Measures Against Money Laundering Act

Promulgated, SG No. 27/27.03.2018, amended, SG No. 94/13.11.2018, effective 1.10.2018, amended and supplemented, SG No. 17/26.02.2019, amended, SG No. 34/23.04.2019, SG No. 37/7.05.2019, amended and supplemented, SG No. 42/28.05.2019, effective 28.05.2019, SG No. 94/29.11.2019

Text in Bulgarian: Закон за мерките срещу изпирането на пари

Chapter One
GENERAL DISPOSITIONS

Section I
Subject-Matter, Purpose and Scope

Article 1. This Act shall lay down the measures for the prevention of the use of the financial system for the purposes of money laundering, as well as the organisation and control over the performance of the said measures.

Article 2. (1) Within the meaning given by this Act, money laundering shall be the following conduct, when committed intentionally:

1. (amended, SG No. 42/2019, effective 28.05.2019) the conversion or transfer of property, knowing that such property is derived from crime or from an act of participation in crime, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an activity to evade the legal consequences of that person's action;

2. (amended, SG No. 42/2019, effective 28.05.2019) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property, knowing that such property is derived from crime or from an act of participation in crime;

3. (amended, SG No. 42/2019, effective 28.05.2019) the acquisition, possession, holding or use of property, knowing at the time of receipt, that such property was derived from crime or from an act of participation in crime;

4. participation in any of the activities referred to in Items 1 to 3, association to commit such an activity, attempts to commit such an activity, as well as aiding, abetting, facilitating or counselling the commission of any such activity inciting, facilitating performing of such an activity or concealing such an activity.

(2) (New, SG No. 42/2019, effective 28.05.2019) Knowledge, intent or purpose required as an element of the activities referred to in Paragraph (1) may be inferred from objective factual circumstances.

(3) (Renumbered from Paragraph (2), amended, SG No. 42/2019, effective 28.05.2019) Money laundering shall be regarded as such even where the crime which generated the property referred to in Paragraph (1) was carried out in another Member State or in a third country and does not fall under the jurisdiction of the Republic of Bulgaria.

Article 3. The measures for the prevention of the use of the financial system for the purposes of money laundering shall be:

1. customer due diligence;

2. collection and preparation of documents and other information under the terms and according to the procedure established by this Act;

3. retention of the documents, data and information collected and prepared for the purposes of this Act;

4. (supplemented, SG No. 94/2019) assessment of the risk of money laundering and terrorist financing;

5. disclosure of information on suspicious operations, transactions and customers;

6. disclosure of other information for the purposes of this Act;

7. control over the activities of the obliged entities under Section II of this Chapter;

8. exchange of information and interaction at the national level, as well as exchange of information and interaction between the Financial Intelligence Directorate of the State Agency for National Security, the Financial Intelligence Units of other States and jurisdictions, as well as with the relevant competent authorities and organisations of other States.

Section II
Obliged Entities

Article 4. The measures referred to in Items 1 to 6 of Article 3 herein shall be binding for:

1. the Bulgarian National Bank and the credit institutions which pursue business within the territory of the Republic of Bulgaria within the meaning given by the Credit Institutions Act;

2. the other payment service providers within the meaning given by the Payment Services and Payment Systems Act and the representatives thereof;

3. the financial institutions within the meaning given by the Credit Institutions Act;

4. the currency exchange offices;

5. insurers, reinsurers and insurance intermediaries with a registered office in the Republic of Bulgaria, which have obtained a licence under the terms and according to the procedure established by the Insurance Code, where carrying on one or more of the classes of insurance referred to in Section I of Annex No. 1 to the Insurance Code; insurers, reinsurers and insurance intermediaries which have obtained a licence in another Member State, or another State which is a Contracting Party to the Agreement on the European Economic Area, which pursue business within the territory of the Republic of Bulgaria, where carrying on one or more of the classes of insurance referred to in Section I of Annex No. 1 to the Insurance Code; insurers and reinsurers with a registered office in States other than a Member State, or a State which is a Contracting Party to the Agreement on the European Economic Area, which have obtained a licence from the Financial Supervision Commission to pursue business in the Republic of Bulgaria through a branch, where carrying on one or more of the classes of insurance referred to in Section I of Annex No. 1 to the Insurance Code;

6. the leasing undertakings;

7. the postal operators licensed to handle postal money orders under the Postal Services Act;

8. (supplemented, SG No. 42/2019, effective 28.05.2019) the investment intermediaries licensed under the terms and according to the procedure established by the Markets in Financial Instruments Act;

9. (supplemented, SG No. 42/2019, effective 28.05.2019) the collective investment schemes and the other undertakings for collective investments licensed under the terms and according to the procedure established by the Collective Investment Schemes and Other Undertakings for Collective Investments Act;

10. (supplemented, SG No. 42/2019, effective 28.05.2019) the management companies and the persons managing alternative investment funds licensed under the terms and according to the procedure established by the Collective Investment Schemes and Other Undertakings for Collective Investments Act;

11. (supplemented, SG No. 42/2019, effective 28.05.2019) the retirement insurance companies licensed under the terms and according to the procedure established by the Social Insurance Code, with the exception of the business thereof of managing supplementary retirement insurance funds;

12. the statutory auditors;

13. (amended, SG No. 94/2019) persons that, by way of their business, provide accounting services and/or tax consultancy services, as well as persons that, as their principal business or professional activity, provide, directly or indirectly through related persons, assistance in any form or advice on tax matters;

14. the notaries and the assistant notaries acting in a substitute capacity;

15. persons that, by way of their business, provide legal advice where:

(a) assisting or participating in the planning or carrying out of an operation, transaction or other legal or factual action of a client thereof concerning the:

(aa) buying and selling of immovable property or transferring the enterprise of a merchant

(bb) managing of money, financial instruments or other assets;

(cc) opening, managing or disposing of a bank account, savings account or financial instruments account;

(dd) raising of contributions necessary for the creation of a legal person or other legal entity, increasing the capital of a commercial corporation, extending a loan or any other form of procuring funds necessary for the carrying out of the activity of a legal person or other legal entity;

(ee) formation, registration, organisation of the operation or management of a trust, merchant or another legal person, or other legal entity;

(ff) fiduciary management of assets, including trusts, escrow funds and other similar foreign legal entities incorporated and existing under the law of the jurisdictions providing for such forms of trusts;

(b) acting for the account and/or on behalf of a client thereof in any financial operation whatsoever;

(c) acting for the account and/or on behalf of a client thereof in any real estate transaction whatsoever;

(d) providing a registered office, correspondence address, business accommodation and/or other related services for the purposes of the registration and/or operation of a legal person or other legal entity;

16. persons that, by way of their business, provide:

(a) a registered office, correspondence address, business accommodation and/or other related services for the purposes of the registration and/or operation of a legal person or other

legal entity;

(b) services comprising the formation, registration, organisation of the operation and/or management of a merchant or of another legal person, or other legal entity;

(c) services comprising the fiduciary management of assets or of a person referred to in Littera (b), including:

(aa) acting as, or arranging for another person to act as, a director, a secretary, a partner or a similar position in a legal person or other legal entity;

(bb) acting as, or arranging for another person to act as, a trustee, in cases of trusts, escrow funds and other similar foreign legal entities incorporated and existing under the law of the jurisdictions providing for such forms of trusts;

(cc) acting as, or arranging for another person to act as, a nominee shareholder in a third-party foreign legal person or legal entity other than a company listed on a regulated market that is subject to disclosure requirements in accordance with European Union law or subject to equivalent international standards;

17. the private enforcement agents and assistant private enforcement agents;

18. (amended, SG No. 94/2019) persons providing by occupation intermediation in real estate transactions, including with respect to real estate leasing transactions where the monthly rent amounts to or exceeds EUR 10 000 or their equivalent in another currency;

19. the wholesalers;

20. the traders in arms, oil and petroleum products;

21. (supplemented, SG No. 42/2019, effective 28.05.2019) the organisers of games of chance within the meaning given by the Gambling Act, licensed by the State Commission on Gambling to organise the games of chance for which they are authorised according to the procedure established by Article 3 of the same Act within the territory of the Republic of Bulgaria;

22. the privatisation authorities;

23. the persons organising public procurement awards;

24. ministers and municipality mayors upon the conclusion of concession contracts;

25. the legal persons wherewith there are mutual lending funds;

26. the persons offering a loan of money against the deposit of an item of property as security;

27. the trade unions and the professional organisations;

28. the non-profit legal persons;

29. the professional sports clubs;

30. (supplemented, SG No. 42/2019, effective 28.05.2019) market operators and/or regulated markets licensed under the terms and according to the procedure established by the Markets in Financial Instruments Act;

31. (amended, SG No. 42/2019, effective 28.05.2019) the central securities depositories licensed by the Financial Supervision Commission under the terms and according to the procedure established by Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012 (OJ L 257/1 of 28 August 2014);

32. the political parties;

33. the authorities of the National Revenue Agency;

34. the customs authorities;

35. the Executive Director of the Executive Environment Agency in the capacity thereof as

national administrator within the meaning given by Commission Regulation (EU) No. 389/2013 of 2 May 2013 establishing a Union registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decisions No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) No. 920/2010 and No 1193/2011 (OJ, L 122/1 of 3 May 2013);

36. (new, SG No. 94/2019) persons that, by occupation, trade or act as intermediaries in the trade in works of art, including when such trade is carried out by art galleries and auction houses, where the value of the transaction or related transactions is equal to or exceeds EUR 10 000 or their equivalent in another currency;

37. (new, SG No. 94/2019) persons that, by occupation, store, trade or act as intermediaries in the trade in works of art when such trade is carried out in free zones and where the value of the transaction or related transactions is equal to or exceeds EUR 10 000 or their equivalent in another currency;

38. (new, SG No. 94/2019) persons that, by occupation, provide exchange services between virtual currencies and recognised currencies that are not backed by gold;

39. (new, SG No. 94/2019) portfolio providers offering custody services.

Article 5. The persons referred to in Article 4 herein shall comply with the obligations under this Act even where adjudicated bankrupt or put into liquidation.

Article 6. The measures referred to in Article 3 herein shall also be binding for the branches of the persons referred to in Article 4 herein which are registered abroad, as well as for the branches of non-resident persons falling within the range of those indicated in Article 4 herein which are registered in Bulgaria.

Article 7. (1) The persons referred to in Article 4 herein shall be obliged to ensure the effective application of the measures under this Act and the Regulations for Application thereof by the branches and subsidiaries thereof in third countries, including the sharing of information for the purposes of Article 57 and Article 80 (3) herein, in so far as this is permitted under the legislation of the third country.

(2) Where the legislation of the third country does not permit or restricts the application of the measures under this Act and the Regulations for Application thereof, the persons referred to in Article 4 herein shall be obliged to notify the Financial Intelligence Directorate of the State Agency for National Security and the relevant supervisory authority, to take additional measures in accordance with the risk, which shall be determined by the Regulations for Application of the Act, and to follow the guidelines of the European supervisory authorities under Article 45 (6) of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No. 648/2012 of the reofEuropean Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ, L 141/73 of 5 June 2015), hereinafter referred to as "Directive (EU) 2015/849". The Director of the Financial Intelligence Directorate of the State Agency for National Security may issue instructions for the taking of other additional measures as well in accordance with the risk, including termination of the business relationship and cessation of the activity in the third country.

(3) The persons referred to in Article 4 herein shall ensure the effective application by the branches thereof which are registered in the territory of other Member States of the national provisions of the said Member States whereby the requirements of Directive (EU) 2015/849 are transposed.

Article 8. (1) Where the persons referred to in Article 4 herein have not taken additional

measures under Article 7 (2) herein or where the said measures are ineffective, the Director of the Financial Intelligence Directorate of the State Agency for National Security shall notify the relevant supervisory authority with a view to applying measures within the competence of the said authority. The supervisory authority may require from the group not to establish or to terminate the business relationship and not to carry out transactions, including, if necessary, to take action for the restriction or cessation of the activity in the third country. The supervisory authority shall notify the Director of the Financial Intelligence Directorate of the State Agency for National Security of the action taken and the measures applied.

(2) Where there is no authority to supervise the activities of the person referred to in Article 4 herein, the actions under Paragraph (1) shall be taken by the Director of the Financial Intelligence Directorate of the State Agency for National Security.

(3) The supervisory authority referred to in Paragraph (1) shall notify the European supervisory authorities in the cases referred to in Article 7 (2) herein.

(4) Under the terms established by Article 7 (2) herein, the Financial Intelligence Directorate of the State Agency for National Security and the relevant supervisory authority may take further control actions vis-a-vis the person referred to in Article 4 herein within the statutory powers and competence of the said Directorate and authority.

Article 9. (Supplemented, SG No. 42/2019, effective 28.05.2019) With respect to electronic money issuers and payment service providers within the meaning given by the Payment Services and Payment Systems Act, which pursue business within the territory of the Republic of Bulgaria under the right of establishment in a form other than a branch and whose head office is situated in another Member State, the Regulations for Application of the Act shall provide for conditions for the appointment of central contact points with the said persons, taking into account the results of the national risk assessment under Article 95 herein and the delegated act adopted pursuant to Article 45 (10) and (11) of Directive (EU) 2015/849. The central contact points shall ensure, on behalf of the appointing electronic money issuer or payment service provider, compliance with the requirements of this Act, the Measures against the Financing of Terrorism Act and the instruments on the application thereof and shall facilitate the exercise of control by the authorities referred to in Article 108 (2) herein and, respectively, by the Bulgarian National Bank, including by providing the said authorities with documents and information on request.

Article 9a. (New, SG No. 94/2019) (1) For the purposes of the measures against money laundering and terrorist financing, the persons referred to in subparagraphs 38 and 39 of Article 4 shall be entered into a public register kept and maintained by the National Revenue Agency.

(2) The entry into the register referred to in paragraph 1 shall be made under terms and according to a procedure laid down in an ordinance of the Minister of Finance.

(3) For registration in the register referred to in paragraph 1, fees shall be charged according to a fee rate approved by the Council of Ministers.

Chapter Two
CUSTOMER DUE DILIGENCE

Section I
General Rules on Applying Customer Due Diligence

Measures

Article 10. Customer due diligence shall comprise:

1. identifying the customers and verifying the identity thereof on the basis of documents, data or information obtained from reliable and independent sources;

2. identifying the beneficial owner and taking reasonable measures to verify the identity thereof in a way providing the person referred to in Article 4 with sufficient grounds to consider the beneficial owner as identified, including taking reasonable measures to understand the ownership and control structure of the customer;

3. collecting information on the purpose and nature of the business relationship that is established or has yet to be established with the customer, in the cases provided for in the law;

4. (amended, SG No. 42/2019, effective 28.05.2019, supplemented, SG No. 94/2019) clarifying the source of funds in the cases provided for in law;

5. ongoing monitoring of the business relationship as established and verifying the transactions and operations carried out throughout the course of the said relationship, as to whether the said transactions and operations are consistent with the risk profile of the customer and with the information collected while applying the measures referred to in Items 1 to 4 on the customer and/or the business thereof, as well as timely updating of the documents, data and information collected.

Article 11. (1) The persons referred to in Article 4 herein shall apply customer due diligence measures when:

1. establishing a business relationship, including when opening an account, where a business relationship is established by the opening of the account;

2. carrying out an occasional operation or concluding an occasional transaction amounting to or exceeding the lev equivalent of EUR 15,000 or the equivalent thereof in another currency, regardless of whether that operation or transaction is carried out in a single operation or in several linked operations;

3. carrying out an occasional operation or concluding an occasional transaction amounting to or exceeding the lev equivalent of EUR 5,000 or the equivalent thereof in another currency, where the payment is effected in cash, regardless of whether that operation or transaction is carried out in a single operation or in several linked operations;

4. carrying out an occasional operation or transaction which constitutes a transfer of funds, as defined in item 9 of Article 3 of Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No. 1781/2006 (OB, L 141/1 of 5 June 2015), amounting to or exceeding the lev equivalent of EUR 1,000 or the equivalent thereof in another currency.

(2) In cases where, owing to the nature of the accidental operation or transaction, the value thereof cannot be determined at the time when the said operation or transaction is carried out, the customer due diligence measures shall be applied not later than the time at which the value of the operation or transaction can be determined if the said value amounts to or exceeds:

1. the lev equivalent of EUR 15,000 or the equivalent thereof in another currency, regardless of the manner in which the payment is effected and whether that operation or transaction is carried out in a single operation or in several linked operations;

2. the lev equivalent of EUR 5,000 or the equivalent thereof in another currency, where the payment is effected in cash and regardless of whether that operation or transaction is carried out in a single operation or in several linked operations;

(3) The cases referred to in Paragraph (2) shall not exclude the obligation to apply customer due diligence measures under the terms established by Item 1 of Paragraph (1).

(4) The persons referred to in Item 28 of Article 4 herein, which do not fall simultaneously within another category of persons under Article 4 herein as well, shall not apply customer due diligence measures but, according to the risk, shall take appropriate measures to monitor the operations and transactions with a view to complying with the obligations thereof under Articles 47, 72, 76 and 98 herein and the obligations thereof under the Measures Against the Financing of Terrorism Act.

(5) Where a greater risk is identified under the terms established by Article 98 (4) and (5) herein, the persons referred to in Paragraph (4) in addition to the measurements under Paragraph (4) shall apply the following measures and may adjust the extent and degree to which the said measures are applied for the risk identified:

1. apply clear internal order and procedures including the identification of activities, internal rules on accountability, control and distribution of functions within the organisation, checking key employees for negative public information or a possible match with persons referred to in Article 4b of the Measures Against the Financing of Terrorism Act, funds disbursing procedures, full control over the bank accounts and financial instruments used, monitoring the activities of branches or associated non-profit legal persons;

2. apply control procedures or cooperation with partner organisations, documenting in writing the responsibilities, receiving feedback on the use of funds and resources and ensuring that the partner organisations of the beneficiaries be familiar with the activities thereof by means of the measures referred to in Items 3, 4 and 5;

3. identify donors and beneficiaries by collecting as much information as possible allowing for the positive unambiguous identification, including with respect to persons exercising control, without a significant impediment to the activity of the organisation and, where necessary, may use the due diligence methods and means;

4. keep all funds received and disburse funds to beneficiaries through the use of persons referred to in Items 1 to 3 and 7 to 10 of Article 4 herein where this is not a significant impediment to the activity of the organisation;

5. check donors and beneficiaries, partner non-profit organisations for negative public information or possible match with persons referred to in Article 4b of the Measures against the Financing of Terrorism Act.

(6) In the cases referred to in Paragraphs (4) and (5), the persons shall document the actions taken, and should it be impossible to apply any of the measures referred to in Items 3 and 4 of Paragraph (5), the said persons shall state the reasons for this and shall retain the information collected for a period of five years.

(7) Where the measures referred to in Paragraphs (4) and (5) are not sufficient to achieve the purposes of this Act, the Director of the Financial Intelligence Directorate of the State Agency for National Security shall give binding instructions for the taking of further action.

Article 12. (1) The persons referred to in Item 21 of Article 4 herein shall apply customer due diligence measures upon:

1. recording in the register referred to in Article 74 (1) of the Gambling Act;

2. the payment of winnings and/or the wagering of a stake amounting to or exceeding the lev equivalent of a total of EUR 2,000 or the equivalent thereof in another currency, regardless of whether that operation or transaction is carried out in a single operation or in several linked operations;

3. the purchase, exchange or cashing of gambling chips or other tokens certifying winnings

amounting to or exceeding the lev equivalent of a total of EUR 2,000 or the equivalent thereof in another currency, regardless of whether that operation or transaction is carried out in a single operation or in several linked operations;

(2) In cases where, owing to the nature of the accidental operation or transaction, the value thereof cannot be determined at the time when the said operation or transaction is carried out, the customer due diligence measures shall be applied by the time at which the value of the operation or transaction is be determined if the said value amounts to or exceeds the lev equivalent of EUR 2,000 or the equivalent in another currency, regardless of whether the operation or transaction is carried out in a single operation or in several linked operations.

(3) The cases referred to in Paragraph (2) shall not exclude the obligation to apply customer due diligence measures under the terms established by Item 1 of Paragraph (1).

Article 13. (1) The persons referred to in Item 17 of Article 4 herein shall apply the customer due diligence measures upon any conduct of a public sale according to the procedure established by the Code of Civil Procedure, where the final price of the assets on sale amounts to or exceeds the lev equivalent of EUR 15,000 or the equivalent thereof in another currency, regardless of whether the payment was effected in a single operation or in several linked operations.

(2) Under the terms established by Paragraph (1), the customer due diligence measures under Items 1, 2 and 4 of Article 10 herein shall be applied to the purchaser in the public sale before the award decree under Article 496 of the Code of Civil Procedure becomes enforceable.

(3) Upon any conduct of a public sale according to the procedure established by the Tax and Social-Insurance Procedure Code, where the final price of the assets on sale amounts to or exceeds the lev equivalent of EUR 15,000 or the equivalent thereof in another currency, regardless of whether the payment was effected in a single operation or in several linked operations, the authorities of the National Revenue Agency shall apply the due diligence measures.

(4) Under the terms established by Paragraph (3), the customer due diligence measures under Items 1, 2 and 4 of Article 10 herein shall be applied to the purchaser in the public sale before the issuing of the award decree under Article 246 (6) of the Tax and Social-Insurance Procedure Code.

Article 14. The persons referred to in Article 4 herein shall be obliged to apply the customer due diligence measures under Article 10 herein whenever there is a suspicion of money laundering and/or that the proceeds of criminal activity are involved, regardless of the value of the operation or transaction, the risk profile of the customer, the conditions for applying the due diligence measures or other exemptions provided for in this Act or in the Regulations for Application thereof.

Article 15. (1) The customer due diligence measures under Items 1 and 2 of Article 10 herein shall be applied before the establishment of a business relationship, the opening of an account under Item 1 of Article 11 (1) herein, the carrying out of an accidental operation or the concluding of an accidental transaction under Items 2 to 4 of Article 11 (1) herein, the recording in the register under Item 1 of Article 12 (1) herein, the carrying out of an operation or transaction under Items 2 and 3 of Article 12 (1) herein, the effective date of the award decree after conduct of a public sale under Article 13 (2) herein, the issuing of an award decree under Article 13 (4) herein or the conclusion of an insurance contract under Article 19 (1) herein, except in the cases provided for by the law.

(2) The customer due diligence measures under Items 1 and 2 of Article 10 herein shall furthermore be applied whenever a doubt arises about the veracity, timeliness or adequacy of the

identification data submitted about the customers and about the beneficial owners thereof, or where information is received about a change in the said data.

Article 16. (1) (Amended, SG No. 42/2019, effective 28.05.2019) The persons referred to in Article 4 herein shall keep current information collected through due diligence measures about the customers thereof and about the operations and transactions carried out by such customers and, to this end, shall periodically review and, where necessary, update the databases and customer dossiers maintained, applying due diligence measures including where the person referred to in Article 4 herein becomes aware that a change has intervened in the circumstances concerning the customer.

(2) The databases and customer dossiers of customers and business relations which are potentially higher-risk shall be reviewed and updated at shorter intervals.

(3) Where necessary, the timeliness of the information shall be checked and further action shall be taken to identify and verify the identity in accordance with the requirements of this Act and the Regulations for Application thereof where:

1. an operation or transaction has been carried out of a value other than the usual value for the customer;

2. there is a significant change in the manner in which the account opened is used or in the manner in which particular operations or transactions are carried out;

3. the person referred to in Article 4 herein becomes aware that the information about an existing customer at the disposal of the said person is insufficient for the purposes of applying the due diligence measures;

4. the person referred to in Article 4 herein becomes aware that a change has intervened in the circumstances referred to in Article 10 herein with respect to the customer.

(4) (New, SG No. 94/2019) Checks as to whether the information is up-to-date shall be carried out and additional due diligence actions in accordance with the requirements set out in this Act and in the regulation on its implementation shall be carried out when the person referred to in Article 4 has a statutory obligation to contact the client within the relevant calendar year in order to review the relevant information related to the beneficial owner or owners, or when the person referred to in Article 4 has this obligation under Title Two, Chapter Sixteen, Section III "a" of the Tax and Social Insurance Procedure Code.

Article 17. (1) In cases where the person referred to in Article 4 herein is unable to comply with the customer due diligence requirements under Items 1 to 4 of Article 10 herein, the said person shall be obliged to refuse to carry out the operation or transaction or to establish a business relationship, including the opening of an account.

(2) In cases where a business relationship has already been established, whereupon the person referred to in Article 4 herein is unable to comply with the customer due diligence requirements under Article 10 herein, the said person shall be obliged to terminate the said relationship.

(3) In cases where the person referred to in Item 5 of Article 4 herein is unable to comply with the customer due diligence requirements under Article 19 herein, the said person shall be obliged to refuse to carry out the operation or transaction or to conclude the insurance contract, and where a business relationship has already been established, the said person shall be obliged to terminate the said relationship.

(4) Paragraphs (1) and (2) shall not be applied by:

1. the Bulgarian National Bank when carrying out transactions in foreign currencies, where applying the said paragraphs would be in conflict with the provisions of the Bulgarian National Bank Act;

2. the persons referred to in Item 17 of Article 4 herein, where applying the said paragraphs would be in conflict with the Code of Civil Procedure and with the Private Enforcement Agents Act;

3. the authorities of the National Revenue Agency, where applying the said paragraphs would be in conflict with the Tax and Social-Insurance Procedure Code.

(5) In the cases referred to in Paragraphs (1) to (4), the person referred to in Article 4 herein shall assess whether to notify the Financial Intelligence Directorate of the State Agency for National Security according to the procedure established by Article 72 herein.

Article 18. (Amended, SG No. 94/2019) It shall be prohibited to open or keep anonymous accounts or certificates of deposit, or accounts or certificates of deposit in an obviously fictitious name, and to rent or maintain anonymous safes or safes in an obviously fictitious name.

Section II
Special Rules and Exemptions from Application of Customer Due Diligence Measures

Article 19. (1) With respect to beneficiaries under insurance contracts according to Section I of Annex No. 1 to the Insurance Code or other investment-related insurance business, the persons referred to in Item 5 of Article 4 herein shall be obliged to apply the following additional customer due diligence measures, as soon as the beneficiaries under the insurance contract are identified or designated:

1. in the case of beneficiaries that are identified as specifically named persons or other legal entities, the identification of the beneficiaries shall take place upon the conclusion of the insurance contract, and the verification of the identity of the beneficiaries shall take place at the time of or before the payout under the insurance contract proceeds or at the time of or before the exercise by the beneficiary of any rights conferred under the insurance contract;

2. in the case of beneficiaries that are designated by characteristics or by class or by other means, the information concerning those beneficiaries shall be collected at the time of conclusion of the insurance contract information on these beneficiaries as shall be necessary in order to be able to establish the identity of the beneficiaries and to verify the said identity at the time of or before the payout under the insurance contract proceeds or at the time of or before the exercise by the beneficiary of any rights conferred under the insurance contract.

(2) (New, SG No. 42/2019, effective 28.05.2019) The credit institutions referred to in Item 1 of Article 4 herein and the persons referred to in Item 3 of Article 4 herein shall apply the measures under Paragraph (1) by the time of the payout under the insurance contract, where the beneficiaries under Item 1 of Paragraph (1) are specifically named persons or other legal entities, taking only the name or, respectively, the designation of the person, or in case the beneficiaries are designated under the procedure established by Item 2 of Paragraph (1), after receipt of information under Paragraph (6).

(3) (Renumbered from Paragraph (2), SG No. 42/2019, effective 28.05.2019) Under the terms established by Item 1 of Paragraph (1), the beneficiaries shall be identified upon the conclusion of the insurance contract by collecting data on the names or designation and an official personal identification number or another unique identifier. At the time of or before the payout under the insurance contract proceeds or at the time of or before the exercise by the beneficiary of any rights conferred under the insurance contract, a full identification of the beneficiary shall take place according to the procedure established by Articles 53 and 54 herein

and a verification of the identity according to the procedure established by Article 55 herein.

(4) (Renumbered from Paragraph (3), SG No. 42/2019, effective 28.05.2019) In the case of assignment, in whole or in part, of an insurance referred to in Paragraph (1) to a third party, the persons referred to in Item 5 of Article 4 herein shall identify at the time of the assignment the person receiving for its own benefit the value of the policy assigned, as well as the beneficial owner thereof.

(5) (New, SG No. 42/2019, effective 28.05.2019) In the cases referred to in Paragraph (4) and where the persons referred to in Item 3 of Article 4 herein and the credit institutions referred to in Item 1 of Article 4 herein are aware, the said persons and institutions shall identify the person receiving for its own benefit the value of the policy assigned and the beneficial owner of the said person.

(6) (New, SG No. 42/2019, effective 28.05.2019) In the cases referred to in Paragraph (2), before making any payment to a beneficiary under an insurance contract, the persons referred to in Item 5 of Article 4 herein shall send the identification data of the beneficiary to the persons referred to in Item 3 of Article 4 herein and to the credit institutions referred to in Item 1 of Article 4 herein, expressly stating that the payment is under insurance contracts referred to in Paragraph (1).

Article 20. In the case of beneficiaries of trusts, including trusts, escrow funds and other similar legal entities, where the beneficiaries are designated by particular characteristics or class, the persons referred to in Article 4 herein shall be obliged to collect, at the time of entering into a business relationship, the information concerning the beneficiary which shall be necessary in order to be able to establish the identity of the beneficiary and to very the said identity at the time of or before the payout of the trust proceeds or at the time of or before the exercise by the beneficiary of the vested rights thereof.

