

# AGREEMENT

FOR PARTICIPATION  
IN THE ELECTRONIC SYSTEM FOR REGISTRATION AND SERVICING OF TRADE IN  
BOOK-ENTRY GOVERNMENT SECURITIES (ESROT)

Today, ...../date/, in the city of Sofia, this Agreement was signed between:  
**THE BULGARIAN NATIONAL BANK**, 1, Knyaz Alexander I Sq., 1000 Sofia, represented  
by....., Deputy Governor in charge of the Banking Department,  
hereinafter referred to as **“the BNB”**,

.....,  
represented by.....,  
hereinafter referred to as **“the Participant”**,

and

.....,  
represented by.....,  
hereinafter referred to as **“Technical Operator”**,

The BNB, the Participant and the Technical Operator, hereinafter jointly referred to  
as **“the Parties”**

**hereby agree on the following:**



**Part One**

**Subject**

**Art. 1(1)** This Agreement shall govern the relations between **the Parties** involving the registration and settlement of government securities transactions on the primary and secondary markets in compliance with the laws and by-laws regulating the government securities market.

**(2)** The **Parties** hereby agree that as of ...../date/..... shall become an ESROT Participant with identification code No.....

**(3)** In accordance with art.4, para.4 of Ordinance No 5 of 04.10.2007, **the Participant** in its participant capacity as per art.3, para.1, item 5 of Ordinance No 5 of 2007, nominates .....

..... (a local government securities subdepository) as **Technical Operator** of the direct link with ESROT based on an agreement concluded between **the Participant** and **the Operator**, and in the event of termination thereof **the Participant** shall forthwith notify the **BNB**.

**(4)** The local government securities subdepository nominated as **Technical Operator** undertakes to perform its technical operator functions in compliance with the requirements of Ordinance No 5 and of this Agreement during the term of validity of the agreement concluded with **the Participant** under the preceding paragraph. The **Technical Operator** shall be personalised with the following BIC code.....

**Part Two**

**Obligations of the Parties**

**Art. 2 (1)** The **BNB** undertakes to:

1. keep a register of the government securities of the ESROT **Participant** for recording the **Participant's** own holdings as well as its customers' holdings of government securities on an omnibus basis pursuant to Ordinance No 5



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of 2007 of the Ministry of Finance and the BNB on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities (Ordinance No 5);

2. open and keep *ex officio*: the **Participant's** own government securities settlement accounts, the government securities settlement accounts held by the Participant's customers on an omnibus basis, as well as the **Participant's** encumbered government securities settlement accounts which the **BNB** shall use to record the settlement of **the Participant's** government securities transactions on the primary and secondary markets at the nominal value pursuant to BNB Ordinance No 31 on Government Securities Settlement of 2007 (Ordinance No 31);
3. publish on its official website and in the ESROT application the regulatory documents on the government securities market and duly update them to reflect amendments thereto;
4. provide the necessary software, hardware and communication devices for servicing the registration and settlement of government securities transactions pursuant to Ordinance No 5 and Ordinance No 31;
5. inform the **Participant** of any temporary interruption in ESROT operation due to emergency situations according to the **BNB's** rules as well as of other facts and circumstances of relevance to the ESROT access and operation. The notification shall be sent to the e-mail addresses specified by the **Participant**, and in the cases of art.1, paragraphs 3 and 4 – by the **Technical Operator**, in the list of contact persons for government securities transactions or to the **Participant's** or **Technical Operator's** SWIFT address, respectively;
6. accept, process and register instructions and notifications sent to ESROT by the **Participant**, and in the cases of art.1, paragraphs 3 and 4 – by the



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**Technical Operator**, according to the terms and rules specified in Ordinance No 5 and the ESROT Operations Manual for External Users.

