

Ordinance No. 7 of 22 December 2006 on the Large Exposures of Banks

(Issued by the Bulgarian National Bank; published in the Darjaven Vestnik, issue 7 of 23 January 2007; amended, Darjaven Vestnik, issue 85 of 2010)

Chapter One

General Provisions

Subject

Article 1. (1) This Ordinance shall define the permissible limit of overall exposure concentration risk for a bank or a banking group.

(2) The main purpose of this Ordinance is to limit the loss sustained by a bank or a banking group from concentration of exposures.

Exposure

Article 2. (1) An exposure to an individual person or economically connected persons within the meaning of Article 44, paragraph 2 of the Law on Credit Institutions shall be:

1. all balance sheet assets set forth in Chapter Four *Standardised Approach* of Ordinance No. 8 of the BNB of 2006 on the Capital Adequacy of Credit Institutions (hereinafter referred to as BNB Ordinance No. 8) prior to the application of risk weights;

2. off-balance sheet items under Appendix 2 *Classification of Off-balance Sheet Items* of BNB Ordinance No. 8 prior to the application of risk weights and conversion factors.

(2) The following shall be executed from the exposures under paragraph 1:

1. exposures set off against the bank's capital base under Chapter Two *Supervisory Requirements*, Section One *Own Funds (Capital Base)* of BNB Ordinance No. 8;

2. (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) exposures incurred in the ordinary period for settlement of foreign exchange transactions within two working days following the payment under the transaction;

3. exposures incurred in the usual period for settlement of trades in securities within the first five working days after the payment or delivery of securities, whichever is earlier.

4. (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) exposures arising from delayed receipts of funds and other exposures arising from customer's activity and maturing at the latest on the following business day, in case of providing payment services, including money transfer services, as well as clearing and settlement services in local and foreign currency, financial instruments clearing, correspondent banking and custody services;

5. (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) intra-day exposures to institutions providing payment services, including money transfer services, clearing and settlement services in local and foreign currency and correspondent banking services;

6. (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) exposures in the form of minimum required reserves maintained in accounts with the Bulgarian National Bank.

Large Exposure

Article 3. (1) A large exposure, within the meaning of Article 44, paragraph 3 of the Law on Credit Institutions, shall be established on solo or consolidated basis as the sum total of exposures to an individual person or economically connected persons.

(2) The decisions under Article 44, paragraph 4 of the Law on Credit Institutions resulting in a large exposure to an individual person or economically connected persons shall be made prior to the occurrence of the exposure.

(3) A large exposure is in place where it results from:

1. reduction of own funds (capital base) as provided for in BNB Ordinance No. 8;
2. newly arising relatedness between individual persons, or an individual person and economically connected persons, which the bank is already exposed to;
3. change in the market prices or other factors influencing the value of the bank's existing exposures.

Exposures to Institutions

Article 3a. (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) (1) The exposure to an institution within the meaning of BNB Ordinance No. 8 or to economically connected persons, one of which is an institution may exceed the ratio under Article 44, paragraph 5 of the Law on Credit Institutions, if the exposure does not exceed the lesser of the following values:

1. the lev equivalent of EUR 150 million;
2. 50% of the bank's own funds pursuant to BNB Ordinance No. 8.

(2) The exposure to economically connected persons under paragraph 1 which are not institutions shall not exceed 25% of the bank's own funds.

(3) The bank may determine a limit which is lower than that under paragraph 1, item 2 depending on its own policy and procedures to address and control concentration risk.

Trading Book Exposures

Article 4. (1) Banks calculating capital requirements for market risk shall measure and report large exposures incurred to an individual person or economically connected persons as the sum total of the exposures in their trading and non-trading books.

