**Special Pledges Act**

Promulgated, State Gazette No. 100/22.11.1996, effective 1.04.1997, amended and supplemented, SG No. 86/30.09.1997, effective 30.09.1997, SG No. 42/5.05.1999, SG No. 19/28.02.2003, SG No. 58/27.06.2003, effective 1.01.2004, supplemented, SG No. 34/19.04.2005, effective 1.06.2005, amended, SG No. 43/20.05.2005, effective 1.09.2005, SG No. 30/11.04.2006, effective 12.07.2006, SG No. 34/25.04.2006, effective 1.01.2008 (\*)(\*\*), amended, SG No. 59/20.07.2007, effective 1.03.2008, supplemented, SG No. 108/19.12.2007, effective 19.12.2007, amended and supplemented, SG No. 100/21.11.2008, supplemented, SG No. 24/31.03.2009, effective 31.03.2009, amended, SG No. 101/28.12.2010, SG No. 38/18.05.2012, effective 1.07.2012, amended and supplemented, SG No. 15/15.02.2013, effective 1.01.2014, supplemented, SG No. 107/24.12.2014, effective 1.01.2015, SG No. 50/3.07.2015, SG No. 50/1.07.2016, effective 1.07.2016, amended and supplemented, SG No. 105/30.12.2016, effective 30.12.2016, SG No. 62/1.08.2017, amended, SG No. 65/7.08.2018, effective 7.08.2018, SG No. 83/22.10.2019, effective 22.10.2019, SG No. 102/31.12.2019, effective 31.12.2019

\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(\*) effective 1.07.2007 - amended, SG No. 80/3.10.2006, effective 3.10.2006

(\*\*) effective 1.01.2008 - amended, SG No. 53/30.06.2007, effective 30.06.2007

**Chapter One**

**GENERAL PROVISIONS**

Subject Matter

**Article 1**

(1) This Act shall govern pledges established without delivery of the pledged property.

(2) There shall be a registry for pledges governed by this Act.

(3) (Repealed, SG No. 42/1999).

Pledge establishment and form of contract

**Article 2**

(Amended, SG No. 105/2016, effective 30.12.2016) (1) Pledges shall be established by entry into the Central Pledge Register or into another register envisaged on the basis of a contract for a registered pledge.

(2) The contract for a registered pledge shall be concluded in writing and, in the cases explicitly envisaged by this Act - in writing with notary certification of the signatures.

(3) The form requirements under Paragraph 2 shall apply also in the case of amendment and supplementation of the contract for a registered pledge. Each and every consent of the pledge creditor shall be granted in writing with notary certification of the signature.

Pledgor

**Article 3**

(1) (Previous text of Article 3, SG No. 42/1999) The pledgor shall be a merchant or a person referred to in Article 2 of the Commerce Act.

(2) (New, SG No. 42/1999, amended, SG No. 105/2016, effective 30.12.2016) The restriction under Paragraph (1) shall not apply to:

1. legal entities wherein the persons under Article 2 of the Commerce Act are members;

2. a wife of the sole proprietor or a wife of the person under Article 2 of the Commerce Act;

3. municipalities which secure municipal debt incurred under the terms and according to the procedure of the Municipal Debt Act;

4. the Bank Deposit Insurance Fund, when it secures the loans used by it;

5. non-profit legal entities which carry out an economic activity - regarding the economic activity carried out by them.

(3) (New, SG No. 42/1999, supplemented, SG No. 19/2003, SG No. 62/2017) The restriction under paragraph (1) shall not apply to the pledge of dematerialized securities and units of collective investment undertakings, equity shares in general and limited partnerships, limited partnerships with shares and limited liability companies, as well as of rights in patents for inventions and utility models, registered marks, industrial designs, topologies of integrated circuits and certificates for plant sorts and animal breeds.

(4) (New, SG No. 34/2005, supplemented, SG No. 107/2014, effective 1.01.2015, repealed, SG No. 105/2016, effective 30.12.2016).

