Law on the Bulgarian National Bank

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Chapter One

General Provisions

Article 1. (1) The Bulgarian National Bank is the central bank of the Republic of Bulgaria. It is a legal entity.

(2) The Bulgarian National Bank shall report its activities before the National Assembly.

Article 2. (1) The main task of the Bulgarian National Bank shall be to contribute to the maintenance of the stability of the national currency through implementation of the monetary and credit policy as provided for by this Law, and to assist in the establishment and functioning of efficient payment mechanisms.

(2) The Bulgarian National Bank shall have the exclusive right of issuing banknotes and coins in this country.

(3) The Bulgarian National Bank shall regulate and supervise other banks’ activities in this country for the purpose of ensuring the stability of the banking system and protecting depositors’ interests.

Article 3. In the formulation of the general outlines of the monetary and credit policy, the Bulgarian National Bank and the Council of Ministers shall inform each other of their intentions and actions.

Article 4. (1) In connection with the performance of its functions, the Bulgarian National Bank may demand from banks to submit any documents and information, and may also carry out the requisite examinations.

(2) The Bulgarian National Bank shall not disclose or pass to third parties any information obtained which is of confidential bank or commercial character for banks and the other participants in the money turnover and credit relations.

Article 5. The Bulgarian National Bank may participate organizationally and financially in international organizations aiming at the development of international cooperation in the sphere of foreign exchange, monetary and credit policy, as well as take part on its own behalf in the activity carried out by such organizations when in the interest of the Republic of Bulgaria.

Article 6. (1) The headquarters of the Bulgarian National Bank shall be in the city of Sofia. The Bank may have branches in this country and representative offices in the country and abroad.

(2) The Bulgarian National Bank shall have a seal bearing its name and the state coat-of-arms.

Chapter Two

Statutory Fund and Reserves

Article 7. The statutory fund of the Bulgarian National Bank shall be BGL 20 billion.
Article 8. (1) To cover uncollectable and doubtful receivables, the BNB shall allocate provisions in the amount specified by the Managing Board which shall be an item of the accounting expenses and an adjustment for the balance sheet assets.

(2) The reserve fund shall be formed out through deductions in the amount of 25 percent of the annual excess of the Bank’s revenue over expenditure. The resources of this fund shall be used for covering the Bank’s losses.

(3) Upon deduction of the amount for the reserve fund, the necessary amounts for special funds, set up under a decision of the Managing Board, shall be allotted from the annual excess of the Bank’s revenue over expenditure.

(4) The account of the state budget shall be credited annually with the remainder of the annual excess of the Bank’s revenue over expenditure within four months after the end of the fiscal year.

Article 9. (1) Where the Bank’s balance sheet indicates that the amount of its assets is less than the amount of its liabilities and the statutory fund, the Minister of Finance shall concede to the Bank negotiable, interest-bearing securities issued by the Council of Ministers to the amount necessary to cover the deficit. The securities conceded shall be redeemed from the annual excess of the Bank’s revenue over expenditure prior to deduction of the amount for the reserve fund.

(2) The procedure under para. 1 for covering the balance deficit shall be applied only in cases when the resources of the reserve fund and on the Bank’s special reserve account under Article 36, para. 1 have been exhausted.

Chapter Three

Structure and Management

Article 10. The management of the Bulgarian National Bank shall be carried out by the Managing Board, the Governor and the three Deputy Governors elected to directly manage the basic departments referred to in Article 19.

Article 11. (1) The Managing Board shall consist of seven members: the Governor of the Bank, the three Deputy Governors, and three other members.

(2) Members of the Managing Board shall be only Bulgarian citizens.

(3) As members of the Managing Board shall be elected/appointed only persons of the highest integrity and prominent qualifications in economics, finance or banking, who are not disqualified under Article 14, para. 1, items 3, 4 and 5.

Article 12. (1) The Governor of the Bulgarian National Bank shall be elected by the National Assembly.

(2) The National Assembly shall elect the Deputy Governors – heads of the basic departments under Article 19 – on a motion by the Governor.

(3) The other three members of the Managing Board shall be appointed by the President of the Republic.
The term of office of the members of the Managing Board shall be six years.

(amended; State Gazette, issue 54 of 1999) The Governor and the Deputy Governors may not engage in any other remunerative activity, other than teaching, or as members of the bodies in companies where the Bulgarian National Bank participates or in international organizations related to BNB activities.

