

Annex

To facilitate the provision of information on legislation, policies, practices and institutions related to promoting beneficial ownership information transparency, including existing registry(ies) and mechanism(s) to make requests for such information, the Secretariat has prepared the following questionnaire as a guide that States parties may wish to use. This questionnaire follows the same format as the questionnaire that was circulated in May 2022 in Note Verbale CU 2022/156(A)/DTA/CEB/CSS. If your Government responded to the previous questionnaire please only provide new and/or updated information.

The secretariat also wishes to draw the attention of the Government to the conference room paper entitled "Good practices and challenges with respect to beneficial ownership and how it can foster and enhance the effective recovery and return of proceeds of crime" (available at [CAC/COSP/WG.2/2022/CRP.1](#)) and to the contributions received in the response to the aforementioned Note Verbale (available on the webpage of the 16th session of the Working Group on Asset Recovery).

Collecting the information for this questionnaire may require cooperation by several different agencies/authorities. States parties may wish to send the questionnaire to the following agencies/authorities, depending on their national system for obtaining and recording information on legal persons and legal arrangements in their country, e.g.:

- Company registry and any other relevant registry(ies)
- Agency(ies)/authority(ies)/body(ies) responsible for obtaining and maintaining beneficial ownership information
- National competent authorities responsible for international cooperation in criminal matters, including freezing and confiscation of criminal proceeds

Questionnaire on Beneficial Ownership Information

Contact Information

Please provide contact details for potential follow-up questions. Contact details will be treated confidentially.

1. Definition of beneficial ownership & mechanisms for obtaining beneficial ownership information

1.1 Please provide the definition of "beneficial ownership" in your country for: (a) legal persons; and (b) legal arrangements, including the relevant legislation (if applicable). Please describe criteria and thresholds that are applied to determine beneficial ownership, including any criteria for exercising control without legal ownership (e.g. voting rights, right to appoint or remove board of directors).

The definition of beneficial owner is set out in § 2 of the Supplementary Provisions of the Law on the Measures against Money-Laundering (LMML):

§ 2 (1) "Beneficial owner" shall be any natural person or persons who ultimately owns or controls a legal entity or other legal formation, and/or any natural person or natural persons on whose behalf and/or for whose account an operation, transaction or activity is being conducted and who complies with at least one of the following conditions:

1. In the case of corporate entities and other legal formations beneficial owner is the natural person who ultimately owns through direct or indirect ownership a sufficient percentage of the shares or voting rights in that legal entity or other legal formation, including through bearer shareholdings, or through control via other means, except for cases of a company, which shares are listed on a regulated market that is subject to disclosure requirements consistent with Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

A shareholding of at least 25 % of the shares or an ownership interest of at least 25 % in the legal entity or other legal formation shall be an indication of direct ownership. A shareholding of at least 25 % of the shares or an ownership interest of at least 25 % in the legal entity or other legal formation belonging to a legal entity or other legal formation, which is under the control of one and the same natural person(s), or by multiple legal entities or other legal formations, which ultimately are under the control of the same natural person(s), shall be an indication of indirect ownership.

2. In the case of trust ownership, including trusts, escrow funds and other similar foreign legal formations incorporated and existing under the law of the jurisdictions providing for such forms of trusts, the beneficial owner shall be:

- (a) the settlor;
- (b) the trustee;
- (c) the protector, if any;
- (d) the beneficiary or the class of beneficiaries, or

(e) the person in whose main interest the trust is set up or operates, where the individual benefiting from the said trust has yet to be determined;

(f) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means.

3. In the case of foundations and legal arrangements similar to trusts, the natural person or persons holding equivalent or similar positions to those referred to in Item 2.

(2) An individual or individuals who are nominal directors, secretaries, shareholders, or owners of the capital of a body corporate or other legal entity shall not be a beneficial owner if another beneficial owner has been established.

(3) "Control" is control within the meaning of § 1c of the additional provisions of the Commercial Law, as well as any possibility that, without being an indication of direct or indirect possession, gives the possibility of exercising a decisive influence on a legal entity or other legal formation when making decisions to determine the composition of the management and control bodies, transformation of the legal entity, termination of its activity and other matters of essential importance for its activity.

(4) An indication of "indirect control" is the exercise of ultimate effective control over a legal entity or other legal formation through the exercise of rights through third parties, including, but not limited to, granted by virtue of an authorization, contract or other type of transaction, as well as through other legal forms providing the possibility of exercising decisive influence through third parties.

(5) If, after having exhausted all possible means and provided there are no grounds for suspicion, no person under para 1 is identified, or if there is any doubt that the person(s) identified are the beneficial owner(s), the natural person(s) who hold the position of senior managing official(s) is regarded as beneficial owner. The obliged entities shall keep records of the actions taken in order to identify the beneficial ownership under para 1.

2. Access to basic information on legal persons

2.1 Please describe the **process** for obtaining *basic information* on legal persons created or registered in your country, including the role of the company registry.

The Commercial Register and Register of Non-Profit Legal Entities Act (CRRNPLEA) provides for an administrative procedure for a centralized registration of traders (companies, partnerships and sole traders), branches of foreign traders, non-profit legal entities and branches of foreign non-profit legal entities. The unified Commercial Register and Register of Non-Profit Legal Entities are maintained by the Registry Agency, which is an executive agency to the Minister of Justice, and are kept in a way that guarantees the security of the

information contained. The CRRNPLeA provides for the registration, keeping, preservation and access to the Commercial Register and the Register of Non-Profit Legal Entities, as well as the effect of the entries, deletions and announcements in the Commercial register and the Register of Non-Profit Legal Entities.

