

Ordinance No 20*
of the BNB
of 24 April 2019
on the Requirements to the Members of the Management
and Control Bodies of a Credit Institution and on the
Assessment of the Suitability of Their Members and the Key
Function Holders

(Published in the Darjaven Vestnik, issue 40 of 19 January 2007;
amended, issue 40 of 2021; amended, issue 48 of 2011;
amended, issue 40 of 2022; amended, issue 63 of 2017;
amended, issue 40 of 2023; amended, issue 12 of 2024)

Subject

Article 1. (1) (previous wording of Article 1; Darjaven Vestnik, issue 40 of 2021) This Ordinance shall establish:

1. the terms and procedure for issuing or refusing an approval under Article 11, paragraph 3 of the Law on Credit Institutions, as well as the necessary information and documents for issuance of an approval;

2. (amended; Darjaven Vestnik, issue 12 of 2024) the criteria for ascertaining the availability of knowledge, skills, professional experience, good reputation and ability to commit sufficient time required for bank management;

3. the content of the policy for selection and assessment of suitability of members of the management board (board of directors) and supervisory board;

4. the requirements to the nomination committee under Article 73c (nomination committee) of the Law on Credit Institutions;

5. the requirements to the induction and training of members of the management board (board of directors) and supervisory board;

6. other requirements to the members of the management board (board of directors) and supervisory board in performing their duties;

7. the provision of information to the Bulgarian National Bank (BNB) on changes in the composition of management and control bodies;

8. the documents to be submitted in order to certify compliance with requirements to key function holders.

(2) (new; Darjaven Vestnik, issue 40 of 2021) The provisions of this Ordinance, except for Article 20, shall accordingly apply to financial holding companies and mixed

* Unofficial translation provided for information purposes only. The Bulgarian National Bank bears no responsibility whatsoever as to the accuracy of the translation and is not bound by its contents.

financial holding companies, as well as upon issuance of approvals to the members of their management and control bodies or the persons managing their activity.

Assessment of the Suitability of Members of the Management Board (Board of Directors) and Supervisory Board by Banks

Article 2. (1) Banks shall assess the individual suitability of nominees for members of the management body (board of directors) and supervisory board, taking into account whether they:

1. are of good repute;
2. possess knowledge, skills and experience required for the respective position;
3. are able to perform their functions with honesty, integrity and independence;
4. are able to commit sufficient time to perform their functions.

(2) (amended; Darjaven Vestnik, issue issue 12 of 2024) Banks shall assess the collective suitability of the management board (board of directors) and the supervisory board taking into account the possession of sufficient knowledge, skills and experience to ensure the risk management in bank's activities in view of its sound governance, including understanding of money laundering and terrorist financing (ML/TF) risks associated with the bank's activities and business model and knowledge of the applicable legal and regulatory framework related to ML/TF prevention, as well as environmental, social and governance risk factors.

Terms of Issuance of an Approval to a Member of a Management Board or a Board of Directors of a Bank

Article 3. (1) (previous wording of Article 3; Darjaven Vestnik, issue 12 of 2024) The persons for whom such an approval is required in order to be elected members of the management board or the board of directors of a bank shall meet the requirements set out in Article 11, paragraph 1, item 1 and items 3 to 9 of the Law on Credit Institutions, as well as any of the following requirements:

1. they have held a management position in a banking or financial sector entity, or in an institution comparable to a bank for at least five years, while if the applicant has higher education in economics or law, an experience of at least three years on a management position is required;

2. they have held a management position for at least ten years in the financial management of non-financial sector entities whose assets are comparable to the value assets of the bank, and if they have higher education in economics or law, an experience of at least five years on a management position is required;

3. they have held a management position for at least ten years in the financial management of state institutions, and if they have higher education in economics or law, an experience of at least five years on a management position is required;

4. they have an academic rank (lecturer, research scholar) in the field of economics or law.

(2) (new; Darjaven Vestnik, issue 12 of 2024) A person for whom approval is required in order to be elected member of the management board or the board of directors of a bank and who shall be designated as the person responsible for the compliance with the relevant ML/TF requirements shall also comply with the requirements of Section IVa of Chapter Three of Ordinance No 10 of 2019 on the Organisation, Governance and Internal Control of Banks (Darjaven Vestnik, issue 40 of 2019) in respect of which a declaration and proof shall be accordingly enclosed to the application.

Terms of Issuance of an Approval to a Person under Article 10, Paragraph 1 of the Law on Credit Institutions

Article 4. (1) The persons for whom such an approval is required in order to manage and represent a bank shall meet the requirements set out in Article 11, paragraph 1, item 1 and items 3–9 of the Law on Credit Institutions, as well as any of the following requirements:

1. for persons having higher education in law or economics: to have an experience of at least five years on a management position in an entity of the banking sector or in a company or institution comparable to a bank;

2. for persons not having higher education in law or economics: to have a professional experience of at least ten years in entities of the banking sector or in a company or institution comparable to a bank, and an experience of at least five years on a management position.