Article 21. (1) The persons referred to in Article 4 herein may complete the verification of the identity of the customer and of the beneficial owner during the establishment of the business relationship if the following cumulative conditions are met:

1. where the completion of the verification before the establishment of a business relationship, in view of the nature of the said relationship, objectively leads to an interruption of the normal conduct of the activity concerned;

2. (amended, SG No. 94/2019) where there is little risk of money laundering or terrorist financing in this particular case and measures have been taken to manage said risk effectively.

(2) In the cases referred to in Paragraph (1), the verification must be completed as soon as practicable after initial contact with the customer.

Article 22. A credit institution and a person referred to in Items 8 to 10 of Article 4 herein, which pursue business within the territory of the Republic of Bulgaria, may allow the opening of an account before the verification of the identity of the customer is completed under the following cumulative conditions:

1. the account will not be closed until the completion of the verification of identity;

2. no operations or transactions whatsoever will be carried out by the account holder or on the behalf thereof until the completion of the verification of the identity, including transfers from the account on behalf and/or for the account of the holder thereof.

Article 23. (Amended, SG No. 42/2019, effective 28.05.2019) (1) Article 17 herein shall not apply to the persons referred to in Item 15 of Article 4 herein who practise an activity regulated in the Bar Act, to the extent that those persons ascertain the legal position of a client in the course of, or concerning, proceedings regulated in a procedural law which are pending, have yet to be instituted or have been completed, including where providing legal advice on instituting or

avoiding such proceedings.

(2) Article 17 herein shall not apply to the persons referred to in Item 15 of Article 4 herein who practise an activity regulated in the Bar Act, to the extent that those persons defend or represent a client in the course of, or concerning, proceedings regulated in a procedural law which are pending, have yet to be instituted or have been completed, including where providing legal advice on instituting or avoiding such proceedings.

Article 24. (1) (Amended, SG No. 94/2019) Electronic money issuers and their representatives shall be allowed not to apply some of the customer due diligence measures set out in subparagraphs 1 to 3 of Article 10 with respect to electronic money where a risk assessment has found that the risk is low and the following conditions are fulfilled simultaneously:

1. the payment instrument is not reloadable or has a maximum monthly payment transactions limit not exceeding the lev equivalent in EUR 150 or the equivalent thereof in another currency which can be used only in the Republic of Bulgaria;

2. the maximum amount stored electronically exceeds the lev equivalent of EUR 150 or their equivalent in another currency;

3. the payment instrument is used only to purchase goods or services;

4. the payment instrument cannot be funded with anonymous electronic money;

5. the issuer of electronic money carries out sufficient monitoring of the transactions or business relationship to enable the detection of unusual or suspicious transactions.

(2) (Amended, SG No. 94/2019) The exception pursuant to paragraph 1 shall not apply in the cases of redemption in cash or cash withdrawal of the monetary value of electronic money where the amount redeemed exceeds the lev equivalent of EUR 50 or their equivalent in another currency, or in the case of payment transactions initiated remotely within the meaning of § 1(4) of the Supplementary Provisions of the Payment Services and Payment Systems Act where the amount of the payment transaction exceeds the lev equivalent to EUR 50 or their equivalent in another currency.

(3) (Amended, SG No. 94/2019, effective 10.07.2020) In their capacity as providers of payment services referred to in the second proposal of Article 4(5) of the Payment Services and Payment Systems Act, the obliged persons referred to in subparagraphs 1 and 2 of Article 4 shall accept payments with anonymous prepaid cards issued in third countries only where these cards meet requirements equivalent to those set out in paragraphs 1 and 2.

(4) (Repealed, SG No. 94/2019).

(5) (Supplemented, SG No. 94/2019) Measures with respect to higher-risk situations concerning electronic money operations and transactions, including the accepting in the territory of the Republic of Bulgaria of payments with anonymous prepaid cards issued in third countries and meeting the requirements set out in paragraphs 1 and 2, may also be identified as a result of the national assessment of the risk of money laundering and terrorist financing and as a result of

guidelines, decisions or documents adopted by institutions of the European Union in pursuance of Directive (EU) 2015/849.

(6) The terms and procedure for the application of the measures referred to in Paragraph (5) shall be established by the Regulations for Application of this Act.

Section III
Simplified Customer Due Diligence

Article 25. (1) The persons referred to in Article 4 herein may apply, depending on the potential risk assessment according to Chapter Seven herein, simplified customer due diligence measures under terms and according to a procedure established by the Regulations for Application of this Act.

(2) Applying simplified customer due diligence measures according to the procedure established by this Section shall require approval from the senior management of the person referred to in Article 4 herein.

(3) Simplified customer due diligence shall require the application of all customer due diligence measures while adjusting the degree and extent t which the said measures are adjusted for the level of risk by applying one or more of the following measures:

1. collecting the necessary data for identification of the natural person according to Article 53 (2) herein that have been verified according to the procedure established by Article 55 (1) herein (regardless of whether a copy of the identity document has been made or not);

2. verifying the identity at the time of or after the establishment of a business relationship – under risk-mitigating conditions;

3. adjusting the frequency of the identification and verification of the identity of existing customers for the level of risk;

4. adjusting the frequency of ongoing monitoring for the level of risk;

5. determining the purpose and nature of the business relationship on the basis of the available data on the operations of the customer and the type of relationship therewith, or the limitations of the particular product or service;

6. assuming that the source of funds of the customer is established if there are sufficient indirect indications of the source of the funds;

7. other risk-based measures specified in the guidelines of the European supervisory authorities according to Article 17 of Directive (EU) 2015/849, under terms and according to a procedure established by the Regulations for Application of this Act.

(4) The measures referred to in Item 7 of Paragraph (3) may be applied only by the persons referred to in Items 1 to 6 and 8 to 11 of Article 4 herein, unless other express instructions are issued by the Director of the Financial Intelligence Directorate of the State Agency for National Security.

Article 26. The persons referred to in Article 4 herein may apply the measures under this Section only if the following cumulative conditions are met:

1. the application of such measures does not fall under the conditions for medium or high risk as specified in the national risk assessment;

2. the application of such measures is based on areas of low risk identified by the person referred to in Article 4 herein upon application of Articles 98 and 100 herein;

3. the person referred to in Article 4 herein has collected sufficient information giving it reasonable grounds to believe that the particular operation or transaction or business relationship

with the customer present a low risk;

4. this particular case does not fall among the cases in which applying enhanced customer due diligence is mandatory according to Section IV of this Chapter;

5. (amended, SG No. 94/2019) the application of such measures does not prejudice the sufficient conduct of ongoing monitoring of the business relationship or of the operations and transactions with a view to identifying cases of unusual operations or transactions in accordance with Article 47 or cases which must be notified according to the procedure laid down in Article 72;

6. in this particular case there is a suspicion of money laundering, financing of terrorism or that the proceeds of criminal activity are involved;

7. the person referred to in Article 4 herein is able to demonstrate that sufficient measures have been taken for risk identification and assessment and meeting the conditions referred to in Items 1 to 6;

8. the person referred to in Article 4 herein has given the Financial Intelligence Directorate of the State Agency for National Security prior notification of the categories of customers, products and services identified as presenting a lower risk and of the intention to apply simplified customer due diligence measures thereto.

Article 27. Subject to the conditions referred to in Article 26 herein, the measures referred to in Article 25 (3) may also be applied where the customer is a credit institution or a person referred to in Items 5 and 8 to 11 of Article 4 herein of the Republic of Bulgaria, of another Member State or of a third country whose legislation contains requirements corresponding to the requirements of this Act, taking into account the level of risk of those States and the application of measures for countering money laundering and the financing of terrorism, consistent with this level, the availability of the full range of such measures in accordance with the requirements of the Financial Action Task Force on Money Laundering (FATF) and the effective implementation thereof.

Article 28. Subject to the conditions referred to in Article 26 herein, the measures referred to in Article 25 (3) herein may also be applied where the customer is a central or local government authority of the Republic of Bulgaria.

Article 29. Subject to the conditions referred to in Article 26 herein, the measures referred to in Article 25 (3) herein may also be applied where the customer is an institution performing power functions in accordance with European Union law under the following conditions:

1. the person referred to in Article 4 herein has collected sufficient information which does not give rise to a doubt about the identity of the institution;

2. the institution follows accountability procedures and the activity thereof is transparent;

3. the institution is answerable to an authority of the European Union, to an authority of a Member State, or there are verification procedures which ensure control of the activities thereof.

Article 30. (1) For the purposes of applying simplified customer due diligence, the persons referred to in Article 4 herein may assess the potential risk relating to products, services, operations or transactions, or delivery channels, on the basis of the following additional risk factors warranting a potentially lower risk:

1. insurance contracts for which the gross amount of the periodic premiums or contributions for the insurance contract for one year does not exceed BGN 2,000 or the equivalent thereof in a foreign currency, or the premium or contribution for the insurance contract is a single sum and does not exceed BGN 5,000 or the equivalent thereof in a foreign currency;

2. insurance contracts for pension schemes if there is no early surrender option and the contract cannot be used as collateral;

3. financial products or services that provide appropriately defined and limited services to certain types of customers, so as to increase access for financial inclusion purposes;

4. products where the risks of money laundering and terrorist financing are managed by other factors such as purse limits or transparency of ownership.

(2) In the cases referred to in Paragraph (1), the persons that apply measures under Article 25 (3) herein shall give prior notification of this to the Financial Intelligence Directorate of the State Agency for National Security under terms and according to a procedure established by the Regulations for Application of this Act.

(3) The persons referred to in Item 5 of Article 4 herein may apply lower thresholds than those referred to in Item 1 of Paragraph (1) where a higher risk of money laundering relating to the customer, product or service concerned has been identified according to the procedure established by Section II of Chapter Seven herein.

Article 31. In addition to the factors specified in Article 30 herein, the persons referred to in Items 1 to 6 and 8 to 11 of Article 4 herein may assess the potential risk for the purposes of applying simplified customer due diligence on the basis of the guidelines referred to in Item 7 of Article 25 (3) herein.

Article 32. If there is information warranting a higher level of risk, the Director of the Financial Intelligence Directorate of the State Agency for National Security may give binding instructions to the persons referred to in Article 4 herein to:

1. apply immediately any of the measures referred to in Article 10 herein;

2. discontinue the application of simplified customer due diligence measures with respect to a category of customers, products or services.

Article 33. Notwithstanding the existence of the conditions for the application of simplified customer due diligence measures under this Section, the persons referred to in Article 4 herein shall be obliged to apply the measures referred to in Items 3 and 5 of Article 10 herein for the purposes of Chapter Four herein.

Article 34. The persons referred to in Article 4 herein may not apply the simplified customer due diligence measures under this Section to persons of high-risk third countries referred to in Article 46 (3) herein.

Section IV
Enhanced Customer Due Diligence

Article 35. In addition to the measures referred to in Section I of this Chapter, the persons referred to in Article 4 herein shall apply enhanced customer due diligence measures under this Section and the Regulations for Application of this Act in the following cases:

1. when entering into a business relationship with persons referred to in Article 36 herein and in the course of any such relationship, as well as when carrying out an accidental operation or transaction under Articles 11 to 13 herein with persons referred to in Article 36 herein;

2. when entering into a business relationship and in the course of any such relationship, as well as when carrying out an accidental operation or transaction with natural persons, legal persons and other legal entities established in high-risk third countries referred to in Article 46 herein;

3. in the case of products, operations and transactions that might favour anonymity and with respect to which additional measures are not provided for under this Act;

4. for new products, business practices and delivery mechanisms, where assessed as high-risk according to the procedure established by Chapter Seven herein;

5. in connection with new technologies for new or pre-existing products, business practices and delivery mechanisms, where assessed as high-risk according to the procedure established by Chapter Seven herein;

6. (amended, SG No. 94/2019) in the case of complex or unusually large transactions or operations, unusual patterns of transactions or operations, as well as operations and transactions which have no apparent economic or lawful purpose;

7. with respect to correspondent relationships with a third-country credit institution or a third-country financial institution;

8. (supplemented, SG No. 42/2019, effective 28.05.2019) in all other cases in which a higher risk of money laundering or financing of terrorism has been identified according to the procedure established by Chapter Seven herein.

Article 36. (1) The persons referred to in Article 4 herein shall apply enhanced customer due diligence measures with respect to potential customers, existing customers and beneficial owners of a customer which is a legal person or other legal entity who are politically exposed persons in the Republic of Bulgaria, in another Member State or in a third country, or in international organisations, as well as with respect to potential customers, existing customers and beneficial owners of a customer which is a legal person or other legal entity who are closely linked with any such politically exposed persons.

(2) Politically exposed persons within the meaning given by Paragraph (1) shall be natural persons who are or who have been entrusted with prominent public functions:

1. heads of State, heads of government, ministers and deputy ministers or assistant ministers;

2. members of parliament or of other legislative bodies;

3. members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to appeal, except in exceptional circumstances;

4. members of a court of auditors;

5. members of the boards of central banks;

6. ambassadors and charges d'affaires;

7. high-ranking officers in the armed forces;

8. members of the administrative, management or supervisory bodies of State-owned enterprises and wholly State-owned commercial corporations;

9. municipality mayors and deputy mayors, borough mayors and deputy mayors and chairpersons of a municipal council;

10. members of the governing bodies of political parties;

11. heads and deputy heads of international organisations, members of the management or supervisory bodies at international organisations or persons performing an equivalent function in any such organisations.

(3) The categories defined in Items 1 to 7 of Paragraph (2) shall include, mutatis mutandis and if applicable, positions in the institutions and bodies of the European Union and in international organisations.

(4) The categories defined in Items 1 to 8 of Paragraph (2) shall not cover middle-ranking or more junior officials.

(5) For the purposes of Paragraph (1), the following shall be considered "closely linked persons":

1. the spouses or the de facto cohabitants;

2. the first-degree descendants and the spouses or the de facto cohabitants thereof;

3. the first-degree ascendants and the spouses or the de facto cohabitants thereof;

4. the second-degree correlative relatives and the spouses or the de facto cohabitants thereof;

5. any natural person who is known to have joint beneficial ownership with any person referred to in Paragraph (2) of a legal person or other legal entity or to be in other close commercial, professional or other business relationships with any person referred to in Paragraph (2);

6. any natural person who has sole ownership or sole beneficial ownership of a legal person or other legal entity which is known to have been set up for the benefit of any person referred to in Paragraph (2).

Article 36a. (New, SG No. 94/2019) (1) The Financial Intelligence Directorate of the State Agency for National Security shall provide to the European Commission a list of positions related to the performance of prominent public functions set out in Article 36(2). Said list can be made public.

(2) At the request of the Financial Intelligence Directorate of the State Agency for National Security, the state and local authorities and the institutions, departments and political parties in which the positions referred to in paragraph 1 are occupied shall provide the necessary information for its inclusion in the list referred to in paragraph 1.

(3) At the request of the Financial Intelligence Directorate of the State Agency for National Security, the international organisations with headquarters in the territory of the Republic of Bulgaria in which positions covered by Article 36(2) are occupied shall provide the necessary information for its inclusion in the list referred to in paragraph 1.

(4) The authorities, institutions, departments and political parties referred to in paragraph 2 and the organisations referred to in paragraph 3 shall notify in a timely manner the Financial Intelligence Directorate of the State Agency for National Security of any changes in the data and information in the list referred to in paragraph 1. In such cases, the Directorate shall inform in a timely manner the European Commission of the changes by providing an updated list.

Article 37. (1) (Amended, SG No. 94/2019) In cases where a person has ceased to hold a position set out in Article 36(2), the persons referred to in Article 4 must, for a period of not less than one year, take into account the risk associated with said person and apply the measures set out in Article 36(1) and in Articles 38 to 41. Said risk shall also be taken into account and said measures shall also be applied after one year has elapsed, until it can be reasonably assumed that this person no longer poses a risk specific to politically exposed persons.

(2) (Repealed, SG No. 94/2019).

Article 38. (1) In order to enter into a business relationship with any persons identified as persons referred to in Article 36 herein, any person referred to in Article 4 herein shall be required to obtain approval from the senior management of the person referred to in Article 4 herein.

(2) In cases where a customer or a beneficial owner of a customer which is a legal person or other legal entity is identified as a person referred to in Article 36 herein after establishing a business relationship therewith, any such business relationship may be continued only after approval from the senior management of the person referred to in Article 4 herein.

Article 39. (1) The persons referred to in Article 4 herein shall take appropriate action to establish the source of funds that are involved in the business relationship and operations, and

transactions carried out in the course of any such relationship with a customer or with a beneficial owner of a customer whom the persons referred to in Article 4 herein have identified as a person referred to in Article 36 herein.

(2) The persons referred to in Article 4 herein shall take appropriate action to clarify the source of the assets of a customer or beneficial owner of a customer whom the persons referred to in Article 4 herein have identified as a person referred to in Article 36 herein.

Article 40. The persons referred to in Article 4 herein shall conduct ongoing and enhanced monitoring of the business relationship thereof with any persons referred to in Article 36 herein.

Article 41. (1) Enhanced customer due diligence measures shall be applied with respect to a potential customer, existing customer or beneficial owner of a customer which is a legal person or other legal entity, who is a person referred to in Article 36, under terms and according to a procedure established by the Regulations for Application of this Act.

(2) The specific enhanced customer due diligence measures which are applied in each particular case shall be assessed by the person referred to in Article 4 herein, taking into account the type of the customer referred to in Article 36 herein and the nature of the business relationship therewith.

Article 42. (1) On the basis of the risk assessment under Chapter Seven herein, the persons referred to in Article 4 herein shall develop effective internal systems to enable them to determine whether a potential customer, existing customer or beneficial owner of a customer which is a legal person or other legal entity is a person referred to in Article 36 herein.

(2) The internal systems referred to in Paragraph (1) may be based on one or more of the following sources of information:

1. information obtained by applying the enhanced customer due diligence measures;

2. a written declaration, required from the customer, in order to establish whether the person falls within any of the categories listed in Article 36 herein;

3. information obtained by using internal or external databases.

Article 43. (1) The persons referred to in Item 5 of Article 4 herein shall use the internal systems referred to in Article 42 herein in order to determine whether the policyholders and/or beneficiaries under life insurance contracts or other investment-related insurance contracts and/or the beneficial owners of the policyholders, and/or the beneficiaries under such contracts are persons referred to in Article 36 herein.

(2) In cases where it is established that the beneficiaries under insurance contracts referred to in Section I of Annex No. 1 to the Insurance Code and/or the beneficial owners of the beneficiaries under any such contracts are persons referred to in Article 36 herein, Articles 38 and 40 herein shall apply.

(3) (New, SG No. 42/2019, effective 28.05.2019) In the cases referred to in Paragraph (2), the senior management of the person referred to in Item 5 of Article 4 herein shall be notified before proceeding with payment of any amounts under the policy. In such cases, the person referred to in Item 5 of Article 4 herein shall exercise discretion as to whether to notify the Financial Intelligence Directorate of the State Agency for National Security according to the procedure established by Article 72 herein.

(4) (New, SG No. 42/2019, effective 28.05.2019) Paragraphs (1) to (3) shall be applied, mutatis mutandis, by the credit institutions referred to in Item 1 of Article 4 herein and the persons referred to in Item 3 of Article 4 herein upon receipt of information under the procedure according to the procedure established by Article 19 (6) herein.

Article 44. (1) (Supplemented, SG No. 94/2019) When establishing correspondent relationships that involve payments with third-country respondent institutions, the persons

referred to in Article 4:

1. shall gather sufficient information about the respondent institution to understand fully the nature of the business, and to determine from publicly available information the reputation of the institution and the quality of the supervision exercised over the said institution, including whether the said institution has been subject of investigations of money laundering and financing of terrorism, or to supervisory measures;

2. shall assess the internal controls against money laundering and the financing of terrorism applied by the respondent institution;

3. shall make arrangements according to which new correspondent relationships are to be established only after prior approval from senior management of the person referred to in Article 4 herein;

4. shall allocate and document the responsibilities of each of the two corresponding institutions concerning the application of measures against money laundering and the financing of terrorism.

(2) In the cases referred to in Paragraph (1), where third parties who are customers of the respondent institution also have access to the payable-through account of the person referred to in Article 4 herein, the person referred to in Article 4 herein shall be obliged to be satisfied that the respondent institution has verified the identity of, and performed ongoing due diligence on, the customers having direct access to the accounts of the person referred to in Article 4 herein, and that the respondent institution is able to provide relevant due diligence data to the person referred to in Article 4 herein immediately upon request.

Article 45. (1) The persons referred to in Article 4 herein shall be prohibited from establishing a correspondent relationship with shell banks. In case a correspondent relationship with shell banks has already been established, the persons referred to in Article 4 herein shall be obliged to terminate the said relationship immediately.

(2) The persons referred to in Article 4 herein shall be prohibited from establishing a correspondent relationship with institutions outside Bulgaria that allows the accounts thereof to be used by shell banks. In case a correspondent relationship with such institutions has already been established, the persons referred to in Article 4 herein shall be obliged to terminate the said relationship immediately.

Article 46. (1) (Supplemented, SG No. 42/2019, effective 28.05.2019, amended, SG No. 94/2019) The persons referred to in Article 4 shall apply the following enhanced customer due diligence measures in respect of their business relationships, operations and transactions with persons from countries which do not apply or do not apply fully the international standards on combating money laundering and terrorist financing:

1. collecting additional information regarding the customers and their beneficial owners;

2. collecting additional information regarding the planned nature of the business relationships;

3. collecting information about the source of funds used in business relationships, transactions and operations, as well as about the source of the assets of the customers and their beneficial owners;

4. collecting information regarding the reasons for the operations and transactions planned or executed;

5. requesting approval from the senior management of the person referred to in Article 4 in order to enter into or continue a business relationship with any persons from the countries referred to in paragraphs 3 and 5;

6. placing their business relationships, operations and transactions with persons from those countries under ongoing and enhanced monitoring by increasing the number and frequency of inspections performed and identifying transaction and operation patterns that warrant further investigation;

7. other measures at the discretion of the person referred to in Article 4 according to the risk identified.

(2) Where the operation or transaction referred to in Paragraph (1) has no apparent economic or lawful purpose, the persons referred to in Article 4 herein shall collect, as far as possible, additional information related to the operation or transaction, as well as on the purpose thereof.

(3) (Supplemented, SG No. 42/2019, effective 28.05.2019) The States which do not apply or apply incompletely the international standards on combating money laundering and terrorist financing have been identified by the European Commission as high-risk third countries. The list of the said countries shall be published on the Internet sites of the State Agency for National Security, the Bulgarian National Bank, the Financial Supervision Commission, the National Revenue Agency and of the Ministry of Finance. The terms and procedure for the application of measures in accordance with the guidelines referred to in Article 18 (4) of Directive (EU) 2015/849 vis-a-vis persons of such countries shall be established by the Regulations for Application of this Act.

(4) On the basis of the risk assessment under Chapter Seven herein, the persons referred to in Article 4 herein shall assess the need for applying enhanced customer due diligence measures by the branches or subsidiaries thereof which are located in countries on the list referred to in Paragraph (3), where the said branches or subsidiaries fully comply with the group-wide policies and procedures in accordance with this Act.

(5) The Director of the Financial Intelligence Directorate of the State Agency for National Security may issue instructions to the persons referred to in Article 4 herein for the application of enhanced customer due diligence measures vis-a-vis persons of countries even outside the list referred to in Paragraph (3).

Article 46a. (New, SG No. 94/2019) (1) In business relationships, transactions and operations with persons from countries referred to in Article 46, in the case of higher risk of money laundering or terrorist financing established in accordance with Chapter Seven, and where applicable, the persons referred to in Article 4 shall require the first payment to be made through an account in the customer's name with a credit institution in respect of which customer due diligence requirements are applied which satisfy as a minimum the requirements set out in this Act and the regulation on its implementation or cover those requirements through other means.

(2) In the cases of higher risk of money laundering and terrorist financing established in accordance with Chapter Seven and where applicable, in addition to the measures referred to in paragraph 1 and the measures set out in Article 46 the persons referred to in Article 4 shall apply one or more of the following measures in respect of business relationships, operations and

transactions with persons from countries referred to in Article 46:

1. applying additional elements of the enhanced customer due diligence measures;

2. introduction of enhanced and appropriate mechanisms for reporting or systematic reporting of transactions or operations;

3. limiting the business relationships or of transactions and operations with persons from the respective countries referred to in Article 46.

(3) In case of identifying a need to apply measures set out in paragraph 2, the persons referred to in Article 4 shall notify the relevant supervisory authority and the Financial Intelligence Directorate of the State Agency for National Security. In such cases, the relevant supervisory authority shall notify the European Commission without delay. Where there is no authority to supervise the activities of the person referred to in Article 4, the European Commission shall be notified by the Financial Intelligence Directorate of the State Agency for National Security. The persons referred to in Article 4 shall apply the measures set out in paragraph 2 after the relevant supervisory authority or the Financial Intelligence Directorate of the State Agency for National Security has informed them that the European Commission has been notified.

(4) In the cases of higher risk of money laundering and terrorist financing established in accordance with Chapter Seven and where applicable, the Financial Intelligence Directorate of the State Agency for National Security or the relevant supervisory authority shall apply one or more of the following measures according to their competence:

1. refuse the incorporation of subsidiaries, branches or representative offices of persons from the respective country referred to in Article 46 or take other appropriate measures to take into account the fact that the person concerned is from a country referred to in Article 46;

2. refuse the persons referred to in Article 4 to incorporate subsidiaries, branches or representative offices in the respective country referred to in Article 46 or take other appropriate measures to take into account the fact that the branch or representative office concerned will be located in a country referred to in Article 46;

3. give binding instructions for the application of enhanced requirements regarding the supervision or external audit of branches and subsidiaries of persons from the respective country referred to in Article 46;

4. set enhanced requirements regarding the external audit of financial conglomerates with respect to all their branches and subsidiaries established in the respective country referred to in Article 46;

5. give to the persons referred to in Article 4 binding instructions to review and amend or, where necessary, terminate correspondent relationships with respondent institutions in the respective country referred to in Article 46.

(5) Relevant information from mutual evaluation mechanisms, detailed assessment reports or published follow-up reports of relevant international organisations with competence in the prevention of money laundering and terrorist financing shall be taken into account when the level of risk referred to in paragraphs 2 and 4 is determined. Article 51(2) shall apply in such cases.

(6) The Financial Intelligence Directorate of the State Agency for National Security and the supervisory authorities shall notify each other of any cases of identifying a need to apply measures set out in paragraph 4 and shall notify the European Commission before such measures are applied.

Article 47. (1) (Amended, SG No. 94/2019) The persons referred to in Article 4 shall conduct ongoing and enhanced monitoring of all complex or unusually large transactions or operations, all unusual patterns of transactions or operations, as well as all transactions and operations which have no apparent economic or lawful purpose that can be established from the information available to the person referred to in Article 4 or which are inconsistent with the information available about the customer. In such cases the persons referred to in Article 4 shall carry out more intensive monitoring of the business relationship in terms of degree and nature with a view to assessing whether the transactions or transactions are suspicious. This monitoring can include more frequent and more thorough monitoring of business relationships in accordance with the risk.

(2) For the purposes of Paragraph (1), the persons referred to in Article 4 herein shall assess the transactions and operations on the basis of the information gathered about the nature thereof, the conformity thereof with the ordinary activity of the customer and the objects thereof, the value of the operations and transactions, the frequency thereof, the financial standing of the customer, the means of payment used, as well as other indicators specific to the type of activity concerned.

(3) (Amended, SG No. 94/2019) When identifying any transactions or operations referred to in paragraph 1, the persons referred to in Article 4 shall gather information on the essential elements and the amount of the operation or transaction, the relevant documents and other identification data. The persons referred to in Article 4 shall document their assessment concerning the existence of the conditions for notification referred to in Article 72 as a result of the information collected.

Article 48. (1) The persons referred to in Article 4 herein shall apply enhanced customer due diligence measures in the cases referred to in Items 3 to 5 and 8 of Article 35 herein under terms and according to procedures established by the Regulations for Application of this Act.

(2) In the cases referred to in Items 4 and 5 of Article 35 herein, the persons referred to in Article 4 herein shall take appropriate action to identify and assess the potential risks of money laundering arising from the introduction of new products, new business practices and new delivery mechanisms, as well as from the use of new technologies for new or pre-existing products, business practices and delivery mechanisms.

(3) The persons referred to in Article 4 herein shall take the action referred to in Paragraph (2) before the introduction of new products, new business practices and new delivery mechanisms, as well as before the use of new technologies for new or pre-existing products, business practices and delivery mechanisms.

Article 49. Except in the cases referred to in Article 35 herein, the persons referred to in Article 4 herein shall determine the additional cases in which enhanced customer due diligence measures are to be applied. The risk factors underlying the additional cases shall be defined by the Regulations for Application of this Act in accordance with Annex III to Article 18 (3) of

Directive (EU) 2015/849.

Article 50. The persons referred to in Items 1 to 6 and 8 to 11 of Article 4 herein shall identify the risk and shall apply enhanced customer due diligence measures according to the guidelines of the European supervisory authorities referred to in Article 18 of Directive (EU) 2015/849.