The Commercial Register and the Register of Non-Profit Legal Entities (CRRNPLe) is an electronic database containing the circumstances entered and acts announced by virtue of law concerning traders, branches of foreign traders, non-profit legal entities and branches of non-profit legal entities. All traders, according to the Commercial Act (incl. branches of foreign traders), the Cooperatives Act and other special acts of Bulgarian legislation, which regulate business activities, are subject to registration within the Commercial Register. All non-profit legal entities (NPLe) and branches of non-profit legal entities, according to the Non-Profit Legal Entities Act and the Community Cultural Centres Act, are subject to registration within the Register of Non-Profit Legal Entities. Under the law, the legal entity (trader or NPLe) gains legal personality after its registration in the CRRNPLe.

The legislation in force in the Republic of Bulgaria allows the registration in the Commercial Register and the Register of Non-Profit Legal Entities of the following types of legal formations, the majority of which are legal entities:

Traders:

- Partnerships:
 - general partnership;
 - limited partnership;
- Companies:
 - limited liability company and sole-owned limited liability company;
 - joint stock company and sole-owned joint stock company; special investment purpose companies and securitisation special purpose entities are also a type of joint stock company;
 - partnership limited by shares.
- Other traders:
 - cooperative;
 - state undertaking;
 - European Economic Interest Grouping;
 - Establishment situated in Republic of Bulgaria of a European Economic Interest Grouping with address in another Member State (the establishment is registered with the Commercial Register, but it is not a legal entity);
 - European Cooperative Society;

- European Company;
- Companies registered in preferential tax regime jurisdictions (which are foreign legal entities);
- branch of a foreign trader (the branch of a foreign trader is registered with the Commercial Register, but it is not a legal entity);

Non-Profit Legal Entities:

- association;
- foundation;
- community culture centre;
- branch of a foreign non-profit legal entity (the branch of a foreign non-profit legal entity is registered with the Commercial Register, but it is not a legal entity).

A file is kept for a trader, a branch of foreign trader, a non-profit legal entity or a branch of a non-profit legal entity in an electronic form. The file shall contain the applications, the documents establishing and certifying the entered circumstances and the published acts and other documents, which may also contain personal data for the identification of the persons representing or managing the trader or the non-profit legal entity. The Commercial Register and the Register of Non-Profit Legal Entities are public and everyone has free of charge access to them. The Registry Agency provides registered access to the file of the trader or the non-profit legal entity. Such access may be provided at the Agency's local offices or electronically. Official access is provided under the procedure laid down in a special regulation. The Registry Agency provides public and free of charge access to the database making up the registers. The Registry Agency provides registered access to the file of the trader or the non-profit legal entity (at the Agency's local offices or electronically). Official access is provided under the procedure laid down in a special regulation. The Registry Agency provides public and free of charge access to the entered circumstances and announced acts regarding the traders and branches of foreign traders also through the Business Registers Interconnection System (BRIS).

According to Art. 3 of the BULSTAT Register Act, the BULSTAT Register contains entries of the following entities:

- legal entities that are not traders and are not non-profit legal entities, subject to entry in the commercial register, respectively in the register of non-profit legal entities;
- branches of foreign entities that are not traders and are not non-profit legal entities;

- trade representations of foreign entities under Art. 24 of the Investment Promotion Act;
- foreign legal entities:
 - a) that carry out economic activity in the country, including through a permanent establishment (PE) or a fixed base or site, or
 - b) whose effective management is on the territory of the country, or
 - c) that own immovable property in the country, or
 - d) that are pledgers within the meaning of the Special Pledges Act;
- unincorporated legal entities (partnerships of civil law) under the Obligations and Contracts Act, including those organized in a craft-base mode manner, as well as funds for making payments and insurance funds within the meaning of the Social Security Code;
- other entities other than those mentioned above that are social security contributors and are not natural persons;
- branches and divisions of the entities under items 1, 4 and 6 of this list, as well as the divisions of the traders entered in the Commercial register;
- natural persons and legal entities and other legal formations operating on the territory of the Republic of Bulgaria in the capacity of fiduciary owners (trustees) of trusts, trust funds and other similar foreign legal arrangements, established and existing in accordance with the law of the jurisdictions that allow such forms of trust ownership
- natural persons, as follows:
 - natural persons engaged in self-occupational activity or a craft;
 - foreign natural persons who do not have a Unified Civil Number or Foreigner Personal Number and who:
 - a) carry out commercial activity or provide independent personal services in the country, including through a permanent establishment or a fixed base or site, or
 - b) own immovable property in the country,
 - c) are social security contributors; or
 - d) are pledgers within the meaning of the Special Pledges Act;;
 - other natural persons – social security contributors.
- Foreign entities that are subject to special registration by virtue of a material tax law can also be registered in the BULSTAT register, including when they are exempt from tax under an effective international treaty to which the Republic of Bulgaria is a party.

2.2 Please list the **categories** of *basic information* on legal persons that is obtained and recorded by the company registry (or other relevant registries), e.g. name of entity, date of incorporation, tax ID number, etc.

