

Law on Bank Deposit Guarantee

(Issued by the National Assembly on 15 April 1998; published in the *Darjaven Vestnik*, issue 49 of 29 April 1998; amended, issues 73, 153 and 155 of 1998; issue 54 of 1999; issue 109 of 2001; issue 92 of 2002: effective as of 28 December 2002; issue 118 of 2002; issues 31 and 39 of 2005; issue 59 of 2006: effective as of the date of enforcement of the Treaty of Accession of the Republic of Bulgaria to the European Union, and issues 64 and 86 of 2006: effective as of 1 January 2007; amended, issues 67 and 98 of 2008; issues 42 and 44 of 2009; issues 97 and 101 of 2010)

Subject of the Law

Article 1. This Law shall regulate the establishment, functions and operation of the Deposit Insurance Fund in Bulgaria (hereinafter referred to as ‘the Fund’), and shall specify the circumstances that will give rise to payment of resources by the Fund and the procedure for paying the deposits up to the guaranteed amount.

Scope of the Law

Article 2. (1) This Law shall apply to all banks legally licensed to take deposits.

(2) (amended; *Darjaven Vestnik*, issue 64 of 2006) This Law shall also apply to all local branches of foreign banks seated in a third country provided that:

1. the home country of the head office of such a bank has no deposit-guarantee scheme, or if it has such a scheme, it is inapplicable to a bank’s branches abroad;

2. the home country deposit-guarantee scheme provides for a smaller amount or scope of guarantee than the one prescribed in this law; in this case the guarantee provided by the Fund will supplement the one ensured by the home country scheme.

(3) (new; *Darjaven Vestnik*, issue 64 of 2006: effective as of the date of enforcement of the Treaty of Accession of the Republic of Bulgaria to the European Union) In case the amount or scope of guarantee prescribed in this law exceeds the amount or scope of guarantee provided by the home country deposit-guarantee scheme of a bank, which is seated in a Member State and operates in the Republic in Bulgaria through a branch, that bank may participate in the Fund in order to ensure a supplementary guarantee to the customers of its branch. In this case, the guarantee provided by the Fund will supplement the one ensured by the home country scheme.

(4) (former paragraph 3; amended, *Darjaven Vestnik*, issue 64 of 2006) The entities under paragraphs 1 and 2 shall make pecuniary premiums to the Fund as prescribed herein.

(5) (new; *Darjaven Vestnik*, issue 109 of 2001, former paragraph 4; amended, *Darjaven Vestnik*, issue 64 of 2006) The Management Board of the Fund shall ascer-

tain, upon collection of relevant evidence, which foreign banks' branches operating in Bulgaria do not meet the prerequisites under paragraphs 2 and 3.

(6) (new; Darjaven Vestnik, issue 44 of 2009, effective as of 12 June 2009) In the cases under paragraphs 2 and 3, the Fund shall cooperate with the bodies of the relevant deposit-guarantee scheme.

(7) (new; Darjaven Vestnik, issue 44 of 2009, effective as of 12 June 2009) The Fund shall regularly test the deposit-guarantee scheme, as well as in case of notification sent by the Bulgarian National Bank of any problems in a bank which may lead to activating the deposit-guarantee scheme.

Guaranteed Deposits

Article 3. Deposits in levs and in foreign currency shall be guaranteed.

Guarantee Amount

(Title amended; Darjaven Vestnik, issue 109 of 2001)

Article 4. (1) (amended; Darjaven Vestnik, issue 109 of 2001; issue 118 of 2002; issue 31 of 2005; issue 64 of 2006: effective as of 31 December 2006; issue 98 of 2008; issue 101 of 2010, effective as of 31 December 2010) The Fund shall guarantee the full payment of funds held on depositor's accounts with a bank regardless of the number and size of the deposits up to BGN 196,000.

(2) (amended; Darjaven Vestnik, issue 109 of 2001) The above amount shall include the interest accrued as at the date of the resolution of the Bulgarian National Bank under Article 23, paragraph 1.