**(2) The BNB:**

1. shall not be liable for damages related to registration and settlement of government securities transactions caused by incomplete, inaccurate, or incorrect information submitted by the **Participant** or by the **Technical Operator** under art.1, paragraphs 3 and 4;
2. shall not be a party to the legal relations between the **Participant** and its **Technical Operator**;
3. shall not be a party to the legal relations between the **Participant** and its customers or third parties arising from government securities transactions on the primary and secondary markets;
4. upon identification of erroneous records in ESROT, shall effect corrective operations pursuant to art.23 and art.24 of Ordinance No 31.

**Art. 3(1) The Participant** undertakes to:

1. observe the provisions of the legal framework regulating the government securities market.
2. provide for its own account software and hardware for access to ESROT – SWIFT, ESROT web-based interface when using a qualified electronic signature and other technical means of which the Ministry of Finance and the BNB have notified the participants that they are ready to use.
3. submit written instructions for and notifications of transactions in government securities according to the time periods, format and structure prescribed by the rules and provisions of Ordinance No. 5 and the ESROT Operations Manual for External Users. In the cases of art.1, paragraphs 3 and 4, the **Technical Operator** shall submit them on behalf of the **Participant**.
4. organise its work in such a way so as to minimise the possibilities of



technical or operational errors when sending to ESROT instructions for and notifications of transactions in government securities. In the cases of art.1, paragraphs 3 and 4, the **Technical Operator** shall also have this responsibility.

5. forthwith notify the **BNB** upon establishing erroneous records in ESROT. In the cases of art.1, paragraphs 3 and 4, the **Technical Operator** shall make notification on behalf of the **Participant**.
6. forthwith notify the **BNB** of any changes of circumstances related to its participation in ESROT as stated in its application for inclusion in ESROT and in the application appendices, as well as of any changes in the circumstances stated in this Agreement. In the cases of art.1, paragraphs 3 and 4, the **Technical Operator** shall make notification on behalf of the **Participant**.
7. segregate its own government securities from those held by customers via individual government securities accounts recording the government securities owned by its customers and by the customers of the non-subdepository ESROT participants, in cases where a contract has been concluded with such a participant.

**(2) The Participant**, and in the cases of art.1, paragraphs 3 and 4 – the **Technical Operator**, shall be responsible for the accuracy and completeness of the data stated in the instructions and notifications sent by it to ESROT as well as for any other information submitted to the **BNB** in relation to the **Participant's** transactions in government securities.

### Part Three

#### Rights of the Parties

**Art. 4 (1) The BNB** shall have the right to:

1. request from the **Participant** information on the government securities owned by it as well as on those owned by its customers.



2. change the technical facilities for access to ESROT having notified jointly with the Ministry of Finance the participants that they are ready to use them.
3. credit and debit *ex officio* the accounts specified in art.5 in relation to transactions in government securities on the primary and secondary markets and the fees due in accordance with Ordinance No 5 and Ordinance No 31.
4. terminate a **Participant's** access to ESROT as per the cases listed in art.6 of Ordinance No 5.

**(2) The Participant** shall have the right to:

1. request the **BNB** to provide an excerpt from the register kept by the **BNB** in the name of that **Participant** of the government securities held by that **Participant** and by its customers on omnibus basis, which does not include own government securities transferred to a **Participant** as per art.3, para.1, item 5 of Ordinance No5.
2. receive statements of the government securities settlement accounts kept at the BNB in accordance with art.10, para.2 of Ordinance No 31, which does not include own government securities transferred to a **Participant** as per art.3, para.1, item 5 of Ordinance No 5.
3. monitor in real-time in ESROT its transactions in government securities as well as its customers' transactions via the authorised persons registered as ESROT users when using qualified electronic signature. In the cases of art.1, paragraphs 3 and 4, the **Technical Operator** shall carry out monitoring on behalf of the **Participant**.

#### Part Four

##### Cash settlement of government securities transactions

**Art.5 (1)** For the purpose of settling the cash leg in BGN of the **Participant's** government securities transactions on the primary and secondary markets, and



redemption and interest payments on maturing government securities, as well as payments of fees and commissions due as per the Tariff of Fees and Commissions Charged on Government Securities Transactions, the **BNB** shall debit and credit BGN cash settlement account No..... kept with RINGS.