Property that May Be Pledged

**Article 4**

(1) (Supplemented, SG No. 42/1999, SG No. 19/2003, amended, SG No. 105/2016, effective 30.12.2016) The following may be pledged pursuant to the procedures and under the terms and conditions of this Act:

1. chattel exclusive of ships and aircraft;

2. machines and facilities;

3. (amended, SG No. 62/2017) receivables, dematerialised securities and units of collective investment undertakings;

4. equity shares in general and limited partnerships, limited partnerships with shares or limited liability companies;

5. rights in patents for inventions, utility models, registered marks, industrial designs, topologies of integrated circuits and certificates for plant sorts and animal breeds;

6. commercial enterprises;

7. agricultural produce, raw materials, goods and materials;

8. (supplemented, SG No. 62/2017) groups of receivables, of machines and equipment, of goods or materials and of dematerialised securities as well as units of collective investment undertakings.

(2) It shall be possible for the pledged property to be defined in generic terms or to be future property. Future crops may be pledged from either the current, or the following season.

(3) The security rights granted shall extend to the interest earned on a pledged account receivable.

(4) Where pledged chattel is processed or becomes part of other chattel, the security rights granted shall attach to the newly formed chattel.

Secured Debt

**Article 5**

(1) It shall be possible for the secured debt to be described in specific or generic terms, as well as to be contingent or future debt.

(2) The pledge shall secure the debt and all interest and penalties emanating from the secured debt.

Pledging the Secured Debt

**Article 6**

The pledge established under this Act shall continue to secure the secured debt in cases where the secured debt itself is used as pledged property.

Lapse of a Pledge

**Article 7**

(Amended, SG No. 42/1999)

A pledge shall lapse where a third party acquires, through a transaction executed by the pledgee within the scope of his ordinary activities conducted by occupation, rights in the pledged property, which are incompatible with the pledge law.

**Chapter Two**

**RIGHTS AND OBLIGATIONS OF THE PARTIES**

Pledgor's Rights

**Article 8**

(1) The pledgor shall have the right to retain possession of the pledged property.

(2) A pledgor who retains possession of the pledged property shall have the rights:

1. to use the pledged property in his activity, in accordance with its intended use;

2. (supplemented, SG No. 42/1999, amended, SG No. 105/2016, effective 30.12.2016) to perform disposition transactions with the pledged property according to Article 7.

(3) (New, SG No. 105/2016, effective 30.12.2016) For the sake of performing disposition transactions with the pledged property, other than those specified in Article 7, the explicit consent of the pledge creditor, duly entered into the Central Pledge Register or in the respective other register, shall be necessary.

(4) (New, SG No. 105/2016, effective 30.12.2016) When the pledge creditor has not given his consent under Paragraph 3, the acquirer’s rights to the pledged property shall be encumbered with the pledge and the acquirer shall be in the situation of a pledgor. This rule shall be applied also in respect of each subsequent acquirer of the pledged property, unless it is established that it acted in good faith.

Pledgor's Obligations

**Article 9**

(1) A pledgor who retains possession of the pledged property shall be obligated to keep it with the care of a good merchant and, in particular, shall:

1. insure the pledged property at his own expense against the common risks accepted in the industry and in a way that enables the pledgee to benefit from any insurance compensations;

2. inform the pledgee of any damage to or encroachments upon the pledged property;

3. inform the pledgee of all proceedings affecting the pledged property;

4. inform the pledgee in writing of all actions, in law or in fact, that may cause the transfer of title to, or the creation of third party rights in, or a change in the identity of the pledged property, as well as provide him with a copy of the documents certifying such transfer of title or creation of third party rights;

5. inform any third parties acquiring rights in the pledged property of the rights of the pledgee;

6. sell the pledged property in case of potential spoiling thereof, after giving notice to the pledgee, and deposit the proceeds of the sale in a bank account as security for the pledgee.

(2) The pledgor shall be obligated to provide the pledgee with opportunities to examine the condition of the pledged property.

