or in part.

(2) The receiver in bankruptcy shall send announce of 15 days in advance for termination of contract.

(3) Upon petition 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 under which the debtor is to effect regular payments shall not bind the receiver in bankruptcy to effect payments that have been overdue prior to the date of the judgement for institution of bankruptcy proceedings.

Art. 645 (1) any creditor may deduct his obligation to an obligation to the debtor, in case prior to the date of the judgement for institution of bankruptcy proceedings both obligations have existed and were considerate, of the same kind and outstanding. In case the claim has become outstanding in the course of bankruptcy proceedings or as result of the judgement for declaration in bankruptcy, and as well as in case both the obligations have become of same kind as a result of such a judgement, the creditor may deduct only after the claim becomes outstanding respectively of the same kind.

(2) The statement for deduction shall be sent to the receiver in bankruptcy.

(3) (Amended, State Gazette, No 70/1998) The deduction may be declared invalid with respect to the bankruptcy creditors, in case the creditor has acquired the claim and the obligation to the debtor prior to the date of the judgement for institution of bankruptcy proceedings, but he knew as of the time of acquiring the claim or obligation that insolvency, respectively over-indebtedness, has occurred or that a petition for bankruptcy proceedings has been filed.

(4) (Amended, State Gazette, No 70/1998) A deduction effected by the debtor after the initial date of insolvency, respectively the over-indebtedness shall be invalid

with respect to the bankruptcy creditors, except for the part that the creditor may acquire after the distribution of assets converted into cash, nevertheless of the time of occurrence of both the considerate obligations.

Art. 646. (1) (Amended, State Gazette, No 70/1998) The following shall be considered void with respect to the bankruptcy creditors, if effected after the date of the judgement for institution of bankruptcy proceedings and not in compliance with the procedure established thereby:

1. Execution of an obligation that has occurred prior to the date of the judgement for institution of bankruptcy proceedings;

2. Pledging or mortgaging rights or chattels included in the bankruptcy estate;

3. Transactions with rights or chattels included in the bankruptcy estate.

(2) The following activities and transactions carried out by the debtor after the initial date of the bankruptcy, respectively the over-indebtedness are void regarding the creditors of the bankruptcy:

1. Execution of capital obligation regardless of the way of execution;

2. Voluntary transaction with property right of the volume of the bankruptcy estate;

3. Pledging, mortgaging or establishment of other security on property right of the bankruptcy estate;

4. Value transaction with property right of the bankruptcy estate whereas the paid considerably exceeds the value of the received.

(3) (New, State Gazette, 103/99) the previous paragraph shall not apply in cases of execution of the debtor of public claim or private state claim whose compulsory collection is carried out by the order for the public ones.

Art. 647 (Amended, State Gazette, No 70/1998) Except the provided by the law cases, the following acts and transactions carried out by the debtor may be nullified with respect to the bankruptcy creditors:

1. (amend. - SG 38/06) Voluntary transactions, except ordinary donations in favour of a person related to the debtor, effected within 3 years prior to the institution of bankruptcy proceedings;

2. Voluntary transactions in favour of third parties, effected within 2 years prior to the institution of bankruptcy proceedings;

3. (Amended, State Gazette No. 84 from 2000) value transaction where the paid amount exceeds considerably in value the received amount, effected within 2 year prior to the institution of bankruptcy proceedings;

4. Execution of capital obligation by transfer of property, effected within 3 months prior to the initial date of insolvency, in case the return of the property could result in increase of the amount to be received by creditors;

5. (Amended, State Gazette No. 84 from 2000) mortgaging, pledging or establishment of another security in favour of a claim that has not been secured at that time, effected within 1 year prior to the institution of bankruptcy proceedings;

6. (Amended, State Gazette No. 84 from 2000) mortgaging, pledging or providing another security in favour of a claim that has not been secured at that time of a partner or a shareholder, effected within 2 year prior to the institution of bankruptcy

proceedings;

7. (Amended, State Gazette No. 84 from 2000; amend. - SG 38/06) transaction effected within 2 year prior to the institution of bankruptcy proceedings which jeopardises the creditors, where one of the parties thereto is person related to the debtor.

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.

Art. 649 (1) A petition according to Art. 645, paragraph 3, and Art. 647 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.

(2) (New, State Gazette, No 70/1998; amended, State Gazette 84 from 2000) In case of filing of a petition by the receiver in bankruptcy the state fee shall not be collected in advance. If the claim is granted the due state fee shall be collected from the sentenced party and if the claim is rejected the state fee shall be collected out of the bankruptcy estate.

(3) (Prior paragraph 2 - State Gazette, No 70/1998) Petitions pursuant to Art. 645, 646 and 647 of the present Act, as well as petition pursuant to Art. 135 of the Obligations and Contracts Act, related to the bankruptcy proceedings, shall be filed to the bankruptcy court.

Section II. 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.

Art. 651 (amend. SG 43/05) The sealing is performed by a private bailiff within 1 day following the receipt of the order. The record about the implemented actions shall be sent to the court.

Section III. Inventory of Property

Art. 652. Within 3 days following the taking up of his duties, the receiver in bankruptcy must request for removing of seals and preparing of inventory of real properties and chattels, money, valuables, securities, contracts, etc. of the debtor's claims and of the chattels in possession of third parties.

Art. 653 (1) (amend. SG 43/05) The inventory shall be completed by the receiver in bankruptcy.

(2) The receiver in bankruptcy shall inform the debtor about the acts under paragraph 1.

(3) Should other properties be found after completion of the inventory, supplementary inventory shall be completed.

Art. 654 The receiver in bankruptcy shall be liable for the property included in the inventory as from the time of completion of the inventory, in case it has not been served to the debtor or to third parties for protection.

Chapter fourty three. ADMINISTRATION AND MANAGEMENT OF THE BANKRUPTCY ESTATE (Former Chapter Thirty-eight – State Gazette No. 83/1996)

Section I. Receiver in bankruptcy

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. That person may not have been convicted as major of indictable offence with intent, except for the cases of exoneration;

2. that person may not be a spouse of the debtor or creditor and not have kinship relations with any of them in direct descent and lateral branch to the sixth degree, and by marriage - to the third degree;

3. That person may not be a creditor in the bankruptcy proceedings;

4. That person may not be undischarged bankrupt debtor;

5. That person may not be in any relations with the debtor or creditor, which may generate ground suspicion of his objectivity.

6. (New, State Gazette, No 70/1998) that person must have graduated higher economic or law education and not less than 3 years length of service on the speciality;

7. (New, SG 70/1998; amend., SG 58/03) to have passed successfully the examination for acquiring qualification by an order determined by 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) that person may not be one who has been removed from the office of a receiver in bankruptcy pursuant to art. 657, paragraph 2 of this law or art. 29, para 1, item 6 or 7 of the Law of the bank bankruptcy;

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) measure under art. 65, para 2, item 11 of the Law of the Banks or under art. 103, para 2, item 14 of the Law of the credit institutions has not been applied with respect to him/her.

(3) (Amended, State Gazette, No 70/1998; addition, State Gazette 84 from 2000; amend. - SG 38/06) The Minister of Justice shall exclude from the list under paragraph 2, point 7 the persons who have been ascertained as offenders against their activity as receivers in bankruptcy, regardless of the fact whether this circumstance has been established by the Court of bankruptcy. 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 consensus and actions shall be undertaken jointly, unless the meeting of creditors or the court, in case of dispute between the persons who exercise the authority of the receiver in bankruptcy, decide otherwise.

(5) In case the powers of the receiver in bankruptcy are exercised by several persons who take the decisions by consensus and act jointly, they shall have joint liability under Art. 663, paragraph 2 and 3.

Art. 655a. (new, SG 58/03) (1) The receiver in bankruptcy shall make an obligatory annual payment for professional qualification, whose size shall be determined by an ordinance for the order of selection, qualification and control over the receivers in bankruptcy to be issued jointly by the Minister of Justice, the Minister of Economy and the Minister of Finance.

(2) Failure to pay in due time the sums under para 1 shall be grounds for exclusion 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 annually courses for qualification of the receivers in bankruptcy.