(2) The requirements under paragraph 1 shall also apply in issuing an approval to a procurator or a manager of a bank branch having its registered office in a third country.

Terms of Issuance of an Approval to a Member of a Supervisory Board of a Bank

Article 5. (1) The persons for whom an approval is required in order to be elected members of a supervisory board of a bank shall cover fitness and propriety requirements necessary to hold the position, including qualifications and knowledge for effective performance of duties by participating in the structures established by the bank in connection with the requirements of Articles 73, 73b and 73c of the Law on Credit Institutions, and shall meet the requirements set out in Article 11, paragraph 1, items 3–8 of the Law on Credit Institutions, as well as any of the following requirements:

1. they have held a management position in a banking or financial sector entity, or in an institution comparable to a bank for at least three years;

2. they have held a management position for at least five years in the financial management of non-financial sector entities whose assets are comparable to the value assets of the bank, and if they have higher education in economics or law, an experience of at least three years on a management position is required;

3. they have held a position of a member of a management and/or control body for at least three years in non-financial sector entities whose assets are comparable to the value assets of the bank, in case the activities of such persons are connected with the business plan of the bank;

4. they have held a management position for at least five years in the financial management of state institutions, and if they have higher education in economics or law, an experience of at least three years on a management position is required;

5. they have an academic rank (lecturer, research scholar) in the field of economics or law.

(2) If a member of a supervisory board is a legal entity, the requirements under paragraph 1 shall apply to the individuals representing the entity in the supervisory body.

Other Requirements for Issuance of an Approval

Article 6. (1) In order to receive an approval under Articles 3, 4 and 5, the person shall not hold at the same time more than one of the following combinations of positions:

1. one position of an executive member or a procurator or a manager and two positions of a member of a management board (board of directors), who is not an executive member, or a supervisory body member, or

2. four positions of a member of a management board (board of directors), who is not an executive member, or a supervisory body member.

(2) The positions under paragraph 1 held within entities of one and the same group under § 1, item 13 of the Additional Provisions of the Law on Supplementary Supervision on Financial Conglomerates shall count as one position. This shall also apply to positions in entities in which the bank holds a qualifying holding.

(3) Positions held in the management bodies of non-profit legal entities shall not count for the purposes of paragraph 1.

(4) (new; Darjaven Vestnik, issue 40 of 2021) The Bulgarian National Bank may permit a person under Articles 3, 4 or 5 to hold an additional position of a member of a management board (board of directors), who is not an executive member, or a member of a supervisory body, provided that this would not result in failure to meet his obligations under Article 17, paragraph 2.

(5) (new; Darjaven Vestnik, issue 40 of 2021) The following documents shall be enclosed to the application for issuance of an approval:

1. a list of all positions occupied by the person and specific duties requiring sufficient time commitment;

2. information on the number of days and hours necessary for performing the duties of the person and a description of his main functions;

3. reasons justifying the occupation of an additional position.

(6) (new; Darjaven Vestnik, issue 40 of 2021) The Bulgarian National Bank shall notify the EBA of each permission issued.

(7) (previous paragraph 4; Darjaven Vestnik, issue 40 of 2021; amended Darjaven Vestnik, issue 12 of 2024) When calculating the number of the positions held, items 47–55 of the Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06), issued by the European Banking Authority and the European Securities and Markets Authority (hereinafter referred to as the EBA Guidelines) shall apply.

Application for Issuance of an Approval

Article 7. (1) An approval shall be issued by the BNB upon submission of an application by:

1. the chairperson of the supervisory board of the bank: in the case of election of members of the management board;
2. the chairperson of the respective board or the shareholders when the proposal for election of members of management and/or control bodies is put on the agenda of the shareholders' general meeting: in the case of election of members of the board of directors and the supervisory board;
3. the chairperson of the competent management body: in case of authorisation of a procurator and assignment of bank's management and representation.

(2) (repealed; Darjaven Vestnik, issue 12 of 2024)

(3) (repealed; Darjaven Vestnik, issue 12 of 2024)

1. in the cases under paragraph 1, item 1: not later than 60 days prior to the meeting of the supervisory board;
2. in the cases under paragraph 1, item 2: not later than 60 days prior to the shareholders' general meeting;
3. in the cases under paragraph 1, item 3: not later than 60 days prior to the meeting of the respective body.

(3) The bodies (persons) under paragraph 1 shall carry out prior consultations on the application for issuance of an approval with the Deputy Governor heading the Banking Supervision Department.

(4) An application for issuance of an approval referred to in paragraph 1 may also be filed by a person who has applied for an approval to acquire directly or indirectly more than 50 per cent of the voting shares in a bank. The BNB shall take a decision on the application for issuance of an approval within the time limit for deciding on the application for acquisition; in this case, the time limit under Article 9, paragraph 1 shall not apply.