Among the circumstances, subject to entry in the CRRNPLE regarding traders, the main ones are the name of the company, the unique identification code, the seat and the address of management, the subject of activity, the capital (in the case of capital companies), the partners (in the case of a limited liability company, general partnership, limited partnership and partnership limited by shares)/the sole owner of the capital (for sole-owned LLC and sole-owned JSC), the manager/managers (for LLC and partnerships)/representative (for JSC and partnerships limited by shares), the method of representation, the members of the board of directors (for joint stock company and partnership limited by shares) or the members of the managing and supervisory board (for a joint-stock company, the transfer of company shares (for LLC) the termination of commercial activity, the deletion of the trader, as well as other circumstances regarding liquidation proceedings, insolvency proceedings, stabilization proceedings, procura, branches, restructuring, pledge on company shares (for LLC), pledge on company enterprise, garnishments on company shares (for LLC), beneficial owners and others.

Among the circumstances, subject to entry in the CRRNPLE regarding non-profit legal entities, are the name of the entity, the objectives of the entity and the means to achieve the objectives, the subject of the additional business activity; the registered city and address of management; the bodies, the names of the members of the management body, the representatives of the non-profit legal entity; the designation to carry out activity in public or private benefit; the total amount of the initial property contributions, if such are provided for.

Regarding the branches of foreign non-profit foreign legal entities, the following shall also be entered:

1. the objectives of the foreign non-profit legal entity;
2. those of the objectives under item 1, which will be implemented through the branch;
3. the designation of the branch for carrying out activity in public benefit.

2.3 Is the company registry available publicly & online in your country? **YES / NO**

Yes.

If **YES**, please provide links to the company registry and any other relevant registries of legal persons, or provide details about how the public can access them.

- <https://portal.registryagency.bg/en/home-cr>
- <http://www.bulstat.bg/>

3. Access to beneficial ownership information of legal persons

3.1 Through which mechanism(s) can competent authorities (such as law enforcement, police, financial intelligence unit and tax agencies) access *beneficial ownership information* on companies and other legal persons created or registered in your country. Please select all that apply.

- Through a registry/registries with beneficial ownership information**
- Through a different mechanism
- Competent authorities do not currently have access to beneficial ownership information

If **REGISTRY**, please provide further details on such registry(ies) including:

- Authority(ies)/agency(ies) responsible for obtaining and maintaining beneficial ownership information and for maintaining the register(ies). Please list if more than one;

Registry Agency – executive agency to the Minister of Justice

- Categories of beneficial ownership information (data fields) obtained, recorded and maintained on the registry(ies), e.g. name, nationality, date of birth, address, etc.;

The beneficial ownership (BO) information which shall be entered in the relevant register is listed in Art. 63, para.4 of the LMML and includes:

1. the identification data about the beneficial owners – natural persons, including:
 - a) the names;
 - b) citizenship;
 - c) The UCN (unified citizen’s number) for the persons under Art. 3, para. 2 of the Civil Registration Act;
 - d) date of birth for the persons, other than those under letter “c”;
 - e) the state of residence, if different from the Republic of Bulgaria or from the state under letter “b”;

2. the data about the legal persons or other legal arrangements, through which directly or indirectly control is exercised over the persons under Art. 61, para. 1 and Art 62, para. 1, including company name, number in a national register, legal form according to the national legislation, central office and management address and the identification data under p. 1 about the representing persons;

3. the data under p. 1 letters “a” – “d” of a contact person (individual), permanently residing on the territory of the Republic of Bulgaria, where in the file of the persons under Art. 61, para. 1 or Art. 62, para. 1 no data have been entered for a permanently residing on the territory of the Republic of Bulgaria legal representative – natural person, who provides their notary certified consent about this;

4. every change in the circumstances under p. 1 - 3.

- Types of legal entities covered within the scope of the beneficial ownership registry(ies), including any exempt entities;

- Persons under Art. 61, para. 1 of the LMML - the legal entities and other legal formations incorporated within the territory of the Republic of Bulgaria;

- Persons under Art. 62, para. 1 - the natural and legal persons and other legal formations which operate within the territory of the Republic of Bulgaria in their capacity as fiduciary owners (trustees) of trusts, trust funds and other similar foreign legal arrangements, established and existing in accordance with the law of the jurisdictions that allow such forms of trust ownership.

The Beneficial ownership (BO) registers are held as part of the Business Register (Commercial Register, Non-Profit Legal Entities Register) and BULSTAT Register, depending on the type of the entity or legal arrangement. Pursuant to Art. 63, para. 1 of the LLM the BO information for traders shall be entered in the Commercial Register, for non-profit legal entities (associations, foundations and community culture centers) – in the Non-Profit Legal Entities Register, and for the other entities subject to registration in the BULSTAT Register the BO information shall be entered in the same register.

Furthermore Art. 63, para. 2 in cross-reference to Art. 62, para. 1 of the LMML provides for the entry in the BULSTAT Register of the BO information for the fiduciary ownership in cases where natural or legal persons or other legal arrangements act on the territory of Bulgaria in the capacity of fiduciary owners (trustees) of trusts, trust funds and other similar foreign legal arrangements, established and existing in accordance with the law of other jurisdictions that allow such forms of trust ownership.