Article 51. (1) With a view to mitigating the risks identified in the national risk assessment, the supranational, risk assessment and the risk assessment conducted by the persons referred to in Article 4 herein, additional enhanced customer due diligence measures may be applied under terms and according to a procedure established by the Regulations for Application of this Act.

(2) The additional measures referred to in Paragraph (1) shall mandatorily take account of:

1. guidelines, decisions or documents adopted by institutions of the European Union according to the requirements set out in Directive (EU) 2015/849;

2. measures considered appropriate by the Financial Action Task Force on Money Laundering (FATF) or international organisations with competence for the prevention of money laundering and the financing of terrorism;

3. the size and nature of the business with a view to ensuring proportionality in applying the said measures.

Section V
Identifying Customers and Verifying the Identity Thereof

Article 52. Customers shall be identified and the identity thereof shall be verified on the basis of documents, data or information from a reliable and independent source.

Article 53. (1) Natural persons shall be identified by means of producing an official identity document and by making a copy thereof.

(2) When identifying natural persons, data shall be collected on:

1. the names;

2. the date and place of birth;

3. an official personal identification number or another unique identifier stated in the official identity document which is unexpired and which bears a photograph of the customer;

4. any citizenship held by the person;

5. country of permanent residence and address (a post-office box number will not suffice).

(3) When entering into a business relationship, data shall furthermore be collected on the professional activities of the person and the purpose and nature of the involvement of the person in the business relationship, on the basis of documents, data or information from a reliable and independent source, completing a questionnaire or by other appropriate means.

(4) On the basis of the risk assessment under Chapter Seven herein, the persons referred to in Article 4 herein may collect additional data under the terms and according to the procedure established by the Regulations for Application of this Act.

(5) Where the official identity document does not contain all data referred to in Paragraph (2), the missing data shall be collected by means of producing other official identity documents or other official personal documents which are unexpired and which bear a photograph of the customer, and by making a copy of the said documents.

(6) If there is no other possibility, the data referred to in Items 3 and 5 of Paragraph (2) may alternatively be collected by means of producing other official documents or documents from a reliable and independent source.

(7) Where the identification takes place in the absence of the natural person who is subject

to identification, the said natural person may alternatively be identified by means of producing a copy of an official identity document. In such cases, the identification data as collected shall be verified according to the procedure established by Article 55 (2) herein.

(8) (New, SG No. 94/2019) In the cases covered by paragraph 7, customer identification may also be carried out and identification data may also be verified by means of electronic identification, relevant trust services provided for in Regulation (EU) No. 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC (OJ L 257/73 of 28.8.2014), hereinafter referred to as "Regulation (EU) No. 910/2014", or another method of electronic identification or a qualified trust service within the meaning of said Regulation that has been recognised in a statutory instrument, provided that the requirements set out in this Act and in the regulation on its implementation regarding customer identification and verification of identification are complied with.

Article 54. (1) Legal persons and other legal entities shall be identified by means of producing an original or a notarised copy of an official excerpt from the relevant register on the current status of the said persons and a certified copy of the memorandum of association, constituent instrument or other document necessary to establish the data referred to in Paragraph (4).

(2) In the cases referred to in Article 23 (6) of the Commercial Register and Register of Non-Profit Legal Persons Act and if there is an official public commercial register or companies register in a Member State in which the legal person is registered, legal persons shall be identified by means of consultation of the record of the legal person in the commercial register or in the relevant public register and by documenting the identifying action taken. The terms and procedure for documenting the action taken shall be established by the Regulations for Application of this Act. When the data necessary for the identification of the legal person do not fall within the scope of circumstances subject to recording in the commercial register or in the relevant public register, are not publicly accessible, or the action taken is not documented, the said data shall be collected according to the procedure established by this Section and the Regulations for Application of this Act.

(3) When identifying legal persons and other legal entities, the persons referred to in Article 4 herein shall be obliged to identify the structure of ownership, management and control of the customer which is a legal person or other legal entity.

(4) When identifying legal persons and other legal entities, data shall be collected on:

1. the name;
2. the legal form;
3. the location of the head office;
4. the registered address;
5. the correspondence address;
6. (amended, SG No. 42/2019, effective 28.05.2019 г.) the current objects and the purpose and nature of the business relationship or of the accidental operation or transaction;
7. the duration;
8. the supervisory authorities, the bodies of management and representation;
9. the type and complement of the collective management body;
10. the principal place of business.

(5) Where the documents referred to in Paragraphs (1) and (2) do not contain the data referred to in Paragraph (4), the said data shall be collected by means of producing other official documents.

(6) Where a particular activity is subject to licensing, authorisation or registration, the customers entering into a business relationship or carrying out transactions or operations with or through a person referred to in Paragraph (4) in connection with this activity shall produce a certified copy of the relevant licence, authorisation or certificate of registration;

(7) (Supplemented, SG No. 42/2019, effective 28.05.2019) Article 53 herein shall apply with respect to the legal representatives of a customer which is a legal person or other legal entity, the attorneys-in-fact and the other natural persons who are subject to identification in connection with the identification of a customer which is a legal person or other legal entity. Where it is necessary to take measures arising from the national risk assessment, the supranational risk assessment and guidelines, decisions and documents of institutions of the European Union implementing provisions of Directive (EU) 2015/849, requirements and exceptions to this rule may be applied under terms and according to a procedure established by the Regulations for Application of this Act.

(8) (New, SG No. 94/2019) Where applicable, customer identification may also be carried out and identification data may also be verified by means of electronic identification, relevant trust services provided for in Regulation (EU) No. 910/2014 or another method of electronic identification or a qualified trust service within the meaning of said Regulation that has been recognised in a statutory instrument, provided that the requirements set out in this Act and in the regulation on its implementation regarding customer identification and verification of identification are complied with.

Article 55. (1) The identification data collected according to the procedure established by Articles 52 to 54 herein shall be verified using one or more of the following methods:

1. requiring additional documents;

2. having the identity confirmed by another person referred to in Article 4 herein or by a person obliged to apply measures against money laundering in another Member State or in a third country under Article 27 herein;

3. consulting Internet sites and databases of domestic and foreign competent public and other authorities made available for public use for the purpose of verifying the validity of identity documents and of other personal documents or for verifying other data collected during the identification;

4. consulting publicly available domestic and foreign official commercial registers, companies registers, business undertakings registers and other registers;

5. using technical means to authenticate the documents produced;

6. establishing a requirement that the first payment on the operation or transaction be effected through an account opened in the name of the customer with a credit institution of the Republic of Bulgaria, of another Member State or of a bank of a third country under Article 27 herein;

7. requiring the documents produced upon the identification to be produced again and checking for an intervening change in the identification data: applicable to a verification of identity in the course of an established business relationship, where the identification has taken place when entering into such a relationship;

8. another method which gives the person referred to in Article 4 herein reason to consider that the customer has been duly identified.

(2) When establishing a business relationship or carrying out an occasional operation or transaction through an electronic statement, electronic document or electronic signature, or through any other form without the presence of the customer, the persons referred to in Article 4 herein shall verify the identification data collected using two or more of the methods referred to

in Paragraph (1). The terms and procedure for applying the measures for authentication of the identification data of the customer shall be established by the Regulations for Application of this Act.

(3) The action taken under Paragraphs (1) and (2) shall be documented, and the documents on the verification of the identity shall mandatorily contain information regarding the date and time of taking the action under Paragraph (1), as well as the names and position of the person who took the said action.

Article 56. (1) The persons referred to in Items 1 to 3, 5 and 8 to 11 of Article 4 herein may rely on a prior identification of the customer by a credit institution for the purposes of Items 1 and 2 of Article 10 herein if the following cumulative conditions are met:

1. (amended, SG No. 42/2019, effective 28.05.2019) the head office of the credit institution which carried out the identification is situated in the Republic of Bulgaria, in another Member State or in a third country whose legislation contains requirements corresponding to the requirements of this Act, taking into account the level of risk of those States and the application of measures for countering money laundering and terrorist financing consistent with this level, the availability of the full range of such measures in accordance with the requirements of the Financial Action Task Force on Money Laundering (FATF) and the effective implementation of such measures;

2. (supplemented, SG No. 94/2019) the information required in accordance with Articles 53 to 55 is available to the person that relies on a prior identification carried out by the credit institution, and copies of the documents referred to in paragraphs 1 and 4 to 7 of Article 53, paragraphs 1, 2 and 5 to 7 of Article 54, paragraphs 1 and 2 of Article 55 and Article 59(1) and the data and information referred to in Article 53(8) and Article 54(8) can be obtained promptly upon request;

3. upon request, the credit institution which carried out a prior identification is able to provide the person which relies on the said identification with certified copies of the documents referred to in Item 2 within three days.

(2) The persons referred to in Items 1 to 3, 5 and 8 to 11 of Article 4 herein may not rely on a prior identification of the customer carried out by a credit institution of a high-risk third country referred to in Article 46 (3) herein.

(3) Reliance on a prior identification under Paragraph (1) shall not release the relying person from liability for failing to comply with the requirements for applying the customer due diligence measures referred to in Items 1 and 2 of Article 10 herein.

Article 57. (1) (Redesignated from Article 57, supplemented, SG No. 42/2019, effective 28.05.2019) For the purposes of Items 1 and 2 of Article 10 herein, the persons referred to in Article 4 herein may not rely on a prior identification of the customer when implementing group-wide policies and procedures under Article 104 (1) herein if the following cumulative conditions are met:

1. the person referred to in Article 4 herein relies on information provided by a third party that is part of the same group;

2. the group applies customer due diligence measures, rules on record-keeping and programmes against money laundering and the financing of terrorism in accordance with this Act;

3. (supplemented, SG No. 42/2019, effective 28.05.2019) the effective implementation of the requirements referred to in item 2 is supervised at group level by a competent authority of the home Member State or of the third country.

(2) (New, SG No. 42/2019, effective 28.05.2019) The authorities referred to in Article 108

herein, when exercising the control powers thereof at the level of the group regarding the policies and procedures referred to in Article 104 (1) herein and when exercising the control powers thereof regarding branches and subsidiaries of companies of other Member States established in the Republic of Bulgaria, shall assess whether the requirements of Paragraph (1) have been complied with upon reliance on a prior identification when implementing group-wide policies and procedures under Article 104 (1) herein.

Article 57a. (New, SG No. 42/2019, effective 28.05.2019) The cases in which the identification or the verification of the identity takes place by means of outsourcing or agency relationships where, on the basis of a contractual arrangement, the outsourcing service provider or agent is to be regarded as part of the person referred to in Article 4 herein, shall not be treated as cases of reliance on prior identification under Articles 56 and 57 herein.

Article 58. Where the national risk assessment, the supranational risk assessment and the guidelines of the European supervisory authorities according to Article 17 and 18 (4) of Directive (EU) 2015/849 justify requirements and exceptions to the rules on reliance on a prior identification of the customer, the said assessments and guidelines shall be applied under terms and according to a procedure established by the Regulations for Application of this Act.

Section VI
Identifying the Beneficial Owners and Verifying the Identity Thereof

Article 59. (1) (Supplemented, SG No. 42/2019, effective 28.05.2019) Any natural person, who is the beneficial owner of a customer which is a legal person or other legal entity, shall be identified by collecting the following consultations and documents:

1. consultation of the relevant register referred to in Article 63 herein and the documents referred to in Article 64 herein;

2. the documents and consultations referred to in Article 54 (1) and (2) herein, as well as other documents showing the beneficial owner, the nature and type of the ownership or control according to § 2 of the Supplementary Provisions herein, as well as leaving no doubt that the person about whom information under Item 1 has been obtained is the current beneficial owner;

3. (supplemented, SG No. 94/2019) a declaration by the legal representative or by the attorney-in-fact of the legal person, where the information collected through the methods described in subparagraphs 1 and 2 is insufficient to identify the natural person who is the beneficial owner of a customer that is a legal person or other legal entity, as well as where the application of the methods set out in subparagraphs 1 and 2 has led to contradictory information.

(2) The data referred to in Article 53 (2) herein shall be collected on any natural person who is the beneficial owner of a customer which is a legal person or other legal entity.

(3) The form and procedure for the submission of a declaration referred to in Item 3 of Paragraph (1) shall be determined by the Regulations for Application of this Act.

(4) The information on ownership interest which is subject to disclosure according to the procedure established by Chapter Eleven, Section I of the Public Offering of Securities Act or similar information concerning companies on a regulated market outside the Republic of Bulgaria shall be collected on any customers which are legal persons listed on a regulated market that are subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

Article 60. (1) (Previous text of Article 60, SG No. 94/2019) Depending on the type of

customer and the level of risk arising from the establishing of customer relations and/or from the executing of transactions or operations with a customer of this type, the persons referred to in Article 4 herein shall take action according to the procedure established by Article 55 herein to verify the identity of the natural persons who are actual owners of a customer which is a legal person or other legal entity.

(2) (New, SG No. 94/2019) Where the beneficial owner identified is the senior managing official referred to in § 2(5) of the Supplementary Provisions, in addition to the measures for verification of identification set out in Article 55 persons referred to in Article 4 shall keep records of the actions taken to verify the identification as well as of any difficulties encountered in the course of the verification.

Article 61. (1) The legal persons and other legal entities incorporated within the territory of the Republic of Bulgaria and the natural contact persons referred to in Item 3 of Article 63 (4) herein shall be obliged to obtain, hold and provide, in the cases specified by law, adequate, accurate and current information on the natural persons who are the beneficial owners thereof, including the details of the beneficial interests held by the said natural persons.

(2) Where the persons referred to in Article 4 herein take measures for customer due diligence in accordance with the requirements of this Act and the Regulations for Application thereof, the legal persons and other legal entities incorporated within the territory of the Republic of Bulgaria which establish a business relationship or carry out an occasional operation or transaction with or through any such persons and entities, and the natural contact persons referred to in Item 3 of Article 63 (4) herein shall be obliged to provide information on the beneficial owners thereof as required under this Act to the persons referred to in Article 4 herein.

(3) The legal persons and other legal entities incorporated within the territory of the Republic of Bulgaria and the natural contact persons referred to in Item 3 of Article 63 (4) herein shall provide the Financial Intelligence Directorate of the State Agency for National Security and the competent authorities under this Act on request with the information referred to in Paragraph (1) by the deadline set by the said Directorate and authorities.

Article 62. (1) The natural and legal persons and other legal entities which operate within the territory of the Republic of Bulgaria in the capacity of beneficial owners of trusts, escrow funds and other similar foreign legal entities incorporated and existing under the law of the jurisdictions providing for such forms of trusts, and the natural contact persons referred to in Item 3 of Article 63 (4) herein, shall be obliged to obtain, and hold adequate, accurate and current information on the natural persons who are the beneficial owners of the trust.

(2) Where the persons referred to in Article 4 herein take customer due diligence measures in accordance with the requirements of this Act and the Regulations for Application thereof, the legal persons under Paragraph (1) and other legal entities incorporated within the territory of the Republic of Bulgaria which establish a business relationship or carry out an occasional operation or transaction with or through any such persons and entities and the natural contact persons referred to in Item 3 of Article 63 (4) herein shall be obliged to provide information on the beneficial owners thereof as required under this Act to the persons referred to in Article 4 herein.

(3) The natural and legal persons and other legal entities, which operate within the territory of the Republic of Bulgaria in the capacity of trustees of trusts, escrow funds and other similar foreign legal entities incorporated and existing under the law of the jurisdictions providing for such forms of trusts, and the natural contact persons referred to in Item 3 of Article 63 (4) herein, shall provide the Financial Intelligence Directorate of the State Agency for National Security and the competent authorities under this Act on request with the information referred to in Paragraph (1) by the deadline set by the said Directorate and authorities.

Article 63. (1) The information and data referred to in Article 61 (1) herein shall be entered on the records of the legal persons and other legal entities incorporated within the territory of the Republic of Bulgaria in the Commercial Register, in the Register of Non-Profit Legal Persons Act and in the BULSTAT Register Act.

(2) The information and data referred to in Article 62 (1) herein shall be entered in the BULSTAT Register.

(3) The Commercial Register and Register of Non-Profit Legal Persons Act and the BULSTAT Register Act shall apply, mutatis mutandis, to the proceeding, procedure and time limits for the recording of circumstances relating to the beneficial owners.

(4) The following data shall be recorded in the relevant register according to a declaration whereof the form and content shall be determined by the Regulations for Application of this Act:

1. the identification data of the natural-person beneficial owners, including:

(a) names;

(b) citizenship;

(c) Standard Public Registry Personal Number, applicable to the persons referred to in Article 3 (2) of the Civil Registration Act;

(d) date of birth, applicable to persons other than the persons referred to in Littera (c);

(e) country of residence, if different from the Republic of Bulgaria or from the country referred to in Littera (b);

2. data on the legal persons or other entities wherethrough direct or indirect control is exercised over the persons referred to in Article 61 (1) and in Article 62 (1) herein, including business name, number in the national register, legal form under the national legislation, registered office and address of the place of management and the identification data referred to in item 1 for the persons representing the said legal persons or entities;

3. the data referred to in Litterae (a) to d) of Paragraph 1 on a natural contact person who is permanently resident within the territory of the Republic of Bulgaria, where no data on a natural-person legal representative permanently resident within the territory of the Republic of Bulgaria are recorded on the record of the person under Article 61 (1) herein or, respectively, under Article 62 (1) herein, who shall submit the notarised consent to this recording;

4. any change in the circumstances referred to in Items 1 to 3.

(5) (Amended, SG No. 37/2019) The legal persons and other legal entities incorporated within the territory of the Republic of Bulgaria, with the exception of the sole traders, shall be obliged to declare the beneficial owners thereof under § 2 of the Supplementary Provisions herein for entry according to Paragraph (1) unless the said owners have been entered as partners or sole owners of the capital on the records of the said legal persons and entities. Where legal persons or other legal entities have been entered as partners or sole owners of the capital, the obligation under the foregoing sentence shall arise:

1. if the beneficial owners under § 2 of the Supplementary Provisions herein have not been entered into the registers referred to in Paragraph (1) as partners and/or sole owners of the capital on the records of the legal persons or other legal entities incorporated within the territory of the Republic of Bulgaria participating in the chain of ownership, or

2. if the said legal persons or other legal entities are not incorporated within the territory of the Republic of Bulgaria.

(6) (New, SG No. 42/2019, effective 28.05.2019) The data on the beneficial owners of any foundations and associations registered under the Non-Profit Legal Persons Act shall be declared for entry unless entered on another ground on the cases or records of the non-profit legal entities in the relevant register as natural persons. Where the persons who are beneficial owners of

foundations and associations registered under the Non-Profit Legal Persons Act are natural persons other than those recorded under sentence one and where the said owners fall within the scope of § 2 of the Supplementary Provisions herein, the data on the said owners shall be declared for entry.

(7) (New, SG No. 94/2019) The beneficial owners of the legal persons and other legal entities established in the territory of the Republic of Bulgaria are obliged to provide to these persons and other legal entities or to the natural contact persons referred to in Article 4(3) all the information necessary for the fulfilment of the obligations of the legal persons and other legal entities established in the territory of the Republic of Bulgaria and of the natural contact persons referred to in Article 4(3) as set out in paragraphs 1 to 6 and in Articles 61 and in Article 62.

(8) (Renumbered from paragraph 6, supplemented, SG No. 42/2019, effective 28.05.2019, renumbered from Paragraph 7, SG No. 94/2019) The following shall have direct access to the information and to the data referred to in Paragraphs (1), (2) and (4) without the data subject being informed:

1. the Financial Intelligence Directorate of the State Agency for National Security, the Bulgarian National Bank, the Financial Supervision Commission and the competent public authorities under this Act;

2. the persons referred to in Article 4 herein: within the framework of carrying out customer due diligence in accordance with the requirements of this Act and the Regulations for Application thereof.

(9) (Renumbered from Paragraph (7), SG No. 42/2019, effective 28.05.2019, renumbered from Paragraph 8, SG No. 94/2019) The terms and procedure for access to the information and to the data referred to in Paragraphs (1), (2) and (4) shall be regulated in the relevant special laws.

(10) (Renumbered from Paragraph (8), SG No. 42/2019, effective 28.05.2019, renumbered from Paragraph 9, SG No. 94/2019) The Financial Intelligence Directorate of the State Agency for National Security, the supervisory authorities, the Ministry of Interior, the National Revenue Agency, the Registry Agency and the administrations competent to exercise general control over persons in respect of whom an entry obligation arises under this article, shall exchange information for the purposes of Article 123 herein.

(11) (Renumbered from Paragraph (9), SG No. 42/2019, effective 28.05.2019, renumbered from Paragraph 10, SG No. 94/2019) The persons referred to in Article 4 herein shall provide information to the Financial Intelligence Directorate of the State Agency for National Security where, while complying with the obligations thereof under this Section, the said persons find evidence of a violation under Paragraph (1) to (5) committed by a customer who is a person referred to in Article 61 (1) or under Article 62 (1) herein.

Article 64. Any customers which are legal persons or other legal entities with nominee directors, nominee secretaries or nominee shareholders shall present a certificate, contract or another valid document under the law of the jurisdiction whereunder the said customers are registered, originating from a central register or from a registrar, which shall identify the beneficial owners of the customer which is a legal person or other legal entity.

Article 65. (1) The persons referred to in Article 4 herein shall be obliged to establish whether the client acts on his own behalf and for his own account or on behalf and/or for the account of a third party. Where the operation or transaction is carried out through a representative, the persons referred to in Article 4 herein shall require proof of the powers of representation and shall identify the representative and the represented party.

(2) Where the operation or transaction is carried out on behalf and/or for the account of a third party without authorisation, the persons referred to in Article 4 herein shall identify and

verify the identity of the third party on behalf and/or for the account of whom the operation or transaction is carried out and the person who carried out the operation or transaction.

(3) If there is any doubt that the person who carries out an operation or transaction does not act on his own behalf and for his own account, the persons referred to in Article 4 herein shall be obliged to effect notification under Article 72 herein and to take appropriate measures to collect information needed to identify and verify the identity of the person who actually benefits from the carrying out of the operation or transaction. The terms and procedure for the application of the measures shall be established by the Regulations for Application of this Act.

Section VII
Clarifying the Source of Funds

Article 66. (1)The source of funds shall be clarified by applying at least two of the following methods:

1. collecting information from the customer about the core activity thereof, including about the actual and expected volume of the business relationships and of the operations or transactions that are expected to be carried out in the course of the said relationships, by means of completing a questionnaire or by other appropriate means;

2. collecting other information from official independent sources: data from publicly available registers and databases, etc.;

3. using information collected in order to comply with the requirements of this Act or other laws and statutory instruments of secondary legislation, including the Foreign Exchange Act, showing an explicable source of funds;

4. using information exchanged within the group showing an explicable source of funds, where applicable;

5. tracing the cash flows in the course of the business relationship established with the customer, whereupon an explicable source of funds is evident, where applicable.

(2) (Supplemented, SG No. 94/2019) Should it prove impossible to clarify the source of funds after exhausting the methods referred to in paragraph 1, as well as in cases where applying at least two of the methods referred to in paragraph 1 has produced contradictory information, the source of funds shall be clarified by means of a written declaration signed by the customer or by its legal representative or attorney-in-fact. The source of funds can also be clarified by means of a written declaration signed by the customer or by its legal representative or attorney-in-fact in the case of an occasional operation or transaction where it is impossible to apply two of the methods set out in paragraph 1. The form and procedure for the submission of any such declaration shall be established by the regulations on the implementation of this Act.

(3) The information referred to in Paragraphs (1) and (2) shall be documented and kept under the terms established by Article 68 herein.

Chapter Three
RECORD-RETENTION AND STATISTICAL DATA

Section I
Record-Retention

Article 67. (1) (Supplemented, SG No. 94/2019) The persons referred to in Article 4 shall

retain all documents, data and information collected and prepared according to the procedure established by this Act and the regulations on its implementation, including the data and information received in accordance with Articles 53(8) and 54(8), for a period of five years.

(2) (Amended, SG No. 94/2019) In cases of establishing a business relationship with customers, as well as in cases of entering into correspondent relationships, the period referred to in paragraph 1 shall run from the date of ending the relationship.

(3) (Amended, SG No. 94/2019) In the cases of carrying out occasional operations or transactions referred to in subparagraphs 2 to 4 of Article 11(1), Article 11(2), subparagraphs 2 and 3 of Article 12(1) and Article 12(2), the period referred to in paragraph 1 shall run from the date on which said operations or transactions were carried out.

(4) In the cased of disclosure of information according to the procedure established by Chapter Four herein, the period referred to in Paragraph (1) shall run from the beginning of the calendar year succeeding the year of the disclosure of the information.

(5) For the documents prepared in compliance with the requirements of Chapter Seven, the period referred to in Paragraph (1) shall run from the beginning of the calendar year succeeding the year of the preparation of the said documents.

(6) (Supplemented, SG No. 42/2019, effective 28.05.2019) By written instruction of the Director of the Financial Intelligence Directorate of the State Agency for National Security, the period referred to in Paragraph (1) may be extended by not more than two years where this is proportionate and justified as necessary for the prevention or countering money laundering or terrorist financing.

(7) The documents prepared and obtained according to the procedure established by Section I of Chapter Eight shall be retained for the entire duration of the practice of the relevant activity referred to in Article 4 herein and for a period of one year after the said activity is discontinued.

Article 68. (1) All documents, data and information collected and prepared according to the procedure established by this Act and by the Regulations for Application thereof, including such related to the establishing or maintaining of a business relationship, shall be retained so as to be available to the Financial Intelligence Directorate of the State Agency for National Security, to the relevant supervisory authorities and to auditors. The said documents, data and information shall be provided to the Financial Intelligence Directorate of the State Agency for National Security upon request, in the original, an officially certified duplicate copy, excerpt or consultation within a time limit and in a format determined by the Director of the Directorate. When determining the time limit, the Director of the Directorate shall take into consideration the volume and content of the information requested.

(2) All documents, data and information collected and prepared according to the procedure established by this Act and by the Regulations for Application thereof, including such related to the establishing or maintaining of a business relationship, shall be retained by the person referred to in Article 4 so that the said person can carry out the activity thereof and can fulfil the obligations thereof under this Act and the Regulations for Application thereof without let or hindrance.

(3) (New, SG No. 42/2019, effective 28.05.2019, amended and supplemented, SG No. 94/2019) With a view to implementing the requirements of paragraphs 1 and 2 and of Article 67, the terms and procedure for the collection, retention and disclosure of information referred to in Article 101(2)(10) shall also include clear rules enabling the timely and full provision of the information required under the terms and the procedure established by this Act and the Measures against the Financing of Terrorism Act, including information as to whether they are maintaining

or have maintained, during a five-year period prior to the enquiry a business relationship with specified persons, and on the nature of that relationship, through secure channels, rules on the protection of said information upon provision and on compliance with the restrictions set out in Article 80 of this Act and in Article 9(13) of the Measures against the Financing of Terrorism Act.

Article 69. The information, documents and data on individual transactions and operations, and customers must be retained in such a way as to allow the timely recovery thereof in case the said information, documents and data are to be made available for use as evidence in judicial and pre-trial proceedings.

Article 70. (1) The documents received, prepared and processed by the Financial Intelligence Directorate of the State Agency for National Security according to the procedure and for the purposes of this Act and the Regulations for Application thereof shall be retained by the Directorate for a period of ten years, unless a longer retention period is provided for by a law.

(2) The period referred to in Paragraph (1) shall run from the beginning of the calendar year succeeding the year of receipt or preparation of the document concerned.

(3) Upon expiry of the retention period referred to in Paragraph (1), the documents shall be destroyed under terms and according to a procedure established by an order of the Chairperson of the State Agency for National Security.

Section II
Statistics

Article 71. (1) For the purposes of conducting a national assessment of the risk of money laundering and the financing of terrorism, the Ministry of Finance, the Ministry of Interior, the Ministry of Justice, the National Customs Agency, the Prosecutor's Office of the Republic of Bulgaria, the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Commission, the Financial Intelligence Directorate of the State Agency for National Security, the competent specialised directorates of the State Agency for National Security, the supervisory authorities and other State bodies and institutions vested with separate powers in the field of prevention and countering money laundering and the financing of terrorism shall maintain statistics on matters relevant to the effectiveness of the systems to prevent and forestall money laundering and/or the financing of terrorism.