(3) The provision of Article 1 shall not apply to persons having acquired rights to a deposit as a result of deposit instructions made after the BNB resolution under Article 23, paragraph 1.

Exceptions

Article 5. (1) The guaranteed amount of bank deposits shall not be paid to:

1. persons who have been granted preferential interest rates in deviation from the terms and conditions announced by the bank which the bank is obliged to apply to all its depositors;

2. persons who own shares entitling them to more than 5 percent of the votes in the general meeting of the bank's shareholders;

3. members of the bank's management or supervisory board, or the board of directors respectively, procurators and members of its internal audit bodies;

4. (amended; Darjaven Vestnik, issue 67 of 2008) natural persons who are specialized auditing companies, selected or appointed in accordance with the procedure prescribed in law to certify the bank's financial statement;

5. spouses or relatives of direct or lateral lineage up to the second degree, including the persons under items 2, 3 and 4;

6. any bank whose deposits are in its name and on its account;

7. (amended; Darjaven Vestnik, issue 59 of 2006) financial institutions under Article 3 of the Law on Credit Institutions;

8. insurers;

9. (amended; Darjaven Vestnik, issue 98 of 2008) pension and insurance funds, except for the supplementary compulsory pension insurance funds;

10. any investment intermediary whose deposits are in his name and on his account;

11. (amended; Darjaven Vestnik, issue 64 of 2006) closed-end investment companies, collective investment schemes and special investment purpose companies;

12. the government or government institutions;

13. municipalities;

14. (new; Darjaven Vestnik, issue 109 of 2001; amended, issue 64 of 2006) the Deposit Insurance Fund, The Security Investors Compensation Fund and the Guarantee Fund under Article 287 of the Insurance Code.

(2) (new; Darjaven Vestnik, issue 109 of 2001) No guarantee shall be provided on deposits arising out of or related to transactions or actions constituting ‘money laundering’ within the meaning of Article 2 of the Law on the Measures against Money Laundering if the offender has been convicted and the sentence is effective.

(3) (former paragraph 2; amended, Darjaven Vestnik, issue 109 of 2001) The exceptions under paragraph 1 shall be established as at the date of BNB resolution under Article 23, paragraphs 1 and 2.

Determining the Size of Deposits

Article 6. (1) (amended; Darjaven Vestnik, issue 109 of 2001) The total amount of a bank’s liability to a depositor shall be determined by adding up all the depositor’s deposits, including interest accrued as at the date of BNB resolution under Article 23, paragraph 1. In establishing the bank’s total liability to a depositor, foreign currency deposits shall participate with the lev equivalent amount at the exchange rate of the Bulgarian National Bank at the initial date of guarantee payment, which shall be announced in compliance with Article 23, paragraph 4.

(2) When the depositor has obligations to the bank, the amount under Article 4, paragraphs 1 and 2 shall be reduced by the amount of his debts to the bank.

(3) In the event of a joint deposit, each person’s portion shall be taken into account in establishing the total amount of that person’s deposits in the bank. If it is not otherwise provided for in the deposit contract, it shall be assumed that the depositors’ portions are equal.

(4) In the event of a deposit contract in favor of a third party, the person in whose favor the deposit has been opened (the beneficiary) shall be entitled to receive a payment from the Fund unless it is otherwise provided for in the contract. If there are more than one beneficiary, the joint deposit rules shall apply.

(5) In the event of a transformation of two or more banks through takeover or merger, the deposits held with these banks before the transformation shall be calcu-

lated, for the purposes of the deposit guarantee, separately for each bank within the six-month term under Article 263, paragraph 1 of the Law on Commerce.

(6) (new; Darjaven Vestnik, issue 109 of 2001) A deposit which is encumbered or serves as collateral shall be included in the adding up under paragraph 1 and the guarantee share due on the deposit shall not be paid to the titleholder of the deposit until said encumbrance or security has been lifted. Where a judicial document issued by a judicial authority in respect of a deposit referred to in the first sentence is effective, the Fund shall pay the guarantee due on the deposit to the person who is designated in the judicial document as the person authorized to receive the deposit amount.