(2) An exposure to a single person or economically connected persons in a bank's trading book shall include:

1. the positive balance between long and short positions on all financial instruments issued by a single person or economically connected persons, whereas the net positions for each instrument are calculated in the manner defined in Article 277 of BNB Ordinance No. 8;

2. in case of underwriting of a debt or equity instrument issue the resulting net exposure is calculated according to Article 295 of BNB Ordinance No. 8;

3. exposures calculated pursuant to Articles 242, 244 and 273 of BNB Ordinance No. 8 in relation to transactions or agreements incurring settlement risk or counterparty risk.

(3) Exposures to a group of economically connected persons incurred in a bank's trading book shall be calculated by adding up all individual exposures to each person in the group.

Special Exposures

Article 5. (1) (former wording of Article 5; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) In case of a syndicated loan or joint underwriting of issues, including NIF and RUF transactions, the participating bank shall report an exposure corresponding to its share thereof, or in compliance with the terms of the contract.

(2) (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) In determining the existence of a large exposure in respect to positions referred to in Article 26, paragraph 1, items 13, 15 and 16 of BNB Ordinance No. 8, where there is an exposure to underlying assets, the bank shall assess the scheme, its underlying exposures, or both. For this purpose, the bank shall evaluate the economic substance and the risk inherent in the structure of the transaction.

Banks' Internal Rules

Article 6. (1) Banks/banking groups shall develop and maintain adequate administrative and accounting procedures and adequate internal control mechanisms for the purposes of identifying and recording all large exposures and any subsequent changes therein, and for monitoring such exposures in accordance with the bank's policy.

(2) In their lending rules, adopted pursuant to Article 73, paragraph 3 of the Law on Credit Institutions, banks/banking groups shall provide for the cases of overall

risk for the bank caused by higher credit concentration due to newly emerged relatedness.

(3) In their lending rules, banks shall impose restrictions on concentration of exposures to specific economic sectors and/or geographic regions.

(4) (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) Banks shall analyse their exposures to collateral issuers, providers of unfunded credit protection and underlying assets pursuant to Article 5, paragraph 2 for possible concentration risk, and where concentrations over 10% of own funds are found out, they shall take steps and report these circumstances to the BNB.

(5) Banks shall submit to the Bulgarian National Bank, Banking Supervision Department, a copy of the rules under paragraph 2 within 10 days after their adoption, amendment, respectively.

Chapter 2

ESTABLISHING THE AMOUNT OF LARGE EXPOSURES

Calculation

Article 7. (1) (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) For the purpose of calculation of the exposure to a single person or economically connected persons, the exposures under Article 2, paragraph 1 shall be summed up prior to applying any risk weights or conversion factors and after taking into account the effect of credit risk mitigation under BNB Ordinance No. 8.

(2) Banks calculating capital requirements for market risk measure and report existing large exposures to a single person or economically connected persons as the sum total of their trading and non-trading book exposures prior to application of risk weights and conversion factors.

(3) Determining an exposure as a large one shall be done by comparing the exposure to the own funds (capital base) of the bank/banking group.

(4) Exposures to derivatives under Appendix 1 *List of Derivatives* to BNB Ordinance No. 8 shall be calculated in accordance with one of the methods set forth in Chapter Eight *Treatment of Counterparty Credit Risk*, Section Three *Method Selection* of BNB Ordinance No. 8.

(5) Where the BNB has authorized the application of Chapter Eight *Treatment of Counterparty Credit Risk*, Section Four *Internal Model Method* of BNB Ordinance No. 8, the models can be used to determine the value of the following exposures:

1. the contracts under Appendix 1 *List of Derivatives* of BNB Ordinance No. 8;
2. repurchase agreements;
3. securities lending/borrowing transactions;
4. margin lending transactions;
5. long settlement transactions.

Exposure Scope

Article 8. (1) Where individual persons are found to be connected on a consolidated or non-consolidated basis, the exposures to them shall be summed up and reported as one exposure.

(2) (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) Where an exposure to a customer is directly and unconditionally guaranteed by a third party, or secured by collateral issued by a third party, the bank may treat the exposure as an exposure to the third party, up to the amount of the guaranteed or secured portion, if the third party is not connected to the persons whose obligation it guarantees.