(2) The statistics referred to in Paragraph (1) shall include the following indicators within the competence of the relevant institution, authority or service:

1. data measuring the size and importance of the sectors to which the persons referred to in Article 4 herein belong, including the number of legal and natural persons carrying out economic activity and the economic importance of each sector;

2. data measuring the reporting, investigation and judicial phases of cases of money laundering and financing of terrorism, including the number of checks conducted by the law enforcement authorities on an annual basis, the number of cases investigated on an annual basis, the number of persons against whom criminal proceedings are instituted, the number of persons convicted for money laundering or financing of terrorism, the types of predicate offences, where such information is available, and the value of property that has been garnished or attached, seized or confiscated, calculated in lev equivalent;

3. data assessing the stages of reporting of cases of money laundering and financing of terrorism, including the number of notifications of suspicious transactions and operations submitted to the Financial Intelligence Directorate of the State Agency for National Security, the

follow-up of the said reports, as well as the number of cases in which information has been disclosed to the prosecuting magistracy or the security services and the public order services, including data or part of data contained in the notifications of suspicious transactions and transactions submitted to the Financial Intelligence Directorate of the State Agency for National Security;

4. if available, data identifying the number and percentage of notifications referred to in Paragraph (3) resulting in further investigation;

5. (supplemented, SG No. 94/2019) data regarding the number of cross-border requests for information that have been made, received, refused and partially or fully answered by the Financial Intelligence Directorate of the State Agency for National Security, grouped by countries;

6. data regarding the number of cross-border requests for information that were made, received, refused and partially or fully answered by the authorities, institutions and services referred to in Paragraph (1);

7. (new, SG No. 94/2019) data that help identify the human resources assigned to the Financial Intelligence Directorate of the State Agency for National Security for the fulfilment of its statutory powers in the field of preventing and counteracting money laundering and terrorist financing;

8. (new, SG No. 94/2019) data that help identify the human resources assigned to the other authorities, institutions and services set out in paragraph 1 for the fulfilment of their statutory powers in the field of preventing and counteracting money laundering and terrorist financing, to the extent that such information is available;

9. (new, SG No. 94/2019) data concerning the number of on-site inspections carried out by the control authorities referred to in Article 108(2), data concerning the desk controls referred to in Article 108(8) and data concerning the violations found in the course of said inspections and controls and the sanctions and compulsory administrative measures imposed;

10. (new, SG No. 94/2019) data concerning the number of on-site inspections carried out by the supervisory authorities referred to in paragraphs 6 and 7 of Article 108, data concerning the number of remote supervision actions taken and data concerning the violations found in the course of said inspections and actions and the sanctions and compulsory administrative measures imposed.

(3) (Amended, SG No. 94/2019) The data referred to in subparagraphs 1, 2, 4, 6, 8 and 10 of paragraph 2 shall be provided to the Financial Intelligence Directorate of the State Agency for National Security on an annual basis until the end of February of the year following the year to which said data relate, as well as upon request in connection with monitoring by an international body or institution which have competence in the area of the prevention of money laundering and terrorist financing.

(4) (Amended and supplemented, SG No. 94/2019) The data referred to in paragraph 2 shall be published on an annual basis. The terms, procedure and form concerning the provision of the data referred to in subparagraphs 1, 2, 4, 6, 8 and 10 of paragraph 2 and the publication of data referred to in paragraph 2 shall be established by the regulations on the implementation of this Act.

(5) (Supplemented, SG No. 94/2019) The data referred to in paragraph 2 shall be transmitted on an annual basis to the European Commission under terms and according to a procedure established by the regulations on the implementation of this Act.

Chapter Four
DISCLOSURE OF INFORMATION

Section I
Disclosure of Information Where Money Laundering Is Suspected

Article 72. (1) Whenever there is a suspicion of money laundering and/or that the proceeds of criminal activity are involved, the persons referred to in Article 4 herein shall be obliged to notify immediately the Financial Intelligence Directorate of the State Agency for National Security before the operation or transaction is carried out and to delay the implementation of said operation or transaction within the time allowed in accordance with the statutory instruments governing the type of activity concerned. In the notification, the persons referred to in Article 4 herein shall state the maximum period of time for which the operation or transaction can be deferred. Whenever the persons referred to in Article 4 herein become aware of money laundering or that the proceeds of criminal activity are involved, the said persons shall furthermore notify the competent authorities according to the Criminal Procedure Code, the Ministry of Interior Act and The State Agency for National Security Act.

(2) Where delaying the operation or transaction under Paragraph (1) is objectively impossible or is likely to frustrate the action for persecution of the beneficiaries of a suspicious transaction or operation, the person referred to in Article 4 herein shall notify the Financial Intelligence Directorate of the State Agency for National Security immediately after the said transaction or operation has been carried out, stating the reasons why the delaying was impossible.

(3) The notification of the Financial Intelligence Directorate of the State Agency for National Security may alternatively be made by employees of the persons referred to in Article 4 herein who are not responsible for applying the measures against money laundering. The Directorate shall protect the anonymity of such employees.

(4) The Financial Intelligence Directorate of the State Agency for National Security shall provide the person referred to in Article 4 herein with feedback related to the notification made thereby. The decision regarding the volume of feedback which is to be provided about each particular instance of notification shall be taken by the Director of the Directorate.

(5) The obligation under Paragraph (1) shall arise even in the cases where the operation or transaction was not completed.

(6) (Amended, SG No. 94/2019) Information on the notification concerning a suspicion n accordance with paragraph 1 shall be shared within the group, unless the Director of the Financial Intelligence Directorate of the State Agency for National Security instructs otherwise within the time limit referred to in paragraph 1.

(7) (Amended, SG No. 94/2019) Information on the notification concerning a suspicion in accordance with paragraph 2 shall be shared within the group, unless the Director of the Financial

Intelligence Directorate of the State Agency for National Security instructs otherwise.

(8) The form and procedure for the submission of a notification referred to in Paragraphs (1) and (2) shall be established by the Regulations for Application of this Act.

(9) (Amended, SG No. 42/2019, effective 28.05.2019) Paragraphs (1) to (8) shall not be applied by the persons referred to in Item 15 of Article 4 herein who practise an activity regulated in The Bar Act solely with respect to information that those persons receive from or concerning any of the clients thereof in the process of ascertaining the legal position of a client of when defending or representing any such client in the course of, or in connection with, proceedings regulated in a procedural law which are pending, have yet to be instituted or have been completed, including where providing legal advice on instituting or avoiding such proceedings, regardless of whether any such information has been received before, during or after the completion of the proceedings. This exception shall not apply where the person referred to in Item 15 of Article 4 herein who practises an activity regulated in The Bar Act:

1. is involved in the activities of money laundering or financing of terrorism;

2. provides the legal advice at a request having money laundering or financing of terrorism as an object;

3. is aware that the client is seeking legal advice for the purposes of money laundering or financing of terrorism.

Article 73. (1) In the cases referred to in Articles 72, 88 and 89 herein, where the notification concerns a suspicion of money laundering and/or a suspicion that the proceeds of criminal activity are involved, the Director of the Financial Intelligence Directorate of the State Agency for National Security may issue a written order suspending a particular operation or transaction for a period of up to five working days reckoned from the day succeeding the day of issuing of the order, in order to analyse the said operation or transaction, confirm the suspicion and disseminate the results of the analysis to the competent authorities. Where a preventive attachment or garnishment is not imposed within that period, the person referred to in Article 4 herein may carry out the operation or transaction.

(2) After carrying out the analysis under Paragraph (1), within three working days reckoned from the day succeeding the day of issuing of the order, the Financial Intelligence Directorate of the State Agency for National Security shall inform the prosecuting magistracy of the suspension of the operation or transaction under Paragraph (1), providing the necessary information while protecting the anonymity of the person who effected the notification under Articles 72, 88 and 89 herein.

(3) The prosecutor may approach the relevant court with a motion for the imposition of a garnishment or preventive attachment. The court must adjudicate on the motion within 24 hours from the receipt thereof.

Article 74. (1) Upon receipt of a notification under Articles 72, 88 and 89 herein and on request under Article 90 herein, the Financial Intelligence Directorate of the State Agency for National Security may request information about suspicious operations, transactions or customers from the persons referred to in Article 4 herein with the exception of the Bulgarian National Bank and the credit institutions which pursue business within the territory of the Republic of Bulgaria.

(2) Upon written notification under Articles 72, 88 and 89 herein and on request under Article 90 herein, the Financial Intelligence Directorate of the State Agency for National Security may request information about suspicious operations, transactions or customers from the Bulgarian National Bank and the credit institutions which pursue business within the territory of the Republic of Bulgaria.

(3) Where, upon an analysis of information obtained according to the procedure established

by Articles 76, 77 and 78 herein, a suspicion of money laundering arises, the Financial Intelligence Directorate of the State Agency for National Security may request information concerning suspicious operations, transactions or customers from the persons referred to in Article 4 herein. The said information shall be analysed under terms and according to a procedure established by the Regulations for Application of this Act.

(4) In the cases referred to in Paragraphs (1) to (3), the Financial Intelligence Directorate of the State Agency for National Security may request information from State and municipal authorities which may not be refused thereto.

(5) The information referred to in Paragraphs (1) to 4 shall be provided within five working days from receipt of the request. The Director of the Financial Intelligence Directorate of the State Agency for National Security may set another time limit for the provision of the information, taking into account the volume and content of the information requested.

(6) The persons referred to in Items 1 to 3 and 7 to 10 of Article 4 herein shall provide the information required under Paragraphs (1) to (3) on an electronic data medium or over a protected channels of electronic communication. The Financial Intelligence Directorate of the State Agency for National Security shall determine the form in which the information is provided.

(7) In the cases referred to in Paragraphs (1) and (2), the Financial Intelligence Directorate of the State Agency for National Security may instruct the persons referred to in Article 4 herein to carry out monitoring of the transactions or operations carried out in the course of the business relationship for a specified period and to provide information on the said transactions or operations to the Directorate. The decision regarding the period within which the monitoring is carried out and regarding the type of transactions and operations on which information is to be provided shall be taken on a case-by-case basis by the Director of the Directorate.

(8) For the purposes of the analysis, the Financial Intelligence Directorate of the State Agency for National Security may obtain from the Bulgarian National Bank information gathered according to the procedure established by the Foreign Exchange Act.

(9) For the purposes of the analysis, the Financial Intelligence Directorate of the State Agency for National Security shall be afforded access to the electronic information system under Article 56a of the Credit Institutions Act which is maintained by the Bulgarian National Bank.

(10) For the purposes of the analysis, the Financial Intelligence Directorate of the State Agency for National Security shall be afforded access at no charge to data repositories built and maintained by State and municipal authorities.

(11) The provision of information under Paragraphs (1) to (10) may not be refused or limited on considerations regarding official, banking, trade or professional secrecy, or because the said information constitutes tax and insurance information or protected personal information.

(12) (Amended, SG No. 42/2019, effective 28.05.2019) Paragraphs (1) and (3) shall not be applied by the persons referred to in Item 15 of Article 4 herein who practise an activity regulated in The Bar Act solely with respect to information that the said persons receive from or concerning any of the clients thereof in the process of ascertaining the legal position of a client or when defending or representing any such client in the course of, or in connection with, proceedings regulated in a procedural law which are pending, have yet to be instituted or have been completed, including where providing legal advice on instituting or avoiding such proceedings. This exception shall not apply where the person referred to in Item 15 of Article 4 herein who practises an activity regulated in The Bar Act:

1. is involved in the activities of money laundering or financing of terrorism;

2. provides the legal advice at a request having money laundering or financing of terrorism

as an object;

3. is aware that the client is seeking legal advice for the purposes of money laundering or financing of terrorism.

Article 75. (1) (Amended and supplemented, SG No. 42/2019, effective 28.05.2019) Where, in the course of examining and analysing the information obtained under the terms and according to the procedure established by this Act, the suspicion of money laundering and/or associated predicate offences is not dispelled, the Financial Intelligence Directorate of the State Agency for National Security shall disseminate this information to the prosecuting magistracy, to the relevant security service or public order service or to the competent specialised directorate of the State Agency for National Security within their respective competence, as well as to the directorate referred to in Article 16 (2) of the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act. In such cases the Financial Intelligence Directorate of the State Agency for National Security shall protect the anonymity of the person referred to in Article 4 herein or of the authority referred to in Article 88 herein and of the employees thereof who effected the notification under Article 72 or 88 herein, and where the information has been received under Article 89 herein, the Directorate shall protect the anonymity of the person who effected the notification to the competent foreign intelligence unit and of the employees of the said person.

(2) The Financial Intelligence Directorate of the State Agency for National Security shall respond to reasoned requests for the provision of information to the relevant security service or public order service, to the competent specialised directorate of the State Agency for National security or to the directorate referred to in Article 16 (2) of the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act, where the said requests are based on suspicions of money laundering or associated predicate offences.

(3) (Amended, SG No. 94/2019) Where this is necessary for the prevention of money laundering, the Financial Intelligence Directorate of the State Agency for National Security shall enable the competent specialised directorates of the State Agency for National Security and the Chief Directorate for Combating Organised Crime of the Ministry of Interior to search a register of the persons in respect of which a notification has been received of engaging in suspicious money remittances and postal money orders, containing data on the names and, if available, the date of birth of the person. Upon request, where said requests are based on suspicions of money laundering or associated predicate offences, the Directorate shall provide the full available information subject to the conditions specified in paragraph 1. The competent structures which have been afforded access to said information shall keep detailed records of the checks conducted and shall provide this information for the preparation of the annual report referred to in Article 132(3) of the State Agency for National Security Act.

(4) The prosecuting magistracy, the relevant security service or public order service, the competent specialised directorates of the State Agency for National Security and the directorate referred to in Article 16 (2) of the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act, which have received information from the Financial Intelligence Directorate of the State Agency for National Security according to the procedure established by Paragraphs (1) and (3), shall provide feedback to the Directorate about the use made of the information provided, about the referral of the said information to another competent authority or institution, as well as about the outcome of the investigations or checks conducted on the basis of the said information, including as regards any pre-trial proceedings instituted on this basis.

(5) (Amended, SG No. 42/2019, effective 28.05.2019, repealed, SG No. 94/2019).

Section II

Disclosure of Other Information

Article 76. (1) The persons referred to in Article 4 herein shall notify the Financial Intelligence Directorate of the State Agency for National Security of any payment in cash in an amount exceeding BGN 30,000 or the equivalent thereof in a foreign currency made or received by a customer of the said persons in the course of the established relationship or in occasional transactions or operations.

(2) The Financial Intelligence Directorate of the State Agency for National Security shall keep a register of payments referred to in Paragraph (1). The said register may be used only for the purposes of counteracting money laundering and the financing of terrorism.

(3) The time limits and procedure for the provision, use, retention and destruction of the information referred to in Paragraph (1), as well as the removal of the said information from the register referred to in Paragraph (2), shall be established by the Regulations for Application of this Act.

Article 77. (1) The National Customs Agency shall provide the Financial Intelligence Directorate of the State Agency for National Security with the information gathered by the National Customs Agency under the terms and according to the procedure established by the Foreign Exchange Act about any export and import trade credit, about financial leasing between residents and non-residents and about the carrying across the border of cash, precious metals and precious stones and articles made therewith or therefrom.

(2) The terms and procedure for the provision of the information referred to in Paragraph (1) shall be established by the Regulations for Application of this Act.

Article 78. (1) Central Depository AD shall provide the Financial Intelligence Directorate of the State Agency for National Security with information about the issuing and disposition of dematerialised financial instruments under specified criteria.

(2) The terms and procedure for the provision of the information referred to in Paragraph (1) shall be established by the Regulations for Application of this Act.

(3) The criteria for the provision of information shall be established in the internal rules of Central Depository AD referred to in Article 101 (1) and (2) herein.

Article 79. (1) (Amended, SG No. 42/2019, effective 28.05.2019) In the cases referred to in Article 72, Article 74, Articles 76 to 78, Article 104 (2), Article 106 (5), Article 107 (4) and Article 110 (3) and (4) herein, information may alternatively be provided by electronic means using a qualified electronic signature or an access certificate issued by the State Agency for National Security. Upon receipt of the information, an incoming number and date shall be generated automatically and shall be sent to the sender by an electronic message.

(2) The terms and procedures for the issuing and use of an access certificate referred to in Paragraph (1), the types of documents and the data that may be submitted using a qualified electronic signature or an access certificate and the procedure for the submission of any such documents and data by electronic means shall be determined by written instructions of the Director of the Financial Intelligence Directorate of the State Agency for National Security. The instructions shall be published on the web site of the State Agency for National Security.

(3) Information may be exchanged according to the procedure established by Articles 73, 75, 87 and 88 herein over protected channels of electronic communication subject to the requirements of the Classified Information Protection Act.

Chapter Five

PROTECTION OF INFORMATION AND PERSONS

Article 80. (1) The persons referred to in Article 4 herein, the authorities referred to in Article 74 (4) and in Article 88 herein, the persons who manage and represent the said persons and authorities, as well as the employees thereof, may not notify the customer thereof or third parties of the disclosure of information under Articles 68, 72, 74, 76 to 78 and 88 herein.

(2) The prohibition of the disclosure of information under Paragraph (1) shall not apply to the relevant supervisory authority.

(3) (Amended, SG No. 94/2019) The prohibition set out in paragraph 1 shall not be a bar to disclosure between persons referred to in subparagraphs 1 to 3, 5 and 8 to 11 of Article 4 and credit and financial institutions in Member States provided that they are part of the same group, or between persons referred to in subparagraphs 1 to 3, 5 and 8 to 11 of Article 4 and their branches and subsidiaries in third countries, provided that said branches and subsidiaries fully comply with the group-wide policies and procedures, including procedures for sharing information within the group, in accordance with Article 104, and that the group-wide policies and procedures comply with the requirements of this Act.

(4) The prohibition under Paragraph (1) shall not be a bar to disclosure between persons referred to in Items 12, 14 and 15 of Article 4 herein from Member States or from third countries under Article 27, who perform the professional activities thereof, whether as employees, or not, within the same legal entity or a larger structure to which the person belongs and which shares common ownership, management or control of the application of the measures for the prevention of the use of the financial system for the purposes of money laundering.

(5) The prohibition under Paragraph (1) shall not be a bar to disclosure between the persons referred to in Items 1 to 5, 8 to 10, 12, 14 and 15 of Article 4 herein in cases relating to the same customer and the same transaction involving two or more parties provided that:

1. the parties are in a Member State or in a third country referred to in Article 27 herein;

2. the parties are from the same professional category;

3. the parties are subject to obligations as regards official, banking or trade secrecy and personal data protection corresponding to Bulgarian legislation;

4. the information may be used only for the prevention of money laundering and the financing of terrorism.

(6) Where the persons referred to in Items 12, 14 and 15 of Article 4 herein seek to dissuade a client from engaging in illegal activity, that shall not constitute disclosure within the meaning given by Paragraph (1).

(7) (Amended, SG No. 17/2019) Exceptions under Paragraphs (3) to (5) shall not apply, and disclosure shall be inadmissible between the persons referred to in Article 4 herein and persons from high-risk third countries referred to in Article 46 (3) herein, as well as if the persons referred to in Article 4 herein have not fulfilled the obligations thereof for personal data protection, or instructions to this effect have been issued by the Director of the Financial Intelligence Directorate of the State Agency for National Security.

(8) (New, SG No. 94/2019) The access of data subjects to their personal data processed by the persons and authorities referred to in paragraph 1 for the purposes of the prevention of money laundering and terrorist financing shall be limited to the extent necessary for the effective enforcement of the prohibition set out in paragraph 1 and to the extent necessary and proportionate to the legitimate interests of such persons.

Article 81. (1) The Financial Intelligence Directorate of the State Agency for National

Security may use information constituting an official, banking, trade or professional secret, as well as protected personal information and tax and social-security information obtained under the terms and according to the procedure established by Articles 68, 72, 74 to 78, 88, 89, 90 and Chapter Nine herein only for the purposes of this Act.

(2) (Supplemented, SG No. 94/2019) The Financial Intelligence Directorate of the State Agency for National Security may refuse to provide information in accordance with this Act where this would have a negative effect on ongoing investigations or analyses or, in exceptional circumstances, where disclosure of the information would have consequences that are clearly disproportionate to the legitimate interests of a natural or legal person, or where the disclosure is irrelevant with regard to the purposes for which the information has been requested. Any refusal to provide information shall be reasoned.

(3) Paragraph (2) shall not apply with respect to the international exchange of information according to the procedure established by Section II of Chapter Six herein.

(4) (New, SG No. 94/2019) The competent authorities that have received information from the Financial Intelligence Directorate of the State Agency for National Security pursuant to this Act may not use the information obtained for purposes other than those for which it was provided.

Article 82. (1) The employees of the Financial Intelligence Directorate of the State Agency for National Security may not reveal, use for their own benefit or for the benefit of any persons closely linked therewith, any information and facts constituting an official, banking, trade or professional secret, as well as any other information and facts which the said employees have acquired in the performance of the official duties thereof.

(2) The employees of the Directorate shall sign a declaration pledging to safeguard the secrecy under Paragraph (1).

(3) The provision of Paragraph (1) shall furthermore apply to cases where the said persons are off duty.

Article 83. (Amended, SG No. 17/2019) (1) (Supplemented, SG No. 94/2019) Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119/1 of 4.5.2016), hereinafter referred to as "Regulation (EU) 2016/679", and the Personal Data Protection Act shall apply to the processing of personal data for the purposes of preventing money laundering and terrorist financing by the persons referred to in Article 4, the Financial Intelligence Directorate of the State Agency for National Security, the supervisory authorities and the other competent authorities according to this Act, insofar as this Act and the Measures Against the Financing of Terrorism Act do not provide otherwise. Personal data collected under the conditions and according to the procedure laid down in this Act and in the Measures against the Financing of Terrorism Act may not be processed by the persons referred to in Article 4, the Financial Intelligence Directorate of the State Agency for National Security, the supervisory authorities and the other competent authorities according to this Act for purposes other than the prevention of money laundering and terrorist financing.

(2) The processing of personal data for the purposes of preventing money laundry and terrorist financing shall be considered a task carried out in the public interest pursuant to Regulation (EU) 2016/679 and may not be restricted by the requirements of Articles 12 to 22 and Article 34 of the same Regulation.

(3) (New, SG No. 94/2019) When establishing a business relationship or carrying out an occasional operation or transaction, the persons referred to in Article 4 shall provide to their customers information regarding the purposes for which said customers' personal data will be processed.

(4) (New, SG No. 94/2019) The persons referred to in Article 4 shall delete or destroy the personal data they have processed after the storage period set out in paragraphs 1, 6 and 7 of Article 67 has expired, unless a special act provides otherwise.

(5) (Renumbered from Paragraph 3, supplemented, SG No. 94/2019) After the time period for storage specified in Article 70 expires, the personal data processed by the Financial Intelligence Directorate of the State Agency for National Security, the supervisory authorities and the other competent authorities according to this Act in accordance with the procedure laid down in this Act and in accordance with the procedure laid down in the Measures Against the Financing of Terrorism Act shall be deleted or destroyed, unless a special law provides otherwise.

(6) (Renumbered from Paragraph 4, SG No. 94/2019) The controller of personal data with respect to the personal data processed by the Financial Intelligence Directorate of the State Agency for National Security shall be the Director of the Directorate.

Article 84. The Financial Intelligence Directorate of the State Agency for National Security shall use the information obtained under the terms and according to the procedure established by this Act to carry out a strategic analysis addressing money laundering and terrorist financing trends and patterns.

Article 85. (1) The strategic analysis referred to in Article 84 herein shall be based on available and additionally collected information and, on this basis, shall identify risks of and vulnerabilities to money laundering and financing of terrorism.

(2) The results of the analysis referred to in Paragraph (1) shall be used only for the purposes of this Act.

(3) At the discretion of the Director of the Financial Intelligence Directorate of the State Agency for National Security, the Directorate shall notify the persons referred to in Article 4 herein of the results of the analysis referred to in Paragraph (1). The decision regarding the volume of feedback which is to be provided shall be taken by the Director of the Directorate.

Article 86. (1) The disclosure of information in the cases referred to in Articles 68, 72, 74, 76, 78, 87 to 89 and Chapter Nine herein shall not give rise to liability for a breach of any restriction on disclosure of information provided for by contract, a statutory instrument of primary or secondary legislation or an administrative act.

(2) In cases under Paragraph (1), liability shall not arise, either, where it is established that a criminal offence has not been committed and that the transactions have been lawful.

(3) (New, SG No. 42/2019, effective 28.05.2019, amended, SG No. 94/2019) The submission of a notification pursuant to Article 72 or of an internal report of an existing suspicion of money laundering shall not serve as grounds for the termination of the employment relationship or civil-service relationship of the person who has submitted the notification or report or for the application of other disciplinary measures or sanctions to said person.

(4) (New, SG No. 94/2019) Any person who has been dismissed or subjected to other disciplinary measures, or in respect of whom threats have been made or other acts leading to mental or physical harassment have been carried out because to the fact that said person has

submitted a notification pursuant to Article 72 or an internal report of an existing suspicion of money laundering, shall be entitled to compensation for the pecuniary and non-pecuniary damage suffered thereby, in addition to the rights to be protected against unlawful dismissal and other rights to protection against unequal or discriminatory treatment.

(5) (New, SG No. 94/2019) The persons referred to in Article 4 shall put in place appropriate measures for the protection of their employees and persons in a comparable position involved in their operations on other grounds, who submit internal reports of potential or actual violations of this Act, of the Measures Against the Financing of Terrorism Act and of the instruments for their implementation, in a specific, independent and anonymous manner, proportionate to the size and nature of the obliged person's business.

Chapter Six
COOPERATION

Section I
National Cooperation

Article 87. (1) The supervisory authorities shall be obliged to provide information to the Financial Intelligence Directorate of the State Agency for National Security immediately if, when carrying the supervisory activities thereof, the said authorities identify any facts which may be related to money laundering.

(2) (Amended, SG No. 94/2019) The Financial Intelligence Directorate of the State Agency for National Security and the supervisory authorities referred to in paragraph 1 may exchange information for the purposes of the statutory functions performed thereby.

(3) (Amended, SG No. 42/2019, effective 28.05.2019, repealed, SG No. 94/2019).

(4) (Amended, SG No. 94/2019) The information provided by the Financial Intelligence Directorate of the State Agency for National Security pursuant to paragraph 2, as well as its source, may not be disclosed to the persons to which the information relates or to a third party.

(5) (New, SG No. 42/2019, effective 28.05.2019) The terms and procedure for the exchange of information between the Bulgarian National Bank and the Financial Intelligence Agency of the State Agency for National Security for the purposes of ascertaining and verifying the existence of circumstances warranting an obligation for electronic money issuers and payment service providers under Article 9 herein to appoint central contact points shall be regulated in a joint instruction of the Governor of the Bulgarian National Bank and the Chairperson of the State Agency for National Security.

(6) (New, SG No. 42/2019, effective 28.05.2019) The instruction referred to in Paragraph (5) shall furthermore approve a standard form for the provision of information under Article 76 to the Financial Intelligence Directorate of the State Agency for National Security by the persons referred to in Item 1 of Article 4 herein.

Article 88. (1) The Financial Intelligence Directorate of the State Agency for National Security may receive information about money laundering from a State body, in addition to the persons referred to in Article 4 herein.

(2) The Financial Intelligence Directorate of the State Agency for National Security shall provide feedback to the State bodies referred to in Paragraph (1) in connection with the notification effected by the said bodies. The decision regarding the volume of feedback which is to be provided about each particular instance of notification shall be taken by the Director of the

Directorate.

Section II
International Cooperation

Article 89. The Financial Intelligence Directorate of the State Agency for National Security may receive information on a suspicion of money laundering through international exchange, in addition to the cases under Articles 72 and 88 herein.

Article 90. (1) Acting on its own initiative and on request, the State Agency for National Security shall exchange information about a suspicion of money laundering and about associated predicate offences with the relevant international authorities, authorities of the European Union and authorities of other States on the basis of international treaties and/ or by reciprocity.

(2) The Financial Intelligence Directorate of the State Agency for National Security shall also exchange information with a view to achieving the objectives of Directive (EU) 2015/849 of analysis of the risk and a uniform application of international standards within the European Union, as well as for the purpose of providing information with a view to assessing the effectiveness of the system for preventing and countering money laundering and the financing of terrorism.

(3) The time limits for the exchange of information shall take into consideration the time limits expressly stated by the authorities referred to in Paragraph (1), as well as with the technical capabilities to collect and provide information, including, where necessary, to translate the information into a foreign language.

(4) In connection with the membership of the Financial Intelligence Directorate of the State Agency for National Security in the Egmont Group, the Director of the Directorate may enter into, amend and terminate non-binding agreements with the Financial Intelligence Units of other States which are members of the Egmont Group, which concern only the exchange of information between the said units and entirely follow the requirements approved by the organisation. The said agreements shall regulate:

1. the terms and procedure for exchange, which shall follow the requirements of the Egmont Group and this Act;

2. the conditions for use and protection of the information according to this Act and the requirements of the Egmont Group;

3. the types of information which the Financial Intelligence Directorate of the State Agency for National Security exchanges with the Financial Intelligence Units of those States.

(5) (Repealed, SG No. 42/2019, effective 28.05.2019).

(6) (New, SG No. 42/2019, effective 28.05.2019) The requests for information to other Financial Intelligence Units sent by the Financial Intelligence Directorate of the State Agency for National Security shall contain at least a description of the relevant facts, background information, connection with the requested State, reasons for the request and how the information sought will be used.

(7) (New, SG No. 42/2019, effective 28.05.2019) For the purposes of the exchange, the Financial Intelligence Directorate of the State Agency for National Security shall provide the Financial Intelligence Units of other States with any type of information which is available to the said Directorate or to which it has direct or indirect access, including information on the natural and legal persons involved in the case, and information on the circumstances of the beneficial owners of legal persons and other legal entities entered in the registers under Article 63 (1) and (2) herein. The exchange of information may not be refused for lack of information on the

predicate offence.

(8) (New, SG No. 42/2019, effective 28.05.2019, supplemented, SG No. 94/2019) The Financial Intelligence Directorate of the State Agency for National Security may not refuse to provide information or assistance to other Financial Intelligence Units by reason of differences between national law definitions of tax crimes or other predicate offences.