(3) (Supplemented, SG No. 42/1999) In the cases described in Paragraph (1), Sub-paragraph 4 hereinabove, the pledgor shall have the obligation to request forthwith the recording in the appropriate registry of any changes in the rights in or in the identity of the pledged property.

(4) (Amended, SG No. 105/2016, effective 30.12.2016) The pledgor shall not be allowed to dispose of the pledge property after recording of the commencement of enforcement. The disposal transactions performed by the pledgor with the pledged property after the recording of the commencement of enforcement cannot be opposed to the pledge creditor and the joint creditors under Article 40.

(5) The pledgor shall be obligated, upon lapse of the pledge, to satisfy the pledgee with the proceeds received from the transfer of the property.

Pledge Creditor’s Rights

**Article 10**

(Supplemented, SG No. 19/2003, amended, SG No. 105/2016, effective 30.12.2016) (1) The pledge creditor shall have the right to satisfy its claim as preferred from:

1. the price of the pledged property or from any compensation obtained therefor;

2. the proceeds received from the transfer of the pledged property;

3. the equivalent of the property referred to in either Item 1 or Item 2, as well as the equivalent of the pledged property, in case this property cannot be separated from the other property of the pledgor or from the property of a third party, provided that its pledge right is opposable to such person;.

4. the incomes from the pledged property, including the interest on the pledged receivable, or from the proceeds received upon collection of the pledged receivable.

(2) The pledge creditor can satisfy his claim according to the procedure of this Act, by selling the pledged property himself or according to the procedure of the Civil Procedures Code. The institution of an enforced enforcement under the Civil Procedures Code at the request of the pledge creditor shall be effected on the basis of an excerpt from the respective register regarding a recorded commencement of the enforcement in respect of the pledged property.

(3) The pledge creditor is a joint claimant by law in the enforcement procedures under the Civil Procedures Code and the Tax and Insurance Procedures Code, wherein the enforcement is directed at the pledged property. In these cases, the secured receivable shall be considered due and payable up to the amount of the amount envisaged in the distribution plan. The pledge creditor shall exercise his rights of a joint claimant, including the right to receive the distributed sum, on the basis of a certificate from the register as to a registered pledge and on the basis of a declaration with notary certification of the signature as to the amount of his receivable.

(4) In the cases under Paragraph 1, Item 3, the pledge creditor shall be satisfied according to the procedure of the Civil Procedures Code, where the executive magistrate shall collect the equivalent of the pledged property according to the procedure of Article 521 of the Civil Procedures Code and shall distribute the sum thus obtained.

(5) The pledge creditor can at any time register the pledge against an acquirer of the pledged property as well, unless the pledge has lapsed according to procedure of Article 7.

(6) The pledge creditor, based on an excerpt from the registry of a recorded security interest, shall have the right to be provided by the state authorities and the third parties, holding, safeguarding or having on their books the pledged property, the information concerning this property accessible to the pledgor.

Early call of the Debt

**Article 11**

Should the pledgor be in default of his obligations under the pledge contract, the pledgee may demand performance before the debt matures, as well as satisfy his claim from the pledged property.

**Chapter Three**

**EFFECT OF PLEDGE AS TO THIRD PARTIES**

Perfection of Rights

**Article 12**

(1) (Amended, SG No. 42/1999, SG No. 105/2016, effective 30.12.2016) A pledge established under the terms and conditions and according to the procedure of this Act shall be opposable to third parties from the time of its registration.

(2) (Amended, SG No. 42/1999) Neither a pledge of accounts receivable, a contract for sale with preservation of the property until the payment of the price , a lease contract, nor an attachment of property, shall be perfected against a creditor who has received a security interest pursuant to this Act in accounts receivable, sold, leased or attached items, unless it is recorded in the pledgor's record at the Central Pledges Registry.

(3) In the cases where this Act provides for recording in another registry, perfection shall be accomplished by recording the pledge in this other registry.