Establishment and Status of the Fund

Article 7. (1) A Deposit Insurance Fund shall be established.

(2) The Fund shall be a legal person, and its head office shall be in Sofia.

(3) (amended; Darjaven Vestnik, issue 153 of 1998) The Fund shall be exempt from paying state or local taxes and fees only on deposit guarantee operations.

(4) The National Audit Office shall exercise control over the Fund's activities.

(5) The Fund shall be transformed, cease its activities or be liquidated by a law.

(6) In the event of liquidation of the Fund after repaying its obligations, the remainder of its property shall be distributed among banks in proportion to the premiums paid by them, except for these banks whose obligations to depositors are paid by the Fund.

Basic Functions of the Fund

Article 8. The Fund under the conditions and the procedure prescribed in this Law shall:

1. determine and collect annual and entry premiums from banks;
2. (amended; Darjaven Vestnik, issue 59 of 2006) invest its assets in accordance with Article 22, paragraph 3;
3. pay the guaranteed amount of deposits;
4. (new; Darjaven Vestnik, issue 92 of 2002) have functions and powers provided for by the Law on Bank Bankruptcy.

Fund Management. Representation

Article 9. (1) The Fund shall be managed by a Management Board.

(2) The Management Board shall consist of five members who shall be designated as follows:

1. (amended; Darjaven Vestnik, issue 73 of 1998) the Chairperson of the Management Board – by the Council of Ministers;
2. the Deputy Chairperson – by the Bulgarian National Bank Governing Council;
3. one member – by a representative organization of commercial banks;

4. two members – jointly by the Chairperson and the Deputy Chairperson of the Management Board.

(3) The Management Board members shall have a degree in economics or law and professional experience for no less than 5 years in one of the following areas:

1. banking;
2. trade in securities;
3. accounting;
4. finance.

(4) The mandate of the Management Board shall be 4 years. The members of the Management Board may be reappointed without any restriction.

(5) The Management Board of the Fund shall meet at least once in three months. Its decisions shall be taken with a simple majority of all its members.

(6) Minutes shall be taken for the Management Board's decisions and they shall be signed by all members present.

(7) (amended; Darjaven Vestnik, issue 109 of 2001) The Management Board shall adopt Rules of Procedure and the procedure for the exercise of the Chairperson's powers under paragraphs 8 and 9.

(8) (amended; Darjaven Vestnik, issue 109 of 2001) The Chairperson of the Management Board shall organize and manage the operating activity of the Fund and its administrative staff and shall represent the Fund at home and abroad. The Chairperson may authorize other persons to exercise his powers.

(9) (amended; Darjaven Vestnik, issue 109 of 2001) The Chairperson of the Management Board shall appoint and dismiss administrative staff of the Fund, whose structure, number, powers, obligations and remuneration shall be determined in accordance with the Rules of Procedure referred to in paragraph 7.

(10) (new; Darjaven Vestnik, issue 109 of 2001) The Management Board on behalf of the Fund shall sign an agreement with the Chairperson of the Management Board, which shall establish the remuneration and shall specify the powers and responsibilities in relation to the exercise of his powers under paragraphs 8 and 9.

(11) (former paragraph 10; Darjaven Vestnik, issue 109 of 2001) The Management Board may recruit experts and form commissions to assist the Fund in its functions.

Conflict of Interest

Article 10. (1) The following persons may not be members of the Fund's Management Board:

1. persons who have been members of executive or controlling bodies, or unlimited liability partners in companies that have been closed for bankruptcy with any creditors having been left unsatisfied;
2. persons who, in the 5 years preceding the decision on a bank's bankruptcy, were members of the bank's managing or controlling body;

3. (amended; Darjaven Vestnik, issue 42 of 2009) persons who are spouses or co-habitants, or relatives of direct or lateral lineage up to the second degree of a member of the Fund's Management Board;

4. persons who have been convicted of premeditated crime of a public character;

5. persons who have been deprived of the right to hold a position of financial responsibility.