Exceptions:

• Under Article 63, para 5 of the LMML, the legal persons and other legal formations incorporated within the territory of the Republic of Bulgaria, with the exception of the sole traders, shall be obliged to declare the beneficial owners thereof under § 2 of the Supplementary Provisions of the LMML for entry unless the said owners have been entered as partners or sole owners of the capital in the file of the said legal entities and formations. Where legal entities or other legal formations have been entered as partners or sole owners of the capital, the obligation under the foregoing sentence shall arise:

1. if the beneficial owners under § 2 of the Supplementary Provisions of the LMML have not been entered into the registers as partners and/or sole owners of the capital in the file of the legal entities or other legal formations incorporated within the territory of the Republic of Bulgaria participating in the chain of ownership, or

2. if the said legal entities or other legal formations are not incorporated within the territory of the Republic of Bulgaria.)

• Under Article 63, para 6 of the LMML, the data on the beneficial owners of foundations and associations registered under the Non-Profit Legal Entities Act are submitted for entry, if they are not entered on another basis in the cases or lots of the non-profit legal entities in the relevant register as natural persons. When the beneficial owners of foundations and associations registered under the Non-Profit Legal Entities Act are natural persons who are different from those entered under the first sentence and who fall within the scope of § 2 of the additional provisions, their data shall be submitted for registration.

• Details of the registry's(ies) access policy:

- Is the information on the registry(ies) available to the public? **YES / NO**

Yes.

* If **YES**, please include a link(s) to the registry(ies).

<https://portal.registryagency.bg/en/home-cr>

<http://www.bulstat.bg/>

* If **NO**, please list the authorities/agencies that have access to this information, or that can request access.

- Does accessing beneficial ownership information in the registry(ies) entail any costs?

Being held in centralized public online maintained registers, the entered BO information is accessible freely through the Internet portal of the Registry Agency. The access is unrestricted and free of charge, so that the state authorities and obliged entities can have at any time quick access to the information regarding the beneficial owners.

Does the registry(ies) provide features to search information by different types of information, e.g. legal entity name, name of director, name of beneficial owner, by first or last name, by business address, by registered agent? Is it possible to search for a combination of information (Boolean searches)?

It is possible to search information by the legal entity name; by the legal entity unique identification code; by the name of director; by the name of the beneficial owner, by the unique citizenship number of the director and by the unique citizenship number of the beneficial owner. Searching by first or last name or by name and unique citizenship number of the director or the beneficial owner, as well as by the name and unique identification code of the legal entity is also possible. Boolean search is not possible.

- Frequency of updates of information and triggers for updates;

Pursuant to Art. 63, Para. 3 of the LMML, the Commercial Register and the Register of Non-Profit Legal Entities Act and the BULSTAT Register Act shall apply to the proceedings, the order and the terms for the entry of the circumstances regarding the beneficial owners.

Pursuant to Art. 6, para. 2 of the CRRNPLE Act, any person who is obliged to apply for the entry of circumstances or to present acts in the commercial register, must do so within 7 days from the occurrence of the circumstance, respectively from the acceptance of the act, except if another term is determined by law.

Pursuant to Art. 12, Para. 1 of the BULSTAT Register Act, the application shall be submitted within 7 days from the occurrence of the obligation to register the persons under Art. 3.

The obligation to apply for entry of the circumstances, both according to the CRRNPLE Act and according to the BULSTAT Register Act, arises from the date of initial registration of the entity, and for changes to the entered circumstances - the deadline runs from the day of the occurrence of the event causing the change.

Consequently, the application for entry BO information shall be submitted in a 7-day term after the initial registration of the legal entity The registration official notifies the Director of Legal Services Human Resources and Records Directorate in the Registry Agency, for each

application, containing data indicating that after registration the legal entity will have the obligation to enter information under Art.63, para 4 of the LMML. Immediately after expiration of the term provided in Art.63, para 3 of the LMML Act Registry Agency officials check if the legal entity has submitted an application for entry of data under Art. 63, par. 4 of the LMML Act. In case of non-compliance, actions are undertaken to start administrative penal proceedings. Registry Agency imposes repetitive fines or property sanctions every month until finally the information is submitted to the registers.

- Any mechanisms to verify beneficial ownership information submitted to the registry(ies) by legal persons or their representatives (if they exist).

Under Art.63, para 3 of the LMML, the CRRNPLEA and BUSTAT Register Act apply respectively to the proceedings, the order and the terms for the entry of the circumstances regarding the beneficial owners.

The procedure for entry of beneficial ownership information for companies liable to registration into the CRRNPLE is regulated under Art. 50a from Ordinance № 1/14.02.2007 for management storage and access to the Commercial Register and Register of Non-profit legal entities.

The applicant can submit an application for entry, changes or deletion of beneficial owners either electronically or on paper and according to Art.50a the application must hold the following annexes:

- Declaration under Art.63, para 4 of the LMML (with notary authorized signature of the legal representative of the company) that contains all the circumstances subject to entry under the law;
- Documents that certify the existence of the legal entities and other legal arrangements, through which direct or indirect control is exercised over the legal entity and that certify the persons representing them by national law, unless the legal entities and other legal arrangements are established under Bulgarian law and are registered into the CRRNPLE or the BULSTAT register;
- Notarized consent of the contact person under Art. 63, para 4, item 3 of the LMML;
- Other documents according to legal requirements.

