

State Gazette, issue 10 of 28.I

LAW AMENDING THE LAW ON BULGARIAN NATIONAL BANK (promulgated in SG. 46 of 1997, as amended., Vol. 49 and 153 of 1998,. 20 and 54 of 1999, issue. 109 of 2001, Vol. 45 2002)

LAW AMENDING THE LAW ON BULGARIAN NATIONAL BANK (promulgated in SG. 46 of 1997, as amended., Vol. 49 and 153 of 1998,. 20 and 54 of 1999, issue. 109 of 2001, Vol. 45 2002)

Prom. SG. No. 10 of 28 January 2005.

§ 1. Article 2 is amended as follows:

"Art. 2. (1) The main objective of the Bulgarian National Bank is to maintain price stability by ensuring the stability of the national currency and monetary policy in accordance with the requirements of this Act.

(2) The Bulgarian National Bank shall act in accordance with the principle of an open market economy with free competition, favoring an efficient allocation of resources. Since the accession of Bulgaria to the European Union, and without prejudice to the primary objective of maintaining price stability, the Bulgarian National Bank shall support the general economic policies in the European Community to contribute to the realization of its objectives as set out in Art. 2 of the Treaty establishing the European Community.

(3) Without prejudice to the objectives under par. 1 and 2, the Bulgarian National Bank supports the policy of sustainable and non-inflationary growth.

(4) The Bulgarian National Bank shall facilitate the establishment and functioning of efficient payment systems and supervise them.

(5) The Bulgarian National Bank shall have the exclusive right to issue banknotes and coins in the country.

(6) The Bulgarian National Bank regulates and supervises the activities of other banks in the country to maintain the stability of the banking system and protecting depositors' interests. "

§ 2. In article. 3 words "and credit" and "their intentions and actions" are deleted.

§ 3. In article. 9 par. 1 is amended as follows:

"(1) Where the balance of the Bulgarian National Bank the sum of its assets falls below the amount of its liabilities and its core capital, the Minister of Finance completed the share capital of the bank to the amount of the shortfall."

§ 4. In article. 11 The following amendments and additions:

1. Paragraph 3 is amended as follows:

"(3) board members are elected and appointed persons of high moral qualities which distinguished professionals in economics, finance and banking."

2. A par. 4:

'(4) Member of the Board can not be a person:

1. sentenced to imprisonment for an intentional crime;
2. insolvent as a sole proprietorship or a general partner in a company;
3. which was in the last two years preceding the date of the announcement of a company or cooperative in bankruptcy, a member of their management or supervisory body. "

§ 5. In article. 12 The following amendments and additions:

1. Paragraphs 4, 5, 6 and 7 shall be amended as follows:

"(4) The term of office of Board members is six years. Election of a new board member is produced accordingly his appointment shall be made not earlier than three months and not later than two months before the expiry of the mandate of current. If, on expiry of the mandate choices accordingly appointment not completed, the board member expired mandate continues execution of its powers to the production of a new election, respectively, to the administration.

(5) The Governor and Deputy Governors may not engage in activities other than teaching or as members of the bodies of the companies in which the Bulgarian National Bank has holdings or international organizations in connection with her activities they can carry out unpaid work by a unanimous decision of the Board, unless a conflict of interest.

(6) The other three members of the Board may not engage in other remunerative activity in Bulgarian National Bank to work for banks, insurance companies, other financial institutions or the executive, as well as perform other activities that may pose a conflict of interests.

(7) Upon resignation of a board member, the powers of this Article shall be terminated after the expiry of three months from the filing if it has not been elected or appointed a new board member. "

2. A par. 8:

"(8) The relationship between the Bulgarian National Bank and the Governor and Deputy Governors shall be settled by management contracts to be concluded by an order determined by the board."

§ 6. In article. 13 para. 1 is amended as follows:

"(1) Upon the inauguration of the Governor, Deputy Governor and three other board members take an oath to obey the laws, assist in the exercise of the Bank's functions, and to keep professional, bank and trade secrets, including after termination of their powers. "

§ 7. Article 14 is amended as follows:

"Art. 14. (1) The competent authority under Art. 12 can be removed from office by a member of the board only if they meet the requirements of Art. 11, para. 4 for the performance of his official duties, if physically unable to perform his duties for more than six months or, if found guilty of a serious breach of duties.