Article 91. (1) Except in the cases referred to in Article 90 herein, the Financial Intelligence Directorate of the State Agency for National Security shall immediately notify the Financial Intelligence Unit of the Member State concerned when a notification of money laundering or of the involvement of the proceeds of criminal activity, received according to the procedure established by Article 72 herein, concerns the said State.

(2) The information provided according to the procedure established by Paragraph (1) shall be used for the purposes of the prevention of the financial system for the purposes of money laundering.

(3) The terms and procedure for the fulfilment of the obligation referred to in Paragraph (1) shall be established by the Regulations for Application of this Act.

Article 92. (1) Upon receipt of a reasoned request of a Financial Intelligence Unit of another State according to the procedure established by Article 90 herein and where there is a suspicion of money laundering, the Director of the Financial Intelligence Directorate of the State Agency for National Security may suspend the operation or transaction according to the procedure established by Article 73 (1) herein.

(2) The Financial Intelligence Directorate of the State Agency for National Security shall immediately notify the prosecuting magistracy of the suspension of the operation or transaction, providing the necessary information subject to the conditions and restrictions defined by the Financial Intelligence Unit of the State concerned with respect to the information provided by the said Unit and within the limitations referred to in Article 75 (1) herein.

(3) Where a preventive attachment or garnishment is not imposed until the expiry of the period referred to in Article 73 (1) herein, the person referred to in Article 4 herein may carry out the operation or transaction.

(4) The Financial Intelligence Directorate of the State Agency for National Security may refuse to suspend an operation or transaction under Paragraph (1) where:

1. the reasoned request of the Financial Intelligence Unit of the State concerned is not accompanied by the appropriate authorisation for use of the information for the purposes of this Article, including for the provision of information to the competent authorities, or

2. the information which is obtained and available would not provide sufficient grounds for the suspension of the operation or transaction under Article 73 (1) herein, as well as if the suspension would lead to impairment of an ongoing investigation.

Article 93. (1) The Financial Intelligence Directorate of the State Agency for National Security may impose limitations and conditions for the use of information provided according to the procedure established by this Section.

(2) The Financial Intelligence Directorate of the State Agency for national security may use information obtained according to the procedure established by this Section only for the purpose for which the said information was requested or provided. Disclosure of any such information to another authority, institution or service or using any such information for purposes exceeding the initially approved purposes shall be subject to the prior consent of the Financial Intelligence Unit of another State which has provided the information and in accordance with the conditions for exchange and use stated by the said Unit.

(3) (Amended, SG No. 42/2019, effective 28.05.2019, SG No. 94/2019) The Financial

Intelligence Directorate of the State Agency for National Security shall grant in a timely manner and to the fullest extent possible prior consent to the disclosure of the information provided to the Financial Intelligence Unit of another state according to the procedure established by this Section, to another authority, institution or service. The Financial Intelligence Directorate of the State Agency for National Security may refuse to grant prior consent to disclosure of the information provided according to the procedure established by this Section only if said disclosure would have a negative effect on an ongoing investigation or would have consequences that are clearly disproportionate to the legitimate interests of a natural or legal person or of the Republic of Bulgaria. Any such refusal shall be reasoned for each particular case.

(4) Acting on request or on its own initiative, the Financial Intelligence Directorate of the State Agency for National Security shall notify the Financial Intelligence Unit of the State concerned of the manner in which the information provided by the said Unit has been used. The decision regarding the volume of feedback which is to be provided about each particular case shall be taken by the Director of the Directorate.

(5) The information exchanged according to the procedure established by Articles 89 to 91 herein shall be protected according to the procedure established by this Act and shall not constitute an official secret within the meaning given by the Classified Information Protection Act.

Article 94. (1) Information shall be exchanged according to the procedure established by this Section over protected channels of electronic communication between the Financial Intelligence Units within the European Union or the Egmont Group.

(2) The Financial Intelligence Directorate of the State Agency for National Security shall cooperate with the Financial Intelligence Units of other Member States in the application of state-of-the-art technologies allowing data obtained according to the procedure established by Article 72 herein to be matched with data of the Financial Intelligence Units of the said States in an anonymous way under criteria and according to a procedure established by the Regulations for Application of this Act.

(3) The technologies referred to in Paragraph (2) shall be applied subject to full protection of personal data of the subjects of the interests of the Financial Intelligence Units in other Member States and identifying the proceeds and funds thereof.

(4) The technologies referred to in Paragraph (2) may furthermore be used for joint analysis of cross-border cases, as well as for identifying trends and factors relevant to assessing the risks of money laundering and financing of terrorism, under terms and according to a procedure established by the Regulations for Application of this Act.

(5) (New, SG No. 94/2019) The Financial Intelligence Directorate of the State Agency for National Security shall provide data regarding a contact person in connection with the exchange of information according to the procedure established by this Section. In the event of change, said data shall be updated in a timely manner.

Chapter Seven
RISK ASSESSMENT

Section I
National Risk Assessment

Article 95. (1) A national assessment of the risk of money laundering and the financing of

terrorism shall be conducted in order to identify, assess, understand and mitigate the risks of money laundering and the financing of terrorism for the purposes of this Act and of the Measures against the Financing of Terrorism Act, which shall be updated every two years.

(2) The results of the supranational assessment of the risks of money laundering and the financing of terrorism, conducted by the European Commission, which affect the internal market and relate to cross-border activities, shall be taken into consideration and reflected when conducting and updating the national risk assessment referred to in Paragraph (1), and the recommendations of the European Commission made to Member States on the measures suitable for addressing the identified risks shall be applied.

Article 96. (1) A standing interdepartmental working group shall be established for the purposes of the national risk assessment; it shall:

1. conduct and update the national assessment of the risk of money laundering and terrorist financing in the Republic of Bulgaria;

2. draw up reports on the results of the national assessment of the risk of money laundering and terrorist financing and present said reports before the Council of Ministers;

3. draw up proposals on measures to be taken, as well as an action plan for mitigating the risks identified in the national assessment of money laundering and terrorist financing, which the group shall present before the Council of Ministers for consideration;

4. prepare other analyses in the areas of prevention and countering of money laundering and terrorist financing, which require cooperation and coordination between the institutions, and draw up reports on the results of said analyses which shall be presented before the Council of Ministers;

5. perform other functions defined by a law.

(2) The working group referred to in paragraph 1 shall be established by an act of the Council of Ministers.

(3) The working group referred to in paragraph 1 must include representatives of the Ministry of Finance, the Ministry of Interior, the Ministry of Justice, the National Customs Agency, the Prosecutor's Office of the Republic of Bulgaria, the Counter-Corruption And Unlawfully Acquired Assets Forfeiture Commission, the Financial Intelligence Directorate of the State Agency for National Security, the competent specialised directorates of the State Agency for National Security, the supervisory authorities and other state bodies and institutions vested with separate powers in the field of prevention and countering money laundering and terrorist financing, as well as bodies and institutions that hold data and information necessary for conducting and updating the national risk assessment.

(4) Representatives of the persons referred to in Article 4 and of their professional organisations may also be enlisted to ensure performance of the tasks of the working group referred to in paragraph 1.

(5) The State bodies and institutions referred to in paragraph 3 and the persons referred to

in paragraph 4 shall be obliged to provide the working group with the information and data, including the statistics referred to in Article 71, that are necessary to carry out the activities referred to in subparagraphs 1 to 4 of paragraph 1. The provision of information and data may not be refused or limited on considerations regarding official or professional secrecy.

(6) The information and data referred to in paragraph 5 shall be used only for the purposes of the national risk assessment and may be provided to third parties or disclosed only subject to prior approval and to an extent determined by the authority or institution concerned.

Article 97. (1) The results of the national risk assessment shall be used:

1. to improve the regime of the prevention and countering of money laundering and terrorist financing, inter alia by identifying any areas where the persons referred to in Article 4 are to apply enhanced measures and, where appropriate, specifying the measures to be taken;

2. to identify sectors or areas of lower or greater risk of money laundering and terrorist financing;

3. to allocate and prioritise means and resources to counter money laundering and terrorist financing;

4. to ensure that appropriate rules are drawn up for each sector or area, according to the risks of money laundering and terrorist financing;

5. to promptly make appropriate information available to the persons referred to in Article 4 to facilitate the conduct of their own money laundering and terrorist financing risk assessments.

6. (new, SG No. 94/2019) to prepare a report concerning the institutional structure and basic procedures of the national system for the prevention of money laundering and terrorist financing, including, with respect to the Financial Intelligence Directorate of the State Agency for National Security, the National Revenue Agency and the Prosecutor's Office of the Republic of Bulgaria, the human and financial resources available, to the extent that this information is available;

7. (new, SG No. 94/2019) to prepare a report concerning the national effort and the human and financial resources involved in the prevention and counteracting of money laundering and terrorist financing.

(2) (Supplemented, SG No. 94/2019) The results of the national risk assessment and its updates shall be made available to the persons referred to in Article 4 to an extent, in a form and in a manner determined by the interdepartmental working group referred to in Article 96(1). A summary of the risk assessment which does not contain classified information shall be published on the website of the State Agency for National Security. The summary can also be published on the websites of the state bodies and institutions referred to in Article 96(3).

(3) The Financial Intelligence Directorate of the State Agency for National Security shall submit a report on the results of the national risk assessment to the Chairperson of the Agency.

(4) (Supplemented, SG No. 94/2019) The results of the national risk assessment and its updates shall be made available to the European Commission, to the European supervisory authorities and to the other Member States according to the procedure established by Article 90. Upon receipt of additional relevant information provided by another Member State, said information shall be taken into account by the interdepartmental working group referred to in Article 96(1) in the course of performing its tasks.

(5) The terms and procedure for applying the measures referred to in subparagraph 1 of paragraph 1 shall be laid down in the regulations on the implementation of this Act.

(6) (New, SG No. 94/2019) The working group referred to in Article 96(1) may decide, where appropriate, to provide additional information to the competent authorities of another Member State when, on the basis of the results of that country's risk assessments and their updates, information relevant to the assessment or its update is found.

Section II
Conduct of Risk Assessment by Obliged Entities

Article 98. (1) In order to identify, understand and assess the risks of money laundering and financing of terrorism, the persons referred t in Article 4 herein shall conduct their own risk assessments, taking into account the relevant risk factors, including those relating to customers, countries or geographic areas, products and services supplied, operations and transactions or delivery channels.

(2) The type of the person referred to in Article 4 herein and the volume of the activity carried out thereby shall be taken into account when conducting the risk assessments referred to in Paragraph (1).

(3) Paragraphs (1) and (2) shall not be applied by the persons referred to in Item 28 of Article 4 herein which do not fall simultaneously within another category of persons under Article 4 herein as well.

(4) The persons referred to in Paragraph (3) with an annual turnover exceeding BGN 20,000 shall conduct a risk assessment using risk assessment criteria prepared and published by the State Agency for National Security.

(5) The persons referred to in Paragraph (3), regardless of the annual turnover thereof, may conduct a risk assessment under Paragraph (4) where the said persons determine that there is a risk of the activity thereof being used for:

1. money laundering or financing of terrorism by individual terrorists, terrorist organisations and persons financing terrorism;

2. the concealment of the financing of terrorism by exploiting persons with legitimate objectives and activities, including for the purpose of escaping the freezing of funds and other financial assets or economic resources;

3. the diversion of funds intended for legitimate purposes to individual terrorists, terrorist organisations and persons financing terrorism.

(6) The risk assessments referred to in Paragraphs (1) and (4) shall be updated periodically. The time limits, procedure for and additional requirements to risk assessments, as well as the factors which are to be taken into consideration when conducting the risk assessment under Paragraphs (1) and (4), shall be established by the Regulations for Application of this Act.

(7) The risk assessments referred to in Paragraphs (1) and (4) shall be documented and kept

according to the procedure established by Section I of Chapter Three herein.

(8) The risk assessments referred to in Paragraphs (1) and (4) shall be made available to the Financial Intelligence Directorate of the State Agency for National Security and to the supervisory authorities.

(9) On the basis of the risk assessments as conducted, the persons shall determine the risk profile of the customer and of the business relationship therewith and shall apply the measures under this Act in accordance with the risk profile as determined.

Article 99. (1) The results of the national risk assessment referred to in Article 95 (1) herein, as well as the results of the supranational risk assessment and the recommendations of the European Commission referred to in Article 95 (2) herein, shall mandatorily be taken into consideration and reflected when conducting and updating the risk assessment referred to in Article 98 (1) and (4) herein.

(2) In case a person referred to in Article 4 herein fails to take into consideration the results of the national risk assessment referred to in Article 95 (1) herein when conducting the risk assessment referred to in Article 98 (1) and (4) herein, the person referred to in Article 4 herein shall notify the Financial Intelligence Directorate of the State Agency for National Security of the decision of the said person and the reasons for the said decision within 14 days from the conduct of the assessment.

(3) When notified under Paragraph (2), the Director of the Financial Intelligence Directorate of the State Agency for National Security may give binding instructions to the person referred to in Article 4 herein, which shall be reflected in the risk assessment referred to in Article 98 herein.

(4) Paragraphs (1) to (3) shall apply, mutatis mutandis, to the risk assessments referred to in Article 100 (1) herein.

Article 100. (1) The professional bodies and associations of the persons referred to in Article 4 herein may conduct and update assessments of the risk of money laundering and financing of terrorism at sectoral level.

(2) The results of the risk assessments referred to in Paragraph (1) shall be made available to the members of the professional bodies and associations of the persons referred to in Article 4 herein for the purposes of conducting the risk assessments referred to in Article 98 (1) and (4) herein.

(3) The risk assessments referred to in Paragraph (1) shall be documented and kept according to the procedure established by Section I of Chapter Three herein.

Chapter Eight
INTERNAL ORGANISATION AND CONTROL

Section I
Internal Rules on Money-Laundering and Terrorist-Financing Control and Prevention
(Heading amended, SG No. 42/2019, effective 28.05.2019)

Article 101. (1) (Supplemented, SG No. 42/2019, effective 28.05.2019) The persons referred to in Article 4 herein shall adopt internal rules on money laundering and terrorist financing control and prevention which shall furthermore be applied effectively with respect to

branches and subsidiaries thereof abroad. The persons referred to in Item 28 of Article 4 herein, which do not fall simultaneously within another category of persons under Article 4 herein as well, shall adopt internal rules in the cases referred to in Article 98 (4) and (5) herein.

(2) The internal rules referred to in Paragraph (1) shall contain:

1. clear criteria for recognising suspicious operations or transactions and customers;

2. (supplemented, SG No. 42/2019, effective 28.05.2019) the procedure for the use of technical means for the purpose of preventing and detecting money laundering and terrorist financing;

3. (amended and supplemented, SG No. 42/2019, effective 28.05.2019) a system of internal control over the fulfilment of obligations established in this Act, the Measures against the Financing of Terrorism Act and in the instruments on the application thereof;

4. the possibility of carrying out an internal audit review, where the person referred to in Article 4 herein has established such an audit function, to test and evaluate the rules, procedures and requirements under this paragraph;

5. the possibility of conducting an independent audit to test and evaluate the rules, procedures and requirements under this paragraph, where appropriate with regard to the size and nature of the business of the person referred to in Article 4 herein;

6. the internal system referred to in Article 42 herein;

7. an internal system for risk assessment and determining the risk profile of customers;

8. policies, controls and procedures to mitigate and manage effectively the risks of money laundering and financing of terrorism identified at the level of the European Union, at the national level and at the level of the obliged entity, which shall be proportionate to the nature and size of the business of the person referred to in Article 4 herein;

9. rules and organisation for fulfilling the obligations to clarify the source of funds and the source of the assets;

10. the terms and procedure for the collection, retention and disclosure of information;

11. the time intervals over which the databases and customer dossiers are reviewed and updated in implementation of Articles 15 and 16 herein, taking account of the level of risk of the customers and the business relationships identified and documented according to the procedure established by Article 98 herein;

12. (supplemented, SG No. 42/2019, effective 28.05.2019) the allocation of responsibilities for the application of measures against money laundering and of measures against terrorist financing between the branches of the person referred to in Article 4 herein and measures including risk assessment procedures with respect to branches and subsidiaries, if any, under the terms established by Article 7 herein;

13. the rules on the organisation and on the operation of the specialised service referred to in Article 106 herein, as well as the rules on the training of the employees in the specialised service;

14. rules on the training of the rest of the employees;

15. (amended, SG No. 42/2019, effective 28.05.2019, SG No. 94/2019) the allocation of responsibilities among the representatives and employees of the person referred to in Article 4, as well as among the persons in a comparable position involved in its operations on other grounds, for the fulfilment of the obligations established in this Act, in the Measures against the Financing of Terrorism Act and in the instruments for their implementation, and contact details of the person referred to in Article 4 and of its representatives and employees and of the persons in a comparable position involved in its operations on other grounds, who are responsible for the purposes of this Act, of the Measures against the Financing of Terrorism Act and of the

instruments for their implementation;

16. (amended and supplemented, SG No. 42/2019, effective 28.05.2019, SG No. 94/2019) a procedure for employees or persons in a comparable position involved in its operations on other grounds to report breaches of this Act, of the Measures against the Financing of Terrorism Act and of the instruments for their implementation, including reports concerning suspicions of money laundering or terrorist financing, through an independent and anonymous channel, proportionate to the nature and size of the business of the person referred to in Article 4;

17. the assessment referred to in Article 98 (4) herein;

18. other rules, procedures and requirements in accordance with the characteristics of the activities of the person referred to in Article 4 herein.

(3) The terms and procedure for the adoption and submission of the internal rules referred to in Paragraph (1) shall be established by the Regulations for Application of this Act.

(4) (Amended, SG No. 42/2019, effective 28.05.2019) The Notary Chamber of the Republic of Bulgaria, the Bulgarian Chamber of Private Enforcement Agents and the Institute of Certified Public Accountants shall adopt uniform internal rules on money-laundering and terrorist-financing control and prevention, which shall be applied by the members of the said organisations after their adoption. The Supreme Bar Council shall adopt uniform internal rules on money-laundering and terrorist-financing control and prevention, which shall be applied by the members of the bar associations.

(5) The Financial Intelligence Directorate of the State Agency for National Security shall draw up model internal rules regarding the activities of the persons referred to in Items 13, 19, 20, 25 and 27 to 29 of Article 4 herein and shall publish the said model internal rules on the Internet site thereof.

(6) The persons referred to in Items 13, 19, 20, 25, 27 and 29 of Article 4 herein shall adopt internal rules according to the procedure established by Article 102 herein, which shall correspond to the model rules referred to in Paragraph (5), complementing the said model rules in accordance with the level of risk as determined according to the procedure established by Chapter Seven herein, including with respect to the criteria of suspicious operations, transactions and customers, or shall adopt their own internal rules under Paragraph (1). In the cases referred to in Article 98 (4) and (5) herein, the persons referred to in Item 28 of Article 4 herein which do not fall simultaneously within another category of persons under Article 4 herein as well shall adopt internal rules according to the procedure established by Article 102 herein which shall correspond to the model rules referred to in Paragraph (5), complementing the said rules also by the assessment referred to in Article 98 (4) herein.

(7) (Repealed, SG No. 42/2019, effective 28.05.2019).

(8) (Amended, SG No. 42/2019, effective 28.05.2019) The representatives of payment service providers referred to in Item 2 of Article 4 herein shall be obliged to comply with and apply the internal rules of the payment service provider referred to in Item 2 of Article 4 herein as adopted according to the procedure established by Article 102 herein. Insurance agents shall fulfil the obligations thereof as persons referred to in Item 5 of Article 4 herein and, to this end, shall comply with and shall apply the internal rules of the insurer or reinsurer as adopted according to the procedure established by Article 102 herein.

(9) (Amended, SG No. 42/2019, effective 28.05.2019) Payment service providers, insurers and reinsurers from another Member State which pursue business within the territory of the Republic of Bulgaria under the right of establishment shall implement policies and procedures for money-laundering and terrorist-financing control and prevention which contain at least the requirements specified in Paragraph (2) or comply with the said requirements by other means, of

which the said persons shall notify the Financial Intelligence Directorate of the State Agency for National Security.

(10) (Amended, SG No. 42/2019, effective 28.05.2019) In the cases under Paragraph (9), the representatives of payment service providers referred to in Paragraph (9), as well as the insurers and reinsurers referred to in Paragraph (9), shall be obliged to comply with and to implement the policies and procedures for control and prevention of money laundering and the financing of terrorism, payment service provider, whom I represent, respectively, the insurer or reinsurer, for whom carrying out of insurance or reinsurance mediation.

(11) (Amended and supplemented, SG No. 42/2019, effective 28.05.2019) The persons referred to in Article 4 herein shall be obliged to provide initial and continuing training to the employees thereof so as to familiarise the said employees with the requirements of this Act, the Measures against the Financing of Terrorism Act and the instruments on the application thereof, as well as with the internal rules referred to in this article, including delivery of ongoing training programmes to help the said employees recognise suspicious operations, transactions, sources and customers and take the necessary action in cases of suspicion of money laundering or terrorist financing.

(12) Where the persons referred to in Item 28 of Article 4 herein which do not fall simultaneously within another category of persons under Article 4 herein as well have failed to adopt internal rules in the cases referred to in Article 98 (4) and (5) herein, the Director of the Financial Intelligence Directorate of the State Agency for National Security shall give binding instructions for the taking of further action.

Article 102. (1) The persons referred to in Article 4 herein shall adopt the rules referred to in Article 101 herein within four months from the registration thereof. The persons referred to in Item 28 of Article 4 herein, which do not fall simultaneously within another category of persons under Article 4 herein as well, shall adopt the rules referred to in Article 101 herein not later than the 31st day of July of the year succeeding the year for which the annual turnover thereof exceeds the amount referred to in Article 98 (4) herein or within one month from the conduct of the assessment referred to in Article 98 (5) herein.

(2) Where a specified activity is subject to licensing, authorisation or registration, the persons referred to in Article 4 herein shall adopt the rules referred to in Article 101 herein within four months from the issuing of the licence or authorisation or from the recording in the relevant register.

(3) The rules referred to in Article 101 herein shall be adopted by a written instrument of the person referred to in Article 4 herein. Where the persons referred to in Article 4 herein are legal persons or other legal entities, the rules shall be adopted by a written instrument of the persons who manage and/or represent the said persons.

Article 103. (1) (Repealed, SG No. 42/2019, effective 28.05.2019).

(2) (Repealed, SG No. 42/2019, effective 28.05.2019).

(3) (Repealed, SG No. 42/2019, effective 28.05.2019).

(4) (Repealed, SG No. 42/2019, effective 28.05.2019).

(5) (Amended, SG No. 42/2019, effective 28.05.2019) The internal rules referred to in the first sentence of Article 101 (1) herein shall be mandatory for application by the persons referred to in Article 4 herein after their adoption.

(6) (Amended, SG No. 42/2019, effective 28.05.2019) The internal rules referred to in Article 101 (4) herein shall be mandatory for application by the members of the Notary Chamber of the Republic of Bulgaria, the Bulgarian Chamber of Private Enforcement Agents and the Institute of Certified Public Accountants after their adoption by the said organisations. The

internal rules referred to in Article 101 (4) herein shall be mandatory for application by the members of the bar associations after their adoption by the Supreme Bar Council.

(7) (Repealed, SG No. 42/2019, effective 28.05.2019).

(8) (Amended, SG No. 42/2019, effective 28.05.2019) Where, upon the exercise of control activities under Article 108 herein, the internal rules referred to in Article 101 herein are found to be non-conforming with this Act or with an instrument on the application thereof, the said rules are found not have not been adopted by a competent body of the person referred to in Article 4 herein, or the measures provided for in the internal rules are found to be insufficient to achieve the purposes of this Act, the Director of the Financial Intelligence Directorate of the State Agency for National Security shall give the person referred to in Article 4 herein or to the organisations referred to in Paragraph (6) binding instructions for remedying the non-conformities ascertained. The instructions shall be complied with within one month from the receipt thereof, and the Directorate shall be notified of the said compliance. The persons referred to in Article 4 herein shall be notified of the publication of the information referred to in Paragraph (9) upon failure to comply with the instructions.

(9) (Amended, SG No. 42/2019, effective 28.05.2019) Where the persons referred to in Article 4 herein fail to comply with the instructions of the Director of the Financial Intelligence Directorate of the State Agency for National Security given according to the procedure and within the time limit referred to in Paragraph (8), information on the non-compliance shall be published on the official Internet site of the State Agency for National Security under terms and according to a procedure established by the Regulations for Application of this Act.

Article 104. (1) Persons referred to in Article 4 that are part of a group shall implement group-wide policies and procedures for control and prevention of money laundering and the financing of terrorism where the said policies and procedures contain at least the requirements specified in Article 101 (2) herein or comply with the said requirements by other means.

(2) (Amended, SG No. 42/2019, effective 28.05.2019) Within 30 days from the occurrence of a change in the circumstances referred to in Paragraph (1), the persons referred to in Paragraph (4) shall notify the Director of the Financial Intelligence Directorate of the State Agency for National Security.

(3) (Amended, SG No. 42/2019, effective 28.05.2019) Where, upon the exercise of control activities under Article 108 herein, the policies and procedures for money-laundering and terrorist-financing control and prevention which are implemented at the level of the group are found to be non-compliant with the requirements of Article 101 (2) herein, the Director of the Financial Intelligence Directorate of the State Agency for National Security shall give binding instructions with respect to the content and implementation of the said policies and procedures.

(4) (Amended, SG No. 42/2019, effective 28.05.2019) Within 30 days from the occurrence of the circumstances referred to in Paragraph (1), the persons referred to in Article 4 herein shall notify the relevant supervisory authority.

Article 105. (1) A natural person referred to in Item 15, 16 or 18 of Article 4 herein, as well as a managerial agent, manager, member of a management or supervisory body or a general partner in a person referred to in Item 15, 16 or 18 of Article 4 herein, may not be a person who has been convicted of an intentional publicly prosecutable offence, unless rehabilitated, in so far as a law does not provide otherwise.

(2) (Amended, SG No. 42/2019, effective 28.05.2019) The circumstance referred to in Paragraph (1) for Bulgarian citizens shall be checked ex officio. Persons who are not Bulgarian citizens shall produce a document from an independent official source of the relevant country of citizenship or permanent residence or another equivalent document showing the non-existence of

the circumstance referred to in Paragraph (1). The persons referred to in Items 15, 16 and 18 of Paragraph (4) shall produce the document referred to in sentence two when subjected to controls under Article 108 (8) herein.

(3) Within 14 days from the occurrence of a change in the circumstance referred to in Paragraph (1), the persons referred to in Paragraph (1) shall notify the Financial Intelligence Directorate of the State Agency for National Security.

(4) (New, SG No. 42/2019, effective 28.05.2019) The persons that, by way of the business thereof, provide any of the services referred to in Item 16 of Article 4 herein, shall be obliged to state expressly the services concerned in the objects thereof.

Section II
Specialised Services

Article 106. (1) The persons referred to in Items 1, 3, 5 and 8 to 11 of Article 4 herein with the exception of insurance intermediaries shall established specialised services which shall prepare, propose for endorsement and implement programmes for training of the employees on the application of this Act, the instruments on the application thereof and the internal rules referred to in Article 101 herein, as well as organise, manage and control the activities of:

1. collecting, processing, retaining and disclosing information about the particular operations or transactions;

2. collecting evidence regarding the ownership of the property subject to transfer;

3. requiring information about the source of the cash or valuables subject to the operations or transactions, as well as to about the source of the assets, in the cases provided for by this Act;

4. collecting information about the customers and keeping accurate and detailed records of the operations thereof involving cash or valuables, including the information and documents referred to in Article 6 of the Foreign Exchange Act;

5. providing the information collected under Items 1 to 4 to the Financial Intelligence Directorate of the State Agency for National Security under the terms and according to the procedure established by Article 72 herein.

(2) The specialised services referred to in Paragraph (1) shall be headed by a senior management employee of the persons referred to in Items 1, 3, 5 and 8 to 11 of Article 4 herein. The head of the specialised service shall be responsible for the implementation of the internal control over the fulfilment of obligations under this Act and the Regulations for Application thereof, except in cases in which these functions are performed by the persons who manage and represent the persons referred to in Items 1, 3, 5 and 8 to 11 of Article 4 herein or are assigned to another senior management employee. Assignment of the functions to another employee shall follow the procedure established by Article 107 (3) to (5) herein.

(3) The specialised services referred to in Paragraph (1) shall be established by a written instrument of the persons who manage and represent the persons referred to in Items 1, 3, 5 and 8 to 11 of Article 4 herein.

(4) The specialised services referred to in Paragraph (1) shall be established within four months from the issuing of the licence or authorisation to carry on the activity concerned or from the recording in the relevant register.

(5) The persons referred to in Items 1, 3, 5 and 8 to 11 of Article 4 herein shall be obliged, within seven days from the designation or replacement of the employee under Paragraph (2), to notify the Financial Intelligence Directorate of the State Agency for National Security of the names of the employee, as well as to provide contact details for the said employee.

Article 107. (1) The persons referred to in Items 2, 4, 6, 7, 12 to 27 and 29 to 32 of Article 4 herein shall establish specialised services under the terms and according to the procedure established by Article 106 herein or shall exercise in person the internal control over the fulfilment of the obligations thereof under this Act and the Regulations for Application thereof.