Art. 656 (amended, State Gazette 84/00) (1) The Court of bankruptcy shall appoint the receiver in bankruptcy elected by the first meeting of creditors, provided he complies to the requirements under Art. 655 and has given his preliminary consent in writing with a notary certified signature. By the same definition the Court of bankruptcy shall also determine the date of taking up receiver in bankruptcy's duties.

(2) At the time of his appointment the receiver in bankruptcy shall declare by a written declaration with notary certified signature, the presence of the conditions and the lack of obstructions according to this law, the participation in trade companies as a partner, stockholder, the occupation of positions of liquidator, receiver in bankruptcy and other paid occupations.

(3) Upon occurrence of a change in some of the circumstances under paragraph 2 the receiver in bankruptcy shall be obliged to inform immediately in writing the Court of Bankruptcy.

(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 this 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 by another person from the respective list and a new meeting of the creditors shall be convened.

Art. 657 (1) The court shall remove a receiver in bankruptcy from his office in the following cases:

1. at his request in writing sent to the court;

2. Bringing under judicial disability;

3. (New, State Gazette, No 70/1998) if the appointed receiver in bankruptcy ceases to meet the requirements under Art. 655, paragraph 2;

4. (prev. item 3, SG 70/1998; amend., SG 58/03) at request by the creditors entitled to more than half of the 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) actual inability 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 from office at any time, ex officio or at the proposal of the debtor, the committee of creditors or a creditor, in case he fails to execute his obligations or his

actions jeopardise the interests of the creditor or the debtor.

(3) (Amend., SG 70/1998; SG 84/2000) the removed under paragraph 1, points 1 receiver in bankruptcy shall continue to execute his duties until a new receiver in bankruptcy is appointed.

(4) (New, State Gazette 84 from 2000) Subject to appeal before the court of appeal shall be:

1. The definition of the bankruptcy court by which the request under paragraph 1, points 1 - 6 and under paragraph 2 has not been granted;

2. The definition of the bankruptcy court by which the request under paragraph 2 is granted.

(5) (New, State Gazette 84 from 2000) the definition for removal of the receiver in bankruptcy shall be subject to instant execution. The complaint against the definition for removal of the receiver in bankruptcy shall not stop its execution. The repealing of the definition for removal of the receiver in bankruptcy shall not restore that person to his rights of receiver in bankruptcy in this bankruptcy proceeding. When the definition of the court for removal of office under paragraph 4, point 2 is appealed, the definition can be appealed only by the receiver in bankruptcy.

(6) (New, SG 84/2000; suppl., SG 58/03) in the cases under paragraph 1, item 1, 2, 3, 5, 6, 7 and paragraph 2 the court shall convene a meeting of the creditors for the appointment of a new receiver in bankruptcy.

(7) (New, State Gazette 84 from 2000) In the cases under paragraph 1, points 2, 3, 5 and 6 and under paragraph 2, until the appointment of a new receiver in bankruptcy his powers shall be executed by an official receiver in bankruptcy appointed by the court.

(8) (new, SG 58/03) In the cases of para 1, item 4 the creditors shall be obliged to appoint in their request a receiver in bankruptcy.

Art. 658 (1) The receiver in bankruptcy shall:

1. Represent the enterprise;

2. Administrate its current affairs;

3. (New, State Gazette 84/00) supervise the conduct of the activity of the debtor in the cases under art. 635, paragraph 1;

4. (Former, point 3 - State Gazette 84/00) receives the inventory, keeps and maintains the books and business correspondence of the enterprise;

5. (Former, point 4 - State Gazette 84/00) identifies and establishes the debtor's property;

6. (Former, point 5 - State Gazette 84/00) under the terms and conditions set forth by law to file requests for terminating, breaking or invalidation of contracts at which the debtor is a party;

7. (Former, point 6 - State Gazette 84/00) participates in the court proceedings of the debtor's enterprise and brings lawsuits on his behalf;

8. (Former, point 7 - State Gazette 84/00) collects the capital claims of the debtor and deposits them in a special bank account;

9. (Former, point 8 - State Gazette 84/00) dispose of the funds in the debtor's bank accounts after the permission of the court when this becomes necessary in connection with the administration and protection of the property;

10. (Former, point 9 - State Gazette 84/00) identifies and establishes the debtor's creditors;

11. (Former, point 10 - State Gazette 84/00) convenes and organises the meetings of creditors in conformity with a court definition;

12. (Former, point 11 - State Gazette 84/00) offers a plan under Art. 696;

13. (Former, point 12 - State Gazette 84/00) undertakes actions to terminate the debtor's participation in companies;

14. (Former, point 13 - State Gazette 84/00) converts the bankruptcy estate into cash;

15. (Former, point 14 - State Gazette 84/00) undertakes other actions prescribed by law or assigned by court.

(2) The receiver in bankruptcy shall exercise his powers in conformity with the development 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 upon execution of his competences.

Art. 659 (1) (amended, State Gazette 84/00) The receiver in bankruptcy shall record each action on his part, relative to the management and administration of property and rights of the debtor or the bankruptcy estate, in a stringed through journal with numbered pages. 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 journal.

(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 for his activity.

(3) (New, State Gazette 84/00) Upon request by a creditor the receiver in bankruptcy shall present to him the journal under paragraph 1, the report under

paragraph 2, as well as a report on the specified questions, if they have not been entered into the report under paragraph 2 for the respective period.

Art. 660 (1) (Amended, State Gazette, No 70/1998) the receiver in bankruptcy shall exercise his powers with the diligence of a prudent merchant.

(2) The receiver in bankruptcy may not empower other persons with his rights, except in case of an explicit permission by court.

Art. 661(amended, State Gazette 84/00)

(1) The receiver in bankruptcy shall get remuneration for his work - current and final, which amount is determined by the meeting of the creditors. Decision for the way of the determining the final remuneration can also be taken prior to the conclusion of the activity of the receiver in bankruptcy.

(2) 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, paragraph 6 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 also be determined in adopting a recovery plan, respectively in reaching out-of-court settlement between the debtor and the creditors in compliance with the following circumstances:

1. Observing of the procedural terms;

2. Whether the list of the claims accepted by the receiver in bankruptcy has been approved by the court without any changes into it;

3. The carried out activities and the granted claims for supplementing the bankruptcy estate;

4. Termination of bankruptcy proceedings due to an approval of a plan for composition procedure;

5. Converting 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 can also be determined as a percentage of the property by which the bankruptcy estate has been supplemented and/or as a percentage of the value of the converted in cash assets.

(6) In the cases when the meeting of the creditors has not been able to take a decision for appointment of a receiver in bankruptcy or a decision for determining the remuneration of the receiver in bankruptcy, it shall be determined by the court.

Art. 662 (1) (amended, State Gazette 84/00) the receiver in bankruptcy cannot negotiate on behalf of the debtor either with himself or with a link to him person.

(2) The receiver in bankruptcy may not acquire in any way, directly or through another person, any chattel or right from the bankruptcy estate. This restriction shall be applied also to the spouses, relatives in direct descent and lateral branch to the sixth degree and by marriage up to the third degree.

(3) The receiver in bankruptcy shall not announce any information, data or

facts, which have become known to him in the course of exercising of his powers.

(4) (Repealed, State Gazette, No 70/1998)

Art. 663 (1) In case the receiver in bankruptcy fails to exercise his duties or exercises 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 received funds in the bank.

(3) The receiver in bankruptcy is liable to compensate the debtor and creditors for the damage caused by him to them in the course of the exercising of his powers.

Art. 663a. (new, SG 58/03) (1) The receiver in bankruptcy shall be insured for the time during which he is appointed as received in bankruptcy for the concrete proceedings, for the damages which may be caused as a result of guilty breach of his obligations. The minimal size of the insurance sum shall be determined by the ordinance under art. 655a, para 1.

(2) The obligation under para 1 shall be fulfilled within three days from the appointment and before taking up his duties.

Art. 664 (1) The receiver in bankruptcy shall submit a report in writing upon the termination of his work within a term appointed by the court.