(2) (amended; Darjaven Vestnik, issue 54 of 1999) The Chairperson of the Management Board may not engage in other remunerative activity other than research and teaching.

(3) (amended; Darjaven Vestnik, issue 59 of 2006) The Management Board members may not work for banks or financial institutions as defined in Article 3 of the Law on Credit Institutions.

Terminating the Mandate of a Member of the Management Board

Article 11. (amended; Darjaven Vestnik, issue 109 of 2001) (1) The mandate of a member of the Management Board shall be terminated before its expiry where it is established that:

1. any of the circumstances referred to in Article 10 apply to him;

2. he has been physically unable to carry out his responsibilities for more than 6 months;

3. he has been engaged in a serious misconduct;

4. his activities impair the Fund's interests;

5. he has been absent from three or more successive meetings of the Management Board without reasonable ground;

6. (new; Darjaven Vestnik, issue 92 of 2002) Article 42, paragraph 1 of the Law on Bank Bankruptcy has been violated.

7. (new; Darjaven Vestnik, issue 42 of 2009; amended; Darjaven Vestnik, issue 97 of 2010, effective as of 10 December 2010) where there is an effective legal act in respect of him ascertaining conflict of interest under the Law on Prevention and Disclosure of Conflicts of Interest.

(2) (new; Darjaven Vestnik, issue 109 of 2001) Establishing the circumstances under paragraph 1 as well as terminating the mandate of a member of the Management Board shall be done by a resolution of the relevant authority under Article 9, paragraph 2.

Powers of the Management Board

Article 12. (1) The Management Board shall:

1. set in accordance with this Law and collect the entry and annual premiums from banks;

2. invest the Fund's resources in accordance with the requirements for safety and continual liquidity;

3. organize the payment of the guaranteed amounts of deposits in accordance with this Law;

4. approve the annual report on the Fund's activities and present it to the Council of Ministers, the Bulgarian National Bank and the National Audit Office;

5. (amended; Darjaven Vestnik, issue 67 of 2008) approve, by 31 March each year, the annual financial statement for the preceding year and publish it in the Darjaven Vestnik;

6. (amended; Darjaven Vestnik, issue 54 of 1999) approve the annual budget for the Fund's administrative expenses together with a report on its performance and present it for approval to the Governing Council of the Bulgarian National Bank. The approved budget and report on its performance shall be presented to the National Audit Office;

7. prepare draft ordinances for the implementation of this Law and present them to the Bulgarian National Bank for discussion and approval;

8. (new; Darjaven Vestnik, issue 92 of 2002) perform the powers of the Fund under the Law on Bank Bankruptcy. The powers shall be performed by a resolution of the Management Board;

9. (new; Darjaven Vestnik, issue 59 of 2006) take decisions on acquiring shares in a bank under the conditions and the procedure of Article 118, paragraph 1 of the Law on Credit Institutions, as well as on transferring them.

(2) (amended; Darjaven Vestnik, issue 59 of 2006) On demand of the Fund's Management Board, the Deputy Governor heading the Banking Supervision Department at the Bulgarian National Bank shall require from commercial banks any documents necessary to make an unbiased evaluation on the existence and status of the claims on guaranteed deposits. In these circumstances, the restrictions under Article 62 of the Law on Credit Institutions regarding bank secrecy shall not apply.

(3) The Fund's Management Board may demand from the Deputy Governor heading the Banking Supervision Department at the Bulgarian National Bank that limited examinations be conducted in banks and the results be presented to the Fund.

(4) (new; Darjaven Vestnik, issue 59 of 2006) The Bulgarian National Bank shall submit to the Fund all the information required for taking the decisions under paragraph 1, item 9.

(5) (former paragraph 4; amended, Darjaven Vestnik, issue 59 of 2006) The Management Board may publish information on the Fund's activities which does not contain data of confidential banking or commercial character.