The other three members of the Managing Board may not engage in any other activity at the Bulgarian National Bank, or work for banks or in the executive.

At inauguration, and at the end of each year, any member of the Managing Board shall declare to the Board his and his family members’ property status and other business interests. The declarations shall be kept in a special register at the Bulgarian National Bank.

Article 13. (1) At inauguration, the Governor, the Deputy Governors and the other three members of the Managing Board shall be sworn in to abide by law, to contribute to the performance of the functions entrusted to the Bank, and to keep bank and commercial secrecy.

(2) The Governor and the Deputy Governors shall swear an oath to the National Assembly, and the other three members of the Managing Board to the President.

Article 14. (1) The mandate of any member of the Managing Board shall be terminated before the set term by the competent authority under Article 12 on any of the following grounds:
1. resignation;
2. practical inability to perform his functions for more than six months;
3. enforcement of an imprisonment sentence for a premeditated crime;
4. adjudication in insolvency in a capacity as a sole proprietor or general partner in a commercial company;
5. previous membership of a managing or controlling body of a company or co-operative which has been dissolved by insolvency;

(2) The competent authority under Article 12 may suspend the mandate of a member of the Managing Board before the set term where any of the following is ascertained:
1. violation of the requirements under Article 12, paras. 5 and 6;
2. nonattendance without due grounds of three or more successive sessions of the Managing Board;
3. serious misconduct in office.
4. action or inaction resulting in a failure to fulfil any tasks of the Bulgarian National Bank as provided for by this Law.

(3) Where the term of office of a member of the Managing Board is suspended before his term of office expires, another person shall be elected, respectively appointed, for the outstanding period of the term of office.

Article 15. (1) The Managing Board shall hold sessions at least once a month. It shall be convened by the Governor of the Bank or at the request of no less than three of its members by written notice.

(2) The sessions of the Managing Board shall be presided by the Governor of the Bank; should the Governor be absent, by a Deputy Governor appointed by him.
Article 16. The Managing Board shall:
1. consider and adopt major guidelines for its activity;
2. adopt legislative acts concerning the Bank’s activity;
3. fix interest rates for this Bank’s operations;
4. fix the percentage of the minimum reserves to be held by banks and approve the conditions and requirements for their fulfillment;
5. set rules and requirements regulating bank activities;
6. adopt rules of procedure for this Bank’s activities;
7. pass upon the introduction and discontinuance of particular activities of the Bank;
8. open and close down branches and representative offices of the Bank;
9. take decisions for issuing new banknotes and coins, and set the time limits after which the banknotes and coins cease to be legal tender and within which banknotes and coins called in have to be exchanged;
10. regularly consider reports on the activities of the Bank’s basic departments;
11. define the way and competencies for the charge-off of uncollectable receivables of the Bulgarian National Bank as a loss;
12. adopt decisions for participation of the Bulgarian National Bank in international organizations and in initiatives and activities undertaken by such organizations;
13. approve the annual budget, the annual balance sheet and the report under Article 51 as presented by the Governor;
14. consider and resolve any other issues concerning the Bank’s activity.

Article 17. (1) The Managing Board may hold a session if more than one half of its members are present.

(2) Decisions of the Managing Board shall be adopted by a majority of the members present but shall require the affirmative vote of no less than four votes.

(3) Abstention from voting shall not be permitted except in the cases under para. 4.

(4) Members of the Managing Board shall not participate in the deliberation and shall abstain from decision-making on issues in which they or members of their families may have interest. They must notify the Managing Board in advance of any such interests.

Article 18. (1) The Governor of the Bulgarian National Bank shall organize, direct and supervise the activities of the Bank, other than those mandated by this or another law exclusively to the Deputy Governors, and shall represent the Bank at home and abroad. He may delegate some of his competences to other officials.

(2) The Governor may establish consultative councils in support of his functions.

Article 19. (1) Three basic departments shall be established at the Bulgarian National Bank – an Issue Department, a Banking Department and a Banking Supervision Department – each department being directly headed by a Deputy Governor designated by the National Assembly.

(2) Other departments and offices may also be established by a decision of the Managing Board.

(3) Within the competencies vested to them by law or by a regulation adopted by the Managing Board, the Deputy Governors shall organize, direct and be responsible for the activities of the headed departments.
(4) On a motion by a Deputy Governor, the Managing Board shall designate an alternate deputy governor to exercise his powers when he is absent.