(2) The newly appointed receiver in bankruptcy, the debtor, the creditors' committee or a creditor may raise objections at the report within seven days after its submission.

(3) (Addition, State Gazette 84/00) the court shall, within 14 days from receipt of the objection, decree a definition with respect to the objection which will not be a subject of appeal.

(4) Should no objection be raised within the term according to paragraph 2, the report will be considered accepted.

Art. 665 (amended, State Gazette 84/00)

Upon termination of his activities, the receiver in bankruptcy shall immediately submit by an inventory list: the commercial books, the journal and the reports under art. 659, as well as the property at his administration to the newly appointed receiver in bankruptcy or to a person appointed by the court, and in the cases set forth in Art. 707, paragraph 1 - to the debtor

Section II. Provisional Receiver

Art. 666. (Addition, State Gazette 84/00) The court shall appoint the provisional receiver in bankruptcy with the judgement for institution of bankruptcy proceedings or in the cases under art. 657 – In case he meets the requirements under Art. 655 and has given his consent in writing.

Art. 667. (amended, State Gazette 84/00)

The provisional receiver in bankruptcy shall be removed from office under the conditions set forth in Art. 657 and upon the appointment of a receiver in bankruptcy by the meeting of creditors.

Art. 668. The provisional receiver in bankruptcy is empowered with the authorities under Art. 658. In addition, within 14 days after the date of the judgement for institution of bankruptcy proceedings, the provisional receiver in bankruptcy shall prepare:

1. (Addition, State Gazette 84/00) a list of creditors on the basis of the debtor's commercial books, stating the size of their claims;

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 about the reasons for the insolvency, the state of the property and the protective measures as well as the possibilities for composition procedures in order to avoid bankruptcy proceedings.

Section III. First Meeting of Creditors

Art. 669 (Amended, State Gazette, No 70/1998)

(1) (Former art. 669 - amended, State Gazette 84/00) the first meeting of creditors shall be hold on the date appointed by the court by the judgement for institution of bankruptcy proceedings and shall be chaired by the judge who considers the petition for bankruptcy proceedings.

(2) (New, State Gazette 84/00) the first meeting of the creditors shall be attended by the creditors included in the list under art. 668, point 1 and those in the extracts of the commercial books of the debtor, which the provisional receiver in bankruptcy shall present at the first meeting.

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) The resolutions shall be passed by a common majority of the amount of the claims of the creditors according to the list under art. 668, point 1.

(3) The resolutions of the first meeting of the creditors may be revoked according to the order of Art. 679.

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.

Art. 672 (1) (Former art. 672 amended State Gazette 84/00) The first meeting of creditors shall:

1. Listen to the report of the provisional receiver in bankruptcy under Art. 668, point 2;

2. (Amended, State Gazette 84/00) appoint a receiver in bankruptcy and propose to the court his appointment;

3. Elect a creditors' committee.

(2) (New, State Gazette 84/00) The creditors can, at their meeting, nominate and classify at preference for receivers in bankruptcy several persons 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 holding of the meeting under art. 673 or when, regarding to him, some of the conditions under art. 655, paragraph 2, are not present.

Section IV. Meeting of Creditors

Art. 673 (1) The meeting of creditors shall be hold after the approval of the list under Art. 692 by the court.

(2) After the claims are accepted, voting rights at the meeting of creditors shall be granted only to creditors with accepted 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 producing of cogent documentary evidence and to a creditor with not accepted claim who has appealed the decision under Art. 694, as well as to a creditor with accepted receivable, against whom a claim has been laid under art. 694 for establishing non-existence of his receivable.

(4) No voting rights under paragraph 3 shall be granted to a creditor under Art. 616, paragraph 2.

Art. 674 (amended, State Gazette 84/00)

(1) Upon filed request by the debtor, by the receiver in bankruptcy, by the committee of the creditors or by creditors entitled of 1/5 of the amount of the accepted claim the court shall convene the meeting not later than 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 accepted claims by the court under art. 692, paragraph 4 and when no objections have been raised - according to art. 692, paragraph 1 with an agenda according to art. 677, point 8.

Art. 675 (1) (addition, State Gazette 84/00; suppl. - SG 38/06) the invitation for 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 will take place.

(2) (amend. - SG 38/06) The invitation shall be announced in the commercial register that is considered to be due notification of all creditors.

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 who considers 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 accepted claims and the claims with voting rights under Art. 673, paragraph 3.

(3) Resolutions shall be passed by simple majority, unless the law prescribes otherwise.

(4) (New, State Gazette 84/00) the attendance of the creditors at the meeting of the creditors shall be carried out by the order of art. 670, paragraph 1.

Art. 677 (1) The meeting of creditors shall:

1. Listen to the report of the receiver in bankruptcy about his activities;

2. Listen to the report of the creditors' committee;

3. (Amended, State Gazette 84/00) assign a receiver in bankruptcy, if none has been assigned. Art. 672, paragraph 2 shall apply in the following case;

4. (Amended, State Gazette 84/00) pass a resolution for the removal of the receiver in bankruptcy from office and his substitution;

5. (amend., SG 58/03) determine the amount of the receiver in bankruptcy's remuneration, any alteration thereof, as well as the size of his final remuneration;

6. Elect the creditors' committee, if none has been elected, or change its membership;

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 encashment of the property of the debtor, the method and conditions 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 paragraph 1, point 3, the receiver in bankruptcy shall be appointed by the court. The court definition 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 does not pass resolution under paragraph 1, point 8 the resolution shall be taken by the receiver in bankruptcy.

Art. 678 The resolutions passed by the meeting of creditors shall be binding for all creditors, including the absent ones.

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 damage to a part of the creditors.

(2) (Amended, State Gazette 84/00; suppl. - SG 38/06) the request shall be filed within seven days after the meeting is held and it shall be heard by another chamber the court of bankruptcy by subpoenaing the debtor and creditors. The court

session for hearing of the request shall be held not later than 14 days from its filing.

(3) Creditors under paragraph 2 shall be subpoenaed by the State Gazette.

(4) (Amended, State Gazette 84/00) the court shall decree by a definition.

Section V. Creditors' Committee

Art. 680 (1) The meeting of creditors may elect a creditors' committee consisting of not less than three and not more than nine members.

(2) The creditors' committee shall include persons representing both secured and unsecured creditors, except for those under Art. 616, paragraph 2.

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 books 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 court of bankruptcy shall be informed about the findings.

(3) (new, SG 58/03) The creditors' committee may, on its initiative, or at a request of the court, give opinion regarding the continuation of the activity of the debtor's enterprise, the remuneration of the interim and official receiver in bankruptcy, the activities related to the encashment, the responsibility of the receiver in bankruptcy under art. 663, para 1 and other cases.

Art. 682 (1) The members of the creditors' committee shall be entitled to remuneration that is determined at the time of their appointment at the account of the creditors.

(2) The unpaid remuneration shall be deducted, at the request of the creditors' committee, when the property converted into cash is distributed according to the amount of claims on a pro rata basis.

Art. 683 Members of the creditors' committee shall not acquire in any way either directly or through another person chattels or rights from the Bankruptcy Estate. This restriction applies also to the spouses, relatives of direct lineage, and relatives of lateral branch up to sixth degree and by marriage up to third degree.

Art. 684 As far as the relations between the creditors' committee and creditors are not settled by the provisions of this Chapter or by a contract, the provisions of Arts. 280-292 of the Obligations and Contracts Act shall apply.

Chapter fourty four. SUBMITTING CLAIMS (Former Chapter Thirty ninth – State Gazette No. 83/1996)

Art. 685 (1) (amended, State Gazette 84/00; amend. - SG 38/06) Creditors shall submit their claims in writing before the bankruptcy court up to one month after 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 amount of the claims, privileges and security, legal seat and submit documentary evidence.

Art. 685a. (new - SG 38/06) (1) Submission of claim in the bankruptcy proceedings shall interrupt the limitation period. The limitation period stops in the course of the bankruptcy proceedings.

(2) Provided that the submitted claim was not accepted in the bankruptcy proceedings and determinative action was lodged for its establishment, its limitation period shall be interrupted. Provided the action was not granted the limitation shall not be considered interrupted.