Acquisition of Rights in the Pledged Property

**Article 13**

(1) Any person against whom the pledge has been perfected shall acquire rights in the pledged property, encumbered by the pledge, and shall assume the same position as the pledgor.

(2) (Repealed, SG No. 105/2016, effective 30.12.2016).

Priority of Registered Pledges

**Article 14**

(1) (Previous text of Article 14, supplemented, SG No. 105/2016, effective 30.12.2016) The priority of registered pledges in the same pledged property shall be determined by the sequential order of recording in the registry. The consent of the previous pledge creditors shall be necessary for the recording of each and every subsequent pledge on the same property. This rule shall also apply to the establishment of a pledge on an asset included in a pledged commercial enterprise under the term and conditions of Article 21 (3).

(2) (New, SG No. 105/2016, effective 30.12.2016) The sequential order of the registered pledges to a property, which was formed as a result of processing or merging of pledged items, shall be determined by the sequential order of recording of the pledges on the raw materials, materials and parts of which the processed or merged items were derived.

Priority of a Pledge on a Group

**Article 15**

(1) (Supplemented, SG No. 19/2003) The seller of an individual item of property or of a right, who has received a pledge on the same property or right as security for his claim for the purchase price of the property or right, shall be satisfied from the price of that property or right before a creditor who has at an earlier moment recorded a pledge on the group of which the property or right had become a part. Same rights shall have also the person to whom a pledge on a chattel or a right to secure a loan extended by him for the purposes of acquisition the good or the right.

(2) The rights of a seller who has retained title until payment of the purchase price, and the rights of a lessor, are perfected to the rights of a pledgee who has at an earlier moment recorded a pledge on a group.

(3) The right of priority in satisfaction referred to in Paragraph (1) and the perfection of the rights referred to in Paragraph (2), shall lapse if the pledge, sale or lease are not recorded within fourteen days after execution.

Priority of a Debt Secured with a Registered Pledge

**Article 16**

(1) (Amended, SG No. 42/1999, supplemented, SG No. 24/2009, effective 31.03.2009) A debt secured by a registered pledge shall be satisfied in the order provided in Article 136, Paragraph (1), Sub-paragraph 3 of the Obligations and Contracts Act or Article 722, paragraph (1), Sub-paragraph 1 of the Commerce Act or Article 94, paragraph 1, Sub-paragraph 1 of the Bank Bankruptcy Act.

(2) (Amended, SG No. 19/2003, SG No. 105/2016, effective 30.12.2016) The debt secured by a registered pledge shall be satisfied from the cash amounts referred to in Article 10, Paragraph 1, Subparagraphs 1, 2 and 4, in the order which would apply if these cash amounts themselves had been pledged.

(3) (Amended, SG No. 19/2003) A debt secured by a registered pledge shall be satisfied, up to the amount specified in Article 10, Paragraph 1, Sub-paragraph 3, from the pledgor's general assets, before the claims referred to in Article 136, Paragraph (1), Sub-paragraph 5 of the Obligations and Contracts Act or before the claims specified in Article 722, Paragraph (1), Sub paragraph 3 of the Commerce Act.

**Chapter Four**

**SPECIAL TYPES OF PLEDGES**

Pledge of an Account Receivable

**Article 17**

(1) The pledge of an account receivable shall be effective against the debtor under the account, only after the debtor under the account has received notice.

(2) Notice may be given by either the pledgor or the pledgee, and shall contain:

1. a statement that the account receivable has been pledged;

2. a description of the account receivable and of the part thereof that has been pledged;

3. the facts contained in the registry regarding the pledge.

(3) (Amended, SG No. 105/2016, effective 30.12.2016) The pledgor shall not have the right to dispose of or to pledge for a second time the pledged account receivable without the consent of the pledge creditor.