**Article 20.** (1) The main function of the Issue Department shall be to maintain full foreign exchange cover for the total amount of monetary liabilities of the Bulgarian National Bank, by taking actions needed for the efficient management of the Bank’s international foreign exchange assets.

(2) In case any systemic risk for the stability of the banking system arises, the Banking Department shall perform the lender of last resort function under the terms and procedure set forth by this Law and by the regulations as adopted by the Managing Board.

(3) Supervision of the banking system shall be exercised by the Deputy Governor heading the Banking Supervision Department, in accordance with the rules provided for by law and the regulations for its enactment. In exercising his supervisory powers, he shall apply, separately and at his own discretion, the remedy actions and penalties as provided for by law. Granting and revoking a bank permit (license) shall require a decision by the Governor, taken on a motion by the said Deputy Governor.

**Article 21.** The Managing Board shall define in the Rules of Procedure the structure, specific functions and responsibilities of the departments and offices at the Bank, as well as the rules regulating the relationships between them and competence of the managing officials.

**Article 22.** (1) Internal controls over the financial activities of the Bulgarian National Bank shall be exercised by a Chief Auditor, appointed by the Managing Board of the Bank upon approval by the National Audit Chamber.

(2) The Chief Auditor shall:
1. evaluate the quality of the internal controls systems, test the operation of these systems, their reliability and completeness of information.
2. examine the adequacy of the existing systems for protection of the Bank’s assets and, where necessary, take stock of the said assets;
3. examine the compliance of conduct of the Bank’s operations with law and other legislative acts and with the regulations issued by the Bank’s managing bodies;
4. assess whether the Bank’s funds are properly used and, where necessary, make recommendations to the Managing Board;
5. perform other inspections at the request of the Managing Board.
6. coordinate his activities with the external auditor of the Bulgarian National Bank.

**Article 23.** (1) The employees of the Bulgarian National Bank when taking office shall sign a declaration taking an oath of allegiance and observance of law, performance of the functions entrusted in connection with the Bank’s activities, and of keeping bank and commercial secrecy.

(2) The Bank’s employees shall observe secrecy concerning negotiations, deals contracted, the amount of assets on clients’ deposits and their operations, the information received by the Bank, as well as any circumstances concerning the Bank’s and its clients’ activities which constitute official or commercial secret.

(3) The remuneration of the Bank’s employees shall be determined by the Managing Board, but it shall not be less than the average remuneration for employees with similar functions in other banks in the country.
Chapter Four

Monetary Unit, Banknotes and Coins

Article 24. The monetary unit of the Republic of Bulgaria shall be the lev (BGL), divisible into stotinkas 100.

Article 25. (1) The Bulgarian National Bank shall have the exclusive right to issue banknotes and mint coins.

(2) The banknotes and coins issued by the Bank shall be legal tender and obligatorily and without any restrictions accepted as payment at their full face value.

(3) The Bulgarian National Bank shall ensure the printing of banknotes and the minting of coins, as well as the preservation and destruction of banknotes and coins uncirculated or withdrawn from circulation.

(4) The banknotes and coins put into circulation by the Bank shall have face value, coverage, form and design as determined by the Managing Board.

(5) Before putting into circulation a new banknote or coin, the Bank shall publish its exact description in the State Gazette and in other mass media.

Article 26. After informing the public through announcements in the State Gazette and mass media, the Bulgarian National Bank may withdraw from circulation issued banknotes and coins which shall be redeemable at their face value. Upon the expiry of the deadline set by the Bank, such banknotes and coins shall be considered out of circulation and shall cease to be legal tender.

Article 27. (1) The conditions under which damaged banknotes shall be redeemable at partial or full face value, shall be determined by the Bank.

(2) Coins punched, cut, deformed or bearing a private sign, or whose design is indistinguishable, shall be redeemable at the Bank’s discretion.

Chapter Five

Monetary Functions and Operations of the Bank

Article 28. (1) The aggregate amount of monetary liabilities of the Bulgarian National Bank shall not exceed the lev equivalent of the gross international foreign exchange reserves, and the lev equivalent shall be determined on the basis of the official exchange rate of the lev against the Deutschemark pursuant to Article 29.