(3) Provided that the submitted claim was not accepted 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 discontinuance of the bankruptcy proceedings according to the order referred to in Art. 632, para 5 new limitation period shall start as referred to in Art. 110 of the Law of Obligations and Contracts, and under Art. 740, para 2 the provisions of Art. 707b shall be applied. Provided that resumption of the bankruptcy proceedings was requested, limitation period shall not run for the accepted claims during the course of the proceedings of resumption.

Art. 686 (amended, State Gazette 84/00; amend. SG 58/03)

(1) The receiver in bankruptcy shall work out, within 7 days after the expiration of the term under Art. 685, paragraph 1:

1. a list of the accepted submitted claims by the order of their filing indicating the creditor, the size and the grounds of the claim, the privileges and the securities, 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 unaccepted submitted claims; annual financial report for the previous calendar year and for the last month before the date of institution of the bankruptcy proceedings.

(2) The materials under paragraph 1 shall be submitted at the disposal of the creditors and of the debtor at the office of the court.

Art. 687 (1) (previous, art. 687 - State Gazette 84/00; amend. - SG 38/06) The claims of a worker or employee arising from a labour relationship with the debtor shall be entered ex-officio in the list of accepted claims by the receiver in bankruptcy.

(2) (New, State Gazette 84/00) the receiver in bankruptcy shall enter ex-officio in the list of the submitted claims and the adjusted by an act into force public claim.

Art. 688 (1) (Amend., SG 84/00; amend., SG 58/03; amend. - SG 38/06) Claims that are submitted after the term under Art. 685, paragraph 1, but not later than two months of its expiration, shall be entered into the list of submitted claims and shall be accepted in accordance with the order set forth by the law. After the expiration of this term receivables which have occurred by the date of instituting the bankruptcy proceedings may not be claimed.

(2) A creditor having claims under paragraph 1 may not litigate claims that have already accepted or performed distribution and he shall be satisfied by the balance if the converted into cash property has been distributed. The additional expenses for the acceptance of his claim shall be borne by him.

(3) (new, State Gazette 84/00; amend. - SG 38/06) Claims that are not paid at the maturity and occurred after the date of institution of the bankruptcy proceedings, until the approval of the recovery plan shall be claimed by the order of this chapter. The receiver in bankruptcy shall work out an additional list for these claims.

(4) (New, State Gazette 84/00; revoked – SG 38/06)

Art. 689 (amended, State Gazette 84/00; amend. SG 58/03; amend. - SG 38/06)

The receiver in bankruptcy shall present for announcement in the commercial register the lists and the accountancy reports immediately after their preparation, and shall leave them at the disposal of the creditors and the debtor at the office of the court.

Art. 690. (amend., SG 58/03) (1) (amend. - SG 38/06) The debtor or creditor may object in writing in court with a copy to the receiver in bankruptcy against a claim accepted or unaccepted by him within 7 days after the announcement 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 court sitting for consideration of the objections.

Art. 691 Claims which have been adjusted by a court judgement that has entered into force and were issued after the date of the judgement for institution of bankruptcy proceedings, where the receiver in bankruptcy was a party, cannot be litigated.

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 accepted and entered ex-officio claims in camera immediately upon the expiration of the term under art. 690, para 1. The court shall rule by a definition.

(2) (new - SG 38/06) Provided that objections have been raised against the lists referred to in Art. 686, para 1 according to the order referred to 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

consider the objections in an open session summoning the receiver in bankruptcy, the debtor, the creditor, whose inclusion or not inclusion of a receivable in the list is objected, and the creditor who has raised the objection. Where possible, all objections shall be considered in one court session.

(4) (prev. text of para 03 - SG 38/06) In case the court finds the objections for caused, it shall approve the list after the necessary change. Otherwise the court shall dismiss it. The court shall rule by a definition within 14 days from the session under paragraph 2.

(5) (prev. text of para 04 - SG 38/06) The ruling of the court for approval of the list shall be announced in the commercial register.

(6) (new, SG 58/03; prev. text of para 05 - SG 38/06) The definitions under para 1 and 4 shall not be subject to appeal.

Art. 693. (Amended, State Gazette 84/00)

All the claims included in the approved by the court list of the accepted claims according to art. 692, except the claim under art. 694, paragraph 1.

Art. 694 (new, SG 84/00; amend., SG 58/03) (1) (amend. and suppl. - SG 38/06) A creditor who has raised an objection according to art. 690, paragraph 1 can bring an action for establishment of the existence of unaccepted claim or the non-existence of accepted claim within 7 days from the moment of announcement in the commercial register of the ruling of the court for approval of the list under art. 692, paragraph 4. The claim shall be laid in the bankruptcy court and shall be heard by another chamber of the court.

(2) In case of bringing an action for establishment of a right state fee shall not be paid in advance. If the claim is dismissed the expenses shall be for the account of the claimant.

(3) (new - SG 38/06) The rights referred to in para 1 and 2 shall have also a creditor whose claim was excluded from the list of accepted claims with the ruling referred to in Art. 692, para 4, as well as a creditor and the debtor of a claim entered in the list of accepted claims with the ruling referred to in Art. 692, para 4.

(4) (new - SG 38/06) Court decisions in force referred to in para 1 shall have determinative effect regarding the relations of the debtor, the receiver and all creditors in the bankruptcy proceedings.

(5) (new - SG 38/06) In the plan for composition, respectively at the distribution of the cashed assets, reserves for the unaccepted claim – subject of determinative action - shall be obligatorily saved.

Art. 695 The list approved by the court shall be expanded with additionally submitted and approved subsequently claims under terms and procedures set forth by law.

Chapter fourty five. COMPOSITION PROCEDURE IN ORDER TO AVOID BANKRUPTCY PROCEEDINGS

Art. 696 (amended, State Gazette 84/00)

A plan for composition procedure in order to avoid bankruptcy proceedings may provide for a deferment or rescheduling of payments, a release from liability in full or in part, a reorganisation of the enterprise, or undertaking other acts or transactions.

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, the stockholders respectively, who hold 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 workers and employees.

(2) The creditors with the claims specified under Art. 616, paragraph 2, are not entitled to propose a plan.

(3) (New, State Gazette 84/00) In the cases under art. 630, paragraph 2 a plan for composition procedure in order to avoid bankruptcy proceedings cannot be proposed.

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 announcement in the commercial register of the definition of the court for approval of the list of accepted claims according to Art. 692.

(2) More than one plan may be proposed in the bankruptcy proceedings.

Art. 699 The expenses for the preparation of a plan proposed by the debtor or by the receiver in bankruptcy shall be at the expense of the bankruptcy estate, and in the rest of the cases they shall be at the expense of the proposer.

Art. 700 (1) The plan shall contain:

1. (amended, State Gazette 84/00) The extent of satisfying the claims, the manner and periods for paying to the creditors within each class, as well as guarantees for fulfilment of the litigated unaccepted claims - subject of pending court proceedings towards the date of proposing of 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 with 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) The plan may envisage the sale of the entire enterprise, or of an individual part of it, the way and the conditions of sale, the buyer, a debt equity swap, innovation of an obligation, or undertaking other actions or transactions.

(3) (New, State Gazette 84/00; amend. - SG 38/06) in the cases under paragraph 2 attached to the plan for composition procedure in order to avoid bankruptcy proceedings shall be a market evaluation of the assets- subject of the respective transaction.

(4) (New, State Gazette 84/00) When the plan for composition procedure in order to avoid bankruptcy proceedings stipulates a sale of the whole enterprise or of an individual part of it attached to the plan shall be 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 of 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 receivables into a part of the capital the plan shall be accompanied by a list of names of the creditors having given consent to register shares, respectively stocks, a full description of the contributions in kind - receivables, their capital evaluation according to art. 72, para 2, the grounds and 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 property of the company is insufficient to cover its monetary liabilities the transformation of the receivables into a part of the capital shall be made at the nominal value of the shares, respectively of the stocks. If the property of the company is sufficient to cover its capital liabilities the transformation of the receivables into a part of the capital shall be made at the balance value of the shares, respectively of the stocks. When the recovery plan provides for transformation of receivables 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 contributions in kind.