(3) The guarantees under paragraph 2 shall also include credit derivatives recognised under Chapter Six *Credit Risk Reduction* of BNB Ordinance No. 8 other than credit linked debt securities.

(4) Where the guarantee is denominated in a currency different from the currency of the exposure, the amount of the exposure deemed to be covered shall be calculated in accordance with the provisions on the treatment of a currency mismatch in a guarantee protection pursuant to Chapter Six *Credit Risk Reduction* of BNB Ordinance No. 8. The maturity mismatch of the exposure and of the protection shall be treated in compliance with the provisions of Chapter Six *Credit Risk Reduction* of BNB Ordinance No. 8.

(5) (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) Paragraph 2 shall not apply where:

1. the eligibility requirements for recognition of funded or unfunded credit protection set out in Chapter Six *Credit Risk Mitigation* of BNB Ordinance No. 8 are not met; or

2. in case of provided protection – there is a maturity mismatch between the underlying exposure and the collateral referred to in Articles 181 and 182 of BNB Ordinance No. 8.

Reductions

Article 9. (1) (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) When calculating their large exposures under Article 2, banks shall exclude the following exposures:

1. exposures to central governments or central banks where unsecured exposures to these institutions would attract a 0% risk weight under Chapter Four *Standardised Approach* of BNB Ordinance No. 8;

2. exposures to international organisations or multinational development banks where unsecured exposures to such institutions would attract a 0% risk weight under Chapter Four *Standardised Approach* of BNB Ordinance No. 8;

3. exposures secured by unconditional guarantees of central governments, central banks, international organisations, multinational development banks or public sector enterprises where unsecured exposures to the person providing the guarantee

would attract a 0% risk weight under Chapter Four *Standardised Approach* of BNB Ordinance No. 8;

4. other exposures to or guaranteed by central governments, central banks, international organisations, multinational development banks or public sector entities where unsecured claims on the person, to which the exposure is attributable or by which it is guaranteed, would attract a 0% risk weight under Chapter Four *Standardised Approach* of BNB Ordinance No. 8;

5. (repealed; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010)

6. exposures to regional governments and local authorities or guaranteed by them, which would attract a 0% risk weight as per Chapter Four *Standardised Approach* of BNB Ordinance No. 8.

7. (repealed; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010)

8. exposures secured by collateral of cash deposits placed with the lending bank or with a bank, which is the parent undertaking or a subsidiary to the lending bank;

9. exposures secured by collateral of deposit certificates issued by the lending bank or by a bank, which is a parent undertaking or a bank subsidiary, and placed with one of them;

10. (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) claims and other exposures to institutions within the meaning of BNB Ordinance No. 8 provided that these exposures do not constitute such institution's own funds, they do not last longer than the following business day and are not denominated in a major trading currency;

11. (repealed; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010)

12. covered bonds falling within the meaning of Chapter Four *Standardised Approach* of BNB Ordinance No. 8;

13. (repealed; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010)

14. (repealed; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010)

15. (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) the exposures under item 4, letter 'a' of Appendix 2 *Classification of Off-balance Sheet Items* of BNB Ordinance No. 8 where the contract with an individual person or economically connected persons explicitly states that the exposure can be assumed only where this does not result in exceeding the limits of Article 44, paragraphs 5 and 8 of the Law on Credit Institutions.

16. (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) exposures to credit institutions incurred by banks established by a special law, providing loans under legislative programmes or their statutes, to promote specified sectors of the economy under some form of government oversight and restrictions

on the use of the loans, provided that the respective exposures arise from such loans that are passed on to the beneficiaries via other credit institutions.

(2) (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) Where calculating the large exposures under Article 2, banks shall include 20% of the amount of the exposures to regional or local authorities or guaranteed by them where these exposures would be assigned a 20% risk weight under Chapter Four *Standardised Approach* of BNB Ordinance No. 8.