(2) The aggregate amount of the monetary liabilities of the Bulgarian National Bank shall consist of:

1. all banknotes and coins in circulation issued by the Bulgarian National Bank;
2. any balances on accounts held by other parties with the Bulgarian National Bank, with the exception of the accounts held by the International Monetary Fund.

(3) The gross international foreign exchange reserves of the Bulgarian National Bank shall be equal to the market value of the following assets of the Bank:

1. banknotes and coins held in freely convertible foreign currency;
2. funds in freely convertible foreign currency held by the Bulgarian National Bank on accounts with foreign central banks or with other foreign financial institutions, whereof obligations are assigned one of the two highest ratings by two internationally recognized credit rating agencies;
3. the special drawing rights (SDRs) of the International Monetary Fund held by the Bulgarian National Bank;
4. debt instruments held by the Bulgarian National Bank and issued by foreign countries, central banks, other foreign financial institutions or international financial organizations, whereof obligations are assigned one of the two highest ratings by two internationally recognized credit rating agencies, and which are payable in freely convertible foreign currency with the exception of debt instruments given or received as collateral;
5. the balance on accounts receivable and accounts payable on forward or repurchase agreements of the Bulgarian National Bank, concluded with or guaranteed by foreign central banks or public international financial organizations, as well as futures and options of the Bulgarian National Bank, binding foreign persons and payable in freely convertible foreign currency;
6. the stock of monetary gold valued at DEM 500 per troy ounce, or at the market value if lower.

Article 29. (1) (amended; State Gazette, issue 20 of 1999, effective as of 5 July 1999) The official exchange rate of the lev to the Deutschemark shall be BGN 1 per DEM 1.

(2) When the Euro becomes legal tender in the Federal Republic of Germany, the official exchange rate of the lev to the Euro shall be determined by multiplying the exchange rate as per para. 1 by the official exchange rate of conversion of the Deutschemark to the Euro. Thus established exchange rate shall be published by the Bulgarian National Bank in the State Gazette.

Article 30. On demand, the Bulgarian National Bank shall be bound to sell and purchase Deutschemarks against levs up to any amount within the territory of this country on the basis of spot exchange rates, which shall not depart from the official exchange rate by more than 0.5 percent, inclusive of any fees, commissions and other charges to the customer.

Article 31. (1) The Bulgarian National Bank may take any necessary action in connection with the acquisition, possession and sale of international foreign exchange assets under Article 28, para. 3.

(2) The Bulgarian National Bank shall invest its international foreign exchange assets in accordance with the principles and practices of prudent investment, with investments in securities being limited to liquid debt instruments satisfying the requirements of Article 28, para. 3, item 4.

(3) The market value of the assets denominated in foreign currency other than the Deutschemark, which is included in the gross international foreign exchange reserves, shall not exceed by more than two percent the total amount of monetary liabilities of the Bulgarian National Bank denominated in the said currency and shall not be less than two percent of these liabilities, as the case may be.

(4) The total amount of the liabilities on loans drawn by the Bulgarian National Bank, which are denominated and payable in foreign currency, shall not be increased if this increase would result in an amount in excess of ten percent of the assets of the Bulgarian National Bank as reported in the last balance sheet.

(5) The restriction under para. 4 shall not apply to any change in the amount of liabilities of the Bulgarian National Bank to the International Monetary Fund.
**Article 32.** The Bulgarian National Bank shall have the right to carry on:
1. credit operations against collateral;
2. precious metals operations;
3. foreign exchange operations;
4. deposit and financial investment operations;
5. operations connected with the payments turnover;
6. commission operations;
7. cross-border bank operations.

**Article 33.** (1) The Bulgarian National Bank may not extend credits to banks, except in the cases under para. 2.

(2) Upon emergence of a liquidity risk that may affect the stability of the banking system, the Bulgarian National Bank may extend to a solvent bank lev-denominated credits with maturity no longer than three months, provided they are fully collateralized by gold, foreign currency or other such high-liquid assets. The terms and procedure for extension of such credits, as well as the criteria establishing the occurrence of a liquidity risk, shall be determined by a regulation of the Bulgarian National Bank.

(3) Credits under para. 2 may be extended solely up to the amount of the excess of the lev equivalent of the gross international foreign exchange reserves over the total amount of monetary liabilities of the Bulgarian National Bank.