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 chairman and deputy chairman.

(3) The chairman shall convene the sittings of the supervisory body at his 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 settled by the recovery plan.

(5) The debtor shall present to the supervisory body a report on his activity and for the activities undertaken in fulfilment of the recovery plan at least once in three months.

(6) The debtor shall notify immediately the supervisory body about all occurred circumstances which are of substantial importance for the fulfilment 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 fulfilment 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. dissolution or transfer of enterprises or of considerable 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 fulfilment of the recovery plan or dissolution of such a cooperation;

7. establishment or dissolution 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 made against third persons.

Art. 701 (1) (Amended, State Gazette 84/00) by a definition, ruled in camera within 7 days after the expiration of the term under art. 698, the court shall admit the plan to be considered by the creditors' meeting, provided the plan meets the requirements under Art. 700, paragraph 1. The court shall appoint the date of holding the meeting, not later than 45 days after the date of the definition.

(2) (Added, State Gazette 84/00) In case the plan proposed does not meet the requirements under Art. 700, paragraph 1, the court shall send a notification to the proposer to remove the instances of non-compliance within 7 days. This provision shall not apply in case of repealing the judgement of the bankruptcy court for approval of a plan for composition procedure in order to avoid bankruptcy proceedings and returning the case by the second-instance court for continuation of the proceedings.

(3) The definition concerning the non-admittance of the plan is subject to appeal within 7 days.

Art. 702 (1) (amended, State Gazette 84/00; amend. - SG 38/06) The court shall send for announcement in the commercial register a notification for the date of holding the creditors' meeting for acceptance of the plan admitted for consideration.

(2) (amend. and suppl. - SG 38/06) The debtor and the receiver in bankruptcy shall be subpoenaed to the meeting, and the creditors shall be deemed to be subpoenaed by the announcement of the notification in the commercial register.

Art. 703 (1) Entitled to vote at the plan are only creditors with accepted claims or whose voting right is recognized under Art. 673, paragraph 1.

(2) The creditors shall vote separately in the following classes:

1. Creditors with secured claims and creditors with possessory lien;

2. Creditors under Art. 722, paragraph 1, point 4;

3. (Amended, State Gazette, No 70/1998) Creditors under Art. 722, paragraph 1, point 6;

4. Creditors with unsecured claims;

5. Creditors under Art. 616, paragraph 2,

(3) A creditor may also vote in absentia, by a letter with notary certified signature.

(4) (Amended State Gazette 84/00) the plan shall be accepted by each class by a simple majority of the aggregate amount of the claims of such class.

(5) (suppl. - SG 38/06) An objection against the accepted plan may be raised to the bankruptcy court within 7 days after the date of the voting. Objection may be raised also by a creditor with unaccepted claim subject to action lodged as referred to in Art. 694.

(6) (new, State Gazette 84/00) A plan at which the creditors having more than the half of the accepted claims have voted against, regardless of the classes in which they are distributed, shall be considered as unaccepted.

(7) (new, SG 58/03) The meeting of the creditors may also take a decision for appointment of a supervisory body under art. 700a in the cases when this is not provided for in the recovery plan of the enterprise.

(8) (new - SG 38/06) The acceptance of the plan shall be announced in the commercial register.

Art. 704 (1) The bankruptcy court shall affirm the accepted plan if the requirements of the law have been met.

(2) (amended, State Gazette 84/00) In case several plans have been accepted, affirmed shall be the plan for which creditors with more than half of the aggregate amount of the accepted claims have voted. If it cannot be affirmed, affirmed shall be the plan accepted by the classes of creditors whose interests have been affected to a greater 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 accepted by the creditors' meeting, the court shall consider the objections in camera, subpoenaing the debtor, the receiver in bankruptcy and the party which has raised the objection. If possible, all objections shall be considered at one meeting and the court shall pass judgement on the objections within 14 days from the session.

Art. 705 (1) (Former art. 705, State Gazette, No 70/1998) the court affirms the plan, provided:

1. The requirements of the law for the acceptance 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 accepted by a majority of the creditors with more than half of the accepted claims included in the approved by the court lists under art. 692, paragraph 1 and art. 692, paragraph 4. In case the plan envisages partial payment, at least one of the creditor classes which have accepted it, shall receive partial payment;

3. All creditors of the class are put on an equal footing, unless the injured 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 this creditor's accepted claim;

6. No income is envisaged to be received by a partner or shareholder until the final payment of the obligations to the class of creditors whose interests are affected by the plan;

7. No support of a merchant-natural person, unlimited partner or to their families, bigger than the support defined by the court is envisaged up to the final carry out of the obligations to the class of creditors whose interests are affected by the plan.

(2) (New, State Gazette, No 70/1998) the court shall pass judgement regarding the affirmation of the recovery plan for the enterprise or the refusal to do so.

Art. 706 (1) The plan affirmed by the court is mandatory for the debtor and the creditors whose claims have occurred before the date of the judgement for institution of the bankruptcy proceedings.

(2) (New, State Gazette, No 70/1998) the sureties and the persons who have established pawn or mortgage for securing an obligation of the debtor, as well as the jointly 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 paragraph 1 shall be transformed in accordance with what is envisaged in the plan.

(4) (Former paragraph 3, State Gazette, No 70/1998) the debtor is obliged immediately to carry out the structural changes envisaged by the plan.

(5) (New, State Gazette, No 70/1998) In case of sale of the whole enterprise or a part of it the activities of disposal carried out by the buyer before the final payment of the price shall be considered invalid regarding the bankruptcy creditors.

Art. 706a. (new, State Gazette 84/00)

(1) The term of conclusion a contract for sale of the whole enterprise, of an individual part of it according to the affirmed plan for composition procedure in order to avoid bankruptcy proceedings shall be one month as of the entering into force of the judgement for affirmation of the plan.

(2) If, within the term under paragraph 1, a contract for sale is not concluded according to the draft to the affirmed plan for composition procedure in order to avoid bankruptcy proceedings, each of the parties can, within one month from the expiration of the term under paragraph 1, to request the bankruptcy court to declare the contract concluded according to the draft under art. 700, paragraph 4, accepted at the meeting of the creditors.

(3) If, within the term under paragraph 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.

Art. 707 (1) (suppl., SG 58/03) By the decision for affirmation of the plan, the

court discontinues the bankruptcy proceedings and shall appoint the supervisory body proposed by the recovery plan or elected by the creditors' meeting.

(2) (Repealed, State Gazette 84/00)

(3) (new, SG 58/03) At a request of a creditor, of the supervisory body or of the debtor the decision for approving the plan or later, for the purpose of preserving the property and providing the fulfilment of the plan, the court may:

1. determine the property which the debtor may administer 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 by other persons.

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 for dismissal for affirmation of a plan for composition procedure in order to avoid bankruptcy proceedings accepted by the meeting of the creditors shall be subject to appeal within 7 days from its announcement in the commercial register.

(2) (New, State Gazette 84/00) upon repealing the decision of the court composition proceedings shall not be carried out.

Art. 707b. (new - SG 38/06) (1) Regarding claims referred to in Art. 706, para 1 new limitation period shall start to run as referred to in Art. 110 of the Law of Obligations and Contracts from the day of entering into force of the approval of the plan for composition, provided these claims are subject to immediate satisfaction, and if their execution was delayed or rescheduled with the plan – from occurrence of the executability.

(2) In case resumption of the bankruptcy proceedings was requested, limitation shall not run for accepted claims in the course of the proceedings for resumption.

Art. 708 (amend. – SG 59/07, in force from 01.03.2008)

On the grounds of the approved by the court schedule the creditor may require issuing an order under Art. 410, Para 1 of the Civil Procedure Code for execution of the transformed taking, irrelevant of its amount.

Art. 709 (1) (Amend., SG 70/1998, SG 84/00; amend., SG 58/03) In case the debtor does not carry out his obligations under the plan or under art. 700a, para 5, 6, 7 and 8, the creditors whose claims have been thereby transformed by it and account for at least 15 per cent of the aggregate amount of the claims, or the supervisory body under art. 700a may request a resumption of the bankruptcy proceedings, without new proving of insolvency, respectively over-indebtedness.