The procedure for entry of beneficial ownership information for the legal entities and arrangements liable to registration into the BULSTAT Register are regulated by the BULSTAT Register act.

According to Art.11 of the BULSTAT Register act, the application must contain a declaration regarding the identification data for beneficial owners and data regarding legal

entities and other legal arrangements, which exercise direct or indirect control, according to the LMML.

The submitted applications for entry, changes and deletions to the registers are reviewed by registration officials prior to entry, changes or deletions.

The current mechanisms to update the register due to the discrepancy reporting are two:

- On the grounds of a court decision based on a request made by a prosecutor or other person with legitimate interest. According to Art. 29 of the CRRNPLE Act, any person who has a legitimate interest, as well as the prosecutor, can file a claim before the district court at the seat of the trader for establishing the nullity or inadmissibility of the entry, as well as for the non-existence of a entered circumstance (including circumstances regarding beneficial ownership). If the claim under Art. 29 of the CRRNPLE Act is respected, the deletion of the entry is carried out by the Registry Agency on the basis of the act ex officio sent by the court, as well as at the request of the interested person or the prosecutor.

- If obliged entities, state authorities or persons with legitimate interest report discrepancies to the Registry Agency, the RA applies the provision of Art. 118, para. 4 of the LMML and imposes a sanction on a legal entity/legal formation under Art. 61, para. 1 or under Art. 62, para. 1 of the LMML. If a legal entity/legal formation that, after being punished with a fine or a property sanction for failure to fulfill an obligation to request entry of the data under Art. 63, para. 4 of the LMML (BO information), does not request entry within the specified period (7 days), it shall be penalized every month until the entry is requested (and BO information is submitted to the register). These sanctions are imposed by the Registry Agency.

As a result of the evaluation of the level of compliance and the necessary measures of improvement of the applicable legislation, a draft Amending Act to the LMML was submitted to the Bulgarian National Assembly on 28.04.2023. The bill prescribes more detailed check of the submitted information about the beneficial owners to the registers maintained by the Registry Agency as well as regulates the power of the registration officials to require additional documents, proving the authenticity of the submitted information. The proposed text is as follows: “To the declaration under para. 4 documents are attached from which it can be established that the natural persons specified as beneficial owners fall within the scope of the relevant definitions under § 2 of the Additional Provisions.” In practice that means that the registration official will have the powers to require documents such as book of shareholders, resolutions of general assembly or any other document certifying that the stated beneficial owner is actually a beneficial owner.

The bill also stipulate that the persons under Art. 4 (obliged entities) and the state bodies and administrations shall notify the Registry Agency when, in the performance of their duties (due diligence e.g.), they establish a discrepancy between the data collected by them regarding the beneficial owners of a legal entity, and the data entered in the relevant register about the beneficial owners of the same. The obliged entities and the state bodies and administrations shall attach to the notification all available documents related to the established non-compliance. The notification shall be made within fourteen days of the discovery of the non-conformity. On the basis of the report and documents attached thereto the Registry agency makes an entry regarding the presence of a notice of non-compliance in the file (batch) of the legal entity or other legal formation. The Registry agency sends a written notification to the management address of the legal entity or legal formation, entered in the CRRNPLE in the BULSTAT register, to the relevant legal entity or other legal entity of the need to request for registration a change in the entered circumstances regarding its beneficial owner or to present documents establishing the existence of the entered circumstances in the file (batch) of the legal entity or other legal formation. Within 7 days from the receipt or delivery of the notification the relevant legal entity or other legal formation is obliged to submit to the CRRNPLE or to the BULSTAT register an application with which either changes the entered circumstances regarding its beneficial owner or confirms them. In both cases up-to-date documents certifying the beneficial owner and proving the stated information shall be presented to the register.

In case of non-compliance, the Registry Agency has the power to impose administrative penalties (fines) every month until the final execution of the obligation.

3.2 Please describe any other sources (mechanisms) through which competent authorities/agencies can access beneficial ownership information in your country. In each case, please describe how beneficial ownership information on companies and other legal entities is made available to authorities and/or the public (if applicable).

Examples may include through private-public partnerships (e.g. involving financial institutions, notaries and/or corporate service providers), though stock exchange or security exchange commission, or disclosure obligations for participation in public procurement processes, etc.

N/A.

3.3 Are foreign legal persons, foreign (express) trusts or foreign legal arrangements allowed to operate in/own assets/ and/or register in your country? **YES / NO**

Yes, there are several ways for conducting business activity in Bulgaria by foreign companies:

- A foreign company may establish in Bulgaria a local subsidiary. A company established in Bulgaria under the Bulgarian legislation is considered a Bulgarian legal entity regardless of who is the owner of the capital of the company.
- A foreign company may establish in Bulgaria a branch office (branch of a foreign trader) which does not constitute a separate legal entity. Branch of a foreign trader is considered to be a permanent establishment (see below) for tax purposes and is subject to corporate tax for its profit attributable to that establishment.
- Foreign companies may carry out business activity through a permanent establishment in Bulgaria. Foreign companies are taxable persons and are subject to corporate tax in Bulgaria for their profit attributable to that permanent establishment.