Disclosing Conflicts of Interest. Confidentiality

Article 13. (1) (amended; Darjaven Vestnik, issue 42 of 2009) Any member of the Fund's Management Board and its administrative staff shall be bound under the Law on Prevention and Disclosure of Conflicts of Interests to disclose in writing to the Management Board any private interest which impairs the Fund's interests.

(2) In performing their obligations, the persons under paragraph 1 shall be bound to place the Fund's interests before their own interests.

(3) (new; Darjaven Vestnik, issue 109 of 2001, repealed; Darjaven Vestnik, issue 42 of 2009)

Sources of the Fund's Resources

Article 14. (1) The sources of the Fund's resources shall be:

1. initial (entry) premiums from banks;
2. annual premiums from banks;
3. proceeds from the investment of resources raised by the Fund;
4. proceeds received by the Fund from a bank's property in case of subrogation;
5. other sources (loans, donations, foreign assistance, etc.).

(2) The Bulgarian National Bank shall be the depository of the Fund's resources.

Entry Contributions by Banks

Article 15. (1) The entry contribution of each bank shall be a single payment to be deposited within 30 days from the date of its registration in the Commercial Register and shall be the amount of one percent of the bank's registered capital but no less than BGN 100,000.

(2) The entry contribution of a branch of a foreign bank shall be one percent of the minimum capital required for a bank but no less than BGN 100,000, and shall be paid within the time limit under paragraph 1.

(3) In the event of failure to pay the entry contribution within the specified term, the Fund shall charge, for the term of delay an interest on the amount due equal to the interest rate as provided for by Law.

(4) (amended; Darjaven Vestnik, issue 109 of 2001) The entry contributions of banks shall be accounted for as expenses for the current year.

Annual Premium Contributions and Deposit Base

Article 16. (1) (amended; Darjaven Vestnik, issue 109 of 2001) Each bank shall make into the Fund an annual premium contribution equal to 0.5 percent of the total amount of the deposit base for the preceding year, determined on an average daily basis.

(2) (amended; Darjaven Vestnik, issue 109 of 2001) The deposit base shall include all deposits attracted by the bank except for the deposits under Article 5, paragraph 1, items 6–14.

(3) (amended; Darjaven Vestnik, issue 109 of 2001) In determining the deposit base, banks' foreign currency deposits shall be recalculated in levs at the exchange rate of the Bulgarian National Bank for the respective day.

(4) (amended; Darjaven Vestnik, issue 109 of 2001) The amount of the premium contribution to be paid by a newly licensed bank shall be calculated proportionally to the time period following the bank's entry in the Commercial Register until the

end of the year on the basis of the deposit base as at the end of the year of licensing, whereas the days of the year shall be 360. In this case, the contribution shall be paid by 31 March in the year following the year of the bank's licensing.

(5) (amended; Darjaven Vestnik, issue 109 of 2001) Banks, including branches of foreign banks, shall transfer the premium contribution due no later than 31 March in the current year.

(6) In the event of failure to pay the premium contributions within the term set, the provision of Article 15, paragraph 3 shall apply.

(7) (amended; Darjaven Vestnik, issue 109 of 2001) The annual premium contributions of banks shall be accounted for as expenses for the current year.

Nonrefundable Contributions

Article 17. The contributions made by banks are not subject to refunding, also in case of dissolution of banks, unless otherwise provided for by this Law.

Financing the Fund within the Shortfall of Resources

Article 18. (1) (amended; Darjaven Vestnik, issue 109 of 2001) In the event resources in the Fund are insufficient to cover its liabilities under this Law, by a decision of the Management Board, the shortfall may be covered in one of the following ways:

1. by requiring from banks to pay advance annual premium contributions, using the last day of the preceding month as a basis;
2. by increasing the annual premium;
3. by drawing loans in accordance with the terms and conditions prescribed by the Management Board.

