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Regulatory Compliance

• **New Amendments to the Measure against Money Laundering Act ("MAMLA")**

The new amendments to the MAMLA aim to increase the compliance of the national legislation against money laundering and terrorist financing with the requirements of the International Standards on Combating Money Laundering, the Financing of Terrorism and FATF Recommendations. In Art. 4 of the Act new categories of obliged entities are included in order to achieve a higher level of compliance with the requirements of FATF Recommendations 10 and 15, namely: the persons who by profession provide services for the transfer, exchange, storage and management of virtual assets, and services related to the public offering of virtual assets, the persons who by profession provide access to deposit cassettes in public vaults, as well as the representatives of licensed postal operators providing postal money transfers. The amendments entered into force from 6 October 2023, the day of its promulgation in the State Gazette, with the exception of certain provisions regarding the notification obligations of the obliged entities which will enter into force 12 months after the promulgation.

• **New Amendments to the Public Procurement Act**

The amendments to the Public Procurement Act were promulgated in the State Gazette on 20.10.2023 and introduce many important changes for the National Recovery and Sustainability Plan, including: new rules for implementing various types of control over the procurement process; raising the value thresholds above which the various public procurement methods are applied; establishment of clear regulation of electronic platforms of central purchasing authorities; introduction of obligations to use environmental requirements; new rules regarding market monitoring; increasing the sanctions provided for in the administrative-penal provisions and others. The amendments will be rolled out in stages. Most of them will enter into force within two months of their promulgation, but a number of exceptions are foreseen.
• Draft bill amending and supplementing the Commercial Register and the Register of Non-Profit Legal Entities Act

On October 30, 2023, a draft bill amending and supplementing the Commercial Register and the Register of Non-Profit Legal Entities Act was published in the public consultation portal of the Council of Ministers. Supplements to the rules for providing and receiving free information through the system for interconnection of registers by including in the exchange information about persons deprived of rights to perform the function of manager and director in commercial companies are introduced. A unified register maintained by the Registry Agency of the persons deprived of management rights is created. An obligation is introduced for the Registry Agency to provide a technical possibility to store in a machine-readable and full-text searchable format the notifiable acts and documents available in the Commercial register and the register of non-profit legal entities, based on which circumstances subject to registration have occurred.
New measures to simplify the resolution of disputes out of court and boost consumer rights

On 17.10.2023 the European Commission is proposing to modernise and simplify rules on out-of-court dispute resolution to adapt them to digital markets. This proposal will expand the range of issues that can be resolved through the Alternative Dispute Resolution (ADR) Directive out-of-court, including matters related to misleading advertising, access to services and unjustified geoblocking. To make this option more accessible to consumers, designated bodies such as the European Consumer Centers Network will assist consumers in understanding and accessing alternative dispute resolution procedures. The goal of the proposal is also to expedite the procedures. The Commission also adopted a Recommendation to align online marketplaces dispute resolution systems with the European standards for fair and efficient Alternative Dispute Resolution.
Employment

• **Amendments to the Labour Code**

The new amendments to the Labour Code promulgated on 10.10.2023 give detailed regulation of the register of employment, which will be supported by the National revenue agency and will contain the uniform electronic labor records of the workers/employees. According to the new provisions in the Labour Code, the single electronic work record is "an electronic document", which contains data and circumstances related to the labor activity of the worker or employee, and represents an official identification document. The amendments to the Labor Code take effect from June 1, 2025, except for certain provisions for which a different term is provided.

• **Decree of the Council of Ministers on determining the minimum salary for 2024**

On October 17, 2023, Decree of the Council of Ministers on determining the amount of the minimum salary for Bulgaria for 2024 was published in the State Gazette. According to the government’s decree, the minimum salary for the country from January 1, 2024 is increased to BGN 933.

• **Proposal of the Council of Ministers for amendments to the Ordinance on working hours, breaks and vacations**

The Council of Ministers has published for public consultations amendments to the Ordinance on working hours, breaks and vacations which aim to settle the right to extended paid annual leave for persons working in the field of social services. The procedure for transferring leave due to pregnancy and childbirth after the child reaches the age of 6 months to one of the parents of the mother or the father is introduced also in case of adoption.
• **Draft bill amending the Recovery and Resolution of Credit Institutions and Investment Firms Act**

The proposed amendments were entered on 11.10.2023 in the National Assembly and provide the opportunity for credit institutions and investment firms licensed in the Republic of Bulgaria to operate under regulatory conditions that are harmonized with the conditions in other Member States of the European Union. The proposal aims to implement REGULATION (EU) 2022/2036 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU into the national legislation.