(2) Upon early termination of the powers of a board member in his place was chosen accordingly appoint another person for the remainder.

(3) From the date of accession of Bulgaria to the European Union decision for early termination of the powers of the Governor of the Bulgarian National Bank may be brought before the Court of Justice by the Governor concerned or the Governing Board of the European Central Bank. "

§ 8. In article. 16 The following amendments and additions:

1. A new section 14:

"14. Responsible for establishing and maintaining an effective system of internal control in the Bulgarian National Bank and its subsidiaries, consistent with the inherent risks of its activities;".

2. Previous item 14 becomes point 15.

§ 9. In article. 20, para. 1, 'foreign exchange asset' shall be replaced by 'gross international reserves. "

§ 10. Article 22 is amended as follows:

"Art. 22. (1) The internal audit of the Bulgarian National Bank, a Chief Auditor appointed by the Management Board of the Bank, with the approval of the President of the Court.

(2) The auditor assesses the quality of internal control systems, assist the management of the bank for their improvement and risk management, such as:

1. examine the functioning of these systems, their reliability and completeness of information;
2. check the adequacy of existing systems to protect the bank's assets and, if necessary - their presence;
3. verify that the Bank's operations are conducted in accordance with the laws and regulations and acts of management of the bank;

4. evaluate the effectiveness and efficiency of operations of the Bank's resources and, if necessary, make recommendations to the Board;

5. review the legality and evaluates the effectiveness and efficiency of operations in the subsidiaries of the bank.

(3) The auditor performs other checks requested by the Governing Council.

(4) The chief auditor shall coordinate with the external auditor of the Bulgarian National Bank.

(5) The objectives, powers, responsibilities, plans and reports of the internal audit activity of the Bulgarian National Bank shall be adopted by the board. "

§ 11. In article. 23 is amended as follows:

1. Paragraph 1 shall be repealed.

2. Paragraph 2 is amended as follows:

"(2) The employees of the Bulgarian National Bank shall keep secret negotiations concluded transactions, the amount of deposits and operations of customer information received from the bank and all the circumstances of the work of the Bank and its customers, which are official, banking or commercial secrecy, including after termination of their employment. "

§ 12. In article. 25 new para. 6:

"(6) Upon the sale of coins and notes the Board may determine a price other than par value."

§ 13. Article 27 is amended as follows:

"Art. 27. (1) The terms and conditions under which they may be replaced or exchanged Bulgarian banknotes and coins partial or full value is determined by the Bulgarian National Bank.

(2) The Bulgarian National Bank, banks, financial houses, exchange offices are obliged to retain verification against issuance of a written document all come with them in any way Bulgarian or foreign banknotes and coins suspected of being false or altered. Bulgarian National Bank is the competent authority to take such examination and expert assessment.

(3) Institutions under par. 2 are required within three working days transmit to the Bulgarian National Bank for expert assessment retained their Bulgarian and foreign banknotes and coins suspected of being counterfeited or altered.

(4) Where as a result of the expertise of para. 2 found that notes and coins are counterfeited or altered, they are held by the Bulgarian National Bank, not replace and are not returned.

(5) The Bulgarian National Bank shall issue a regulation on the implementation of this Article. "

§ 14. In article. 28, para. 3 is amended as follows:

1. In section 5, after the words "foreign central banks" a comma and the words "or public international financial organizations" are replaced by "public international financial organizations or other foreign financial institutions whose duties are assigned one of the two highest ratings of two internationally recognized credit rating agencies. "
2. Item 6, the words "assessed 500 DM per troy ounce or market price if it is lower" are deleted.

§ 15. In article. 30 the words "DM" are replaced by "euro".

§ 16. In article. 31 is amended as follows:

1. In paragraph. 1 and 2 "international currency assets" are replaced by "gross international reserves."
2. Paragraph 3 is amended as follows:
'(3) The lev equivalent of gross international reserves, except those under Art. 28, para. 3, item 3 and 6 denominated in currencies other than the euro can not be greater, respectively, less with more than 2 percent of the equivalent of all monetary obligations of the Bulgarian National Bank, denominated in those currencies. "

§ 17. In article. 36 para. 2 is amended as follows:

"(2) losses arising from changes in par. 1 shall be repaid with funds from the special reserve account and the" Reserve Fund ".