(2) The amount paid in advance under paragraph 1, item 1 shall be deducted from the annual premium contribution due by the bank for the next year. The amount that has been overcharged shall be subject to refund within the terms under Article 16, paragraph 5.

(3) The maximum amount of the increased premium contribution under paragraph 1, item 2 may not exceed 1.5 percent of the deposit base, as determined under Article 16, paragraph 2.

(4) (amended; Darjaven Vestnik, issue 109 of 2001) In the event of insufficient resources, the Fund may draw loans:

1. from Bulgarian and foreign banks, as well as from other persons;
2. from the budget after a decision by the National Assembly to this effect.

(5) (new; Darjaven Vestnik, issue 109 of 2001) Loans drawn by the Fund may be secured by a guarantee issued by the government, or by Fund's assets, including Fund's future claims on banks for annual premium contributions.

Consequences of Default on Annual Premium Payments

Article 19. (amended; Darjaven Vestnik, issue 109 of 2001; issue 59 of 2006) In the event a bank has failed to pay the premium or interest due under Article 15, paragraph 3 or Article 16, paragraph 6 for a period of three months, the Fund's Management Board shall advise the Bulgarian National Bank for taking actions under the Law on Credit Institutions.

Reduction of the Liabilities for Payment of Premium

Article 20. (1) Where the resources accumulated in the Fund exceed 5 percent of the total amount of the deposit base with banks, the Management Board may take a decision to reduce the amount of premiums paid in.

(2) Payment of annual premiums in their full amount shall be resumed as soon as the resources in the Fund fall under the amount specified in the preceding paragraph 1.

(3) (amended; Darjaven Vestnik, issue 59 of 2006) The decision for the payment of reduced premium contributions in the cases under paragraph 1 shall not apply to banks that for the previous 12 months have been subjected to the supervisory measures under Article 65, paragraph 2 of the Law on Banks or under Article 103, paragraph 2 of the Law on Credit Institutions.

Providing Information to the Fund

Article 21. (1) Upon request by the Management Board of the Fund, the BNB shall provide all the information available to it on the amount of bank deposits and required for calculating the contributions to be paid by banks, and shall also provide full current information on the financial status of banks in view of assessing the risk associated with the implementation of the deposit-guarantee scheme.

(2) The Management Board of the Fund may demand from banks to provide information which is necessary for the pursuit of its activities.

(3) Members of the Management Board and other persons engaged by the Fund are not allowed to disclose personally or through other persons any information which represents a banking, commercial or other secret protected by law, which has become known to them while carrying out their duties.

Use of the Fund's Resources

Article 22. (1) The Fund's resources may be used only for payments on deposits up to the amounts guaranteed by the scheme in the cases provided for by this Law, for repayment of principal and interest on loans received by the Fund, in the cases under Article 18, paragraph 4, and for the operating expenses incurred by the Fund.

(2) (new; Darjaven Vestnik, issue 59 of 2006) The Fund's resources may also be used for acquiring shares in a bank under Article 118, paragraph 1 of the Law on

Credit Institutions, provided that the Fund estimates that heavier expenditures on repayment of guaranteed deposit amounts may be prevented in this way.

(3) (former paragraph 2; amended, Darjaven Vestnik, issue 59 of 2006) The Fund's resources shall be invested in:

1. government securities issued or guaranteed by the government;
2. (amended; Darjaven Vestnik, issue 67 of 2008) short-term deposits with banks under Article 2, paragraph 5 of the Law on Credit Institutions;
3. deposits with the Bulgarian National Bank.

Terms and Procedures for Reimbursement of Guaranteed Deposits

Article 23. (1) The Fund shall pay the liabilities of a particular bank to its depositors up to the amount guaranteed, in the cases where the Bulgarian National Bank has withdrawn the banking license granted to the commercial bank.

(2) The Fund shall pay the guaranteed amount of the deposits *via* a commercial bank determined by its Management Board.