• **New obligations for investment firms when carrying out a suitability assessment**

The Ordinance amending and supplementing Ordinance No. 38 of 21.05.2020 on the requirements for the activity of investment firms, which introduces new obligations for investment firms was promulgated in the State Gazette on 27.10.2023. When providing investment advice and when managing client portfolios, the investment firm will have to explain to the client the concept of "sustainability preference", the differences between the different elements of this concept, as well as the differences between products that have, respectively do not have, characteristics of sustainability. The investment firm considers the client’s sustainability preferences after performing the due diligence to identify suitable products and then determines the product or investment strategy that meets the client’s sustainability preferences.
• **Draft bill amending and supplementing the Financial Collateral Arrangements Act**

On 20.10.2023, in the Council of Ministers' Public Consultation Portal a draft bill amending and supplementing the Financial Collateral Arrangements was published, which introduces a general regulation of the closing netting mechanism, as a means of terminating and/or repaying obligations arising from transactions with financial instruments between financial market participants. Closing netting typically involves two parties entering into multiple transactions with each other (for derivatives, repos, securities lending) under a framework agreement, general terms agreement or other contract, such as in the event of default by one party or the occurrence of a specified event with respect to one party ("executable event"), the other party has the right to terminate the contract in its entirety and all separate transactions concluded on the basis of this contract. After executing the closing netting, all concluded transactions between the parties are terminated and replaced by a single net obligation.

• **The new European Green Bond Standard Regulation has been adopted**

On 05.10.2023 the European Parliament adopted uniform standards for issuers who wish to use the designation ‘European green bond’ or ‘EuGB’ for the marketing of their bond. On 23.10.2023, the Regulation was also approved by the Council of the EU. It will be published in the Official Journal of the EU, 20 days after which it will enter into force. Its implementation will begin 12 months after its entry into force. The standards will enable investors to direct their money more confidently towards more sustainable technologies and businesses. It will also give the company issuing the bond more certainty that their bond will be suitable to investors who want to add green bonds to their portfolio. This will increase interest for this kind of financial product and support the EU’s transition to climate neutrality. All companies choosing to adopt the standards and therefore also the EuGB label when marketing a green bond will be required to disclose considerable information about how the bond’s proceeds will be used. They would also be obliged to show how these investments feed into the transition plans of the company as a whole.
Amendments to the Energy from Renewable Sources Act

The new amendments were promulgated on 13.10.2023 in the State Gazette and aim to implement into the National energy legislation the provisions of Directive (EU) 2018/2001. The Minister of Environment and Water shall develop and implement a mechanism for a reliable and independent audit of the information submitted by economic operators regarding the fulfillment of the requirements for the sustainability of biofuels and liquid biomass fuels. A mandatory minimum target is introduced for the share of energy from renewable sources in final consumption in transport, as well as in the electricity, heating and cooling sectors. The entire administrative process of applying and issuing a permit is facilitated. The Energy and Water Regulation Commission (“EWRC”) sets preferential prices for the purchase of electricity from renewable sources, produced by energy facilities with a total installed capacity of up to 30 kW. Within a three-month period of receiving an opinion on the connection from the EWRC, the RES producer must pay a guarantee in the amount of BGN 50,000 for each megawatt (MW) connected capacity of the future energy site.

The procedures for connection of small RES installations are simplified, the operator of the relevant electricity network carries out a study and issues an opinion on the conditions and method of connection in reduced terms. Household and non-household end customers can now create energy communities within which they produce, consume, store and sell excess amounts of energy from renewable sources, as well as share within the renewable energy community the produced energy.
Healthcare

• Draft bill amending and supplementing the Medical Devices Act

The Council of Ministers approved a draft bill amending and supplementing the Medical Devices Act. The reasons for developing the draft bill are related to the implementation into the national law of obligations arising from several EU regulations. Part of the proposed amendments to the Medical Devices Act include:

- An opportunity for medical therapeutic institutions to produce and use for their own needs medical devices for in vitro diagnostics;
- New powers to be granted to the Minister of Health to place on the market medical devices without an assessed conformity. The exception is only allowed for the purpose of protecting the interest of public health or the safety and health of patients;
- Prohibition of reprocessing and use of reprocessed single-use items;
- Defining the order in which clinical testing of medical devices and performance testing of in vitro diagnostic devices will be permitted, and
- Designation of the Bulgarian Drug Agency as the national authority responsible for notified bodies according to the requirements of Directive (EU) 2017/745 and Directive (EU) 2017/746.