(2) In case a specialised service has not been established, the internal control over the fulfilment of obligations under this Act and the Regulations for Application thereof shall be implemented in person by the persons referred to in Items 2, 4, 6, 7, 12 to 27 and 29 to 32 of Article 4 herein or, respectively, by the persons who manage and represent the said persons.

(3) In the cases referred to in Paragraph (2), the persons referred to in Items 2, 4, 6, 7, 12 to 27 and 29 to 32 of Article 4 herein and, respectively, the persons who manage and represent the said persons, may designate by a written instrument a senior management employee to implement the internal control over the fulfilment of obligations under this Act and the Regulations for Application thereof.

(4) The Financial Intelligence Directorate of the State Agency for National Security shall be notified of the persons who implement the control under Paragraph (2), as well as of the employees referred to in Paragraph (3), according to the procedure established by Article 106 (5) herein.

(5) The obligations of the employees under Paragraph (3) shall arise after the notification under Paragraph (4).

(6) Paragraphs (1) and (5) shall be applied by the persons referred to in Item 28 of Article 4 herein which do not fall simultaneously within another category of persons under Article 4 herein as well in the cases referred to in Article 98 (4) and (5) herein.

Chapter Nine
CONTROL OVER THE ACTIVITIES OF OBLIGED ENTITIES

Article 108. (1) Control over the application of this Act shall be exercised by the Chairperson of the State Agency for National Security.

(2) The control authorities shall be officials on the staff of the Financial Intelligence Directorate of the State Agency for National Security designated by the Chairperson of the Agency.

(3) The control authorities referred to in Paragraph (2) shall carry out on-site inspections of the persons referred to in Article 4 herein as to the application of measures for the prevention of the use of the financial system for the purposes of money laundering, as well as whenever there is a suspicion of money laundering.

(4) (Amended, SG No. 42/2019, effective 28.05.2019) The inspections referred to in Paragraph (3) may be carried out jointly with the supervisory authorities. The procedure for carrying out the said inspections shall be established by joint instructions of the Chairperson of the State Agency for National Security and the heads of the supervisory authorities.

(5) The inspections referred to in Paragraph (3) shall be carried out on the basis of a written order of the Chairperson of the State Agency for National Security or of an official empowered thereby, which shall indicate the purposes, time and place of the inspection, the person inspected, as well as the names and positions of the control authorities referred to in Paragraph (2) who have been assigned to carry out the inspection.

(6) (New, SG No. 42/2019, effective 28.05.2019, amended, SG No. 94/2019) Control of

compliance with the requirements set out in Articles 7 to 9, Chapter Two, Chapter Three, Section I, Chapter Seven, Section II and Chapter Eight shall be exercised by applying a risk-based approach in accordance with Article 114(1) and respectively by:

1. The Bulgarian National Bank with regard to:

(a) the persons referred to in the second proposal of Article 4(1) and authorised by it, including branches of credit institutions from third countries, as well as with regard to branches of credit institutions authorised by other Member States and established in the territory of the Republic of Bulgaria in the cases set out in the Credit Institutions Act;

(b) the persons referred to in Article 4(2) and authorised by it, including with regard to their activities through representatives in the territory of the Republic of Bulgaria, as well as with regard to branches of payment institutions and electronic money institutions authorised by other Member States and established in the territory of the Republic of Bulgaria;

2. the Financial Supervision Commission with regard to the persons referred to in subparagraphs 5, 8 to 11, 30 and 31 of Article 4;

3. the State Commission on Gambling with regard to the persons referred to in Article 4(21).

When implementing the control, the Bulgarian National Bank, the Financial Supervision Commission and the State Commission on Gambling shall carry out off-site supervision and on-site inspections.

(7) (Renumbered from Paragraph (6), supplemented, SG No. 42/2019, effective 28.05.2019) Inspections as to compliance with the requirements of this Act by the regulated entities shall furthermore be carried out by the supervisory authorities other than those referred to in Paragraph (6). Where a violation is ascertained, the supervisory authorities referred to in sentence one shall promptly notify the Financial Intelligence Directorate of the State Agency for National Security, sending an excerpt from the relevant part of the statement of ascertainment and information on the measures taken.

(8) (New, SG No. 42/2019, effective 28.05.2019) The control authorities referred to in Paragraph (2) shall furthermore apply desk controls to the persons referred to in Article 4 herein as to compliance with Articles 101 to 105 herein.

Article 108a. (New, SG No. 94/2019) (1) The Financial Intelligence Directorate of the State Agency for National Security shall provide to the European Commission a list of the supervisory authorities that also contains contact details for said authorities.

(2) The supervisory authorities referred to in paragraph 1 shall provide to the Financial Intelligence Directorate of the State Agency for National Security the information required so that it can be included in the list referred to in paragraph 1.

(3) The supervisory authorities referred to in paragraph 1 shall notify the Financial Intelligence Directorate of the State Agency for National Security in a timely manner of any changes in the data and information on the list referred to in paragraph 1. In such cases, the Directorate shall inform in a timely manner the European Commission of the changes by

providing an updated list.

(4) Within their powers, the supervisory authorities referred to in paragraph 1 shall serve as contact points for the relevant competent authorities of other Member States.

(5) The Bulgarian National Bank and the Financial Supervision Commission shall serve as contact points for the European supervisory authorities.

Article 109. (1) (Amended, SG No. 42/2019, effective 28.05.2019) When carrying out on-site inspections under Article 108 (3) and (6) herein, the control authorities referred to in Article 108 herein shall have the right:

1. to unimpeded access to the office premises of the person inspected;

2. to require and collect documents, consultations, excerpts and other information in connection with the performance of the task assigned thereto;

3. to require and collect copies of documents authenticated by the person inspected or by a person authorised thereby;

4. to require written and oral explanations of any circumstances relevant to the subject of the inspection;

5. to set a time limit for the submission of the documents, consultations, excerpts, information and explanations referred to in Items 2 to 4.

(2) Expert witnesses or other witnesses may be used and information, documents and other data and information necessary for the carrying out of the inspections referred to in Article 108 (3) herein may be required from third parties for the purposes of the said inspections.

Article 110. (1) The person inspected shall be obligated to cooperate with the control authorities and, to this end:

1. shall sign for the receipt of the order for carrying out the inspection;

2. shall provide a place for carrying out the inspection and shall appear, when requested to do so, in the office premises of the State Agency for National Security;

3. shall designate an employee thereof to liaise and cooperate with the control authorities;

4. shall afford access to the office premises;

5. shall make available, within the time limit set by the control authorities, all documents, consultations, excerpts and other information necessary to establish facts and circumstances related to the scope and subject of the inspection;

6. shall make available, upon request within the time limit set by the control authorities, authenticated copies of documents, the authentication being effected by the expression "True Copy", a date and signature of a legal representative or attorney-in-fact of the person inspected, as well as an impression of a seal of the person referred to in Article 4 herein;

7. upon request, shall provide written and oral explanations about circumstances related to the subject of the inspection within the time limit set by the control authorities.

(2) (New, SG No. 42/2019, effective 28.05.2019) The persons referred to in Article 4 herein that are supervised by the Bulgarian National Bank, the Financial Supervision Commission and the State Commission on Gambling shall be obliged to cooperate under Paragraph (1) when subjected to inspections under Article 108 (6) herein.

(3) (Renumbered from Paragraph (2), supplemented, SG No. 42/2019, effective 28.05.2019) All documents, information, consultations, excerpts and written explanations, which are required for the purposes of the inspections under Article 108 (3) and (6) herein, shall be made available by the person inspected in Bulgarian. The foreign-language documents shall be made available accompanied by a translation into Bulgarian.

(4) (New, SG No. 42/2019, effective 28.05.2019) When applying desk controls under Article 108 (8) herein, the control authorities referred to in Article 108 (2) herein shall have the right:

1. to require and collect documents, consultations and other information relating to compliance with the requirements of Articles 101 to 105 herein;

2. to require and collect copies of documents authenticated by the person inspected or by a person authorised thereby;

3. to require written and oral explanations of any circumstances relevant to the subject of the inspection;

4. to set a time limit for the submission of the documents, consultations, information and explanations referred to in Items 1 to 3.

Article 111. (1) The provision of documents, information, consultations, excerpts, written and oral explanations for the purposes of the inspections referred to in Article 108 (3) herein may not be refused or limited on considerations regarding official, banking, trade or professional secrecy, or because the said information constitutes tax and social-security information or protected personal information.

(2) Liability for violation of other laws or of a contract shall not arise under the terms established by Paragraph (1).

Article 111a. (New, SG No. 94/2019) When exercising control pursuant to Article 108(6) in respect of persons belonging to a group, the Bulgarian National Bank and the Financial Supervision Commission shall cooperate with the competent supervisory authorities in the Member States in which the undertakings that are part of a group are established and in which the parent undertaking of obliged entity is established.

Article 112. The State bodies and the local authorities and the employees thereof shall be obliged to cooperate with the control authorities of the Financial Intelligence Directorate of the State Agency for National Security in the performance of the functions of the said control authorities.

Article 113. A statement of ascertainment on each on-site inspection carried out under Article 108 (3) herein shall be drawn up in duplicate, shall be signed by the control authorities referred to in Article 108 (2) herein who carried out the inspection, and shall be served on the person inspected who shall sign for the receipt of the said statement.

Article 114. (1) The control activities regarding the application of measures for the prevention of the use of the financial system for the purposes of money laundering shall be carried out by applying a risk-based approach, which shall consists in:

1. identification of the relevant risk factors by collecting the necessary information, including with respect to risks associated with customers, products and services;

2. use of the information collected to assess and understand the risk of money laundering and financing of terrorism to which the persons referred to in Article 4 herein are exposed, as well as the measures taken by the said persons to reduce and mitigate the said risk;

3. taking measures for the implementation of control activities proportionate to the said risks and allocation of resources in accordance with the risk assessment, including making decisions on the scope, depth, duration and frequency of the on-site inspections, as well as on the need of human resources and expertise for the implementation of the control activities;

4. ongoing monitoring and periodic review of the risk evaluation and of the allocation of resources for the implementation of the control activities, including upon the occurrence of essential circumstances or changes in the management and activities of the persons referred to in Article 4 herein so as to ensure that the risk assessment and resource allocation are current,

applicable and relevant.

(2) (Amended, SG No. 42/2019, effective 28.05.2019) For the purposes of Paragraph (1), the Financial Intelligence Directorate of the State Agency for National Security, as well as the Bulgarian National Bank, the Financial Supervision Commission and the State Commission on Gambling applicable to the persons referred to in Article 4 herein that are supervised thereby, shall collect documents and information from the persons referred to in Article 4 herein. The said documents and information shall be provided by the persons referred to in Article 4 herein within a time limit and in a format determined by the Directorate or by the authority referred to in sentence one.

Article 115. (1) (Amended, SG No. 42/2019, effective 28.05.2019) The Financial Intelligence Directorate of the State Agency for National Security, the Bulgarian National Bank, the Financial Supervision Commission and the State Commission on Gambling shall identify the risk for the purposes of carrying out the inspections under Article 108 (3) or (6) herein when applying the approach referred to in Article 114 (1) herein.

(2) (Amended and supplemented, SG No. 42/2019, effective 28.05.2019) For the purposes of Article 108 (7) herein, the risk when applying the approach referred to in Article 114 (1) herein shall furthermore be identified by the supervisory authorities other than those referred to in Article 108 (6) herein.

(3) The results of the national risk assessment referred to in Article 95 (1) herein, as well as the results of the supranational risk assessment and the recommendations of the European Commission referred to in Article 95 (2) herein, shall be taken into consideration when applying the approach referred to in Article 114 (1) herein.

(4) (Supplemented, SG No. 42/2019, effective 28.05.2019, amended, SG No. 94/2019) For the purposes of Article 114(1), the Financial Intelligence Directorate of the State Agency for National Security and the supervisory authorities shall exchange statistics and other data and information on the specific persons who are subject to supervision by the relevant authority under terms and according to a procedure laid down in a joint instruction enabling the effective implementation of the powers referred to in paragraphs 1 and 2. The information may furthermore include information on reports submitted by employees or persons in a comparable position involved in the operations of the persons referred to in Article 4 on other grounds, reports pursuant to paragraph 9 concerning potential or actual infringements of this Act, of the Measures against the Financing of Terrorism Act and of the instruments for their implementation.

(5) For the purposes of Article 114 (1) herein, with respect to the persons referred to in Items 1 to 3, 5 and 8 to 11 of Article 4 herein, the exchange of information shall take into consideration the guidelines on the conduct of risk-based supervision adopted according to Article 48 (10) of Directive (EU) 2015/849.

(6) (Supplemented, SG No. 42/2019, effective 28.05.2019, SG No. 94/2019) When identifying the risks, the Financial Intelligence Directorate of the State Agency for National Security may also use information from a competent supervisory authority, the security services and the public order services, the Prosecutor’s Office of the Republic of Bulgaria, the Counter-Corruption And Unlawfully Acquired Assets Forfeiture Commission, the National Customs Agency, the European supervisory authorities, the European Commission, a competent authority of another State, reports submitted by employees or representatives of the persons referred to in Article 4 or by persons in a comparable position involved in the operations of the persons referred to in Article 4 on other grounds concerning infringements of this Act, of the Measures against the Financing of Terrorism Act and of the instruments for their implementation, and reliable public sources of information.

(7) The exchange of data and information under Paragraph (4), as well as the provision of information under Article 114 (2) herein, may not be refused or limited on considerations regarding official, banking, trade or professional secrecy.

(8) The information received may be used only for the purposes of Article 114 herein and may not be provided to third parties.

(9) (New, SG No. 94/2019) The Financial Intelligence Directorate of the State Agency for National Security and the supervisory authorities set out in Article 108(6) shall adopt and apply appropriate and effective procedures for the receipt of reports concerning potential or actual violations of this Act, of the Measures against the Financing of Terrorism Act and of the instruments for their implementation, submitted by employees or by persons in a comparable position involved in the operations of the persons referred to in Article 4, as well as for following up such reports; said procedures shall include at least the following:

1. specific procedure for the receipt of reports and their follow-up;

2. personal data protection for the person who submits the infringement report, and for the persons in respect of whom the report is submitted;

3. procedures ensuring that the reports have been taken into account and, where appropriate, have been forwarded to other competent authorities;

4. procedures for confidentiality of the information submitted, except where disclosure is required by law in cases of administrative or criminal proceedings.

(10) (New, SG No. 42/2019, effective 28.05.2019, renumbered from Paragraph 9, supplemented, SG No. 94/2019) The submission of a report by an employee or representative of a person referred to in Article 4 or by a person in a comparable position involved in the operations of the persons referred to in Article 4 concerning an infringement of this Act, of the Measures against the Financing of Terrorism Act and of the instruments for their implementation shall not serve as grounds for the termination of the employment or civil-service relationship of that employee, representative or person or for the application of other disciplinary measures or sanctions with respect to said employee, representative or person.

Chapter Ten
ADMINISTRATIVE PENALTY PROVISIONS

Article 116. (Supplemented, SG No. 42/2019, effective 28.05.2019) Any person, who or which commits or tolerates the commission of any violation under Article 7, Article 9, Article 11 (1) to (3), Articles 12 to 22, Articles 24 to 31, Articles 33 to 60, Articles 65 to 69, Article 72 (1) to (3) and (5) to (7), Article 73 (1), Article 74 (1) to (5) and 11, Article 76 (1), Article 80, Article 87 (4), Article 101 (11), Article 106 (2), (4) and (5), Article 107 (4), Article 110 (1) and (2) and Article 111 (1) herein, unless the act constitutes a criminal offence, shall be liable to:

1. a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 10,000, where the offender is a natural person;

2. a pecuniary penalty of BGN 2,000 or exceeding this amount but not exceeding BGN 20,000, where the offender is a legal person or sole trader;

3. a pecuniary penalty of BGN 5,000 or exceeding this amount but not exceeding BGN

50,000, where the offender is a person referred to in Items 1 to 6 and 8 to 11 of Article 4 herein.

(2) Upon a repeated violation, the sanction under Paragraph (1) shall be:

1. under Item 1 of Paragraph (1): a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 20,000;

2. under Item 2 of Paragraph (1): a pecuniary penalty of BGN 5,000 or exceeding this amount but not exceeding BGN 50,000;

3. under Item 3 of Paragraph (1): a pecuniary penalty of BGN 10,000 or exceeding this amount but not exceeding BGN 200,000.

(3) (Amended, SG No. 42/2019, effective 28.05.2019) The sanction for serious or systematic violations under Paragraph (1), unless the act constitutes a criminal offence, shall be:

1. under Item 1 of Paragraph (1): a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 2,000,000;

2. under Item 2 of Paragraph (1): a pecuniary penalty of BGN 10,000 or exceeding this amount but not exceeding BGN 2,000,000, or up to the double amount of the benefit derived from the violation, if the said benefit can be identified;

3. under Item 3 of Paragraph (1): a pecuniary penalty of BGN 20,000 or exceeding this amount but not exceeding BGN 10,000,000, or up to 10 per cent of the annual turnover, including gross income, according to the consolidated accounts of the parent undertaking for the previous year, comprising interest receivable and other similar income, income from shares and other variable or fixed yield securities income and receivables from commissions and/or fees.

Article 117. (1) The fines referred to in Item 1 of Article 116 (1) and Item 1 of Article 116 (2) herein shall furthermore be imposed on any person who manages and represents a person referred to in Article 4 herein, as well as on any person who is responsible for the exercise or who exercises the internal control over compliance with the obligations of a person referred to in Article 4 herein and the Regulations for Application thereof, where the said persons have committed or have tolerated the commission or have participated in the commission of a violation under Article 116 (1) herein.

(2) (Amended, SG No. 42/2019, effective 28.05.2019) The sanction for serious or systematic violations under Article 116 (1) herein, unless the act constitutes a criminal offence, shall be:

1. (amended, SG No. 94/2019) a fine of between BGN 5 000 and BGN 2 000 000: where the offender is a person who manages and represents a person referred to in subparagraph 7 and subparagraphs 12 to 39 of Article 4, as well as a person who is responsible for the exercise or who exercises internal control over compliance with the obligations of a person referred to in subparagraph 7 and subparagraphs 12 to 39 of Article 4 set out in this Act and in the regulation on its implementation, where said persons have committed or have allowed to be committed or have participated in a violation within the scope of Article 116(1);

2. a fine of BGN 10,000 or exceeding this amount but not exceeding BGN 10,000,000: where the offender is a person who manages and represents a person referred to in Items 1 to 6 and Items 8 to 11 of Article 4 herein, as well as a person who is responsible for the exercise or who exercises the internal control over compliance with the obligations of a person referred to in Items 1 to 6 and Items 8 to 11 of Article 4 herein under this Act and the Regulations for Application thereof, where the said persons have committed or have tolerated the commission or have participated in the commission of a violation under Article 116 (1) herein.

Article 118. (1) Any person, who or which commits or tolerates the commission of any violation of this Act in cases other than those under Article 116 (1) herein and in cases other than those under Article 11 (4) to (6) and sentence two of Article 101 (1) herein or of the Regulations

for Application thereof, unless the act constitutes a criminal offence, shall be liable to:

1. a fine of BGN 500 or exceeding this amount but not exceeding BGN 5,000, where the offender is a natural person;

2. a pecuniary penalty of BGN 1,000 or exceeding this amount but not exceeding BGN 10,000, where the offender is a legal person or sole trader;

3. a pecuniary penalty of BGN 2,000 or exceeding this amount but not exceeding BGN 20,000, where the offender is a person referred to in Items 1 to 6 and 8 to 11 of Article 4 herein.

(2) Upon a repeated violation, the sanction under Paragraph (1) shall be:

1. under Item 1 of Paragraph (1): a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 10,000;

2. under Item 2 of Paragraph (1): a pecuniary penalty of BGN 2,000 or exceeding this amount but not exceeding BGN 20,000;

3. under Item 3 of Paragraph (1): a pecuniary penalty of BGN 5,000 or exceeding this amount but not exceeding BGN 50,000.

(3) The sanction for systematic violations under Paragraph (1), unless the act constitutes a criminal offence, shall be:

1. under Item 1 of Paragraph (1): a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 20,000;

2. under Item 2 of Paragraph (1): a pecuniary penalty of BGN 5,000 or exceeding this amount but not exceeding BGN 50,000;

3. under Item 3 of Paragraph (1): a pecuniary penalty of BGN 10 000 or exceeding this amount but not exceeding BGN 100,000.

(4) Any person referred to in Article 61 (1) or in Article 62 (1) herein, who or which, after being sanctioned by a fine or by a pecuniary penalty under Paragraph (1) for failing to fulfil an obligation to declare a recording under Article 63 (4) herein, fails to declare the said data for recording within the time limit set, shall be sanctioned according to Paragraph (1) every month until the recording is declared.

(5) Any natural contact person referred to in Item 3 of Article 63 (4) herein, who fails to fulfil the obligations thereof under Article 61 or 62 herein, shall be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 1,000, and in the case of repeated violation, to a fine of BGN 200 or exceeding this amount but not exceeding BGN 2,000.

Article 119. (1) The fines referred to in Item 1 of Article 118 (1) and Item 1 of Article 118 (2) herein shall furthermore be imposed on any person who manages and represents a person referred to in Article 4 herein, as well as on any person who is responsible for the exercise or who exercises the internal control over compliance with the obligations of a person referred to in Article 4 herein and the Regulations for Application thereof, where the said persons have committed or have tolerated the commission or have participated in the commission of a violation under Article 118 (1) herein.

(2) The sanction for systematic violations under Article 118 (1) herein, unless the act constitutes a criminal offence, shall be:

1. (amended, SG No. 94/2019) a fine of between BGN 2 000 and BGN 20 000: where the offender is a person who manages and represents a person referred to in subparagraph 7 and subparagraphs 12 to 39 of Article 4, as well as a person who is responsible for the exercise or who exercises internal control over compliance with the obligations of a person referred to in subparagraph 7 and subparagraphs 12 to 39 of Article 4 set out in this Act and in the regulation on its implementation, where said persons have committed or have allowed to be committed or have participated in a violation within the scope of Article 118(1);

2. a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 50,000: where the offender is a person who manages and represents a person referred to in Items 1 to 6 and 8 to 11 of Article 4 herein, as well as a person who is responsible for the exercise or who exercises the internal control over compliance with the obligations of a person referred to in Items 1 to 6 and 8 to 11 of Article 4 herein under this Act and the Regulations for Application thereof, where the said persons have committed or have tolerated the commission or have participated in the commission of a violation under Article 118 (1) herein.

Article 120. (1) Any person, who or which fails to comply with any binding instructions issued under the terms and according to the procedure established by this Act and the Regulations for Application thereof, or who or which fails to comply with the time limit for compliance with any such instructions, shall be liable to the sanctions referred to in Article 118 (1) and (2) herein.

(2) Any person referred to in Item 28 of Article 4 herein, which does not fall simultaneously within another category of persons under Article 4 herein as well, which falls to comply with binding instructions under Article 11 (7) or under Article 101 (12) herein or which fails to comply with the time limit for compliance with any such instructions, shall be liable to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 10,000, and in the case of repeated violation, to a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 20,000.

(3) Any person who manages and represents a person referred to in Item 28 of Article 4 herein which does not fall simultaneously within another category of persons under Article 4 herein as well, shall be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 1,000, and in the case of repeated violation, to a fine of BGN 200 or exceeding this amount but not exceeding BGN 2,000, where the said person has committed or has tolerated the commission of the violation under Paragraph (2).

Article 121. (1) Any persons referred to in Article 4 herein, which are registered in another Member State or in a third country, which pursue business in the Republic of Bulgaria through a branch, shall participate in administrative, administrative penalty and judicial proceedings before Bulgarian administrative or judicial authorities through the authorised representative of the branch.

(2) Any actions taken by and vis-a-vis the authorised representative shall be considered taken by and vis-a-vis the person referred to in Article 4 herein.

(3) Any documents served according to the established procedure at the registered address of the branch shall be considered served on the person referred to in Article 4 herein.

(4) In the case of violations committed by a branch registered in the Republic of Bulgaria of person referred to in Article 4 herein which is registered in another Member State or in a third country, the pecuniary penalties provided for in this Chapter for legal persons shall be imposed on the person referred to in Article 4 herein, and the fines and coercive administrative measures vis-a-vis natural persons shall be imposed on the authorised representative of the branch, on a person referred to in Article 107 (3) herein designated to exercise control over the fulfilment of obligations under this Act and the Regulations for Application thereof, as well as on a person referred to in Article 106 (2) herein, where the said natural persons have committed or have tolerated the commission or have participated in the commission of the violation.

Article 122. (1) (Amended, SG No. 42/2019, effective 28.05.2019, SG No. 94/2019) The State Agency for National Security, the Bulgarian National Bank, the Financial Supervision Commission and the State Commission on Gambling shall publish in a timely manner on their official websites information about all enforceable instruments whereby compulsory administrative measures provided for in this Act have been imposed and all enforceable penalty

decrees imposing sanctions for infringements of this Act and of the regulation on its implementation. Any such publications shall include information regarding the offender, the type and nature of the infringement and the type and extent of the measure or penalty imposed. Information concerning judicial instruments revoking enforceable penalty decrees after the resumption of the administrative penalty proceedings in accordance with Article 70 of the Administrative Violations and Sanctions Act shall also be subject to publication.

(2) (Supplemented, SG No. 42/2019, effective 28.05.2019, amended, SG No. 94/2019) Where, after having assessed the circumstances of the particular case, the Chairperson of the State Agency for National Security or the supervisory authority referred to in paragraph 1 or the head of said authority, as the case may be, considers that the publication of personal data of the individual or of the identification data of the legal person on which a sanction has been imposed is disproportionate to the purpose of this Act or of the Measures against the Financing of Terrorism Act, or that such publication could jeopardise the stability of the financial markets or ongoing criminal proceedings, the authorities set out in paragraph 1 shall take the following measures:

1. delay the publication of the information concerning the sanction or measure imposed until the moment at which the reasons for not publishing it cease to exist;

2. publish information concerning the sanction or measure imposed without personal data of the individual or without identification data of the legal person on which a sanction or measure has been imposed, if such anonymous publication ensures an effective protection of the data concerned; in such cases, the publication of the relevant data may be postponed for a reasonable period of time if it is foreseen after the end of this period the reasons for anonymous publication shall cease to exist;

3. not publish concerning the sanction or measure imposed at all in the event that the measures set out in subparagraphs 1 and 2 are considered insufficient to ensure that the stability of financial markets would not be put in jeopardy or the proportionality of the publication with regard to measures which are deemed to be of a minor nature.

(3) (Supplemented, SG No. 42/2019, effective 28.05.2019, repealed, SG No. 94/2019).

(4) (Supplemented, SG No. 42/2019, effective 28.05.2019, repealed, SG No. 94/2019).

(5) (Amended, SG No. 42/2019, effective 28.05.2019, SG No. 94/2019) The assessment referred to in paragraph 2 shall be based on a written opinion submitted by the relevant authority supervising the activities of the person sanctioned. Said opinion shall be submitted to the Chairperson of the State Agency for National Security within 14 days of being requested.

(6) (Amended, SG No. 42/2019, effective 28.05.2019) The published information shall be accessible on the official Internet site of the State Agency for National Security or of the competent supervisory authority referred to in Paragraph (1) for a period of not less than five years on a basis of respect for personal data protection

(7) (Supplemented, SG No. 42/2019, effective 28.05.2019, SG No. 94/2019) The Financial Intelligence Directorate of the State Agency for National Security or the relevant competent supervisory authority referred to in paragraph 1 shall inform the European supervisory authorities of all administrative sanctions imposed on persons referred to in subparagraphs 1 to 11 of Article 4 for violations of this Act and the regulation on its implementation, as well as of all compulsory administrative measures imposed in said persons pursuant to this Act, including of any appeal in relation to them and the outcome of such an appeal.

Article 123. (1) (Amended, SG No. 42/2019, effective 28.05.2019) The written statements ascertaining violations shall be drawn up by the control authorities of the Financial Intelligence Directorate of the State Agency for National Security of by the designated officials of the Bulgarian National Bank, the Financial Supervision Commission and the State Commission on Gambling. The penalty decrees shall be issued by the Chairperson of the State Agency for National Security or, respectively, by the supervisory authority referred to in the first sentence, by the head of the said authority or by officials empowered by the said Chairperson or head.

(2) (Amended, SG No. 42/2019, effective 28.05.2019, SG No. 94/2019) The written statements ascertaining violations of Article 63(1) to (7) shall be drawn up by officials authorised by the Executive Director of the Registry Agency, and the penalty decrees shall be issued by the Executive Director of the Agency or by officials authorised thereby.

(3) (New, SG No. 42/2019, effective 28.05.2019) When administrative penalty proceedings are instituted according to the procedure established by Paragraph (1), the Financial Intelligence Directorate of the State Agency for National Security and the competent supervisory authority referred to in Paragraph (1) shall exchange information in a timely manner on the administrative penalty proceedings instituted according to the procedure established by Paragraph (1), the violations ascertained and the sanctions imposed, as well as the supervisory measures imposed, if any.

(4) (New, SG No. 42/2019, effective 28.05.2019) In cross-border cases under Paragraph (3), the Financial Intelligence Directorate of the State Agency for National Security and the competent supervisory authority referred to in Paragraph (1) shall cooperate and coordinate the actions thereof with the competent supervisory authorities in the Member State concerned.