(4) (New, SG No. 105/2016, effective 30.12.2016) Until the date of registration of the commencement of a enforcement, the pledgor can collect the pledged account receivable and its yields, unless otherwise provided for in the pledge contract. When the pledge contract envisages a restriction on the debtor preventing him from collecting the pledged account receivable or its yields, this restriction must be included in the notice under Paragraph 2 in order to have effect on the debtor as regards the pledged account receivable.

(5) (New, SG No. 105/2016, effective 30.12.2016) When an attachment is imposed on the pledged account receivable prior to the commencement of enforcement by the pledge creditor according to the procedure of this Act, the pledge creditor shall satisfy his claims by joining the enforcement proceedings under which the said attachment was imposed.

Pledge of dematerialised security and units of collective investment undertakings

(Title supplemented, SG No. 62/2017)

**Article 18**

(1) (Supplemented, SG No. 62/2017, SG No. 83/2019, effective 22.10.2019) The circumstances concerning garnishments of dematerialised securities and units in collective investment schemes subject to registration according to this Act shall be registered in the central securities register kept by the Central Depository AD and, where applicable, in the relevant central securities depository with which the securities have been registered.

(2) (Amended, SG No. 105/2016, effective 30.12.2016, supplemented, SG No. 62/2017) The pledgor shall not have the right to dispose of or to pledge for a second time the pledged security or units in a collective investment undertaking without the consent of the pledge creditor.

(3) (New, SG No. 42/1999) The facts required by this Act to be filed to record a pledge of government securities shall be recorded in the registers of government securities.

(4) (New, SG No. 50/2015, amended, SG No. 105/2016, effective 30.12.2016) In case of pledge of a government security, the same shall be blocked in the register under Article 35, Paragraph (1), Item 2 or the respective registers under Article 35, Paragraph (4) of the Government Debt Act, where in the process of its transfer between the registers the validity of the pledge and of the circumstances registered in regard to the pledge shall continue. The procedure, as well as the additional requirements for establishing a pledge over a government security, shall be prescribed by the ordinance under Article 36, Paragraph (1) of the Government Debt Act.

(5) (New, SG No. 62/2017, amended, SG No. 83/2019, effective 22.10.2019) The central securities register kept by the Central Depository, respectively the central securities depository with which the securities have been registered, shall notify within one working day the management company concerned of each entry and deletion of a pledge of units of collective investment undertaking. In case of repurchase of units of a collective investment undertaking, which are the subject of a pledge, the consent of the pledge creditor shall be required under Article 8.

Pledge of an Equity Share in a Commercial Company

**Article 19**

(1) Agreements for the pledge of equity shares in commercial companies shall be executed in writing and all signatures shall be notarized.

(2) All of the facts required by this Act to be filed to record a pledge of equity shares, shall be recorded in the record of the issuing company in the Commercial Registry.

Pledge in Industrial Property

**Article 19a**

(New, SG No. 19/2003, amended, SG No. 105/2016, effective 30.12.2016)

The facts concerning a pledge on property under article 4, Paragraph 1, Subparagraph 5, subject to recording under this Act, shall be recorded in the registry of the Patent Office of Republic of Bulgaria.

Pledge of a Group

**Article 20**

(1) (Previous text of Article 20, SG No. 42/1999) The pledge of a group shall attach to each one of its components, until the component has been separated from the group.

(2) (New, SG No. 42/1999, amended, SG No. 105/2016, effective 30.12.2016) The pledge of a group shall pass onto its components from the moment of recording of the commencement of enforcement. This passing onto the components shall not affect the opposable pledge rights onto separate components of the group, that have arisen prior to the recording of the commencement of enforcement as regards the group, unless the pledge creditor who commenced the enforcement has registered at an earlier time a pledge on separate components of the group.

Pledge of a Commercial Enterprise

**Article 21**

(1) (Supplemented, SG No. 105/2016, effective 30.12.2016) The contract for a pledge on a commercial enterprise shall be concluded in writing with notary certification of the signature, where a decision adopted according to Article 262o of the Commerce Act shall be necessary for establishing the pledge.