According to Item 5 of § 1 of the Supplementary Provisions of the Tax and Social Security Procedure Code the term "Permanent establishment" includes as follows:

a) a fixed place (owned, rented or used on another ground), through which the foreign person carries on fully or partially business activity in the country, for example: place of management, branch, trade representative office registered in the country; office; chamber; studio; factory; workshop (factory); shop; storehouse for trade; service shop; installation site; construction site; mine; quarry; drill; petrol or gas well; spring or another site for deriving natural resource;

b) the performance of activity in the country by persons, authorized to conclude contracts on behalf of foreign persons, except for the activity of the representative with independent statute under Chapter six of the Commerce Act;

c) continuous carrying out commercial transactions with place of fulfilment in the country, even when the foreign person has no permanent representative or a fixed place.

- Foreign companies may also establish representative offices which, however, are prohibited from performing commercial activity.

Since 2007 (accession of Bulgaria in the EU) a legal framework has been set out in the Commerce Act for:

- The European cooperative society
- The European company
- The European Economic Interest Grouping.

According to Art. 3 para 1, item 5 of the BULSTAT Register Act, in the BULSTAT Register are entered foreign legal entities:

- a) that carry out economic activity in the country, including through a permanent establishment (PE) or a fixed base or site, or
- b) whose effective management is on the territory of the country, or
- c) that own immovable property in the country, or
- d) that are pledgers within the meaning of the Special Pledges Act;

If **YES**,

- how is basic information on these arrangements recorded (if at all)?

Under Art. 7, para 1 of the BULSTAT Register Act, for the persons of art. 3, para 1, items 1 – 8 (including foreign legal entities), Para. 2 and 3 in register BULSTAT shall be recorded the following data and circumstances:

1. UIC (BULSTAT code);
2. acts for establishing/occurrence, change, closing/deletion;
3. date of registration in BULSTAT;
4. date of termination of the registration;
5. legal-organizational form;
6. full and short name;
7. headquarters and address of management;
8. address for correspondence as well as telephone, fax, e-mail address;
9. address of implementing of the activity or of the property;
10. subject of activity/basic economic activity or handicrafts under the Crafts Act;
11. term of existence;
12. status;
13. legal grounds;
14. distribution of the property;
15. ownership/legal succession;
16. bodies of management and representation:
 - a) manager and/or representative – names, citizenship, UCN, PNF or another identification number of foreign person, way of representation, position of the representative – for the subjects of art. 2, para 2;
 - b) kind and members of the collective body of management;
17. partner/owner;
18. data necessary for the Register of the statistical units determined by an order of the Executive Director of the Registry Agency on a proposal by the Chairperson of the National Statistical Institute.

19. the identification data for the actual owners and the data for the legal persons or other legal entities, through which - directly or indirectly - control is exercised, as required by the Law on Measures Against Money Laundering.

- how is beneficial ownership information on these arrangements recorded (if at all)?

Please provide details of the relevant legislation and practices.

Pursuant to Art. 7, para 1, item 17 of the BRA in the BULSTAT register are entered the identification data of the beneficial owners and the data of the legal entities or other legal formations through which control is directly or indirectly carried out over the foreign legal entity, according to the requirements of the LLML.

The information in the BULSTAT register concerning the aforementioned foreign legal entities and their beneficial owners is public and free of charge.

4. Access to basic information and beneficial ownership information of (express) trusts and other similar legal arrangements

4.1 Does your country recognize (express) trusts or other similar legal arrangements? **YES / NO**

- If **YES**, please provide a broad overview of your country's system and mechanisms for obtaining beneficial ownership information on (express) trusts and other similar legal arrangements created or registered in your country.

- If **NO**, please skip to question 5

No, Bulgarian legislation does not recognize trusts and does not provide for the existence of trust ownership. Bulgaria is not a party to The Hague Convention on the Law Applicable to Trusts and on their Recognition.

4.2 How is *basic information* on (express) trusts and other legal arrangements obtained and recorded in your country?

4.3 How is *beneficial ownership information* on (express) trusts and other legal arrangements obtained and recorded in your country?

- Through a registry/registries with beneficial ownership information
- Through a different mechanism
- Competent authorities do not currently have access to beneficial ownership information

If **REGISTRY**, please provide details on the registry(ies), authority(ies)/agency(ies) in charge of maintaining the registry(ies), type of information collected, and details on the access policy.

If **ALTERNATIVE MECHANISM**, please provide details on the mechanism, type of information collected, and details on the access policy.

5. Sanctions

5.1 Please describe the types of sanctions, sanctionable conduct, and targets of sanctions for non-compliance with beneficial ownership disclosure regulations (whether on the registry(ies) or through an alternative mechanism).

Sanctions for violation of Art. 63 in connection with Art. 61 of the LMML are regulated as follows:

Pursuant to Art. 40, Para. 6 of the CRRNPLE Act, failure to request entry of the data under Art. 63, para. 4 of the LMML leads to the imposition of sanctions under the LMML.

Pursuant to Art. 45, Para. 3 of the Bulstat Register Act, non-fulfillment of the obligations under Art. 12 regarding entry of the data under Art. 63, para. 4 of the LMML leads to sanctions under the LMML.