(5) (new; Darjaven Vestnik, issue 84 of 2023) Significant supervised entities shall submit an application to the BNB for issuance of an approval under paragraph 1, whereupon the application and documents enclosed to it shall be presented electronically via IMAS Portal.

(6) (new; Darjaven Vestnik, issue 84 of 2023) Significant supervised entities shall be liable for the accuracy and completeness of the information submitted via IMAS

Portal, and at the request by the BNB, they shall submit within specified time limits the documents under Article 8 and Article 20, paragraph 3 in original.

Documents Required for Issuance of an Approval

Article 8. (1) The following documents shall be enclosed to the application for the approval of the persons under Articles 3 and 4:

1. a certified copy of the diploma for completed higher education with at least master's qualification degree;

2. an application for issuance of an approval signed by the respective person and a curriculum vitae, in which the person shall specify in detail his/her education, qualifications and professional experience, including the main functions related to the positions held;

3. documents certifying that the person has held a management position, including *inter alia*: a record of service, a document of the organisational structure of the entity or institution, a certificate issued by the Commercial Register or other similar bodies;

4. documents certifying the circumstances under Article 11, paragraph 1, items 3–8 of the Law on Credit Institutions;

4a. (new, Darjaven Vestnik, issue 12 of 2024) a declaration by the person containing:

a) identification details of his close associates within the meaning of § 1, paragraph 1, item 4b, letters 'a', 'b', 'c' and 'd', second alternative of the Additional Provisions of the Law on Credit Institutions;

b) identification details of his close associates within the meaning of § 1, paragraph 1, item 4c, letter 'd', first alternative of the Additional Provisions of the Law on Credit Institutions, with whom the person has a relationship;

c) a description of applicant's relationship (financial and non-financial) with the persons under letters 'a' and 'b', including information on holdings and voting rights in legal entities, where applicable;

d) information as to whether, to the best of his knowledge, data are available concerning his close associates within the meaning of item 4c of the Additional Provisions of the Law on Credit Institutions, which give rise to doubts as to his reliability and suitability; if available, additional information should be provided, including an indication of the persons and a description of their links with the person;

5. (amended; Darjaven Vestnik, issue 66 of 2022) a completed fit and proper assessment questionnaire:

a) for significant supervised entities: in accordance with Appendix No 1 to this Ordinance;

b) for less significant supervised entities: in accordance with Appendix No 2 to this Ordinance;

6. a document showing the results of the individual suitability assessment of the person;

7. a document showing the results of the collective suitability assessment of the respective board, including the specific functions of board members and a definition of the role in the board of the person for whom an approval is sought;

8. a record on a paid supervision charge under Article 14;
9. (amended; Darjaven Vestnik, issue other documents required under Article 9, paragraph 4.

(2) Persons graduated from higher schools abroad shall submit a certified transcript of the diploma of completed higher education with at least master's qualification degree in a foreign higher school recognised by the competent government body in the corresponding country as part of its secular higher education. The Deputy Governor heading the Banking Supervision Department may request a certificate of recognition of higher education issued under the Ordinance on state requirements for recognition of higher education and completed courses of education in foreign higher schools (Darjaven Vestnik, issue 69 of 2000).

(3) (amended; Darjaven Vestnik, issue 12 of 2024) The documents under paragraph 1, items 2–9 and certified copies of the diplomas and/or certificates of completed higher education and qualification degrees or trainings, shall be enclosed to the application for issuance of an approval for persons under Article 5 and if legal persons are elected supervisory board members, a certificate issued by the respective court concerning the entry in the Commercial Register, and an extract copy of the resolution of the competent body for determining the individual who will represent the legal entity in the supervisory board of the bank.

(4) Banks shall perform an assessment of the collective suitability of the management board (board of directors) and supervisory board by using either the matrix template included in Annex 1 to the EBA Guidelines or their own methodology in line with the criteria set out in these Guidelines.

(5) In the cases where the bank has used its own methodology to perform the collective suitability assessment, it shall also provide information on this methodology.

Issuance of an Approval

Article 9. (1) The Bulgarian National Bank shall issue or shall refuse an approval within 60 days after all required documents under Article 8 have been submitted.

(2) (new; Darjaven Vestnik, issue 40 of 2021, effective as of 15 July 2021; amended; Darjaven Vestnik, issue 12 of 2024) As regards significant supervised entities under Article 121b, paragraph 2 of the Law on Credit Institutions, the time limit under paragraph 1 shall be 120 days.

(3) (new; Darjaven Vestnik, issue 12 of 2024) In the cases under Article 45, paragraph 2 of the Law on Recovery and Resolution of Credit Institutions and Investment Firms, the decision under paragraph 1 may be taken within one month.

(4) (previous paragraph 2; Darjaven Vestnik, issue 40 of 2021; previous paragraph 3; Darjaven Vestnik, issue 12 of 2024) The Deputy Governor heading the Banking Supervision Department and/or persons authorised by him/her may interview the applicant or require additional documents (including references) to be provided within a time limit set by them, where they consider that the submitted documents do

not contain sufficient information on the qualifications and professional experience in banking, or on the fitness and propriety of the person.