(3) (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) Where calculating the large exposures under Article 2, banks shall include 50% of the amount of the following exposures:

1. (repealed; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010)

2. (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) off-balance sheet items under item 3, letters 'a' and 'b' of Appendix 2 *Classification of Off-balance Sheet Items* of BNB Ordinance No. 8;

3. exposures falling under the terms of Article 39, paragraph 2 of BNB Ordinance No. 8;

4. (amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) exposures in relation to leasing transactions falling under the terms of Article 39, paragraph 2 of BNB Ordinance No. 8 where the lessor retains full ownership of the residential property for the period prior to exercising the right to the final purchase by the lessee.

Large Exposures Value for Banks Applying the Financial Collateral Comprehensive Method or Internal Credit Risk Models

Article 9a. (1) (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) For the purposes of calculating the value of the large exposures in compliance with the requirements of Article 9b, the bank applying the Financial Collateral Comprehensive Method under BNB Ordinance No. 8 may use the fully adjusted exposure value as calculated under Chapter Six *Credit Risk Mitigation*, Section Five *Calculation of the Adjusted Value of an Exposure* of BNB Ordinance No. 8.

(2) A bank which has received a permission for using own estimates of LGD and conversion factors for an exposure class under Article 57, paragraph 5 of the BNB Ordinance No. 8 may use these estimates in calculating the value of the large exposures if the following conditions are met:

1. the provisions of Chapter Five *Calculating Capital Requirements for Credit Risk by Using Internal Models* of BNB Ordinance No. 8 are met;

2. the requirements of Article 9b are met;

3. bank produces sound and reliable estimates of the effects of financial collateral on its exposures separately from other LGD-relevant aspects;

4. the bank's own estimates of the effects of financial collateral are applied in compliance with the approach for calculating the capital requirements for credit risk pursuant to BNB Ordinance No.8;

5. the BNB is satisfied with the reliability and adequacy of the estimates made by the bank and used in calculating the value of the large exposures.

(3) A bank which has obtained a permission to use own estimates of LGD and conversion factors for an exposure class under Article 57, paragraph 5 of BNB Ordinance No.8 and which does not apply paragraph 2 for calculation of the value of its exposures may use the approach under Article 8, paragraph 2 or the treatment under paragraph 1 without applying the requirements of Article 9b in the latter case.

Requirements for Conducting Stress Tests

Article 9b. (1) (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) A bank that applies the treatment under Article 9a, paragraphs 1 and 2 in calculating the value of large exposures shall conduct periodic stress tests of credit risk concentrations, including in relation to the realisable value of any collateral taken.

(2) Stress tests shall examine the risk arising from potential changes in market conditions that could adversely affect capital adequacy of the bank, as well as risks associated with uncertainties in the realisation of the collateral in emergency situations.

(3) The bank shall demonstrate to the BNB that stress tests applied are reliable and appropriate to the risk assessment under paragraph 2.

(4) If the results of the stress test indicate a lower realisable value of the collateral taken than would be permitted to be taken into account according to the treatment under Article 9a, paragraphs 1 and 2, the value of the collateral permitted to be recognised in calculating the value of the large exposure shall be reduced accordingly.

(5) A bank that applies the treatment under Article 9a, paragraphs 1 and 2 shall include in its internal rules the following elements for concentration risk mitigation:

1. policies and procedures for controlling the risk arising from maturity mismatches between underlying exposures and provided credit protection;
2. policies and procedures in the cases under paragraph 4;
3. policies and procedures in relation to the application of Article 6, paragraph 4.

Chapter Three

EXPOSURES WITHIN A BANKING GROUP

Subsidiaries of Member State Banks

Article 10. (1) (former wording of Article 10, amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) Twenty per cent of the value of an exposure of a bank, which is a subsidiary of another bank licensed in a Member State, to the parent bank or to other subsidiaries in the group or in the financial hold-

ing company shall be included in calculating the ratio under Article 44, paragraphs 5 and 8 of the Law on Credit Institutions, where that exposure is not included in the own funds of the parent bank or of the subsidiaries.