(2) (Amended, SG No. 34/2006) All of the facts required by this Act to be filed to record a pledge of a commercial enterprise, shall be recorded in the pledgor's file in the Commercial Registry.

(3) (Amended, SG No. 42/1999, SG No. 105/2016, effective 30.12.2016) A contract for pledge of a commercial enterprise shall be opposable against third parties who have acquired rights in individual assets of the commercial enterprise, only if the pledge agreement has been recorded in the appropriate registry for such assets as well. The provisions of Article 7 and Article 8, Paragraphs (3) and (4) shall be applied accordingly.

(4) (New, SG No. 105/2016, effective 30.12.2016) When a real estate property is included in the commercial enterprise, the pledge rights shall extend also over all improvements and increments to the real estate property, unless it has been agreed otherwise.

(5) (New, SG No. 105/2016, effective 30.12.2016) A consent by the pledge creditor, which is subject to registration, shall be required for transformation of the pledgor according to the procedure of Chapter Sixteen of the Commerce Act.

(6) (New, SG No. 42/1999, amended, SG No. 58/2003, renumbered from Paragraph 4, supplemented, SG No. 105/2016, effective 30.12.2016) Unless otherwise agreed between the pledge creditor, who has granted his consent for the transformation, and the pledgor, in the event of a transformation of the pledgor through splitting and spinning-off or through a change in the legal form, the pledge of the commercial enterprise shall attach to the commercial enterprises of all the newly-established companies as well.

(7) (New, SG No. 58/2003, renumbered from Paragraph 5, supplemented, SG No. 105/2016, effective 30.12.2016) Unless otherwise agreed between the pledge creditor, who has granted his consent for the transformation, and the pledgor, in the event of a transformation of the pledgor by take-over, merger, splitting by acquisition, spinning off by acquisition and by transfer of property onto the sole owner, the pledge of the company shall attach only onto the set of items which used to belong to the pledgor. Within the period of separate management, the pledge creditor may request performance or security according to its rights. If the request is not satisfied within one month, the creditor may sell the set of items which used to belong to the pledgor as a company following the procedure stipulated in this Act. With the expiry of the time period of separate management, the pledge shall be extinguished.

(8) (New, SG No. 58/2003, amended, SG No. 34/2006, renumbered from Paragraph 6, SG No. 105/2016, effective 30.12.2016) Simultaneously with the registration of the transformation, the Registration Agency shall record in the company case-file of each of the companies, undergoing transformation, as well as of the sole owner in the case of a transfer of property onto a sole owner, as well as the transfer of the pledge of the company onto the respective legal successor.

(9) (Renumbered from Paragraph 4, SG No. 42/1999, renumbered from Paragraph 5, SG No. 58/2003, renumbered from Paragraph 7, SG No. 105/2016, effective 30.12.2016) The rules governing the pledge of a group shall also apply to the pledge of a commercial enterprise.

**Chapter Five**

**CENTRAL PLEDGE REGISTRY**

Central Pledge Registry

**Article 22**

(Amended and supplemented, SG No. 100/2008, SG No. 15/2013, effective 1.01.2014, amended, SG No. 105/2016, effective 30.12.2016) (1) The Central Pledge Registry shall be an electronic data base containing the circumstances and acts recorded or announced according to the procedure of this Act.

(2) Each recording, deletion or announcement shall be made into the Central Pledge Registry in electronic form into the pledgor’s personal file and the applications and the documents attached thereto shall be attached to such file.

(3) The Central Pledge Registry shall be kept by the Registry Agency at the Minister of Justice, hereinafter referred to as "the agency".

Ordinance

**Article 23**

(Amended, SG No. 42/1999, SG No. 105/2016, effective 30.12.2016) (1) The Minister of Justice shall issue an ordinance to govern the keeping, storing and accessing the Central Pledge Registry.

(2) The content of the applications shall be stipulated and the appendices thereto shall be exhaustively specified for each type of recording or deletion according to the requirements of the law and the technical requirements to the electronic documents shall be stipulated in this ordinance.