§ 18. In article. 39 para. 3 is amended as follows:

"(3) Under certain conditions it Bulgarian National Bank may open accounts of investment firms within the meaning of the Public Offering of Securities authorized investment intermediary in government securities."

§ 19. Article 43 is amended as follows:

"Art. 43. (1) The Bulgarian National Bank shall act as fiscal agent and depository of the State on the basis of contracts and market conditions and prices of services.

(2) In fiscal agent and depository of the state Bulgarian National Bank:

1. is a bank account services and payments included in the single account system, the name and for the account of the Ministry of Finance;

2. collect and submit to the Ministry of Finance periodic information on budget enterprises in domestic banks;

3. acts as agent for government debt and debt guaranteed by the state;

4. may perform other agreed with the Minister of Finance activities.

(3) government debt agent Bulgarian National Bank shall keep accounts of government securities, which are registered by purchasers of the debt.

(4) The Bulgarian National Bank may act as an authorized representative of the Council of Ministers for the purposes and under the conditions set by the Commission and Council of Ministers. "

§ 20. Article 44 is amended as follows:

"Art. 44. Upon exercising the powers and performing their duties under this Act Bulgarian National Bank Governor and the members of the Board shall be independent and shall not seek or take instructions of the Council of Ministers and other bodies and institutions. Ministers and other bodies and institutions are not allowed to give instructions to the Bulgarian National Bank, the manager or board members. "

§ 21. Article 45 is amended as follows:

"Art. 45. (1) The Bulgarian National Bank may grant loans and guarantees in any form, including by acquiring debt instruments of the Council of Ministers, municipalities and other state and municipal institutions, organizations and enterprises.

(2) Paragraph 1 shall not apply to credit the state and municipal banks in the cases. 33, para. 2.

(3) The Bulgarian National Bank may extend credit to the State for purchase of special drawing rights from the International Monetary Fund granted by the board under the following conditions:

1. Board decision shall be taken no later than 7 days after the date of the purchase of special drawing rights from the International Monetary Fund;

2. limit on borrowing by the state within 90 days after the date of the purchase of special drawing rights from the International Monetary Fund;

3. payments of principal and interest shall be made in time no later than the dates on which to corresponding payments are made by the Bulgarian National Bank, the International Monetary Fund, and the required payment amounts.

(4) After the expiry of the term under para. 3, item 2 law of the State on unutilized portion of the credit is repaid. "

§ 22. In article. 48 para. 1 is amended as follows:

"(1) The costs of the Bulgarian National Bank shall be made in accordance with the annual budget adopted by the Board and published in the " Official Gazette " ."

§ 23. In article. 49, para. 3, "The annual report of the bank "are replaced by" The consolidated financial statements of the Bulgarian National Bank. "

§ 24. In article. 50 after the words "National Assembly" is added "the Governing Council budget within 30 days of its adoption, as well."

§ 25. In article. 51 the words "annual accounts" are replaced by "Consolidated Financial Statements".

§ 26. Article 61 is amended as follows:

"Art. 61. A person who commits or admits the commission of a violation of this Act and issued its implementing regulations, unless the act constitutes a crime, shall be punished by a fine of 500 to 3,000 lev If the offender is a sole trader or entity A pecuniary penalty ranging from 5,000 to 30,000 lev "

Final provisions

§ 27. (1) The provisions of Art. 45, para. 3 and 4 shall apply until the date of entry into force of the Treaty of Accession of Bulgaria to the European Union.

(2) For loans payable before the date provided under par. 1 of the Bulgarian National Bank for purchase of special drawing rights from the International Monetary Fund, payments to the State of principal and interest shall be made in time no later than the dates on which should be made from the payments to the Bulgarian National Bank International Monetary Fund, and the required payment amounts.

The law was adopted by the XXXIX National Assembly on 14 January 2005 and is stamped with the official seal of the National Assembly.