(2) In the cases under paragraph 1, the transforming effect of the plan concerning the creditors' rights and the security shall remain.

(3) (New, State Gazette, No 70/1998) Composition procedure shall not be carried out in the resumed bankruptcy proceedings.

(4) (New, State Gazette 84/00; suppl. - SG 38/06) the petition under paragraph 1 shall be considered by the bankruptcy court within 14 days from its filing

in an open court session by subpoenaing of the creditor who has made the petition and the debtor.

Chapter fourty six. DECLARATION OF BANKRUPTCY (Former Chapter Forty one – State Gazette No. 83/1996)

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 accepted and affirmed, as well as in the cases under Art. 630, paragraph 2, Art. 632, paragraph 1, and Art. 709, paragraph 1.

Art. 711 (1) By the bankruptcy order, the court:

1. (Amended, State Gazette, No 70/1998) declares the debtor bankrupt and decrees discontinuation of the activity of the enterprise;

2. Decrees a general injunction and distress on the debtor's estate;

3. ceases the powers of the debtor's managers when he is a judicial person;

4. Disqualificates the debtor of the right to manage and dispose of the assets included in the bankruptcy estate,

5. Institutes the start of the conversion of the bankruptcy estate assets into cash, and of the distribution of the converted assets.

(2) (Repealed, State Gazette, No 70/1998)

Art. 712 (1) The bankruptcy order shall be effective towards all persons.

(2) (amend. - SG 38/06) The bankruptcy order is entered into the commercial register.

Art. 713 (1) (Former Art. 713, State Gazette, No 70/1998; amend. - SG 38/06) the bankruptcy order is subject to an appeal within 7 days from the entry in the commercial register.

(2) (New, State Gazette, No 70/1998; amend. - SG 38/06) the order which repeals partially or completely or negates the decreed by the district court bankruptcy order shall be entered into the commercial register.

Art. 714 The bankruptcy order is subject to instant execution.

Art. 715 (1) (amend. - SG 38/06) As from the moment of entry of the bankruptcy order into the commercial register, the real estate of the debtor shall be considered as put under injunction, the chattels and the debtor's claims from third – good faith persons shall be considered distrained.

(2) (amend. - SG 38/06) The general injunction on the debtor's real estate and ships shall be entered into the notary's registers, in the ships' registers respectively, on the basis of the decision for announcement of the debtor's being declared bankrupt entered into the commercial register.

Chapter fourty seven. CONVERTING THE ASSETS INTO CASH (Former Chapter Forty – two – State Gazette No. 83/1996)

Art. 716. (1) (prev. art. 716 - SG 58/03) The real estate and the chattels as a whole or parts of them, the estate 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 obligations.

(2) (new, SG 58/03) The sale of the property rights of the bankruptcy estate shall be carried out by the receiver in bankruptcy after permit of the court.

Art. 717. (amend., SG 58/03) (1) The chattels and property rights of the bankruptcy estate shall be sold by the receiver in bankruptcy by the order stipulated by this chapter and according to the decisions of the creditors' meeting 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 creditors' meeting the bankruptcy court shall permit the sale of the chattel and the property rights as a whole, parts of them or individual property rights. The court shall be obliged to pass judgement on the proposal of the receiver in bankruptcy on the day of its filing in the court or at least on the next working day.

Art. 717a. (new, SG 58/03) (1) (amend. - SG 38/06) The receiver in bankruptcy shall prepare an offer for sale which shall indicate data of the debtor, description of the assets, the order and the way of sale the place and the day on which the sale shall be made, the deadline for accepting the offers during the day and the evaluation of the property to be sold.

(2) (amend. - SG 38/06) The receiver in bankruptcy shall put the offer under para 1 in 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 announced in the offer and shall issue written records for that. The receiver in bankruptcy shall present for publishing the offer for sale in a special bulletin of the Ministry of Economy within 14 days before the sale day indicated in the offer.

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 offer.

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 figure 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 received in bankruptcy who shall list them by 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, for which he shall issue written records. The written records shall contain the bidders and the bidding offers by 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.

Art. 717d. (new, SG 58/03) (1) The debtor, his representative, the receiver in bankruptcy, as well as the persons under art. 185 of the Law for the obligations and contracts, shall not have the right to participate in the bidding.

(2) Where the property right is bought by a person who has not had rights to bid 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.

Art. 717e. (new, SG 58/03) The buyer shall, within 5 days from conclusion of the sale, pay the price offered by him, deducting the paid deposit.

Art. 717f. (new, SG 58/03) If, within the period under art. 717e the price is not paid:

1. the deposit paid by the bidder shall be used for satisfying the claims of the creditors;

2. (amend. - SG 38/06) the receiver in bankruptcy shall invite the bidder who has offered the next highest price if he has not drawn his deposit; if this bidder agrees he shall be declared buyer; if he does not agree or does not pay the price within 5 days from his declaring buyer the deposit he has paid shall be retained for satisfying the claims of 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 below the assessment; the bidder who agrees to buy the property and to pay on time the offered price shall be responsible according to item 1.

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 80 percent of the assessment and after a new announcement by the order of art. 717a, para 2.

(2) Bidding at the tender referred to in para 1 shall be carried out through registration into a bidding list. The bidding step shall be determined by the receiver in bankruptcy and shall be declared in the announcement referred to in Art. 717a.

Art. 717h. (new, SG 58/03) (1) (amend. - SG 38/06) When the person declared buyer pays in due time the due sum the court shall, by a ruling, assign to him the item or the right on the day following the day of payment.

(2) From the date of issuance of the order for assignment the buyer shall acquire all rights the debtor has had on the property right. The rights, which third persons have acquired on 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 order 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 an action-bringing procedure only for violation of art. 717d and for failure to pay the price. In the latter case the buyer may refuse to satisfy the claim if he pays the due sum along with the interests from the day of his declaring buyer.

Art. 717i. (new, SG 58/03) If the order for assignment is revoked or if the sale is declared invalid according to art. 717d the new sale shall be made after a new announcement.

Art. 717j. (new, SG 58/03) (1) The buyer of chattel shall become an owner regardless of whether they have belonged to the debtor.

(2) The former owner shall have the right to receive the price if it has not been paid, and if it has been paid, he shall have the right to claim with the creditors and with the debtor what they have acquired pursuant to the distribution.

Art. 717k. (new, SG 58/03) (1) The buyer shall enter into possession of the property right by the receiver in bankruptcy on the grounds of an enacted order for assignment, as well as of a certificate for paid fees for transfer of the property and for the registration of the same order.

(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 of the buyer shall be for the account of the bankruptcy estate.

(3) Livery shall be carried out with regard of every person possessing the property right. This person may defend himself only by revendication action.

(4) (new - SG 38/06) The sale, carried out according to the order of this Chapter, shall have the effect of sale at execution proceedings according to the order of the Civil Procedure Code.

Art. 717l. (new, SG 58/03) (1) When the execution is directed at a property right which is a multiple tenure for a debt of some of the owners, the property right shall be listed in full but only the ideal part of the debtor shall be sold.

(2) The property may be sold in full or partially if the remaining owners agree to that in writing.

Art. 717m. (new, SG 58/03) For a sale of a mortgaged property made in no relation to the claim of the mortgage creditor the receiver in bankruptcy shall send to him a notification for setting of the sale.

Art. 718 (1) (Amended, State Gazette, No 70/1998; amend. - SG 38/06) Upon the receiver's proposal, the bankruptcy court may permit the sale to be carried out through direct negotiations or through an intermediary, in case the chattels or the property rights as a whole, a separate part or the single chattel or property right were offered under the terms and procedures of Art. 717 and the following, but the sale was not carried out because a buyer did not appeared or desisted. In such cases the selling price may be lower than the initial price referred to in Art. 717g and shall be determined according to the order of the Civil Procedure Code. The court shall be obliged to pass judgement on the proposal of the receiver in bankruptcy on the day of its receipt in the court or at least on the next working day.