**Article 34.** In the event of default in the repayment of any collateralized credit, the Bulgarian National Bank shall have the right to sell the collateral as received without litigation. The sale proceeds shall cover the Bank’s claims in respect of the credit principal, interest and costs, and the current account of the borrower shall be credited with the balance.

**Article 35.** The Bulgarian National Bank shall announce the basic interest rate for the corresponding period in accordance with a method determined by the Managing Board, and shall publish it in the State Gazette.

**Article 36.** (1) Any unrealized profit of the Bank, arising from changes in the valuation of the Bank’s assets or liabilities in gold or denominated in gold or in foreign currencies as a result of a change in the price or the rates of exchange of gold or foreign currencies against the lev, shall be assigned to a special reserve account. Apart from the cases under para. 2, the amounts on this account may be used to cover other losses incurred by the Bank.

(2) Losses arising from any change under para. 1 shall be offset by funds on the special reserve account, and if the balance on this account and the balance on the reserve fund account are insufficient to cover such losses, the Council of Ministers shall concede to the Bank interest-bearing negotiable securities to the amount necessary to cover the deficit. Any such securities as conceded shall be redeemed from the Bank’s annual excess of revenue over expenditure.

**Article 37.** The Bulgarian National Bank may:
1. buy and sell gold specie and bullion or other precious metals;
2. buy, sell or contract deals in foreign currencies using to this end all customary means;
3. open and maintain accounts with international financial institutions, central banks and other financial institutions outside this country;
4. open and maintain accounts or act as a representative or correspondent of international financial institutions, central banks and other financial institutions outside this country.
Article 38. The Bulgarian National Bank shall accept for safekeeping precious metals, securities and other valuables under conditions defined by the Managing Board. The Bank shall have the right to unilaterally discontinue its obligations of a depository by giving the depositor a written notice of 14 working days, after which the Bank may transfer any unclaimed valuables deposited for safekeeping to the common public warehouses for the account and at the risk of the said depositor.

Article 39. (1) (amended, State Gazette, issue 49 of 1998) The Bulgarian National Bank shall accept from banks, the Council of Ministers, ministries and other government agencies, the Bank Deposit Guaranty Fund, international financial institutions, as well as from municipalities, money on current accounts or time deposits under conditions announced by the Managing Board.

(2) The Bank may decline any application for the opening of a current or deposit account, as well as close such an account by giving the account holder a written notice of 14 working days, without explaining the reasons for its actions.

(3) Under terms set by it, the Bulgarian National Bank may open accounts of investment intermediaries pursuant to the Law on Securities, Stock Exchanges and Investment Companies for effecting transactions in government securities.

Article 40. (1) For the purpose of facilitating noncash payments, the Bulgarian National Bank may organize and operate payments systems and clearing offices, as well as issue regulations providing for the establishment and operation of such systems and offices.

(2) The Bank, as a commissioner, shall have the right to effect collection of payments.

Chapter Six
Relationships with Banks

Article 41. (1) The Bulgarian National Bank shall:
1. determine by a regulation the minimum reserve requirements which banks shall be required to keep with the Bulgarian National Bank, the method of their calculation, as well as the terms and procedure for interest payments on them;
2. establish by a regulation any other terms and requirements for the maintenance of the stability of the credit system.

(2) Any bank, which fails to comply with the set minimum reserve requirements, shall pay penalty interest on the amount of the deficiency for the time until elimination of the said deficiency at a rate not exceeding the double amount of the basic interest rate of the Bulgarian National Bank.

Article 42. The Bulgarian National Bank shall compile the balance of payments of this country. For this purpose, all government and municipal authorities, as well as legal and physical persons, shall provide information to the Bulgarian National Bank in accordance with a procedure established by the BNB.

Chapter Seven
Relations between the Bulgarian National Bank and the State
Article 43. (1) The Bulgarian National Bank shall be the official depository of the State.

(2) The Bank shall organize and execute the cash performance of the state budget through commercial and other banks. The operations for the cash execution of the state budget shall be carried out by the Bank free of charge.

(3) Under terms agreed upon with the Minister of Finance, the Bank shall act as an agent for public debts or for debts guaranteed by the State.

(4) The Bank may act as a representative of the Council of Ministers for purposes and under conditions agreed upon between the Council of Ministers and the Bank.

Article 44. In the performance of its functions, the Bank shall be independent from any directions of the Council of Ministers and from other state bodies.