Under Art. 118, para 1, item 1 and 2 with connection to para 4 of the Bulgarian LMML a legal entity or other legal formation that fails to provide data on beneficial owners or legal entities through which direct or indirect control is exercised or provides data with a delay, shall be punished with:

1. a fine of BGN 500 (approximately 250 EUR) to BGN 5,000 (approximately 2500 EUR), when the offender is a natural person;

2. a property sanction of BGN 1,000 (approximately 500 EURO) to BGN 10,000 (approximately 5000 EUR), when the offender is a legal entity or a sole trader;

Any legal entity or other legal formation which, after being punished with a fine or a property sanction for non-fulfilment of the obligation to submit an application for entry of the data on beneficial owners, does not submit an application within the specified period (7 days), shall be punished every month until the entry is requested.

5.2 Please describe the powers available to the designated authority(ies)/agency(ies) to enforce sanctions for non-compliance with the beneficial ownership disclosure requirements, **including any statistics on enforcement of such sanctions.**

The Registry Agency imposes the sanctions mentioned in 5.1 for non-compliance with the requirements to disclose beneficial ownership to the registers.

By Order RD-01-434 of October 22, 2018 of the Executive Director of the Registry Agency (RA) "Internal rules for establishing administrative breaches and imposing administrative penalties in the Registry Agency" were approved, amended by Order RD-01-435 of 23.10.2018 and Order RD-01-15 of 18.01.2019.

By Order RD-01-196 of 26.04.2021 of the Executive Director of the RA new "Internal rules for establishing administrative breaches and imposing administrative penalties in the Registry Agency" were approved and subsequently amended by order RD-01-239 of 04.06.2021 r.

By Order RD-01-399 of June 29, 2022 of the Executive Director of the RA, new more complete and thorough "Internal rules for establishing administrative breaches and imposing administrative penalties in the Registry Agency" were approved.

The following organization is established by the aforementioned rules:

- The registration officials who, when processing applications in the CRRNPLE, establish the existence of data for violation under Art. 63, para. 1-7 of the LMML, including failure to enter information about beneficial owners or entry of such information after the deadline set in Art. 63, para. 3 of the LMM: (7 days), notify the Director of the Directorate "Legal Services, Human Resources and Records" (LSHRR), after which actions are taken to initiate administrative penal proceedings.

Given the aforementioned, registration officials are obliged to notify the Director of the LSHRR Directorate with a report in the record keeping system when, during the examination of any application in the register, they find that there is no beneficial owner entered in the batch of the legal entity and the legal entity does not fall under the exceptions of Art. 63, para. 5 and para. 6 of LMML. Daily registration officials examine applications submitted by approximately 1000 legal entities (per day). Through the careful review of each batch, real control is exercised over the fulfillment of the obligation to submit information about beneficial owners. In addition, registration officials shall report in case they process an application for entry of BO information submitted after the deadline set by law.

- Employees from the General Directorate "Registries" who, when accepting applications in the information system of the CRRNPLE or the BULSTAT Register, establish the existence of data for: violation under Art. 63, para. 1-7 of the LMML, including failure to enter information about beneficial owners or entry of such information after the deadline set in Art. 63, para 3 of the LMML, notify the director of the LSHRR Directorate, after which actions are taken to initiate administrative penal proceedings.

• The registration official notifies the Director of LSHRR Directorate, for each application, containing data indicating that after registration the legal entity will have the obligation to enter information under Art.63, para 4 of the LMML. Immediately after expiration of the term provided in Art.63, para 3 of the LMML Registry Agency officials check if the legal entity has submitted an application for entry of data under Art. 63, par. 4 of the LMML. In case of non-compliance, actions are undertaken to start administrative penal proceedings.

Statistics about non-compliance with the obligation to submit an application regarding circumstances, subject to entry, related to beneficial ownership under the LMML, including within the time period, stipulated by the law.

Year/ period	Signal s	Termi nated	Suspende d	Issued Acts for Establishing an Administrativ e Violation	Issued Written Warning s	Issued Penalty Decrees	Concluded Agreements (since 23.12.2021)
2019	460	155	0	24	0	0	0
2020	182	5	0	296	265	18	0
2021	0	0	0	0	0	0	0
1.1.2022 - 30.6.2022	3	0	0	1	0	0	0
1.7.2022– 31.12.2022	128	19	0	114	20	27	7
1.1.2023 - 30.4.2023	39	6	0	30	2	4	8

6. International Cooperation, asset recovery and challenges

6.1. Does your country make beneficial ownership information available to foreign competent authorities (directly or upon request)? Please provide details of the relevant legislative and regulatory framework in your country that allows for the international exchange of such information.

According to Art. 11, para 1 of the CRRNPLE Act, **the commercial register and the register of non-profit legal entities are public**. Everyone has the right to **free and free of charge access** to the database making up the registers. Pursuant to Art. 37, para. 2 of the BULSTAT Register Act the Registry Agency provides for public and free of charge access via internet to the information entered in the BULSTAT Register. As the entered BO information is part of the CRRNPLE and BULSTAT register, the access to it is unrestricted and free of charge, so that the state authorities and obliged entities can have at any time quick access to the information regarding the beneficial owners. The information is available 24/7 both from Bulgaria and abroad.

6.2. Please describe how foreign competent authorities may request or access beneficial ownership information on legal persons and legal arrangements formed in your country. Which agency(ies)/authority(ies) is/are responsible for receiving and responding to foreign requests? **Please provide contact information and instructions.**

As mentioned in point 6.1 (above) the BULSTAT register and the Commercial register and the CRRNPLE are public **and access is unrestricted**. These registers contain both basic and BO information. All domestic and foreign authorities are able to check the information entered therein.