(2) Shares in other companies owned by the debtor, shall be sold after they being offered to be purchased by the rest of the partners and the offer is not accepted within one month.

(3) (New, State Gazette, No 70/1998) In case of a sale, under paragraph 1, of the chattel and the property rights as a whole or of a detached part the creditors cannot be put in a less favourable position than in case of sale of individual chattel and Property rights.

(4) (Former paragraph 3, amended, State Gazette, No 70/1998) In case of sale under paragraph 1 the chattel and the real rights as a whole or in detached parts, the activities of disposal carried out by the buyer before the final payment of the price shall be considered invalid regarding the bankruptcy creditors.

(5) (New, State Gazette 84/00) Seller under a contract according to paragraph 1 shall be the receiver in bankruptcy.

Art. 718a. (new - SG 38/06) (1) Provided that at the date of the resolution of the meeting of creditors referred to in Art. 677, para 1, item 8 housings, property of the debtor, were let for rent to his employees to the date of the resolution or to persons with claims referred to in Art. 687, para 1, the receiver in bankruptcy shall be obliged to offer for sale these housings to their renters. In such cases Art. 33 of the Law for the Ownership shall be applied.

(2) The receiver in bankruptcy shall address a notice in written to every person referred to in para 1, in which the concrete housing, its assessment, prepared by the assessor chosen by the meeting of creditors or determined according to the order of Art. 677, para 4, the period 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 shall be indicated.

(3) The persons referred to in para 1 shall have the right within a 14-day period from the notification to declare in written before the receiver in bankruptcy

their desire to buy the housing at price equal to the prepared assessment and within the period indicated by the receiver in bankruptcy. At payment of the price the employees shall have the right to set off their claims against obligations for unpaid salaries by the debtor.

(4) The contract for sale shall be concluded in notary form where seller according to the contract shall be the receiver in bankruptcy. The expenses for the sale shall be to the account of the seller.

(5) The provisions of para 1 – 4 shall not be applied in case of lawsuit regarding the housing that is subject of the contract for rent.

Art. 719 (Amended, State Gazette, No 70/1998) A pledged chattel, held by a creditor or by a third person, is demanded by the receiver in bankruptcy and is sold under the terms and procedures of this chapter, except if the law provides for its sale by the creditor without court intervention.

Chapter fourty eight. DISTRIBUTION OF THE ASSETS CONVERTED INTO CASH AND CLOSE OF THE BANKRUPTCY PROCEEDINGS

Section I. Distribution of the Assets Converted into Cash

Art. 720 The distribution shall be carried out when sufficient cash funds are accumulated in the bankruptcy estate.

Art. 721 (1) (Amended, State Gazette 84/00) the receiver in bankruptcy shall prepare an account for the distribution of the available amounts among the creditors with claims according to art. 722, paragraph 1 in conformity with the order, the privileges, and the securities.

(2) The distribution account is partial up to the point when the obligations have been paid in full or the entire bankruptcy estate except the non-sellable chattels has been converted into cash.

(3) (New, State Gazette 84/00) No inclusion in the distribution account for a claim according to art. 722, paragraph 1, point 7 can be refused if the obligation is undertaken by the consent of the receiver in bankruptcy or has been acknowledged by him.

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 Law of Special Pledges - from the received sum from the realisation of the security;

2. Claims with regards to which the right to possessory lien is exercised - out

of the value of the possessed property;

3. Bankruptcy costs;

4. (amend., SG 58/03) Claims deriving from employment contractual relations, which have occurred before the date of the judgement for institution of bankruptcy proceedings;

5. Support 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 other, occurred by the date of the judgement for institution of bankruptcy proceedings.

7. (Repealed, State Gazette, No 70/1998)

7. (Former point 8, State Gazette, No 70/1998) Claims which have occurred after the date of the judgement for institution of bankruptcy proceedings and have not been paid at maturity, deriving from the continuing the activities of the debtor;

8. (Former point 9, State Gazette, No 70/1998) The rest unsecured claims occurred before the date of the judgement for institution of bankruptcy proceedings

9. (New, State Gazette, No 70/1998) The claims under Art. 616, paragraph 2, point 1;

10. (New, State Gazette No 70/1998) the claims under Art. 616, paragraph 2, point 2;

11. (New, State Gazette, No 70/1998) the claims under Art. 616, paragraph 2, point 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 paragraph 1, points 3-12, they are distributed among the creditors 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 accepted, the amount shall be paid to the respective rank in general from the distribution account and upon receiving 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 implemented distribution.

Art. 723 Bankruptcy costs are:

1. (amend. - SG 38/06) The state fee on the bankruptcy proceedings and the rest of the expenses incurred before entering into force of the judgement for initiation of the bankruptcy proceedings;

2. The receiver's remuneration;

3. The owed to the workers and employees sums, in case the debtor's enterprise has not ceased its activity

4. The expenses on completing, managing, evaluation, and distributing of the bankruptcy estate;

5. The specified support of the debtor and his family.

Art. 724 (1) In case the selling price of a pledged or mortgaged chattel does

not completely meet the claim along with the interest accumulated, 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 chattel exceeds the secured claim with the interest accumulated, the balance shall be included in the bankruptcy estate.

(3) (Amended, State Gazette, No 70/1998) The due sum under paragraph 2 from the realisation of the security shall be submitted immediately to the creditor.

(4) Paragraphs 1, 2, and 3 shall also apply to satisfying the claim of a creditor with a possessory lien.

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 been realised.

(2) A claim under a peremptory condition shall be included in the distribution as unconditional.

Art. 726 (1) For a claim litigated through 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 up to the settlement of the argument, the amount which the creditors would have received for a secured claim being set aside in the distribution account.

Art. 727 (suppl. - SG 38/06) The distribution account shall be put 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.

Art. 728 The debtor, the creditors' committee, and each creditor may raise objection before the court in writing against the distribution account, within the period under Art. 727.

Art. 729 (1) The bankruptcy court shall approve by a definition 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) Definitions for approving distribution accounts and appeals filed against them shall be announced 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) The definition under paragraph 1 may be appealed by the debtor, by the committee of creditors or by a creditor.

(4) (prev. text of para 3 – SG 104/07) The approved distribution account is

executed by the receiver in bankruptcy.

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 for equalisation with what has already been paid.

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.

Art. 732 After the full payment of the obligations, the bankruptcy estate balance shall be returned to the debtor.

Section II. Close of the bankruptcy proceedings

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 chattels, the receiver in bankruptcy shall present to the bankruptcy court:

1. an account about his activities;
2. a report of the implemented distribution of the amounts, collected upon cashing, and of the remaining unpaid claims.

Art. 734 (1) The court shall convene a conclusive creditors' meeting within 14 days after receiving the receiver's in bankruptcy report.

(2) (amend. - SG 38/06) The meeting shall hear the report of the distribution of the amounts collected upon cashing and of the remaining unpaid claims. The meeting shall pass a resolution also about the unsellable chattels from the bankruptcy estate.

(3) (new - SG 38/06) The meeting of creditors may pass a resolution for granting the debtor items of insignificant value or claims the collection of which would be significantly harder.

Art. 735 (1) The bankruptcy proceedings shall be closed by a court judgement, when:

1. The obligations have been paid;
2. The bankruptcy estate has been depleted.

(2) By the judgement under paragraph 1, the court shall judge for striking off the merchant, unless all creditors have been satisfied and assets have remained.

(3) (amend. - SG 38/06) The judgement under paragraph 1 is subject to appeal within 7 days after its entry into the commercial register.

Art. 736 (1) The receiver's in bankruptcy powers shall be terminated with the close of the bankruptcy proceedings.

(2) The receiver in bankruptcy shall hand over the commercial books and the assets balance to the debtor or to the debtor's managing body.

Art. 737 Upon the injunction of the court, the receiver in bankruptcy shall deposit with a bank the amounts, which have been set-aside in the final distribution for the uncollected or litigated claims.

Art. 738 (1) The effect of the general injunction shall be terminated by the close of the bankruptcy proceedings.