(5) (new; Darjaven Vestnik, issue 12 of 2024) When assessing the professional experience of persons under Articles 3–5 and key function holders, their professional experience over the last ten years shall be taken into account.

(6) (former paragraph 3; Darjaven Vestnik, issue 40 of 2021, former paragraph 4; Darjaven Vestnik, issue 12 of 2024) In conducting the fit and proper assessment, the information obtained from the Register of administrative sanctions kept by the European Banking Authority (EBA) shall also be taken into account.

(7) (previous paragraph 4; Darjaven Vestnik, issue 40 of 2021, previous paragraph 5, amended; Darjaven Vestnik, issue 12 of 2024) The approvals issued under this Ordinance to persons under Articles 3, 4 and 5 shall grant the right of holding the relevant position in the bank specified within six months of their notification.

Re-election

Article 10. Where the persons referred to in Articles 3 – 5 are re-elected for another term, a new approval shall not be issued, except where a change in the position held requires a new suitability assessment of the relevant person to be conducted.

A Refusal on Issuance of an Approval

Article 11. (1) (amended; Darjaven Vestnik, issue 12 of 2024) The Bulgarian National Bank shall refuse to issue an approval where the person does not meet the requirements set out in the Law on Credit institutions, this Ordinance and applicable guidelines of European supervisory authorities or has not provided the required information and documents, or the submitted documents contain incomplete, contradictory or inaccurate information, and where, as a result of the assessment in the second sentence of Article 22, it is judged that the person does not have a good reputation. A certified copy of the refusal shall be sent to the bank in which the position is applied for.

(2) The bodies (persons) under Article 7, paragraph 1 may renew the application for the issuance of an approval to the same person no earlier than a year after the entry into force of the act of refusal.

Provision of Information

Article 12. (1) Within seven days after the date of enacting the decision, a person who has obtained an approval shall inform the BNB of the decision on entry, respectively on refusal of the entry of the person in the Commercial Register or the Register of non-profit legal entities.

(2) Persons who have obtained approvals shall notify in writing the BNB on any change in circumstances impeding the performance of their functions as specified in the approval.

(3) The notification under paragraph 2 shall be sent within seven days following the change in circumstances.

Register

Article 13. Any issuance of an approval under this Ordinance shall be entered in a special public register kept by the Banking Supervision Department at the BNB.

Supervisory Fee for Consideration of Documents

Article 14. (1) (amended; Darjaven Vestnik, issue 12 of 2024) For considering the documents filed for issuing an approval under this Ordinance, a supervisory fee of BGN 2000 shall be collected and for assessing the suitability of a key function holder, a fee of BGN 1000.

(2) (amended; Darjaven Vestnik, issue 66 of 2022) The supervisory fee under paragraph 1 shall not be subject to refund in case of a refusal to issue an approval.

Policy of Selection and Assessment of Suitability of Members of the Management Board (Board of Directors) and Supervisory Board

Article 15. (1) The management body of the bank shall adopt and implement a policy of selection and assessment of the suitability of members of the management board (board of directors) and supervisory board, taking into account bank's size and internal organisation as well as the nature, scale and complexity of its activities.

(2) The policy shall include:

1. principles for the selection and assessment of suitability of members of the management board (board of directors) and supervisory board, including:

a) the process of selection and election of members of the management board (board of directors) and supervisory board, as well as internal procedures for assessing their suitability;

b) selection criteria for candidate members of the management board (board of directors) and supervisory board;

c) the manner in which principles and rules of promoting diversity in the management board (board of directors) and supervisory board in selecting candidates are taken into account;

d) documentation of the process of selection and election of each member of the management board (board of directors) and supervisory board;

e) provision of information to the BNB on changes in the management board (board of directors) and supervisory board;

2. principles and rules for promoting diversity in the management board (board of directors) and supervisory board which shall as a minimum contain:

a) criteria of diversity;

b) the target level of under-represented sex participation in the management board (board of directors) and supervisory board and the timeframe for its achievement.

(3) The policy under paragraph 1 shall also include selection and appointment of key function holders, including the posts which are key for governance, according to the bank.

(4) Principles and rules for promoting diversity under paragraph 2, item 2 shall take into account results of the comparative analyses published by the BNB, the EBA or other international bodies and organisations.

(5) (new; Darjaven Vestnik, issue 12 of 2024) In order to maintain diversity in the management board (board of directors) and the supervisory board, the policy under paragraph 1 shall ensure the non-discrimination based on sex, race, colour, ethnic or social origin, genetic features, religion or belief, membership of a national minority, property, birth, disability, age or sexual orientation.

