

CSDs: CDAD (Bulgaria)

Date: 22 Jan 2009

SMI Markets: Bulgaria

CMIRR Markets: Bulgaria

## Draft Amendments to Shareholder's Rights Framework

The draft amendments to the local Public Offering of Securities Act, which will transpose provisions of the EU Shareholders' Rights Directive (2007/36/EC) into national law, have been approved by the Council of Minister of Bulgaria. The objectives of the draft amendments are to ensure that all shareholders have equal conditions under which to effectively exercise their voting rights. The main details are outlined below:

- Public companies will be required to publish the notice and all documents pertaining to the AGM on their web site from the time of announcement of the meeting until the completion of the meeting, and to disclose on their web site detailed information related to the meeting results for a minimum period of one year.
- The notice will contain detailed information on the terms under which shareholders can attend and vote, and explicitly state the record date.
- All impediments related to proxy voting and any excessive requirements for proxy appointment should be abolished. Remote voting either through electronic voting or by correspondence (via courier, electronic means or other technical means) will be permitted. Nonetheless, public companies will have to ensure the security of any electronic connection and take adequate measures to identify the shareholders or their proxies. The right to vote by correspondence should be exercised at least one day prior to the AGM.

The draft amendments are currently being reviewed by the Parliament. The changes are expected to become effective on 3 August 2009.

## CSD Risk Impact

### CDAD (Bulgaria)

CSD Rating: A

CSD Flash Impact: Positive

This newflash is for information only and does not impact on any risk categories.

## Market Information Impact

### Bulgaria

This information affects the data contained in the Proxy Voting/Corporate Governance sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### Bulgaria

Market Rating: A-

Market Flash Impact: Positive

Impacted Risk Type: Asset Servicing Risk

Current Rating = A-

Flash Impact = Positive

The Shareholders' Rights Directive intends to harmonise the whole EU region in terms of voting practices. The move to improve voting procedures and include more voting media should involve more shareholders in general meetings; hence, meeting results will become more reflective of shareholder opinion. Accordingly, the impact on Asset Servicing Risk is set as 'Positive'.

## For further information contact:

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