Article 45. (1) The Bulgarian National Bank may not extend credits in any form whatsoever to the State or to any state agency, except credits against purchases of special drawing rights from the International Monetary Fund, extended by the Managing Board under the following terms:
   1. the decision by the Managing Board shall be taken no later than seven days after the date of the relevant purchase of special drawing rights from the International Monetary Fund;
   2. the time limit for the utilization of the credit by the State shall be 90 days after the date of the relevant purchase of special drawing rights from the International Monetary Fund;
   3. payments of principal and interest shall be effected no later than the date whereon the Bulgarian National Bank must effect the relevant payments to the International Monetary Fund and up to amounts required for the said payments.

(2) Upon the expiry of the time limit under para. 1, item 2, the right of the State on the unutilized portion of the extended credit shall be extinguished.

Chapter Eight

Accountancy and Balance Sheet

Article 46. The Bulgarian National Bank shall keep accounts and records in compliance with the Law on the Accountancy and in connection with international accounting standards.

Article 47. The fiscal year of the Bulgarian National Bank shall begin on 1 January and end on 31 December.

Article 48. (1) The expenditure of the Bulgarian National Bank shall be made in accordance with the annual budget adopted by the National Assembly.

(2) The administrative expenditure shall be made in accordance with a decision of the Governor or a Deputy Governor authorized by him.

(3) The reports on the budget outlays of the Bank shall be examined by the National Audit Chamber, which shall prepare a special report on the results of the examination. The report on the budget expenses of the Bank shall be submitted to the National Assembly simultaneously with its annual report.

Article 49. (1) The Bulgarian National Bank shall:
1. publish weekly the balance sheet of the Issue Department, which shall show the position of its basic assets and liabilities, inclusive of the gross international foreign exchange reserves as per Article 28, para. 3 and the total amount of the Bank’s monetary liabilities as per Article 28, para. 2;
2. publish in the State Gazette the position of its basic assets and liabilities at the end of each month, presenting separate balance sheets of the Issue and Banking Departments, an annual financial statement and the profit and loss account of the Bank.

(2) The format and contents of the consolidated balance sheet of the Bulgarian National Bank as well as of the separate balance sheets of the Issue and Banking Departments, shall be determined by a regulation issued by the Bank and shall comply with the requirements of the international accounting standards.

(3) The annual financial statement of the Bank shall be certified by an international auditor and shall be published together with the auditor’s report in accordance with the requirements of the international accounting standards.

(4) The international auditor shall be elected by the Managing Board for a term of three years on the basis of a public tender procedure.

**Article 50.** The Bulgarian National Bank shall submit to the National Assembly twice a year and publish a report which reviews and assesses the Bank’s activities during the previous period.

**Article 51.** The Bulgarian National Bank shall submit to the National Assembly its annual report on the Bank’s activity, the annual financial statement thereof together with the auditor’s report under Article 49, para. 3, and the budget report thereof no later than 30 April of the following year.

**Chapter Nine**

**Other Provisions**

**Article 52.** Distraints, enforcements and collateral on money and securities deposited with the Bulgarian National Bank shall be allowed only if they do not infringe on the rights of the Bank related to the said property.

**Article 53.** (1) The Bulgarian National Bank may set off on its receivables, which are still not due, where a bank has commenced liquidation of its business or has suspended payments on its debts, as well as in the cases where the Bulgarian National Bank has the right to collect receivables before their falling due.

(2) The Bulgarian National Bank shall have the right to obtain a writ of execution on presentation of a statement of account proving arrears, including any interest due.

**Article 54.** (1) The Bulgarian National Bank may not acquire real estate and real rights, except for:
1. securing premises for the performance of its activity and housing for its employees;
2. protecting itself against losses arising from credit transactions.

(2) The Bank is obliged to dispose of any real estate under item 2 of para. 1 of this Article within three years after acquisition.
Article 55. (1) The Bulgarian National Bank shall have ownership right on the property owned and acquired by it, which shall be separate from state ownership.

(2) Acquisition of immovable and movable property and disposition thereof shall be effected by the Governor of the Bulgarian National Bank or by an official authorized by him according to a procedure established by the Managing Board and in compliance with the provisions of the State Property Law.