(2) (amend. - SG 38/06) The general injunction shall be strike off ex officio as from the moment of entry of the decision for the close of the bankruptcy proceedings.

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) The claims that have not been considerate in the bankruptcy proceedings shall be extinguished, except the cases under Art. 744, paragraph 1.

Chapter fourty nine. EXTRAJUDICAL SETTLEMENT (Former Chapter Forty-four – State Gazette No. 83/1996)

Art. 740. (1) (Amended, State Gazette, No 70/1998) In every stage of the bankruptcy proceedings the debtor can conclude with all creditors with accepted claims, a contract for settlement of the payment of the capital liabilities. In this case the receiver in bankruptcy shall not represent the debtor as a party.

(2) (amend. - SG 38/06) Provided that the contract complies with the requirements of the law, the court shall close the bankruptcy proceedings with decision on the condition that there are no claims laid as referred to in Art. 694, para 1 for establishing non-existence of 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.

Art. 741. Civil law shall apply unless provided otherwise in the agreement or this Act.

Art. 741a. (New, State Gazette, No 70/1998) If the debtor does not execute his obligations under the contract the creditors whose claims represent not less than 15 percent of aggregate amount of the claims can request renewal of the bankruptcy proceedings without proving new insolvency, respectively over-indebtedness. Composition procedure shall not be carried out during the renewed bankruptcy proceedings.

Chapter fifty. SPECIFIC RULES FOR COMMERCIAL COMPANIES (Former Chapter Forty-five – State Gazette No. 83/1996)

Art. 742. (1) A company shall be deemed over-indebted provided its assets are insufficient to meet its capital liabilities.

(2) (Amended, State Gazette, No 70/1998) Bankruptcy proceedings on grounds of over-indebtedness can also be initiated by a member of the company's management body as well as the liquidator.

Art. 743. (1) The assets of a general partnership, limited partnership or company limited by shares with respect of which bankruptcy proceedings have been initiated, as well as the assets of an unlimited partner shall be kept separately.

(2) Creditors with personal commercial claims on debts of an unlimited partner shall not participate in the distribution of the company's assets.

(3) The creditors of a company can participate in the distribution of the personal property of an unlimited partner only with a claim, which has not been considerate in the course of the company's bankruptcy proceedings.

Chapter fifty one. RESUMPTION OF BANKRUPTCY PROCEEDINGS (Former Chapter Forty-six – State Gazette No. 83/1996)

Art. 744. (1) Closed bankruptcy proceedings shall be resumed by court judgement provided within a year after such close:

1. Amounts set aside for litigated claims are released;

2. Assets the existence of which was ignored during the bankruptcy proceedings are discovered.

(2) Where the released set aside amounts and the newly discovered assets are insufficient to meet the cost of proceedings, the court may refuse to resume the proceedings unless an interested party pays the necessary amount in advance.

Art. 745. The debtor or a creditor whose claim has been accepted or affirmed through the court may request for resuming of the bankruptcy proceedings following a written petition.

Art. 746. (1) The judgement to resume proceedings shall re-establish the rights of the receiver in bankruptcy and the Committee of Creditors.

(2) Resumed proceedings shall recommence from the final distribution account, which is considered as partial.

Chapter fifty two. RECOVERY OF RIGHTS (FORMER CHAPTER

FORTY-SEVEN STATE GAZETTE NO. 83/1996; TITLE AMEND. - SG 38/06)

Art. 747. (1) (prev. text of art. 747 - SG 38/06) Recovery of the rights of a merchant natural person - debtor and an unlimited partner shall delete ex tunc the implications, which the law relates to the declaration of bankruptcy.

(2) (new - SG 38/06) This Chapter shall be applied respectively to natural persons participating in the management of a company declared in bankruptcy.

Art. 748. (1) Rights shall be recovered to a debtor who pays in full claims accepted in the bankruptcy proceedings and the related interest and expenditures.

(2) The rights of a debtor shall be recovered also in case of non-full payment of all debts if the bankruptcy is due to adverse changes in the economic environment.

(3) The rights of an unlimited partner shall be recovered pursuant to paragraph 1 and 2. If he pays the debts of an insolvent company, and such payment shall not be considered an amount not owed.

Art. 749. The rights of a debtor declared bankrupt shall not be recovered.

Art. 750. (1) Debtors shall file a petition for recovery of rights in writing with the bankruptcy court.

(2) The petition shall be accompanied with evidence that the claims accepted in the bankruptcy proceedings have been paid.

Art. 751. One heir shall file petition for recovery of rights of a deceased debtor at least.

Art. 752. (amend. - SG 38/06) The petition for recovery shall be announced in the commercial register in the file of the merchant declared in bankruptcy.

Art. 753. (amend. - SG 38/06) Within a month from the announcement of the petition for recovery in the commercial register any creditor with an accepted or affirmed through the court claim can raise objection in writing against the petition for restoration.

Art. 754. A petition for recovery and the related objections shall be considered in open session to which the petitioner and the objecting creditor have been subpoenaed.

Art. 755. (1) A court judgement in grant of the petition shall not be subject to appeal.

(2) A court judgement that has not granted the petition for recovery of rights

shall be subject to appeal by the debtor within a seven-days period.

(3) (amend. - SG 38/06) A court judgement, which has entered into force, shall be entered into the commercial register in the file of the merchant declared in bankruptcy.

Art. 756. A new petition for recovery of rights can be filed not earlier than one year after the judgement to reject a petition has come into effect.

Chapter fifty three. APPLICABLE LAW (Former Chapter Forty-eight – State Gazette No. 83/1996)

Art. 757. On conditions of reciprocity the Republic of Bulgaria shall honour foreign court judgement that declares bankruptcy, provided it is passed by an authority of the state where the debtor's domicile is.

Art. 758. A receiver in bankruptcy appointed by a foreign court judgement shall have the powers envisaged in the state where the bankruptcy proceedings are initiated, provided they do not contradict public order rules of the Republic of Bulgaria.

Art. 759. (1) At the request of a debtor, receiver in bankruptcy appointed by foreign court or a creditor, a Bulgarian court can institute subsidiary bankruptcy proceedings concerning a merchant who has been declared bankrupt by a foreign court, provided he has substantial property within the territory of the Republic of Bulgaria.

(2) The judgement pursuant to paragraph 1 shall be effective only in respect of debtor property within the territory of the Republic of Bulgaria.

Art. 760. (1) A claim for repeal that has been brought by the receiver in bankruptcy with respect of the main or subsidiary bankruptcy proceedings shall be deemed to apply to both proceedings.

(2) A creditor who has received partial payment under the main proceedings shall participate in the distribution of assets under the subsidiary proceedings provided the portion he would get is bigger than the respective portion to be received by the other creditors under the subsidiary proceedings.

(3) A plan referred to in Art. 696 can be approved in the subsidiary bankruptcy proceedings only with the consent of the receiver in bankruptcy at the main bankruptcy proceedings.

(4) When distribution under subsidiary proceedings is completed, the property balance shall be transferred to the property under the main proceedings.

Additional provisions

§ 1. (1) "Related persons" within the meaning of this Law shall be:

1. Spouses, relatives on direct line of descent - without any restrictions, relatives on collateral line of descent - up to and including the fourth degree, and in-law lineage - up to and including the third degree;

2. Employers and employees;

3. Persons one of which is involved in the management of the other one's company;

4. Partners;

5. A company and a person who owns more than 5 percent of the company's voting shares and stock;

6. Persons whose activities are under the direct or indirect control of a third party;

7. Persons who exercise joint direct or indirect control over a third party;

8. Persons one of whom is a commercial agent of the other;

9. 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) "Detached part" in the context of this law 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 law 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 Law, 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.

§ 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.

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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 provisionsThe 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 provisionsTO 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 provisionsTO 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 provisionsTO 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 provisionsTO 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 provisionsTO 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 provisionsTO 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 provisionsTO 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 provisionsTO 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 provisionsTO 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 provisionsTO 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 provisionsTO THE LAW ON SUPPLEMENTATION OF THE

(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 provisionsTO 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 provisionsTO 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.

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