(2) (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) The total amount of exposures of a bank to other subsidiaries in the group or in the financial holding company, other than those under paragraph 1, shall be included in calculating the ratios under Article 44, paragraphs 5 and 8 of the Law on Credit Institutions, unless Article 9 of this Ordinance is applicable.

Subsidiaries to Third Country Banks

Article 11. (1) (former wording of Article 11, amended; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) Twenty per cent of the value of an exposure of a bank licensed in the Republic of Bulgaria, which is a subsidiary of a bank domiciled in a third country, to the parent bank or to other subsidiaries in the group or in the financial holding company, as well as to its own subsidiaries, where the exposure is not included in these companies' own funds, shall be included in calculating the ratio under Article 44, paragraphs 5 and 8 of the Law on Credit Institutions where the following conditions are in place:

1. the bank is licensed in a country of recognised equivalent supervision;
2. the bank is subject to consolidated banking supervision by the country where it was licensed;
3. there is a bilateral agreement for information exchange between the supervisory bodies of the two countries.

(2) (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) The total amount of exposures of a bank to other subsidiaries in the group or in the financial holding company, other than those under paragraph 1, shall be included in calculating the ratios under Article 44, paragraphs 5 and 8 of the Law on Credit Institutions, unless Article 9 of this Ordinance is applicable.

Chapter 4

NOTIFICATION AND REPORTING OF LARGE EXPOSURES

Notification of Connected Persons

Article 12. Each customer shall be required by the bank, prior to incurring an exposure, to submit information of the existence or absence of economic connection with other persons as well as of any newly occurred connections or changes in the existing one.

Notifications of Large Exposures

Article 13. (1) Banks shall submit to the Banking Supervision Department of the Bulgarian National Bank notifications under Article 71, paragraph 1, item 5 of the Law on Credit Institutions within 10 days following the decision resulting in incurring a large exposure.

(2) In case of occurrence of a large exposure to individual customers, banks shall submit notifications of the existence of economic connection between them.

(3) Banks shall notify of a large exposure, formed under the provisions of Article 3, paragraph 3, within 10 days of its occurrence.

Reporting of Large Exposures

Article 14. (1) Exposures to individual customers, which are economically connected within the meaning of § 1, item 5 of the Additional Provisions to the Law on Credit Institutions, are regarded as individual exposures to ‘economically connected persons’.

(2) When reporting large exposures, reductions under Article 9, shall be reported as an integral part of the overall report.

(3) Collaterals under Article 9, paragraph 3, items 3 and 4 shall be specified in their full amount in the report on large exposures.

(4) Interbank exposures shall be reported in their full amount.

Reporting

Article 15. (1) Banks shall draw-up and submit a report on the large exposures to the Banking Supervision Department of the Bulgarian National Bank by the 15th day of the month following the reporting quarter.

(2) (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) Banks which have received a permission by the BNB to apply the internal rating based approach for credit risk pursuant to BNB Ordinance No. 8 shall also include in the report under paragraph 1 information on their 20 largest exposures on a consolidated basis after the reductions referred to in Article 9.

(3) (former paragraph 2; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) The Deputy Governor of the Bulgarian National Bank heading the Banking Supervision Department shall give mandatory instructions on the manner of drawing up and submitting reports on large exposures.

(4) (former paragraph 3; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) The Banking Supervision Department may require additional information on each individual exposure.

Consolidated Report

Article 16. Banks and banking groups shall also draw up a consolidated report on large exposures, according to the procedure established in a special BNB ordinance.

Chapter Five

CONTROL AND MEASURES FOR ELIMINATION OF VIOLATIONS

Control

Article 17. (1) Banking supervisory bodies of the Bulgarian National Bank shall conduct examinations of the correctness of large exposures reports, including on-site inspections and comparisons between the data in the reports and that from the accounting and the operative reporting of banks.