(6) (previous paragraph 5; Darjaven Vestnik, issue 12 of 2024) The BNB Governing Council shall, at least on an annual basis, review and assess the policy under paragraph 1, and in case of established incompleteness or need for improvements, adopt relevant amendments, including in cases where the nomination committee or the internal audit unit have addressed recommendations for changes.

(7) (previous paragraph 6; Darjaven Vestnik, issue 12 of 2024) Banks, financial holding companies, mixed financial holding companies and mixed-activity holding companies, subject to consolidated supervision by the BNB, shall also implement a policy for selecting and assessing the suitability of members of the management board (board of directors) and supervisory board in their subsidiaries, including those which are not covered by the Law on Credit Institutions.

Nomination Committee

Article 16. (1) The nomination committee shall be composed of at least three persons who meet the requirements under Article 73c, paragraph 1 of the Law on Credit Institutions. As regards significant banks under § 1, item 8, letter 'a', the majority of the committee members shall be independent within the meaning of Article 10a, paragraph 2 of the Law on Credit Institutions.

(2) The nomination committee shall:

1. identify and recommend for selection by the supervisory board, and in a one-tier system of governance and in selecting members of the supervisory board by the general shareholder meeting, candidates for members of the management board (board of directors) and supervisory board, taking into account the balance of professional skills and knowledge, various qualifications and professional experience of the board members necessary for the bank management;

2. prepare a description of functions and requirements to candidates and set the time commitment expected in the work of the board of directors, the management and supervisory boards, respectively;

3. (amended; Darjaven Vestnik, issue 40 of 2021, effective as of 26 June 2021) set up a target level of under-represented sex participation in the management board (board of directors) and supervisory board and develop a policy for increasing the number of under-represented persons to achieve the target; the level, policy and its implementation shall be disclosed in accordance with Article 435(2)(c) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ, L 176/1 of 27 June 2013), hereinafter referred to as 'Regulation (EU) No 575/2013';

4. periodically analyse, but at least once a year, the structure, composition, number of the members, and performance of the management board (board of directors) and supervisory board and make recommendations with regard to any changes;

5. periodically analyse, but at least once a year, the knowledge, skills and experience of the management board (board of directors) and supervisory board as a whole and of their individual members and report this to each of them;

6. periodically review the policy of the management board (board of directors) for selection and appointment of senior management and make recommendations to it.

(3) The functions of the nomination committee under paragraph 2 of banks which are not significant and have not established such a committee shall be performed by the members of the supervisory board, the members of the board of directors, respectively, who are not executive members.

(4) In performing its duties, the nomination committee shall periodically take into account the need to ensure that the management board's (board of directors') and supervisory board's decision-making process is not influenced by an individual person or a small group of persons in a manner which is detrimental to the bank's interests.

(5) The nomination committee may use all necessary resources it deems appropriate, including external advice, and shall receive appropriate funding to this effect.

(6) The nomination committee shall have a right of access to all relevant information it needs to perform its functions.

(7) The nomination committee shall use a wide range of knowledge and skills in selection of candidate members of the management board (board of directors) and supervisory board.

(8) The nomination committee shall prepare a provisional agenda of its meetings and draw up a protocol of its approved decisions.

(9) The Bulgarian National Bank shall analyse the information disclosed under Article 435, paragraph 2, letter 'c' of Regulation (EU) No 575/2013 and use it to compare practices with regard to diversity. The Bulgarian National Bank shall provide this information to the EBA.

Requirements to the Members of the Management Board (Board of Directors) and Supervisory Board in Performing Their Functions

Article 17. (1) Members of the management board (board of directors) and supervisory board shall perform their functions with honesty, integrity and independence of mind to effectively challenge the decisions of the senior management and exercise effective control and oversight of management decision-making.

(2) Members of the management board (board of directors) and supervisory board shall allocate sufficient time to perform their duties in managing the bank.

(3) (new; Darjaven Vestnik, issue 40 of 2021) Holding stakes in related companies or related entities shall not necessarily impede the independent performance of the functions under paragraph 1.

Organisation of Management and Control Bodies

Article 18. (1) Responsibilities and specific functions of the members of management and control bodies of the bank shall be clearly specified and distributed between individual members and committees established by the bank.

(2) Responsibilities of the members of the board of directors shall be divided into duties related to management (executive) functions and duties related to supervisory functions.

(3) Members of management and control bodies shall interact with each other effectively in performing their management and supervisory functions.

(4) Decision-making of a management or control body shall not be dominated by one person or a small group of members within the body.

Induction and Training of the Members of the Management Board (Board of Directors) and Supervisory Board

Article 19. (1) The bank shall ensure adequate human and financial resources to the induction and training of members of the management board (board of directors) and the supervisory board.

(2) The management body of the bank shall adopt a policy on induction and training of members of the management board (board of directors) and supervisory board.

(3) The policy shall include at least:

1. the objectives of induction and training;
2. responsibilities in developing a training programme;
3. financial and human resources for training;
4. the procedure under which members of the management board (board of directors) and supervisory board can require induction and training.