Article 56. Except in the cases provided for by this Law, the Bulgarian National Bank may not:
1. extend credits or buy securities or any other negotiable instruments;
2. maintain any deposits denominated or payable in levs;
3. maintain any deposits with local persons.

Article 57. The Bulgarian National Bank may incorporate or acquire interest in companies in connection with the activities performed by it. The Bank may not participate in companies in a general partner capacity.

Article 58. Specialized bank archives operating with a permanent set of documents shall be established at the Bulgarian National Bank. The procedure for attendance of the users of the said archives shall be determined by the Managing Board of the Bank.

Article 59. (1) (amended; State Gazette, issue 153 of 1998) The Bulgarian National Bank shall be exempt from paying taxes and fees to the central and local governments, as well as from paying export and import duties associated with its basic activity and based on a budget plan approved by the Minister of Finance.
(2) (new; State Gazette, issue 153 of 1998) The requirement under Article 1 shall not apply to import and export of securities, banknotes and precious metals.

Article 60. The Bulgarian National Bank shall adopt regulations on the enactment of this Law.

Chapter Ten
Administrative Penalty Liability

Article 61. Any individuals having breached this Law shall be fined up to the amount of six to 35 minimum monthly salaries as determined by the Council of Ministers by the date of committing the violation of this Law, unless the act shall constitute a criminal offence.

Article 62. (1) Statements for breaches detected under Article 61 of this Law shall be drawn up by officers authorized by the Governor of the Bulgarian National Bank, and the penalty decree shall be issued by the Governor of the Bulgarian National Bank or by an official authorized by him.

(2) The ascertainment of a breach, the issue, appeal against and execution of penalty decrees shall be made in compliance with the Administrative Misdemeanors and Penalties Law.

Additional Provision

§ 1. ‘Spot exchange rate’ means the price set for foreign currency transactions for immediate transfer by bank remittance within the period provided for by law or by the rules of banking practices.
Transitional and Final Provisions

§ 2. This Law shall repeal the Law on the Bulgarian National Bank (published in the State Gazette, issue 50 of 1991; amended, issue 32 of 1996)

§ 3. The term of office of the Governor, Deputy Governors and other members of the Managing Board incumbent upon the entry of this Law into force shall be terminated.

§ 4. Until constitution of the Bulgarian National Bank managing bodies pursuant to the provisions of this Law, the functions of the said bodies shall be performed by the Managing Board incumbent upon the entry of this Law into force.

§ 5. Members of the opening Managing Board, constituted pursuant to this Law, shall be elected or appointed, as the case may be, for the following terms of office:
1. the Governor for 6 years;
2. the Deputy Governor heading the Issue Department for six years; the Deputy Governor heading the Banking Supervision Department for four years; and the Deputy Governor heading the Banking Department for two years;
3. of the other members, one for one year, another one for three years, and the third one for five years, as designated by the act of appointment.

§ 6. Regulations on enforcement of the repealed Law on the Bulgarian National Bank, issued by the Bulgarian National Bank, shall remain in force in so far they do not contravene this Law.

§ 7. Until the passage of a State Coat-of-Arms Law, the Bulgarian National Bank shall retain its present seal.

§ 8. The total amount of monetary liabilities of the Bulgarian National Bank under Article 28, para. 2, item 2 shall not include any obligations thereby assumed before 31 December 1996 with an original maturity exceeding two years.

§ 9. The increase of capital of the Bulgarian National Bank from BGL 200 million to BGL 20 billion shall be for the account of the reserve fund of the Bulgarian National Bank.

§ 10. Within 14 days after the entry of this Law into force, the receivables of the Bulgarian National Bank from the State, as well as any other assets of the Bank related to obligations of the State to foreign creditors, shall be restructured in accordance with contracts concluded between the Governor of the Bank and the Minister of Finance.

§ 11. The following amendments and supplements are made to the Law on the State Budget Procedures (State Gazette, issue 67 of 1996):
1. para. 5 is created in Article 3:
   ‘(5) The Bulgarian National Bank may extend credits to the state budget under the terms and according to a procedure established by the Law on the Bulgarian National Bank.’
2. Article 32 is repealed.

§ 12. This Law shall enter into force on the day of its publication in the State Gazette, except for the provisions of Articles 28, 29, 30, 31 and 49 which shall enter into force on 1 July 1997.

§ 13. The enforcement of this Law shall be assigned to the Managing Board of the Bulgarian National Bank.