(5) (Renumbered from Paragraph (3), SG No. 42/2019, effective 28.05.2019) The ascertainment of violations, the issuance, appeal against and execution of the penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

Article 123a. (New, SG No. 42/2019, effective 28.05.2019) When deciding on the type and magnitude of administrative penalties, the administrative sanctioning authority shall take into account all the relevant circumstances, including the following, where applicable:

1. the gravity and duration of the violation;

2. the degree of responsibility of the natural or legal person;

3. the financial situation of the natural person or legal person, determined on the basis of the total financial turnover of the legal person or the annual income of the natural person;

4. the amount of the profit realised or of the loss avoided by the natural or legal person, to the extent that this amount can be determined;

5. the amount of the losses sustained by third parties as a result of the violation, to the extent that this amount can be determined;

6. the level of cooperation rendered by the natural or legal person to the administrative sanctioning authority;

7. any previous violations committed by the natural or legal person.

Article 124. (1) Any person referred to in Article 117 (1) herein, whereon a fine has been imposed by an enforceable penalty decree under Article 117 (2) herein, may not occupy a senior management position at a person referred to in Article 4 herein for a period of one year.

(2) Any person referred to in Article 119 (1) herein, whereon a fine has been imposed by an enforceable penalty decree under Article 119 (2) herein, may not occupy a senior management position at a person referred to in Article 4 herein for a period of three months.

Article 125. (Amended, SG No. 42/2019, effective 28.05.2019) Under the terms established by Article 116 (2) and (3) herein, acting on a proposal by the Chairperson of the State Agency for

National Security or on its own initiative, the authority which issued the authorisation or licence to carry on an activity to a person referred to in Article 3 herein, may withdraw the authorisation or licence issued for the activity concerned or may order the removal of the entry where a registration regime applies.

Article 126. (Amended, SG No. 42/2019, effective 28.05.2019) Where a person referred to in Article 4 herein fails to fulfil the obligations thereof under Article 102 or Article 104 (2) herein, as well as in case of ascertained violations under Article 116 herein, the Director of the Financial Intelligence Directorate may order the person to cease the violation and to take specific measures necessary for remedying the said violation, as well as set a time limit for the taking of the said measures.

Article 127. The written statements under Article 125 and Article 126 herein shall be appealed according to the procedure established by the Administrative Procedure Code.

SUPPLEMENTARY PROVISIONS

§ 1. Within the meaning given by this Act:

1. "Shell bank" shall be a credit institution or financial institution within the meaning given by Article 3 (2) of Directive (EU) 2015/849, or an institution that carries out activities equivalent to those carried out by such institutions, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and which is unaffiliated with a regulated financial group (a financial group subject to effective consolidated supervision). The existence of a local agent or low level staff shall not constitute physical presence.

2. "Group" shall be a group of companies which consists of a parent undertaking, the subsidiaries thereof, and the legal entities in which the parent undertaking or the subsidiaries thereof hold a participation, as well as undertakings linked to each other by a relationship within the meaning of Article 22 of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ, L 182/19 of 29 June 2013).

3. "Business relationship" shall be a business, professional or commercial relationship which is connected with the professional activities of the obliged institutions and persons under this Act and which is expected, at the time when the contact is established, to have an element of duration.

4. "Other official personal documents" shall be the documents within the meaning given by:

(a) Items 2 and 3 of Article 1 (5) of the Bulgarian Personal Documents Act;

(b) Item 1 of Article 40 (1) of the Asylum and Refugees Act.

5. "Other legal entity" shall be any unincorporated association or any other legal arrangement, with or without legal personality, which is capable of entering into legal relationships, of owning or of managing cash and other financial assets or economic resources.

6. "Member State" shall be a State which is a member of the European Union.

7. "European supervisory authorities" shall be: the European Banking Authority, established by Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ, L 331/12 of 15 December 2010); The European Insurance and Occupational

Pensions Authority, established by Regulation (EU) No. 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ, L 331/48 of 15 December 2010), and the European Securities and Markets Authority, established by Regulation (EU) No. 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ, L 331/84 of 15 December 2010).

8. (Supplemented, SG No. 94/2019) "Electronic money" shall be electronic money within the meaning given by Article 34(1) of the Payment Services and Payment Systems Act, with the exception of the monetary value set out in subparagraphs 1 and 2 of Article 34(5) of that Act.

9. "Customer" shall be any natural or legal person or other legal entity who or which enters into a business relationship or carries out an occasional operation or transaction with a person referred to in Article 4 herein.

10. "Correspondent relationship" shall be:

(a) the provision of banking services by one bank as the correspondent to another bank as the respondent, including providing a current or other liability account and related services, such as cash management, international funds transfers, cheque clearing, payable-through accounts and foreign exchange services;

(b) the relationships between and among credit institutions, financial institutions within the meaning given by Article 3 (2) of Directive (EU) 2015/849 and between and credit institutions and such financial institutions where similar services are provided by a correspondent institution to a respondent institution, and including relationships established for securities transactions or funds transfers;

11. "Supervisory authorities" shall be the Financial Supervision Commission, the Bulgarian National Bank and the State bodies empowered by a law or another statutory instrument act to exercise general supervision over the activities of a person referred to in Article 4 herein.

12. "Official identity document" shall be a document within the meaning given by:

(a) Article 13 and Article 14 (1) of the Bulgarian Personal Documents Act;

(b) Item 3 of § 1 of the Supplementary Provisions of the Foreigners in the Republic of Bulgaria Act;

(c) (Amended, SG No. 34/2019) Article 21 (1) of the European Union Citizens and Members of their Families Entry, Residence in and Departure From the Republic of Bulgaria Act;

(d) an identity document issued by a competent foreign State body, stating a unique identification number of the document, date of issue and validity, bearing a photograph, names, date and place of birth of the holder and citizenship.

Residence documents and a foreign driving licence shall not be "official identity documents".

13. "Repeated violation" shall be a violation committed within one year from the effective date of a penalty decree whereby a sanction has been imposed for the same type of violation.

14. "Linked operations" shall be operations and transactions which meet the following conditions:

(a) a series of successive transfers of funds or valuables from or to the same natural person, legal person or other legal entity which are carried out in connection with a single obligation, where each separate transfer is below the legal threshold but which, in aggregate, fulfil the criteria for application of customer due diligence measures, or

(b) a series of transfers through different persons referred to in Article 4 herein which is connected to the same obligations, or

(c) another link established in view of the specificity of the operations or transactions, based on the application of measures under this Act.

15. A violation shall be "systematic" where five or more administrative violations of this Act or of the Regulations for Application thereof of the same type have been committed within one year.

16. "Public order services" shall be the Chief Directorate National Police, the Chief Directorate Border Police, the Chief Directorate for Fire Safety and Civil Protection, the regional directorates of the Ministry of Interior and the Military Police Service under the Minister of Defence.

17. "Security services" shall be the State Intelligence Agency, the Military Intelligence Service of the Ministry of Defence and the Chief Directorate for Combating Organised Crime of the Ministry of Interior.

18. "Senior management" shall be an officer or employee with sufficient knowledge of the money laundering and terrorist financing risk exposure of the person referred to in Article 4 herein and sufficient seniority to take decisions affecting the said risk exposure, and need not, in all cases, be a member of a management board or representation of the person referred to in Article 4 herein.

19. "Occasional operation or transaction" shall be any operation or transaction related to the activities of a person referred to in Article 4 herein which is carried out outside the framework of an established business relationship.

20. "Third country" shall be a State which is not a member of the European Union.

21. "The Financial Action Task Force on Money Laundering (FATF)" shall be the group established by a decision of the Heads of State of the G-7 countries and the President of the European Commission during the G-7 Summit held in Paris in 1989.

22. (New, SG No. 42/2019, effective 28.05.2019) "Property" shall be assets of any kind, movable or immovable, tangible or intangible, as well as any other assessable rights to movable or immovable, tangible or intangible items, as well as documents or instruments, including electronic or digital, evidencing title to or an interest in such assets.

23. (New, SG No. 94/2019) "Crime from which the property was derived" within the meaning of Article 2(1) is every crime according to the Bulgarian law.

24. (New, SG No. 94/2019) "Virtual currencies" means a digital representation of value that is not issued or guaranteed by a central bank or a public authority, is not necessarily attached to a legally established currency and does not possess a legal status of currency or money, but is accepted by natural or legal persons as a means of exchange and which can be transferred, stored and traded electronically.

25. (New, SG No. 94/2019) "Custodian wallet provider" means a natural or legal person or other legal entity that provides services to safeguard private cryptographic keys on behalf of its customers, to hold, store and transfer virtual currencies.

§ 1a. (New, SG No. 42/2019, effective 28.05.2019) The category of persons referred to in Item 19 of Article 4 herein shall not include producers who sell goods produced thereby.

§ 2. (1) "Beneficial owner" shall be any natural person or persons who ultimately owns or controls a legal person or other legal entity, and/or any natural person or natural persons on whose behalf and/or for whose account an operation, transaction or activity is being conducted and who complies with at least one of the following conditions:

1. In the case of corporate legal persons and other legal entities, the beneficial owner shall

be the person who directly or indirectly owns a sufficient percentage of the shares, ownership interest or voting rights in that legal person or other legal entity, including through bearer shareholdings, or through control via other means, with the exception of the cases of a company listed on a regulated market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

A shareholding or an ownership interest of at least 25 per cent in a legal person or other legal entity held by a natural person or persons shall be an indication of direct ownership.

A shareholding or an ownership interest of at least 25 per cent in a legal person or other legal entity held by a legal person or other legal entity which is under the control of one and the same natural person or natural persons or by multiple legal persons and/or legal entities which are ultimately under the control of one and the same natural person/persons, shall be an indication of indirect ownership.

2. In the case of trusts, including trusts, escrow funds and other similar foreign legal entities incorporated and existing under the law of the jurisdictions providing for such forms of trusts, the beneficial owner shall be:

(a) the settlor;

(b) the trustee;

(c) the protector, if any;

(d) the beneficiary or the class of beneficiaries, or

(e) the person in whose main interest the trust is set up or operates, where the individual benefiting from the said trust has yet to be determined;

(f) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means.

3. In the case of foundations and legal arrangements similar to trusts, the natural person or persons holding equivalent or similar positions to those referred to in Item 2.

(2) The natural person or persons who are nominee directors, secretaries, shareholders or owners of the capital of a legal person or other legal entity shall not be a beneficial owner if another beneficial owner is identified.

(3) "Control" shall be the control within the meaning given by § 1c of the Supplementary Provisions of the Commerce Act, as well as any opportunity which, without being an indication of direct or indirect ownership, confers the possibility of exercising decisive influence on a legal a person or other legal entity in the decision-making process for determining the composition of the bodies responsible for the management and supervision, the transformation of the legal person, the cessation of the activity thereof and other matters essential for the activity thereof.

(4) Exercising ultimate effective control over a legal person or other legal entity by means of exercising rights through third parties conferred, inter alia, by virtue of authorisation, contract or another type of transaction, as well as through other legal arrangements conferring the possibility of exercising decisive influence through third parties, shall be an indication of "indirect control".

(5) (Supplemented, SG No. 42/2019, effective 28.05.2019) (1) Where, after having exhausted all possible means and provided there are no grounds for suspicion, no beneficial owner is identified according to Paragraph (1) or if there is any doubt that the person or persons identified is the beneficial owner, the natural person who holds the position of senior managing official shall be regarded as "beneficial owner". The obliged persons shall keep records of the actions taken in order to identify the beneficial ownership under Paragraph (1).

§ 3. (Supplemented, SG No. 94/2019) This Act transposes the requirements of Directive

(EU) 2015/849 of the European Parliament and of The Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No. 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141/73 of 5.6.2015) and the requirements of Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (OJ L 156/43 of 19.6.2018).

§ 4. This Act provides for measures implementing Commission Regulation (EU) No. 389/2013 of 2 May 2013 establishing a Union Registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decisions No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) No. 920/2010 and No 1193/2011 (OJ, L 122/1 of 3 May 2013).

§ 4a. (New, SG No. 17/2019) This Act lays down measures for the implementation of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ, L 119/1 of 4.5.2016).

§ 5. The explicit reference to one or more of the activities referred to in Article 4 herein in the objects on the record of a legal person or other legal entity in the relevant public register, where the said activity is not subject to authorisation, licensing or registration, shall be reason to believe that the said activity is carried out by way of its business and that the person falls within the scope of the persons referred to in Article 4 herein and the said person is obliged to apply the measures under this Act until the said person proves by means of official, accounting and other documents that the said activity is not carried out by way of its business or was carried out on an occasional basis.

TRANSITIONAL AND FINAL PROVISIONS

§ 6. (1) (Amended, SG No. 37/2019) The persons referred to in Article 4 herein, for whom the obligation to apply measures against money laundering arose before the entry into force of this Act, shall bring the internal rules thereof into conformity with the requirements of Article 101 herein within six months from the publication of the results of the national risk assessment on the Internet site of the State Agency for National Security. A notice of the publication of the results shall also be sent to the mass communication media.

(2) (Amended, SG No. 37/2019) The persons referred to in Article 4 herein, for whom an obligation to apply measures against money laundering arises under this Act, shall adopt internal rules under Article 101 herein within the time limit referred to in Paragraph (1).

(3) In the cases referred to in Article 104 herein, the persons referred to in Article 4 herein, for whom the obligations to apply measures against money laundering arose until the entry into force of this Act, shall effect the notification referred to in Article 104 (2) and (4) herein within 30 days from the adoption of the Regulations for Application of this Act.

§ 7. The persons referred to in Item 1, 3, 5 and 8 to 11 of Article 4 herein, for whom the obligation to apply measures against money laundering arose until the entry into force of this Act and who have established specialised services under the Measures Against Money Laundering Act as superseded, shall be obliged to establish services under Article 106 herein within four

months from the entry into force of this Act.

§ 8. (1) Article 79 (1) and Article 94 (2) herein shall be applied after ensuring the relevant technical capability and building protected channels of electronic communication.

(2) Article 79 (3) herein shall be applied after ensuring the relevant technical capability and building automated information systems or networks.

§ 9. (1) (Amended, SG No. 94/2018, effective 1.10.2018) Not later than the 31st day of January 2019, the Registry Agency shall make it possible to record the data referred to in Article 63 (4) herein in the relevant register referred to in Article 63 herein.

(2) The persons whereto the requirement to have the data under Paragraph (1) recorded in the relevant register referred to in Article 63 herein does not apply shall declare the said data for recording within four months from the expiry of the period referred to in Paragraph (1).

(3) (Amended, SG No. 94/2018, effective 1.10.2018) The non-profit legal persons referred to in § 25 of the Transitional and Final Provisions of the Act to Amend and Supplement the Non-Profit Legal Entities Act ([promulgated in the] State Gazette No. 74 of 2016), which effected a re-registration until the 31st day of January 2019, shall declare the data referred to in Paragraph (1) for recording within four months from the expiry of the period referred to in Paragraph (1).

(4) (Amended, SG No. 94/2018, effective 1.10.2018) The persons referred to in Paragraph (3), which effected a re-registration after the 31st day of January 2019, shall declare the data referred to in Paragraph (1) for recording within four months after the effecting of the re-registration.

§ 10. The Council of Ministers shall adopt the Regulations for Application of this Act within five months from the entry into force of the said Act.

§ 11. In the State Agency for National Security Act (promulgated in the State Gazette No. 109 of 2007; amended in Nos. 69 and 94 of 2008, Nos. 22, 35, 42, 82 and 93 of 2009, Nos. 16, 80 and 97 of 2010, Nos. 9 and 100 of 2011, No. 38 of 2012, Nos. 15, 30, 52, 65 and 71 of 2013, No. 53 of 2014, Nos. 14, 24 and 61 of 2015, Nos. 15, 101, 103 and 105 of 2016, No. 103 of 2017 and No. 7 of 2018), Article 132 (4) shall be amended to read as follows:

"(4) The report referred to in Paragraph (3) shall include information regarding the use of the data referred to in Article 75 (3), Articles 76 and 78 of the Measures Against Money Laundering Act."

§ 12. The Tax and Social-Insurance Procedure Code (promulgated in the State Gazette No. 105 of 2005; amended in Nos. 30, 33, 34, 59, 63, 73, 80, 82, 86, 95 and 105 of 2006, Nos. 46, 52, 53, 57, 59, 108 and 109 of 2007, Nos. 36, 69 and 98 of 2008, Nos. 12, 32, 41 and 93 of 2009, Nos. 15, 94, 98, 100 and 101 of 2010, Nos. 14, 31, 77 and 99 of 2011, Nos. 26, 38, 40, 82, 94 and 99 and 2012, Nos. 52, 98, 106 and 109 of 2013, No. 1 of 2014; [modified by] Constitutional Court Decision No. 2 of 2014, [promulgated in] No. 14 of 2014; amended and supplemented in Nos. 18, 40, 53 and 105 of 2014, Nos. 12, 14, 60, 61 and 94 of 2015, Nos. 13, 42, 58, 62, 97 and 105 of 2016, Nos. 58, 63, 85, 92 and 103 of 2017 and Nos. 7 and 15 of 2018) shall be amended and supplemented as follows:

1. In Article 12, there shall be added a Paragraph (9):

"(9) For the purposes of administrative cooperation and the exchange of information under Sections IIIa, IV, V and VI of Chapter Sixteen, the revenue authority, in addition to the powers referred to in Paragraph (1), shall have the right of access to:

1. the information, documents and data collected according to the procedure established by Chapter Two of the Measures Against Money Laundering Act and stored according to the procedure established by Section I of Chapter Three of the same Act, including the information, documents and data on individual transactions and operations;

2. the information, mechanisms and procedures for the customer due diligence measures applied according to the procedure established by Chapter Two of the Measures Against Money Laundering Act, as well as the internal rules, policies and procedures for control and prevention of money laundering under Section I of Chapter Eight of the said Act;

3. the information and data about the beneficial owners, which are available to the persons referred to in Article 61 (1) and Article 62 (1) of the Measures Against Money Laundering Act, as well as to the information and data referred to in Article 63 (4) of the said Act, entered in the commercial register and in the register of non-profit legal persons and in the BULSTAT Register."

2. In Item 3 of Article 74 (1), the words "the head of the State Agency for National Security or officials authorised thereby" shall be replaced by "the Chairperson of the State Agency for National Security, the Director of the Financial Intelligence Directorate of the State Agency for National Security or other officials empowered by the Chairperson of the State Agency for National Security".

3. In § 2b of the Supplementary Provisions, after the words "(OJ, L 332/1 of 18 December 2015)", the conjunction "and" shall be replaced by a comma, and at the end there shall be added "and in Council Directive (EU) 2016/2258 of 6 December 2016 amending Directive 2011/16/EU as regards access to anti-money-laundering information by tax authorities (OJ, L 342/1 of 16 December 2016).".

§ 13. The Measures Against the Financing of Terrorism Act (promulgated in the State Gazette No. 16 of 2003; amended in No. 31 of 2003, No. 19 of 2005, No. 59 of 2006, Nos. 92 and 109 of 2007, Nos. 28 and 36 of 2008, Nos. 33 and 57 of 2011, Nos. 38 and 102 of 2012 and Nos. 27 and 81 of 2016 and No. 7 of 2018) shall be amended and supplemented as follows:

1. In Article 6:

(a) Paragraph (1) shall be amended to read as follows:

"(1) All funds and other financial assets or economic resources owned by any persons referred to in Items 2 and 3 of Article 4b herein, regardless of whose possession they are in, as well as all funds and other financial assets or economic resources found in the possession of, held by, or controlled by any persons referred to in Items 2 and 3 of Article 4b herein, as well as of any persons acting on their behalf or for their account or on their instructions, shall be blocked with the exception of the things and the rights whereon coercive execution may not be levied.";

(b) Paragraph (4) shall be amended to read as follows:

"(4) Anything that is acquired or generated by funds and other financial assets or economic resources that are owned, held or controlled by any persons referred to in Items 2 and 3 of Article 4b herein, as well as by any persons acting on their behalf and for their account of on their instructions shall also be blocked as of the respective date under Paragraph (2)."

2. In Article 7, Paragraph (1) shall be amended to read as follows:

"(1) Natural and legal persons or other legal entities shall be prohibited from providing funds and other financial assets or economic resources, as well as financial services, to any persons referred to in Items 2 and 3 of Article 4b herein, except by an authorisation issued under the terms and according to the procedure established by Article 6 herein."

3. In Article 8, Paragraph (1) shall be amended to read as follows:

"(1) Any transactions in blocked funds and other financial assets or economic resources of

any persons referred to in Items 2 and 3 of Article 4b herein, as well of any persons acting on their behalf and for their account or on their instruction, as any transactions for providing funds and other financial assets or economic resources to any such persons, shall be prohibited."

4. In Article 9:

(b) Paragraph (3) shall be amended to read as follows:

"(3) Should any suspicion of financing of terrorism arise, the persons referred to in Article 4 of the Measures Against Money Laundering Act shall be obliged to identify the customers and to verify the identity thereof used in the suspicious operation or transaction according to the procedure established by Sections V and VI of Chapter Two of the Measures Against Money Laundering Act, to gather information on the essential elements and the value of the operation or transaction, the relevant documents and the other identification data and promptly to inform the Financial Intelligence Directorate of the State Agency for National Security as well before the operation or transaction is carried out while delaying the implementation thereof within the admissible period according to the statutory instruments regulating the relevant type of activity. In such cases, the Directorate shall exercise the powers vested therein under Articles 74 and 90 of the Measures Against Money Laundering Act.";

(b) Paragraph (5) shall be amended to read as follows:

"(5) In cases where delaying the operation or transaction under Paragraph (3) is objectively impossible or is likely to frustrate efforts to pursue the beneficiaries of a suspicious transaction or operation, the person referred to in Article 4 of the Measures Against Money Laundering Act shall inform the Financial Intelligence Directorate of the State Agency for National Security immediately after the said transaction or operation has been carried out, stating the reasons why the delaying was impossible.";

(c) there shall be inserted new Paragraphs (6) and (7):

"(6) The Financial Intelligence Directorate of the State Agency for National Security may receive information on financing of terrorism, apart from the persons referred to in Paragraph (3), also from a State body and through international exchange. In such cases, the Directorate shall exercise the powers vested therein under Articles 74 and 90 of the Measures Against Money Laundering Act.

(7) The Financial Intelligence Directorate of the State Agency for National Security shall provide the person referred to in Paragraph (3) and the bodies referred to in Paragraph (6) with information related to the notification made thereby. The decision regarding the volume of feedback which is to be provided about each particular instance of notification shall be taken by the Director of the Directorate.";

(d) the existing Paragraph (6) shall be renumbered to become Paragraph (8) and shall be amended to read as follows:

"(8) The persons referred to in Article 4 of the Measures Against Money Laundering Act shall include in the internal rules thereof referred to in Section I of Chapter Eight of the said Act criteria for recognising suspicious operations, transactions and customers focused on financing terrorism.";

(e) there shall be inserted a new Paragraph (9):

"(9) Where, upon an analysis of information obtained according to the procedure established by Articles 76, 77 and 78 of the Measures Against Money Laundering Act, a suspicion of financing terrorism arises, the Financial Intelligence Directorate of the State Agency for National Security shall exercise the powers vested therein under Article 74 (3) of the said Act.";

(f) the existing Paragraph (7) shall be renumbered to become Paragraph (10) and shall be

amended to read as follows:

"(10) The disclosure of information under Paragraphs (3) and (6) may not be refused or limited on considerations regarding official, banking, trade or professional secrecy, or because the said information constitutes tax and social-security information or protected personal information, and shall not give rise to liability for breach of restrictions on disclosure of information provided for by contract, a statutory instrument of primary or secondary legislation or an administrative act.";

(g) the existing Paragraph (8) shall be renumbered to become Paragraph (11), and the words "Paragraph (7)" therein shall be replaced by "Paragraph (10)";

(h) the existing Paragraphs (9), (10) and (11) shall be renumbered to become Paragraphs (12), (13) and (14) and shall be amended to read as follows:

"(12) The persons referred to in Article 4 of the Measures Against Money Laundering Act, the authorities referred to in Article 74 (4) and in Article 88 of the said Act, the persons who manage and represent the said persons and authorities, as well as the employees thereof, may not notify their customer or third parties of the disclosure of information under this Act except in the cases referred to in Article 80 (2) to (5) of the Measures Against Money Laundering Act and in compliance with Article 80 (7) of the said Act.

(13) Information on the reporting of a suspicion under Paragraph (3) shall be shared within the group, unless otherwise instructed by the Director of the Financial Intelligence Directorate of the State Agency for National Security within the time limit referred to in Paragraph (3).

(14) Information on the reporting of a suspicion under Paragraph (5) shall be shared within the group, unless otherwise instructed by the Director of the Financial Intelligence Directorate of the State Agency for National Security.";

(i) there shall be added a Paragraph (15):

"(15) The form and the procedure for the submission of the notification referred to in Paragraphs (3) and (5) shall be established by the Regulations for Application of the Measures Against Money Laundering Act."

5. Article 9a shall be amended to read as follows:

"Article 9a. (1) The supervisory authorities within the meaning given by Item 11 of § 1 of the Supplementary Provisions of the Measures Against Money Laundering Act shall be obliged to provide information to the Minister of Interior and to the State Agency for National Security promptly if the course of implementing the supervision activities thereof, the said authorities establish any facts which may be related to financing of terrorism.

(2) The supervisory authorities referred to in Paragraph (1) shall furthermore carry out inspections as to compliance with the requirements of this Act by the regulated entities. Where a violation is ascertained, the supervisory authorities shall promptly inform the Financial Intelligence Directorate of the State Agency for National Security, sending an excerpt from the relevant part of the statement of ascertainment.

(3) The Financial Intelligence Directorate of the State Agency for National Security and the supervisory authorities referred to in Paragraph (1) may exchange classified information for the purposes of the statutory functions performed thereby, subject to Article 87 (3) and (4) of the Measures Against Money Laundering Act."

6. There shall be inserted Articles 9b and 9c:

"Article 9b. (1) Where, upon the scrutiny and analysis of information obtained under the terms and according to the procedure established by this Act, the suspicion of financing of terrorism is not dispelled, the Financial Intelligence Directorate of the State Agency for National Security shall exercise the powers vested therein under Article 75 (1) of the Measures Against

Money Laundering Act.

(2) Access to information under the terms established by Article 75 (3) of the Measures Against Money Laundering Act may be used for the purposes of this Act, and full information shall be provided under the terms and according to the procedure established by Article 75 (3) and Article 81 (2) of the said Act.

(3) The prosecuting magistracy, the relevant security or public order service, the competent specialised directorates of the State Agency for National Security and the Directorate referred to in Article 16 (2) of the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Act, which have received information from the Financial Intelligence Directorate of the State Agency for National Security according to the procedure established by Paragraphs (1) and (2), shall provide feedback to the Directorate about the use made of the information provided, about the referral of the said information to another competent authority or institution, as well as about the outcome of the investigations or inspections performed on the basis of the said information, investigations or inspections, including on a pre-trial proceeding initiated on this basis.

(4) The information provided by the Financial Intelligence Directorate of the State Agency for National Security under Paragraphs (1) and (2) shall constitute an official secret within the meaning given by the Classified Information Protection Act, unless the said information is classified as a State secret within the meaning given by the said Act.

Article 9c. (1) In the cases referred to in Article 9 (1) and (3) herein, information may alternatively be provided by electronic means using a qualified electronic signature or with an access certificate issued by the State Agency for National Security. Upon receipt of the information, an incoming number and date shall be generated automatically and shall be sent to the sender by an electronic message.

(2) The terms and procedures for the issuing and use of an access certificate referred to in Paragraph (1), the types of documents and the data that may be submitted using a qualified electronic signature or an access certificate and the procedure for the submission of any such documents and data by electronic means shall be determined by written instructions of the Director of the Financial Intelligence Directorate of the State Agency for National Security. The said instructions shall be published on the Internet site of the State Agency for National Security.

(3) Information may be exchanged according to the procedure established by Article 9 (6) and by Articles 9a and 9b herein over protected channels of electronic communication subject to the requirements of the Classified Information Protection Act."

7. In Article 11, Paragraph (1) shall be amended to read as follows:

"(1) In the cases referred to in Article 9 (1), (3) and (6) herein, the Minister of Interior or the Chairperson of the State Agency for National Security, or officials expressly empowered thereby, may issue a written order on the suspension of a particular operation or transaction for a period of up to five working days reckoned from the day succeeding the day of issuing of the order, in order to analyse the said operation or transaction, confirm the suspicion and disseminate the results of the analysis to the competent authorities. After carrying out the analysis, the Financial Intelligence Directorate of the State Agency for National Security shall promptly inform the prosecuting magistracy of the suspension of the operation or transaction, providing the necessary information while protecting the anonymity of the person who effected the notification under Article 9 (1), (3) and (6) herein. Where a preventive attachment or garnishment is not imposed within that period, the person referred to in Article 4 of the Measures Against Money Laundering Act may carry out the operation or transaction."

8. There shall be inserted an Article 11a:

"Article 11a. (1) The Financial Intelligence Directorate of the State Agency for National

Security shall use the information obtained under the terms and according to the procedure established by this Act to carry out the strategic analysis referred to in Article 84 of the Measures Against Money Laundering Act.