(4) The management body of the bank shall review at least annually and update, where necessary, the induction and training policy, taking into account changes in the management of the bank and its activities, as well as the applicable legislation and financial market developments.

(5) The bank is obliged to provide the new members of the management board (board of directors) and supervisory board with detailed information on the structure, business model and risk profile of the bank, as well as adopted management policies and internal rules not later than one month after their election.

(6) The bank shall develop and adopt a procedure for assessing the areas where training is required for individual members of the management board (board of directors) and supervisory board, as well as the boards as a whole.

Provision of Information to the BNB

Article 20. (1) Banks shall present to the BNB the policies under Article 15 and Article 19, paragraph 2 within ten days from their adoption, or their amendment, respectively.

(2) Banks shall notify the BNB within ten days of decision-making or occurrence of the respective circumstance of:

1. re-election of a member of the management board (board of directors) and supervisory board in the cases under Article 10;

2. (repealed, Darjaven Vestnik, issue 12 of 2024)

3. dismissal of members of the management board (board of directors), supervisory board and of a key positions;

4. changes in independent members.

5. (new, Darjaven Vestnik, issue 12 of 2024) occupation of the relevant position by a person under Article 11a of the Law on Credit Institutions;

6. (new, Darjaven Vestnik, issue 12 of 2024) designation of a current member of the management board (board of directors) as a person responsible for the compliance with the relevant requirements for prevention of money laundering/terrorist financing (ML/TF).

(3) (amended; Darjaven Vestnik, issue 12 of 2024) The bank shall enclose to the notification under paragraph 2, item 5 the following documents:

1. a certified copy of the diploma for completed higher education with at least master's qualification degree;

2. a curriculum vitae, in which the said person shall specify in detail his/her education, qualifications and professional experience, including the main functions related to the positions held;

3. documents certifying the circumstances under Article 11, paragraph 1, items 3–8 of the Law on Credit Institutions;

4. (new; Darjaven Vestnik, issue 66 of 2022) a completed fit and proper assessment questionnaire:

a) for significant supervised entities: in accordance with Appendix No 1 to this Ordinance;

b) for less significant supervised entities: in accordance with Appendix No 2 to this Ordinance;

5. (previous item 4; Darjaven Vestnik, issue 66 of 2022) a document on results of the individual suitability assessment of the person;

5a. (new, Darjaven Vestnik, issue 12 of 2024) a declaration by the person containing:

a) identification details of his close associates within the meaning of § 1, paragraph 1, item 4c, letters 'a', 'b', 'c' and 'd', second alternative of the Additional Provisions of the Law on Credit Institutions;

b) identification details of his close associates within the meaning of § 1, paragraph 1, item 4c, letter 'd', first alternative of the Additional Provisions of the Law on Credit Institutions, with whom the person has a relationship;

c) a description of applicant's relationship (financial and non-financial) with the persons under letters 'a' and 'b', including information on holdings and voting rights in legal entities, where applicable;

d) information as to whether, to the best of his knowledge, data are available concerning his close associates within the meaning of item 4c of the Additional Provisions of the Law on Credit Institutions, which give rise to doubts as to his reliability and suitability; if available, additional information should be provided, including an indication of the persons and a description of their links with the applicant;

6 (previous item 5; Darjaven Vestnik, issue 66 of 2022) a document on a paid supervisory fee under Article 14;

7. (previous item 6; Darjaven Vestnik, issue 66 of 2022) other documents certifying suitability of the person for the post.

(4) (new; Darjaven Vestnik, issue 84 of 2023; amended, Darjaven Vestnik, issue 12 of 2024) Upon submission of a notification under paragraph 2, item 5 by significant supervised entities, the procedure under Article 7, paragraph 5 shall apply.

(5) (new; Darjaven Vestnik, issue 12 of 2024) The bank shall attach to the notification under paragraph 2, item 6, a declaration and proof of compliance with the requirements of Section IVa of Chapter Three of Ordinance No 10 of 2019 on the Organisation, Management and Internal Control of Banks.

Verification of the information provided

Article 21. (new; Darjaven Vestnik, issue 12 of 2024)) If there is reasonable doubt as to the authenticity of the documents submitted and/or the circumstances and statements set out therein, the BNB may request additional information and perform verification according to the available information resources.

Assessment of links with close associates

Article 22. (new; Darjaven Vestnik, issue 12 of 2024) In the cases where there is information about a close associate, which gives reason to doubt the reliability and suitability of the person, the BNB shall assess the nature of the links between them and the degree of influence of this associate on the person. If, as a result of the assessment,

it is judged that the links and the influence under the first sentence are of an essential character, this is a reason to assume that the person does not have a good reputation.

Protection of the personal data of third parties

Article 23. (new; Darjaven Vestnik, issue 12 of 2024) The information collected under this Ordinance about third parties shall be used only for the purposes of the relevant administrative proceedings. When declaring close associates in accordance with Article 8 or Article 20, the declarant shall notify the relevant persons of this step.