(3) (amended; Darjaven Vestnik, issue 44 of 2009, effective as of 1 September 2009) Within three business days from the date of the resolution of the Bulgarian National Bank under paragraph 1 above, the appointed conservator, liquidator, or assignee in bankruptcy shall be obliged to submit to the Fund's Management Board information about the deposits held with the bank.

(4) (amended; Darjaven Vestnik, issue 44 of 2009, effective as of 1 September 2009) Within seven business days prior to commencement of payments from the Fund, the Management Board of the Fund shall publish in at least two major dailies information about the date after which depositors shall be paid from the Fund, and the name of the bank which will effect these payments.

(5) (amended; Darjaven Vestnik, issue 44 of 2009, effective as of 1 September 2009) Payments from the Fund shall begin no later than 20 business days from the date of the resolution of the Bulgarian National Bank under paragraph 1.

(6) (new; Darjaven Vestnik, issue 44 of 2009, effective as of 1 September 2009) In exceptional circumstances, the Fund may extend the term under paragraph 5 by not more than 10 business days.

(7) (former paragraph 6; Darjaven Vestnik, issue 44 of 2009, effective as of 1 September 2009) For foreign currency denominated deposits, the depositor shall be paid the lev equivalent of the guaranteed amount at the exchange rate of the Bulgarian National Bank on the initial day of payment of guaranteed deposits.

(8) (former paragraph 7; Darjaven Vestnik, issue 44 of 2009, effective as of 1 September 2009) A bank's liability to its depositors shall be reduced proportionally by the amounts paid to depositors.

(9) (former paragraph 8; Darjaven Vestnik, issue 44 of 2009, effective as of 1 September 2009) The Management Board of the Fund shall regularly notify the liquidator or the assignee in bankruptcy about the amount paid out of the Fund to any depositor.

(10) (former paragraph 9; Darjaven Vestnik, issue 44 of 2009, effective as of 1 September 2009) Depositors' claims in excess of the amount received from the Fund shall be settled from the bank's property, pursuant to current legislation.

(11) (former paragraph 10; Darjaven Vestnik, issue 44 of 2009, effective as of 1 September 2009) The Bulgarian National Bank shall issue an ordinance on the enforcement of this Article.

Subrogation

Article 24. (1) (amended; Darjaven Vestnik, issue 109 of 2001) From the date of the decision made by the Bulgarian National Bank under Article 23, paragraph 1, the Fund shall subrogate the rights of depositors to the bank within the amounts guaranteed, regardless of the amount and the date on which the Fund effected payments on the guaranteed amount to any depositor.

(2) The Fund shall owe no interest on the guaranteed amounts.

Restriction on Advertising

Article 25. Banks covered by the deposit-guarantee scheme shall not advertise deposit guarantee above the limits provided for by this Law.

Additional Provisions

(title amended; Darjaven Vestnik, issue 44 of 2009, effective as of 12 June 2009)

§ 1. Within the meaning of this Law:

1. (amended; Darjaven Vestnik, issue 39 of 2005; issue 86 of 2006: effective as of 1 January 2007) 'Deposit' shall be the funds kept on a bank account, irrespective of its type, opened in the name of one or more persons, or credit balances ensuing from temporary positions as the result of usual banking transactions, whereas the bank is obliged to repay such funds or balances to the depositors in pursuance of the statutory and contractual provisions applicable.

2. 'Joint deposit' shall be a deposit held by two or more persons, the payment of which may be claimed by more than one person.

3. 'Depositor' shall be a person who, pursuant to the statutory and contractual provisions applicable, has the right to receive the funds on the bank account or the credit balances ensuing from temporary positions as the result of usual banking transactions.

4. (new; Darjaven Vestnik, issue 64 of 2006) 'Member State' shall be a state that holds membership to the European Union, or a state which belongs to the European Economic Area.

5. (new; Darjaven Vestnik, issue 64 of 2006) 'Third country' shall be a country that is not a Member State within the meaning of item 4.