(2) The Financial Intelligence Directorate of the State Agency for national security may also use the information obtained under Articles 76, 77 and 78 of the Measures Against Money Laundering Act for the purpose of countering the financing of terrorism."

9. Article 14 shall be amended to read as follows:

"Article 14. (1) Acting on its own initiative and on request, the State Agency for National Security shall exchange information under this Act with the relevant international authorities, with the authorities of the European Union and with authorities of other States on the basis of international treaties and/ or by reciprocity.

(2) Acting on its own initiative and on request, the State Agency for National Security shall exchange information about a suspicion of financing of terrorism under the terms and according to the procedure established by Section II of Chapter Six of the Measures Against Money Laundering Act."

10. There shall be inserted an Article 14a:

"Article 14a. Control over compliance with the obligations under this Act by the persons referred to in Article 4 of the Measures Against Money Laundering Act shall be exercised by the Chairperson of the State Agency for National Security according to the procedure established by Chapter Nine of the Measures Against Money Laundering Act."

11. Article 15 shall be amended to read as follows:

"Article 15. (1) Any person, who or which commits or tolerates the commission of any violation under Article 6 (1) to (4), Article 7 (1), Article 9 (1) and (3) and Article 11 (1) and (2) herein, unless the act constitutes a criminal offence, shall be liable to:

1. a fine of BGN 2,000 or exceeding this amount but not exceeding BGN 10,000, where the offender is a natural person;

2. a pecuniary penalty of BGN 20,000 or exceeding this amount but not exceeding BGN 50,000, where the offender is a legal person or sole trader;

3. a pecuniary penalty of BGN 30,000 or exceeding this amount but not exceeding BGN 100,000, where the offender is a person referred to in Items 1 to 6 and Items 8 to 11 of Article 4 of the Measures Against Money Laundering Act.

(2) Upon a repeated violation, the sanction under Paragraph (1) shall be:

1. under Item 1 of Paragraph (1): a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 20,000;

2. under Item 2 of Paragraph (1): a pecuniary penalty of BGN 40,000 or exceeding this amount but not exceeding BGN 100,000;

3. under Item 3 of Paragraph (1): a pecuniary penalty of BGN 50,000 or exceeding this amount but not exceeding BGN 200,000.

(3) The sanction for systematic violations under Paragraph (1), unless the act constitutes a criminal offence, shall be:

1. under Item 1 of Paragraph (1): a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 2,000,000;

2. under Item 2 of Paragraph (1): a pecuniary penalty of BGN 50,000 or exceeding this amount but not exceeding BGN 2,000,000, or up to the double amount of the benefit derived from the violation, if the said benefit can be identified;

3. under Item 3 of Paragraph (1): a pecuniary penalty of BGN 100,000 or exceeding this amount but not exceeding BGN 10,000,000, or up to 10 per cent of the annual turnover, including

gross income, according to the consolidated accounts of the parent undertaking for the previous year, comprising interest receivable and other similar income, income from shares and other variable or fixed yield securities income and receivables from commissions and/or fees.

(4) The fines referred to in Item 1 of Paragraph (1) and Item 1 of Paragraph (2) shall furthermore be imposed on any person who manages and represents a person referred to in Article 4 of the Measures Against Money Laundering Act, as well as on any person who is responsible for the exercise or who exercises internal control over compliance with the obligations of a person referred to in Article 4 of the Measures Against Money Laundering Act and the Regulations for Application thereof, where the said persons have committed or have tolerated the commission or have participated in the commission of a violation under Paragraph (1).

(5) The sanction for systematic violations under Paragraph (1), unless the act constitutes a criminal offence, shall be:

1. a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 2,000,000, where the offender is a person who manages and represents a person referred to in Item 7 and Items 12 to 35 of Article 4 of the Measures Against Money Laundering Act, as well as a person who is responsible for the exercise or who exercises internal control over compliance with the obligations of a person referred to in Item 7 and Items 12 to 35 of Article 4 of the Measures Against Money Laundering Act and the Regulations for Application thereof, where the said persons have committed or have tolerated the commission or have participated in the commission of a violation under Paragraph (1);

2. a fine of BGN 10,000 or exceeding this amount but not exceeding BGN 10,000,000, where the offender is a person who manages and represents a person referred to in Items 1 to 6 and Items 8 to 11 of Article 4 of the Measures Against Money Laundering Act, as well as a person who is responsible for the exercise or who exercises internal control over compliance with the obligations of a person referred to in Items 1 to 6 and Items 8 to 11 of Article 4 of the Measures Against Money Laundering Act and the Regulations for Application thereof, where the said persons have committed or have tolerated the commission or have participated in the commission of a violation under Paragraph (1).

(6) In cases of offences committed by a person which is a civil-law company within the meaning given by the Obligations and Contracts Act, a lawyer partnership within the meaning given by the Bar Act or another unincorporated legal entity, the fines and the pecuniary penalties referred to in Paragraphs (1), (2) and (3) shall be imposed on the managing partners and on the persons who manage and represent the entity.

(7) Any person referred to in Paragraph (4), whereon a fine has been imposed by an enforceable penalty decree under Paragraph (5), may not occupy a senior management position at a person referred to in Article 4 of the Measures Against Money Laundering Act for a period of one year.

(8) Under the terms established by Paragraph (3), acting on a proposal by the Chairperson of the State Agency for National Security or by the Minister of Interior, or on its own initiative, the authority which issued the authorisation or licence to carry on an activity to a person referred to in Article 4 of the Measures Against Money Laundering Act, may withdraw the authorisation or licence issued for the activity concerned or may order the removal of the recording where a registration regime applies.

(9) The instruments under Paragraph (8) shall be appealable according to the procedure established by the Administrative Procedure Code.

(10) The State Agency for National Security shall publish in a timely manner information

on the official Internet site thereof about all enforceable penalty decrees whereby sanctions for violations of this Act have been imposed. The said publication shall be effected under the terms and according to the procedure established by Article 122 of the Measures Against Money Laundering Act."

12. In the Supplementary Provision:

(a) the heading "Supplementary Provision" shall be amended to read as follows: "SUPPLEMENTARY PROVISIONS";

(b) in § 1:

(aa) Item 3 shall be amended to read as follows:

"3. "Financing of terrorism" shall be any direct or indirect, illegal and intentional provision and/or collection of funds and other financial assets or economic resources, and/or provision of financial services with the intention that they be used or in the knowledge that they are to be used, in full or in part, for the purpose of perpetrating terrorism, financing terrorism, recruiting or training separate individuals or groups of people in order to perpetrate terrorism, exiting or entering across the border of the country, as well as staying in the country without authorisation in order to engage in terrorism, forming, directing or participating in an organised crime group which makes it its object to perpetrate terrorism or to finance terrorism, preparing for the perpetration of terrorism, theft in order to procure instruments for the perpetration of terrorism, forging an official document in order to facilitate the perpetration of terrorism, overtly inciting to the perpetration of terrorism, or threatening to perpetrate terrorism within the meaning given by the Criminal Code.";

(bb) Item 4 shall be repealed;

(cc) there shall be added an Item 5:

"5. A violation shall be "systematic" where five or more administrative violations of this Act of the same type have been committed within one year.";

(c) There shall be inserted a new § 1a:

"§ 1a. This Act transposes requirements of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No. 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ, L 141/73 of 5 June 2015)."

§ 14. (1) Article 9c (1) of the Measures Against the Financing of Terrorism Act shall apply after providing the necessary technical capability and establishing protected channels of electronic communication.

(2) Article 9c (3) of the Measures Against the Financing of Terrorism Act shall apply after providing the necessary technical capability and establishing automated information systems or networks.

§ 15. The Commerce Act (promulgated in the State Gazette No. 48 of 1991; amended in No. 25 of 1992, Nos. 61 and 103 of 1993, No. 63 of 1994, No. 63 of 1995, Nos. 42, 59, 83, 86 and 104 of 1996, Nos. 58, 100 and 124 of 1997, Nos. 21, 39, 52 and 70 of 1998, Nos. 33, 42, 64, 81, 90, 103 and 114 of 1999, No. 84 of 2000, Nos. 28, 61 and 96 of 2002, Nos. 19, 31 and 58 of 2003, Nos. 31, 39, 42, 43, 66, 103 and 105 of 2005, Nos. 38, 59, 80 and 105 of 2006, Nos. 59, 92 and 104 of 2007, Nos. 50, 67, 70, 100 and 108 of 2008, Nos. 12, 23, 32, 47 and 82 of 2009, Nos. 41 and 101 of 2010, Nos. 14, 18 and 34 of 2011, Nos. 53 and 60 of 2012, Nos. 15 and 20 of 2013, No. 27 of 2014, Nos. 22 and 95 of 2015, Nos. 13 and 105 of 2016, Nos. 62 and 102 of 2017 and No. 15 of 2018) shall be supplemented as follows:

1. There shall be inserted an Article 65a:

"Beneficial Owner

Article 65a. (1) The corporation shall be obliged to obtain, hold and provide, in the cases specified by law, adequate, accurate and current information on the natural persons who are the beneficial owners thereof, including the details of the beneficial interests held by the said natural persons.

(2) The identification data of the beneficial owners and the data on the legal persons or other entities wherethrough direct or indirect control is exercised, according to the requirements of the Measures Against Money Laundering Act, shall be subject to recordation in the Commercial Register."

2. In the Supplementary Provisions, there shall be inserted a § 1e:

"§ 1e. "Beneficial owner" shall have the meaning assigned to it in § 2 of the Supplementary Provisions of the Measures Against Money Laundering Act."

§ 16. In the Non-Profit Legal Entities Act (promulgated in the State Gazette No. 81 of 2000; amended in Nos. 41 and 98 of 2001, Nos. 25 and 120 of 2002, Nos. 42, 102 and 105 of 2005, Nos. 30, 33, 38, 79 and 105 of 2006, No. 42 of 2009 and Nos. 74 and 103 of 2016), in Article 18 (1) there shall be added an Item 11:

"11. the identification data of the beneficial owners and the data on the legal persons or other entities wherethrough direct or indirect control is exercised, according to the requirements of the Measures Against Money Laundering Act."

§ 17. In the Cooperatives Act (promulgated in the State Gazette No. 113 of 1999; amended in No. 92 of 2000, No. 98 of 2001, No. 13 of 2003, Nos. 102 and 105 of 2005, Nos. 33, 34, 80 and 105 of 2006, Nos. 41, 53 and 104 of 2007, No. 43 of 2008 and No. 91 of 2017), in Article 3 (2), there shall be added an Item 3:

"3. the identification data of the beneficial owners and the data on the legal persons or other entities wherethrough direct or indirect control is exercised, according to the requirements of the Measures Against Money Laundering Act."

§ 18. The BULSTAT Register Act (promulgated in the State Gazette No. 39 of 2005; amended in No. 105 of 2005, No. 34 of 2006, No. 42 of 2007, Nos. 82 and 95 of 2009, No. 28 of 2011, No. 38 of 2012, No. 15 of 2013, No. 12 of 2015, Nos. 8 and 74 of 2016 and No. 85 of 2017) shall be amended and supplemented as follows:

1. In Article 3:

(a) there shall be inserted a new Paragraph (3):

"(3) The natural and legal persons and other legal entities which operate within the territory of the Republic of Bulgaria in the capacity of beneficial owners of trusts, escrow funds and other similar foreign legal entities incorporated and existing under the law of the jurisdictions providing for such forms of trusts, shall likewise be registered in the BULSTAT Register.";

(b) the existing Paragraphs (3) and (4) shall be renumbered to become Paragraphs (4) and (5), respectively.

2. In Article 6, Paragraph (1) shall be amended to read as follows:

"(1) The BULSTAT code of the persons referred to in Items 1 to 7 and 10 of Article 3 (1), Article 3 (2) and (3) shall consist of nine digits."

3. In Article 7:

a) In paragraph 1:

(aa) in the text before Item 1, after the words "Items 1 to 8 of Article 3 (1)," there shall be placed a comma there shall be added "Article 3 (2) and (3)";

(bb) there shall be added an Item 19:

"19. the identification data of the beneficial owners and the data on the legal persons or other entities wherethrough direct or indirect control is exercised, according to the requirements of the Measures Against Money Laundering Act.";

(b) in Paragraph (2):

(aa) in the text before Item 1, after the words "Items 9 to 11 of Article 3 (1)," there shall be placed a comma there shall be added "Article 3 (2) and (3)";

(bb) there shall be added an Item 19:

"19. the identification data of the beneficial owners and the data on the legal persons or other entities wherethrough direct or indirect control is exercised, according to the requirements of the Measures Against Money Laundering Act;"

(c) in Paragraph (4), after the words "Items 5 to 9 of Paragraph (1)", there shall be added "and Item 19", and the words "Items 2, 4 and 5 of Paragraph (2)" shall be replaced by "Items 2, 4, 5 and 9 of Paragraph (2)".

4. In Article 8 (1), after the words "Items 1 to 17 of Article 7 (1)", there shall be added "and Item 19".

5. In Article 11 (1):

(a) in the text before Item 1, the words "Items 1 to 8 of Article 3 (1) and Article 3 (2)" shall be replaced by "Items 1 to 8 of Article 3 (1), Article 3 (2) and (3)";

(b) there shall be added an Item (g):

"(g) a declaration regarding the identification data of the beneficial owners and the data on the legal persons or other entities wherethrough direct or indirect control is exercised, according to the requirements of the Measures Against Money Laundering Act."

6. In Article 45, there shall be added a Paragraph (3):

"(3) The sanctions under the Measures Against Money Laundering Act shall be imposed for a failure to comply in due time with the obligations under Article 12 concerning the recording of the data referred to in Article 63 (4) of the Measures Against Money Laundering Act."

§ 19. The Economic and Financial Relations with Companies Registered in Preferential Tax Treatment Jurisdictions, the Persons Controlled Thereby and the Beneficial Owners Thereof Act (promulgated in the State Gazette No. 1 of 2014; amended in Nos. 22 and 102 of 2015, No. 48 of 2016, No. 96 of 2017 and No. 15 of 2018) shall be amended as follows:

1. In Article 6:

(a) Paragraph (3) shall be amended to read as follows:

"(3) In addition to the circumstances referred to in Article 4, items 2, 3, 5 to 8, the following shall also be entered in the register under paragraph 1:

1. the data about the company registered in a preferential tax treatment jurisdiction, the identification data of the beneficial owners and the data on the legal persons or other entities wherethrough direct or indirect control is exercised, according to the requirements of the Measures Against Money Laundering Act;

2. any change in the circumstances referred to in under Article 4, items 2, 3, 5 to 8 and the data referred to in item 1.";

(b) In Article 4, the words "paragraph 3, item 4" shall be replaced by "paragraph 3, item 2".

2. In § 1 of the Additional Provision, Items 5 and 6 shall be amended to read as follows:

"5. "Control" shall have the meaning assigned to it in § 2 (3) of the Supplementary Provisions of the Measures Against Money Laundering Act.

6. "Beneficial owner" shall have the meaning assigned to it in § 2 of the Supplementary Provisions of the Measures Against Money Laundering Act."

§ 20. The Financial Supervision Commission Act (promulgated in the State Gazette No. 8 of

2003; amended and supplemented in Nos. 31, 67 and 112 of 2003, No. 85 of 2004, Nos. 39, 103 and 105 of 2005, Nos. 30, 56, 59 and 84 of 2006, Nos. 52, 97 and 109 of 2007, No. 67 of 2008, Nos. 24 and 42 of 2009, Nos. 43 and 97 of 2010, No. 77 of 2011, Nos. 21, 38, 60, 102 and 103 of 2012, Nos. 15 and 109 of 2013, Nos. 34, 62 and 102 of 2015, Nos. 42 and 76 of 2016; [modified by] Constitutional Court Decision No. 10 of 2017, [promulgated in] No. 57 of 2017; amended in Nos. 62, 92, 95 and 103 of 2017 and Nos. 7 and 15 of 2018) shall be amended and supplemented as follows:

1. In Article 12 (1), there shall be added an Item 20:

"20. be a supervisory authority under the Measures Against Money Laundering Act and the Measures Against the Financing of Terrorism Act."

2. In Article 13 (1), there shall be added an Item 34:

"34. shall exercise the powers of a supervisory authority under Article 8 (3) and Article 71 (1) of the Measures Against Money Laundering Act."

3. In Article 15 (1):

(a) in Item 6, the words "the Collective Investment Schemes and Other Undertakings for Collective Investments Act" shall be replaced by "the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Measures Against Money Laundering Act and";

(b) in Item 7, the words "the Collective Investment Schemes and Other Undertakings for Collective Investments Act" shall be replaced by "the Collective Investment Schemes and Other Undertakings for Collective Investments Act, the Measures Against Money Laundering Act and";

(c) there shall be added an Item 20:

"20. exercise the powers of a supervisory authority provided for in the Measures Against Money Laundering Act, in the instruments on the application thereof and in the Measures Against the Financing of Terrorism Act, with regard to the persons referred to in Items 8 to 10 and 31 of Article 4 of the Measures Against Money Laundering Act;".

4. In Article 16 (1):

(a) in Item 18, after the words "the Insurance Code", there shall be placed a comma and there shall be inserted "of the Measures Against Money Laundering Act and of the instruments on the application thereof";

(b) in Item 19, after the words "the Insurance Code", there shall be placed a comma and there shall be inserted "of the Measures Against Money Laundering Act and of the instruments on the application thereof";

(c) there shall be added an Item 26:

"26. exercise the powers of a supervisory authority provided for in the Measures Against Money Laundering Act, in the instruments on the application thereof and in the Measures Against the Financing of Terrorism Act, with regard to the persons referred to in Item 5 of Article 4 of the Measures Against Money Laundering Act;".

5. In Article 17 (1):

(a) in Item 11, after the words "social insurance", there shall be placed a comma and there shall be inserted "of the Measures Against Money Laundering Act and of the instruments on the application thereof";

(b) in Item 13 at the end, there shall be placed a comma and there shall be added "in the Measures Against Money Laundering Act and the instruments on the application thereof";

(c) there shall be added an Item 19:

"19. exercise the powers of a supervisory authority provided for in the Measures Against Money Laundering Act, in the instruments on the application thereof and in the Measures Against the Financing of Terrorism Act, with regard to the persons referred to in Item 11 of Article 4 of

the Measures Against Money Laundering Act."

6. In Article 18:

(a) in Paragraph (1):

(aa) in Item 1, after the words "the Health Insurance Act", there shall be placed a comma and there shall be inserted "the Measures Against Money Laundering Act, the Measures against the Financing of Terrorism Act";

(bb) in Item 6, after the words "the Health Insurance Act", there shall be placed a comma and there shall be inserted "the Measures Against Money Laundering Act, the Measures Against the Financing of Terrorism Act";

(b) in Item 3, after the words "the Special Purpose Investment Companies Act", there shall be placed a comma and there shall be inserted "the Measures Against Money Laundering Act, the Measures against the Financing of Terrorism Act".

7. In Item 1 of Article 19 (2), after the words "the Implementation of the Measures Against Market Abuse with Financial Instruments Act", there shall be placed a comma and there shall be inserted "the Measures Against Money Laundering Act, the Measures Against the Financing of Terrorism Act".

8. In Article 25 (11), the words "Article 3a" shall be replaced by "Article 87".

§ 21. The Collective Investment Schemes and Other Undertakings for Collective Investments Act (promulgated in the State Gazette No. 77 of 2011; amended in No. 21 of 2012, No. 109 of 2013, No. 27 of 2014, Nos. 22 and 34 of 2015, Nos. 42, 76 and 95 of 2016, Nos. 62, 95 and 103 of 2017 and Nos. 15 and 20 of 2018) shall be amended and supplemented as follows:

1. In Article 17:

(a) there shall be inserted a new Paragraph (2):

"(2) The Registry Agency shall register the common fund into the BULSTAT Register after it is presented with the respective authorisation for common fund organisation and management, issued by the Commission.";

(b) the existing Paragraph (2) shall be renumbered to become Paragraph (3), and the words "shall notify the Commission of the registration" therein shall be replaced by "and the management company, which has obtained authorisation for the common fund organisation and management, shall notify the Commission of the registration under Paragraphs (1) and (2)".

2. In Article 157:

(a) there shall be inserted a new Paragraph (4):

(4) After the entry into force of the permission for dissolution of the common fund, the Commission shall send the said decision to the Registry Agency for removal from the BULSTAT Register.";

(b) the existing Paragraphs (4) and (5) shall be renumbered to become Paragraphs (5) and (6), respectively.

3. In Article 177, there shall be added a Paragraph (8):

"(8) The Registry Agency shall register a national common fund into the BULSTAT Register after it is presented with the respective authorisation for national common fund organisation and management, issued by the Commission."

4. In Article 180, there shall be added a Paragraph (4):

"(4) After the effectiveness of the decision for withdrawal of the authorisation for national common fund organisation and management as issued, the Commission shall send the said decision to the Registry Agency for removal of the national common fund from the BULSTAT Register."

5. In Article 197, there shall be added a Paragraph (13):

"(13) Any person with a seat in the Republic of Bulgaria, which directly or indirectly manages alternative investment funds or another undertaking for collective investments, including venture capital funds, social entrepreneurship fund or long-term investment funds, holding a licence for the pursuit of the business of management of alternative investment funds issued under the terms established by Section II of Chapter Twenty or, respectively, registered under the terms established by Section IV of Chapter Twenty, shall register each fund managed into the BULSTAT Register."

6. In Article 273 (1):

(a) in Item 1, the words "Article 197 (1) and (6)" shall be replaced by "Article 197 (1), (6) and (13)";

(b) in Item 8, the words "Article 17 (2)" shall be replaced by "Article 17 (3)".

§ 22. The common funds and national investment funds existing upon the entry into force of this Act shall be registered into the BULSTAT Register under Article 17 (2), Article 177 (8) and Article 197 (13) of the Collective Investment Schemes and Other Undertakings for Collective Investments Act within six months from the entry into force of this Act.

§ 23. In the Insurance Code (promulgated in the State Gazette No. 102 of 2015; amended in No. 62 of 2016, Nos. 95 and 103 of 2016, Nos. 8, 62, 63, 85, 92, 95 and 103 of 2017 and Nos. 7 and 15 of 2018), Article 68 (5) shall be amended to read as follows:

"(5) Actual owner (beneficial owner) within the meaning of Paragraph (4) shall be a person within the meaning of § 2 of the Supplementary Provisions of the Measures Against Money Laundering Act."

§ 24. In the Radio and Television Act (promulgated in the State Gazette No. 138 of 1998; [modified by] Constitutional Court Decision No. 10 of 1999, [promulgated in] No. 60 of 1999; amended in No. 81 of 1999, No. 79 of 2000, Nos. 96 and 112 of 2001, Nos. 77 and 120 of 2002, Nos. 99 and 114 of 2003, Nos. 99 and 115 of 2004, Nos. 88, 93 and 105 of 2005, Nos. 21, 34, 70, 80, 105 and 108 of 2006, Nos. 10, 41, 53 and 113 of 2007, No. 110 of 2008, Nos. 14, 37, 42 and 99 of 2009, Nos. 12, 47, 97, 99 and 101 of 2010, Nos. 28, 99 and 105 of 2011, Nos. 38 and 102 of 2012, Nos. 15, 17 and 27 of 2013; [modified by] Constitutional Court Decision No. 8 of 2013, [promulgated in] No. 91 of 2013; amended in No. 109 of 2013, Nos. 19 and 107 of 2014, No. 96 of 2015, Nos. 46, 61, 98 and 103 of 2016, Nos. 8, 63, 75, 92 and 99 of 2017 and No. 7 of 2018), in Item 3 of Article 105 (4), the comma after the word "the capital" and the words "under Article 6 of the Measures Against Money Laundering Act" shall be deleted.

§ 25. In the Bank Deposits Guarantee Act (promulgated in the State Gazette No. 62 of 2015; amended in Nos. 96 and 102 of 2015, No. 103 of 2017 and Nos. 7, 15 and 20 of 2018), in Article 11 (3), the words "Article 3" shall be replaced by "Section V of Chapter Two".

§ 26. The Fisheries and Aquaculture Act (promulgated in the State Gazette No. 41 of 2001; amended in Nos. 88, 94 and 105 of 2005, Nos. 30, 65, 82, 96 and 108 of 2006, Nos. 36, 43 and 71 of 2008, Nos. 12, 32, 42, 80 and 82 of 2009, Nos. 61 and 73 of 2010, Nos. 8 and 19 of 2011, Nos. 38, 59, 77 and 102 of 2012, Nos. 15 and 109 of 2013, Nos. 53 and 107 of 2014, Nos. 12 and 102 of 2015, No. 105 of 2016 and Nos. 58, 63, 92 and 103 of 2017 and Nos. 7 and 17 of 2018) shall be amended as follows:

1. In Article 21b, Item 8 shall be amended to read as follows:

"8. documents containing information or data showing an explicable source of the funds for the implementation of commercial fishing."

2. In Article 21d (2), Item 5 shall be amended to read as follows:

"5. documents containing information or data showing an explicable source of the funds;".

§ 27. In the Carbon Dioxide Geological Storage Act (promulgated in the State Gazette No.

14 of 2012; amended in No. 82 of 2012, No. 14 of 2015 and No. 7 of 2018), in Article 46 (2), Item 1 shall be amended to read as follows:

"1. documents containing information or data showing an explicable source of the funds;".

§ 28. In the Energy Efficiency Act (promulgated in the State Gazette No. 35 of 2015; amended in No. 105 of 2016 and No. 103 of 2017), in Item 1 of Article 81 (1), the words "Article 11 of" shall be deleted.

§ 29. (Effective 31.03.2018 - SG No. 27/2018) In the Private Security Business Act (promulgated in the State Gazette No. 10 of 2018), in § 4 (3) of the Transitional and Final Provisions, the words "Item 4" shall be replaced by "Item 5".

§ 30. In the Commercial Register and Register of Non-Profit Legal Persons Act (promulgated in the State Gazette No. 34 of 2006; amended in Nos. 80 and 105 of 2006, Nos. 53, 59 and 104 of 2007, Nos. 50 and 94 of 2008, No. 44 of 2009, No. 101 of 2010, Nos. 34 and 105 of 2011, Nos. 25, 38 and 99 of 2012, No. 40 of 2014, Nos. 22, 54 and 95 of 2015, Nos. 13, 74 and 105 of 2016 and No. 85 of 2017), in Article 40 there shall be added a Paragraph (6):

"(6) The sanctions under the Measures Against Money Laundering Act shall be imposed for any failure to declare for recording the data referred to in Article 63 (4) of the Measures Against Money Laundering Act."

§ 31. The Measures Against Money Laundering Act (promulgated in the State Gazette No. 85 of 1998; amended in Nos. 1 and 102 of 2001, No. 31 of 2003, Nos. 103 and 105 of 2005, Nos. 30, 54, 59, 82 and 108 of 2006, Nos. 52, 92 and 109 of 2007, Nos. 16, 36, 67 and 69 of 2008, Nos. 22, 23 and 93 of 2009, Nos. 88 and 101 of 2010, Nos. 16, 48, 57 and 96 of 2011, Nos. 44, 60 and 102 of 2012, No. 52 of 2013, Nos. 1, 22 and 53 of 2014, Nos. 14 and 79 of 2015 and Nos. 27 and 81 of 2016, No. 96 of 2017 and No. 7 of 2018) is hereby superseded.

§ 32. § 29 herein shall enter into force as from the 31st day of March 2018.

TRANSITIONAL AND FINAL PROVISIONS
to the Cybersecurity Act
(SG No. 94/2018)

.....

§ 11. (Effective 1.10.2018 - SG No. 94/2018) In the Measures Against Money Laundering Act (SG No. 27/2018), § 9 of the transitional and final provisions, replace the words "1 October 2018" with "31 January 2019" throughout.

§ 12. By 31 December 2018, the Council of Ministers shall adopt the rules for the application of the Measures Against Money Laundering Act.

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§ 14. Article 15 (3), (4) and (5), item 2 of Article 18 (9) and (10) shall come into force on 1 January 2022, while § 11 shall come into force on 1 October 2018.

TRANSITIONAL AND CONCLUDING PROVISIONS
to the Act to Amend and Supplement the Measures Against Money Laundering Act
(SG No. 94/2019)

§ 48. (1) Within five months of the entry into force of this Act, the supervisory authorities within the meaning of § 1(11) of the Supplementary Provisions shall provide to the Financial Intelligence Directorate of the State Agency for National Security the information required so that it is included in the list referred to in Article 108a(1).

(2) Within six months of the entry into force of this Act, the Financial Intelligence

Directorate of the State Agency for National Security shall submit to the European Commission the list referred to in Article 108a(1).

.....

§ 58. By 10 September 2020, the Bulgarian National Bank shall take action and establish the necessary organisation in connection with the submission by banks, payment institutions and electronic money companies of the additional information required and with the entering of said information into the electronic information system referred to in Article 56a of the Credit Institutions Act.

§ 59. (1) Paragraph 8(1) concerning Article 24(3) shall enter into force from 10 July 2020.

(2) Paragraph 50 shall enter into force from 10 March 2021.

(3) Paragraph 51(1) concerning Article 56(14) shall enter into force from 1 January 2020.

(4) Paragraph 51(2)(b) and (g) shall enter into force from 10 September 2020.