(2) The certified auditors under Article 76, paragraph 1 of the Law on Credit Institutions shall conduct an inspection and prepare an opinion on concentration of exposures.

(3) (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) In case of exceeding the limit set out in Article 44, paragraph 5 of the Law on Credit Institutions and Article 3a of this Ordinance, the bank shall report without delay to the BNB the value of the exposure.

Additional Provisions

§ 1. Within the meaning of this Ordinance:

1. 'NIF (note issuance facility)' shall mean a loan transaction connected with the issuance of securities by a customer through the intermediation and under the management of the bank, where the bank sets a limit for the customer, up to which it accepts to buy back the securities issued by the customer on this transaction.

2. 'RUF (revolving underwriting facility)' shall mean a loan transaction, a version of NIF, where not a bank but a group of banks intermediates in the issuance of a customer's securities, setting a limit, usually covering the full amount of the issue, up to which the group of banks accepts to buy the securities issued by the customer, in case the securities are not sold, and up to the amount of the announced issue which is not sold through the public subscription.

3. 'Syndicated loan' shall mean financing by a group of banks or financial institutions in which everyone individually participates in the total amount of the loan.

4. 'Individual person' shall mean each physical person or legal entity, as well as partnerships under civil law or other associations of such persons, with no legal personality, as well as central governments, regional or local authorities, in their capacity of individual obligors to the bank.

5. 'Own funds (capital base)' shall mean capital within the meaning of BNB Ordinance No. 8.

6. 'Directly and unconditionally guaranteed exposure' shall mean an exposure for which a guarantee meeting the requirements below was issued:

a) the guarantee ensures an unconditional payment in favour of the bank upon first request with no possibility to object or arrange other formal conditions for payment; and

b) is irrevocable and with validity longer than the agreed term for the execution of the guaranteed obligation; and

c) the only condition for its claiming is the guarantor to receive a written request from the bank, in favour of which the guarantee is issued, containing a statement that the debtor does not honour the obligation covered by the guarantee; and

d) there are no other persons entitled to claim a payment under the guarantee; and

e) with the exception of the amount, there exists a complete correspondence between the obligation of the customer to the bank (secured receivable) and the obligation, specified in the guarantee, and the guarantee covers all types of failures to execute that obligation.

7. 'Trading' and 'non-trading books' shall mean books within the meaning of BNB Ordinance No. 8.

§ 1a. (new; Darjaven Vestnik, issue 85 of 2010, effective as of 31 December 2010) This Ordinance shall introduce the requirements of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management.

Transitional and Final Provisions

§ 2. This Ordinance is issued on the grounds of Article 44 of the Law on Credit Institutions and, is adopted by Resolution 169 of 22 December 2006 of the Governing Council of the Bulgarian National Bank.

§ 3. This Ordinance shall be applied also for banks' exposures existing at the time of its coming into force.

§ 4. The Deputy Governor of the Bulgarian National Bank heading the Banking Supervision Department shall provide instructions with regard to the implementation of this Ordinance.

**Transitional and Final Provisions
to the Ordinance on Amendment of Ordinance No. 7 of 2006 on
the Large Exposures of Banks**

(published; Darjaven Vestnik, issue 85 of 2010,
effective as of 31 December 2010)

§ 14. This Ordinance is issued on the grounds of Article 16, item 5 of the Law on the Bulgarian National Bank and Article 44, paragraphs 2 and 7 in connection with § 13 of the Transitional and Final Provisions of the Law on Credit Institutions and is adopted by Resolution No. 94 of 6 October 2010 of the Governing Council of the Bulgarian National Bank.

§ 15. This Ordinance shall come into force as of 31 December 2010.

§ 16. The first report submitted to the Bulgarian National Bank under this Ordinance shall include data as of 31 December 2010.