Additional Provisions

§ 1. Within the meaning of this Ordinance:

1. 'persons holding a management position' shall be:
 - a) members of management, executive or control bodies of a legal entity specified in a law, Articles of Association or other statutory act;
 - b) procurators;
 - c) positions which according to the internal structure of an institution or other entity include management and control functions in structural units related directly to the implementation of the major activity and functions of the institution or to the major subject of activity of the company or entity;
2. 'banking sector entities' shall be: central banks, domestic and foreign banks;
3. 'financial sector entities' shall be:
 - a) (amended; Darjaven Vestnik, issue 12 of 2024) regulated markets, central securities depositories, investment firms, national investment companies, management companies, alternative investment fund managers and special purpose vehicles;
 - b) insurance and reinsurance undertakings, health insurance corporations;
 - c) companies carrying out activities related to supplementary social insurance;
 - d) specialised auditing enterprises with a registered office in Bulgaria qualified as banks' auditors;
 - e) financial institutions, entered into the Register under Article 3, paragraph 2 of the Law on Credit Institutions or licensed or registered under another law;
 - f) (amended; Darjaven Vestnik, issue 12 of 2024) electronic money companies, payment institutions and account information service providers within the meaning of the Law on Payment Services and Payment Systems;
 - g) payment system operators;
 - h) foreign persons having a legal status of entities under items 'a' to 'g' in accordance with the legislation of the respective country;
4. (new; Darjaven Vestnik, issue 66 of 2022) a completed fit and proper assessment questionnaire:
 - a) for significant supervised entities: in accordance with Appendix 1 to this Ordinance;
 - b) for less significant supervised entities: in accordance with Appendix 2 to this Ordinance;

5. (amended; Darjaven Vestnik, issue 12 of 2024) companies comparable to a bank shall be enterprises in the financial sector other than those under item 3, whose activity is subject to licensing and supervision;

6. 'enterprises in the non-financial sector' shall be entities other than those specified under items 2 to 5;

7. (previous item 6; Darjaven Vestnik, issue 66 of 2022) 'assets comparable to the value of bank assets' shall be the assets whose balance sheet value is not less than 60 per cent of the balance sheet value of assets of the banks for which an approval is required to participate in its management;

8. 'a significant bank' shall be a bank:

a) identified by the BNB as a systematically significant institution in line with the criteria under Ordinance No 8 on Banks' Capital Buffers (Darjaven Vestnik, issue 40 of 2014);

b) (amended; Darjaven Vestnik, issue 12 of 2024) another bank designated by the BNB as significant based on an assessment of its size, internal organisation and having regard to the nature, scale and complexity of its business in line with the criteria under item 21 of the EBA Guidelines; the Bulgarian National Bank shall announce an updated list of these banks.

9. (new, Darjaven Vestnik, issue 66 of 2022) 'a directorship' shall be the position of a procurator or member of the management body of a bank or any other legal entity; where the management body, subject to the legal form of the entity concerned, consists of one person, that position shall also be considered to be a directorship;

10. (new, Darjaven Vestnik, issue 66 of 2022) 'a management body' shall be a body or bodies, which are empowered to set the bank's strategy, objectives and overall direction, and which oversee and monitor management decision-making, and include the persons who effectively direct the business of the bank.

11. (new, Darjaven Vestnik, issue 84 of 2023) 'IMAS Portal' or 'Information Management System Portal' is an electronic platform for submitting applications, notifications, presenting and exchanging information between supervisory authorities, on the one hand, and significant credit institutions and authorised third parties, on the other, under procedures within the competence of the European Central Bank.

12. (new, Darjaven Vestnik, issue 12 of 2024) Upon declaration of close associates within the meaning of § 1, paragraph 1, item 4c, letter 'a' of the Additional Provisions of the Law on Credit Institutions, when the applicant for approval holds a position with management functions in a legal entity, regardless of its nature, or is its beneficial owner, he shall declare the managers, procurators and members of the board of directors, respectively of the management and supervisory boards.

13. (new, Darjaven Vestnik, issue 12 of 2024) Upon declaration of close associates within the meaning of § 1, paragraph 1, item 4c, letter 'b' of the Additional Provisions of the Law on Credit Institutions, when the applicant for approval holds a position with management functions in a legal entity, regardless of its nature, he shall declare the beneficial owners of the entity.

14. (new, Darjaven Vestnik, issue 12 of 2024) Persons holding positions with management functions in legal entities from the financial sector who are subject to a licensing regime and supervision by a competent authority, including issuance of a prior or subsequent approval for the acquisition of a qualifying holding and for holding a position as a manager, procurator or member of the board of directors, respectively of the management and supervisory boards of the entity, shall not be subject to declaration under the procedure of this Ordinance as close associates. Beneficial owners of the entities referred to in the first sentence, as well as the persons who hold qualifying holding in them shall not be subject to declaration.