§ 1a. (new; Darjaven Vestnik, issue 44 of 2009, effective as of 12 June 2009) This Law transposes in the Bulgarian legislation the provisions of Directive 94/19/

EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes and Directive 2009/14/EC of the European Parliament and of the Council of 11 March 2009 amending Directive 94/19/EC on deposit-guarantee schemes as regards the coverage level and the payout delay (OJ, L 68/3 of 13 March 2009).

Transitional and Final Provisions

§ 2. (1) This Law shall revoke the Law on State Protection of Deposits and Accounts with Commercial Banks in respect whereof the Bulgarian National Bank Has Petitioned the Institution of Bankruptcy Proceedings (published in the *Darjaven Vestnik*, issue 46 of 1996; amended, issue 90 of 1996).

(2) (repealed; *Darjaven Vestnik*, issue 155 of 1998).

§ 3. The wording ‘the Deposit Insurance Fund’ shall be added after ‘other government agencies’ in Article 39, paragraph 1 of the Law on the Bulgarian National Bank (*Darjaven Vestnik*, issue 46 of 1997).

§ 4. (amended; *Darjaven Vestnik*, issue 54 of 1999) (1) Where court proceedings for bankruptcy were petitioned for a bank, the Governor of the Bulgarian National Bank shall approach the bodies of preliminary proceedings, requesting a preliminary examination on the data collection for committed crime, and levy a distraint on bank accounts and impose injunction on the property of the members of the Supervisory and Management Boards, respectively of the Board of Directors, and of the procurators.

(2) Distraint on bank accounts shall be levied through a distraint notice which shall be sent to the respective banks and persons under paragraph 1.

(3) Security measures under paragraph 1 shall be abrogated where within six months after the petition for institution of bankruptcy proceedings no notice on the institution of preliminary proceedings have been sent to the Bulgarian National Bank by the bodies of preliminary proceedings, or persons authorized to manage and represent the bank, respectively the assignees in bankruptcy, have not sent a notice on the claims laid against persons under paragraph 1.

§ 5. (1) All funds raised under Ordinance No. 1 of 1995 on Bank Deposit Insurance, adopted by Resolution No. 396 of the BNB Governing Council (published in the *Darjaven Vestnik*, issue 6 of 1996; amended, issues 21 and 37 of 1996) shall be transferred to the hereby newly established Deposit Insurance Fund.

(2) Entry contributions made by banks under Ordinance No. 1 shall be deemed as entry contributions pursuant to Article 15 of this Law.

§ 6. (new; *Darjaven Vestnik*, issue 44 of 2009, effective as of 12 June 2009) The Ministry of Finance shall immediately notify the European Commission and the Bulgarian National Bank shall notify the European Committee of the Republic of Bulgaria’s intention to change the guaranteed amount of deposits.

§ 7. (former § 6; *Darjaven Vestnik*, issue 44 of 2009, effective as of 12 June 2009) The enactment of this Law shall be assigned to the Bulgarian National Bank.

Law
on Amendments to the Law on Bank Deposit Guarantee

(Published in the Darjaven Vestnik, issue 64 of 8 August 2006)

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Final Provision

§ 5. § 1, item 2 becomes effective as of the date of enforcement of the Treaty of Accession of the Republic of Bulgaria to the European Union, whereas § 2 enters into force as of 31 December 2006.

Law
on Amendments to the Law on Bank Deposit Guarantee

(Published in the Darjaven Vestnik, issue 44 of 2009, effective as of 12 June 2009)

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Final Provision

§ 8. This Law enters into force on the date of its publication in the Darjaven Vestnik except § 2 and § 5, item 1b which shall be effective as of 1 September 2009.

LAW
on Amendments to the Law
on Payment Services and Payment Systems

(published; Darjaven Vestnik, issue 101 of 2010, effective as of 30 June 2011)

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Transitional and Final Provisions

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§ 69. This Law shall come into force on 30 June 2011 with the exception of:

1. paragraphs 1–16, § 41–56 and § 62 and 66 which shall be effective as of 30 April 2011;
2. paragraphs 60 and 68 which shall be effective as of 31 December 2010.