According to the information in the fifth round mutual evaluation report of MONEYVAL for Bulgaria, adopted in May 2022, the Registry agency is also developing the new system in collaboration with the other EU member states and with the European e-Justice Portal, called BORIS – Business Ownership Registers Interconnection System. The users will access BO Registers in other Member States via the European e-Justice Portal (BORIS) with their own national electronic identification schemes (eIDs). BORIS will allow users to acquire products that are provided by the Member state's Beneficial ownership registers.

The Financial Intelligence Directorate of the State Agency for National Security (FID-SANS) has the same information gathering powers for the purpose of providing assistance to its foreign counterparts as it has for the performance of its functions for analysis domestically.

The Bulgarian National Bank (BNB) information exchange concerns predominantly the fit and proper issues of shareholders/acquisitions in credit institution/other financial institution, observations from Anti-money laundering and Counter financing of terrorism (AML/CFT) inspections or notifications linked with establishing a branch in other EU Member states or conducting AML/CFT inspection.

The Financial Supervision Commission (FSC) also exchanges information with wide range of countries.

In response to a European Investigation Order, the Prosecutor's Office of the Republic of Bulgaria may obtain any information on legal and non-profit entities, including beneficial ownership for the provision to a foreign state authority.

Information on real beneficial ownership can also be provided to third countries through international legal assistance. The competent authority for sending and receiving Mutual Legal Assistance Requests in pre-trial proceedings is the Supreme Cassation Prosecutor's Office, International Division. In the trial phase, the competent authority is the relevant court of first instance under the rules of native and local jurisdiction.

6.3. In your opinion, what are the main challenges faced *by foreign competent authorities* to access beneficial ownership information held in your country?

6.4. In your opinion, what are the main challenges faced by *competent authorities of your country* to access/receive beneficial ownership information held in a foreign country?

6.5. Do you have any case studies or examples where the transparency of beneficial ownership has *enabled or enhanced the effective recovery and return of proceeds of crime in (or for) your country*?

7. Good Practices for Beneficial Ownership Transparency

7.1. Has your country implemented any specific good practices relating to Beneficial Ownership Transparency that you wish to highlight? *Examples could include good practices in verification, data format, searchability, use of technology, enforcement of sanctions, automatic red flagging, use or risk-based approach.*

- By Order RD-01-399 of June 29, 2022 of the Executive Director of the RA, new more complete and thorough "Internal rules for establishing administrative breaches and imposing administrative penalties in the Registry Agency" were approved.

The following organization is established by the aforementioned rules:

- The registration officials who, when processing applications in the CRRNPLE, establish the existence of data for violation under Art. 63, para. 1-7 of the LMML, including failure to enter information about beneficial owners or entry of such information after the deadline set in Art. 63, para. 3 of the LMML: (7 days), notify the Director of the Directorate "Legal Services, Human Resources and Records" (LSHRR), after which actions are taken to initiate administrative penal proceedings.

Given the aforementioned, registration officials are obliged to notify the Director of the LSHRR Directorate with a report in the record keeping system when, during the examination of any application in the register, they find that there is no beneficial owner entered in the batch of the legal entity and the legal entity does not fall under the exceptions of Art. 63, para. 5 and para. 6 of LMML. Registration officials examine applications submitted by approximately 1000 legal entities (per day). Through the careful review of each batch, real control is exercised over the fulfillment of the obligation to submit information about beneficial owners. In addition, registration officials shall report in case they process an application for entry of BO information submitted after the deadline set by law.

- Employees from the General Directorate "Registries" who, when accepting applications in the information system of the CRRNPLE or the BULSTAT Register, establish the existence of data for: violation under Art. 63, para. 1-7 of the LMML, including failure to enter information about beneficial owners or entry of such information after the deadline set in Art. 63, para 3 of the LMML, notify the director of the LSHRR Directorate, after which actions are taken to initiate administrative penal proceedings.
- The registration official notifies the Director of LSHRR Directorate, for each application, containing data indicating that after registration the legal entity will have the obligation to enter information under Art.63, para 4 of the LMML. Immediately after expiration of the term provided in Art.63, para 3 of the LMML Registry Agency officials check if the legal entity has submitted an application for entry of data under Art. 63, par. 4 of the LMML. In case of non-compliance, actions are undertaken to start administrative penal proceedings.

- The entered circumstances regarding beneficial ownership in the CRRNPLE and BULSTAT register are in machine-readable format.

8. Follow-up to the special session of the General Assembly against corruption

8.1. Please describe any other measures, if any, that your country may have taken to implement paragraph 16¹ of the political declaration adopted by the General Assembly at its special session against corruption held in June 2021.

¹16. We commit to making efforts in international cooperation and taking appropriate measures to enhance beneficial ownership transparency by ensuring that adequate, accurate, reliable and timely beneficial ownership information is available and accessible to competent authorities and by promoting beneficial ownership disclosures and transparency, such as through appropriate registries, where consistent with the fundamental principles of domestic legal systems and using as a guideline the relevant initiatives of regional, interregional and multilateral organizations against money-laundering. To this end, we will develop and implement the measures necessary to collect and share such information on the beneficial ownership of companies, legal structures and other complex legal mechanisms, and we will enhance the ability of competent authorities in this regard.