15. (new, Darjaven Vestnik, issue 12 of 2024) 'Identification details of close associates' shall be any data available to the applicant for approval and that that enable the BNB to uniquely identify the relevant close associate.

§ 2. All documents in a foreign language as submitted under the terms and procedure of this Ordinance shall be accompanied by a Bulgarian translation made by a person authorised to translate into the respective language, and submitted official documents shall be also legalised. The Deputy Governor heading the Banking Supervision Department may request copies of some private documents of essential significance for assessment of the qualification and professional experience of the person to be provided with notary verification of the signatures of the persons who issued them.

§ 3. (amended; Darjaven Vestnik, issue 12 of 2024) Banks shall apply the relevant guidelines of European supervisory authorities, adopted for compliance by the BNB Governing Council, including with regard to:

1. the content of the concepts of the Law on Credit Institutions and this Ordinance;
2. the selection of candidate members of the management board (board of directors) and supervisory board, as well as assessments of their individual and collective suitability;
3. the appointment of key function holders.

Transitional and Final Provisions

§ 4. (1) Banks shall adopt policies and rules under this Ordinance within three months after its enforcement.

(2) Within the term under paragraph 1, banks shall present to the BNB information about independent members of the supervisory board, the board of directors, respectively.

§ 5. Proceedings incumbent upon the entry into force of this Ordinance shall be completed under the previous procedure.

§ 6. Approvals of members of the management board (board of directors) and supervisory board which were issued prior to the entry into force of this Ordinance shall remain valid.

§ 7. This Ordinance is issued on the grounds of Article 10, paragraph 6, Article 11, paragraphs 2 and 3, Article 11a, paragraph 3, Article 73, paragraph 6 and Article 73c, paragraph 2 and §1, item 50 in relation to § 13 of the Transitional and Final Provisions

of the Law on Credit Institutions and is adopted by Resolution No 148 of 24 April 2019 of the Governing Council of the Bulgarian National Bank.

§ 8. This Ordinance shall repeal Ordinance No 20 of 2009 on the Issuance of Approvals to the Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Requirements for Performing Their Duties (published, Darjaven Vestnik, issue 36 of 2009; amended, issue, 10 of 2010 and issue 40 of 2014).

Ordinance

on Amendment of Ordinance No 20 of 2019 on Issuance of Approvals to Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Performance Requirements for Their Duties

(published in the Darjaven Vestnik, issue 40 of 2021, effective as of 14 May 2021)

Transitional and Final Provisions

§ 6. Proceedings incumbent upon the entry into force of § 3 of this Ordinance shall be completed within a 60-day period after submission of all required documents under Article 8.

§ 8. This Ordinance shall enter into force on the day of its publication in the Darjaven Vestnik, except for § 3, which enters into force two months after its publication in the Darjaven Vestnik, and § 4, which enters into force on 26 June 2021.

Ordinance

on Amendment of Ordinance No 20 of 2019 on Issuance of Approvals to Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Performance Requirements for Their Duties

(published in the Darjaven Vestnik, issue 66 of 16 August 2022)

§ 8. Proceedings incumbent upon the entry into force of this Ordinance shall be completed under the previous procedure.

§ 9. This Ordinance is issued on the grounds of Article 11, paragraphs 2 and 3 and Article 11a, paragraph 3 in relation to § 13 of the Transitional and Final Provisions of the Law on Credit Institutions and adopted by Resolution No 283 of 28 July 2022 of the Governing Council of the Bulgarian National Bank.

Ordinance

on Amendment of Ordinance No 20 of 2019 on the Requirements to the Members of the Management and Control Bodies of a Credit Institution and on the Assessment of the Suitability of Their Members and the Key Function Holders

(published in the Darjaven Vestnik, issue 84 of 6 October 2023)

.....

Final Provision

§ 4. This Ordinance is issued on the grounds of Article 11, paragraph 3 and Article 11a, paragraph 3 in connection with § 13 of the Transitional and Final Provisions of the Law on Credit Institutions, and is adopted by Resolution No 410 of 26 September 2023 of the Governing Council of the Bulgarian National Bank.

Ordinance

on Amendment of Ordinance No 20 of 2019 on the Requirements to the Members of the Management and Control Bodies of a Credit Institution and on the Assessment of the Suitability of Their Members and the Key Function Holders

(Published in the Darjaven Vestnik, issue 12 of 2024)

.....

Transitional and Final Provisions

§ 15. Proceedings incumbent upon the entry into force of this Ordinance shall be completed under the previous procedure.

§ 16. This Ordinance is issued on the grounds of Article 16, item 5 of the Law on the Bulgarian National Bank, Article 11, paragraph 3 and Article 11a, paragraph 3 in conjunction with § 13 of the Transitional and Final Provisions of the Law on Credit Institutions, and is adopted by Resolution No 23 of 22 January 2024 of the Governing Council of the Bulgarian National Bank.