(2) For the purpose of settling the cash leg of the Participant's transactions of government securities denominated and payable in euro on the primary and secondary market, and redemption and interest payments on maturing government securities, the BNB shall debit and credit the Target2-Securities special cash account in TARGET as given below:

....., BIC.....

(3) Upon a change in any or all circumstances stated in paragraphs 1 and 2, the **Participant**, and in the cases of art.1, paragraphs 3 and 4 – the **Technical Operator**, shall immediately notify the **BNB** thereof. The notification shall be signed by the persons authorised to manage the **Participant's** accounts and shall become an integral part of this Agreement.

(4) The **BNB** shall not be liable for any consequences resulting from any changes in the circumstances stated in paragraphs 1 and 2, of which the **Participant**, or the **Technical Operator** respectively, has not duly informed the **BNB**.

(5) The **BNB** shall effect the settlement on the accounts specified in paragraphs 1 and 2, as well as on the settlement accounts of BGN denominated government securities in the Government Securities Settlement System and euro denominated government securities in TARGET2-Securities, opened in the name of the **Participant** as per art. 8 of Ordinance No. 31, within the settlement timeframes, based on the instructions and notifications of GS transactions on the primary and secondary market registered in ESROT, under the provisions of the legal framework regulating the market in government securities.

## Part Five

### Final Provisions

**Art. 6 (1)** This Agreement is concluded for an indefinite period of time / with a *sine*



die validity term and may be amended by mutual consent expressed in writing by the **Parties**.

**(2)** The Agreement may be terminated, as follows:

1. Unilaterally, by the **BNB** in case proceedings have been initiated against the **Participant** under art.6 of Ordinance No 5.
2. By one-month notice in writing by either of the Parties. In this case the **Participant** shall be obliged to transfer to another ESROT participant all government securities owned by it or by its customers and recorded in the BNB's register in its name no later than the advance notice deadline, as well as to settle all previously concluded transactions repo transactions with value date on or after the date of termination of its participation.

**Art.7 (1) The Parties** to this Agreement express their consent to resolve any arguments through negotiations between their representatives who are authorised to conclude this Agreement. Where no agreement is reached on disputes arising between the **Parties**, such disputes shall be referred for resolution to the competent Bulgarian Court. Issues not provided for in this Agreement shall be governed by the provisions of the Bulgarian legislation, as well as by The rules and procedures for the operation of the system for registration and settlement of government securities in the BNB – BNBGSSS.

**(2)** The Bulgarian law shall apply to transactions registered in ESROT, as well as to this Agreement. Upon transferring government securities to a central securities depository established in another member state and after their registration on the relevant accounts in that depository, all transactions and operations in these securities shall be subject to the member state's effective legislation applicable to the relevant accounts.

**Art.8 (1)** This Agreement is concluded pursuant to art.5 paragraph 8 of Ordinance No 5 of 2007.

**(2)** The provisions of art.3, paragraph 1, item 7 hereof shall apply only to those ESROT participants who have a status of sub-depositories of government securities.





**Art.9** Addresses for correspondence on issues, with reference to the relations between the **Parties**, under this Agreement:

1. *Bulgarian National Bank, Fiscal Services Directorate*  
7, *Pozitano Street, 1301 Sofia,*  
Telephone: 02/91451355 SWIFT address: BNBGBGSFPRM

2. *Participant's info:*

.....  
.....

City.....Country.....Street  
No.....  
Telephone:.....; Fax: .....  
SWIFT address:.....

3. *Technical Operator's info:*

.....  
.....

City.....Country.....Street  
No.....  
Telephone:.....; Fax: .....  
SWIFT address:.....

**Art.10** This Agreement shall enter into force on .....

This Agreement was signed in two identical copies, one for each of the Parties hereto.

**FOR BNB**

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**DEPUTY GOVERNOR**

**FOR PARTICIPANT:**

1.

2.

**FOR TECHNICAL OPERATOR:**

1.

2.