Public Access

**Article 24**

(Amended, SG No. 100/2008, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) (1) The Registry shall be accessible to the public. Any person may request, make an inquiry or demand the issuance of a statement attesting to the existence or absence of recorded facts, as well as with regard to the documents on the basis of which the recording has been effected.

(2) Everyone is entitled to unobstructed and free access to the Registry data base and to the electronic form of the documents on the basis of which any recording or deletion is effected.

Information summaries and certificates

**Article 24a**

(New, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) (1) The information summaries and certificates may contain an excerpt from the Central Pledge Registry or copies of the electronic image of the document on the basis of which the recordings, deletions or announcements have been made.

(2) The information summaries shall be oral and written.

(3) The certificates shall be official documents.

(4) The copies of documents, contained in a pledgor’s file and certified by the appropriate officials shall have the force of official transcripts.

State Fees

**Article 25**

(1) (Amended, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) State fees shall be charged for each recording in the Registry, each search for written records and each certificate issued.

(2) The rates of the state fees shall be determined by a tariff approved by the Council of Ministers.

(3) (New, SG No. 42/1999, amended and supplemented, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) Where the relevant registry under Article 12 is not kept by a government body, the fees shall be collected by the person who keeps the registry, at rates determined for state fees.

(4) (New, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The fee amount for applications submitted by electronic means cannot exceed 50 percent of the respective fee envisaged for submission of applications on paper carrier.

(5) (New, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The agency shall provide specialized services for automated access to the registry in exchange for a fee according to the tariff under Paragraph 2.

(6) (New, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The access to the registry ex officio by the court, the state authorities, the local government authorities, as well as by other persons specified in this Act, shall be free of charge.

(7) (New, SG No. 50/2016, effective 1.07.2016, renumbered from Paragraph 4, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) State authorities shall not be liable to State fee under Article 1.

**Article 25a**

(New, SG No. 100/2008, repealed, SG No. 38/2012, effective 1.07.2012).

**Chapter Six**

**RECORDING**

Facts That Must Be Recorded and Acts That Must be Announced

**Article 26**

(Amended and supplemented, SG No. 42/1999, supplemented, SG No. 108/2007, amended, SG No. 100/2008, SG No. 105/2016, effective 30.12.2016) (1) The following facts shall be recorded in the respective registry under Article 12:

1. name or designation, personal identification number (PIN) and, in the absence thereof, the birth date or number and file of the recording in the relevant registry, address and registered address of:

a) the debtor;

b) the pledgor;

c) the pledge creditor;

d) the buyer and seller under a contract for sale with preservation of the property until the payment of the price ;

e) the user and lessor under a lease contract;

f) the person authorized to receive performance under the pledged account receivable prior to commencement of enforcement;

2. a description of the secured account receivable and the interest amount, if agreed upon, or the monetary amount for which the pledge has been established;

3. a description of the property that has been pledged, sold with retention of title until payment of the price, or leased and its price, if stated;

4. the duration of the pledge;

5. the conditions of the pledge;

6. the consent of the pledge creditor under Article 8, Paragraph 3, Article 21, Paragraph 5 and Article 32, Paragraph 5.

(2) The following facts shall also be recorded in the registry in order to have effect onto the pledge:

1. any assignment of the secured account receivable or of any of the rights of the seller or lessor;

2. any subrogation of rights of the pledge creditor under the conditions of Article 32 (6), as well as the subrogation into the secured account receivable or in any of the rights of the seller or the lessor;

3. any novation or substitution of the debtor under the secured debt.

(3) A recording shall be done, as well, of:

1. any attachment of any property described in Article 4;

2. any attachment of the secured debt;

3. any renewal of the recording;

4. commencement of enforcement;

5. abandonment of enforcement;

6. the details of the depository under Paragraph 1, Item 1;

7. the details of the manager of the enterprise under Paragraph 1, Item 1;

8. any request from the merchant to the pledge creditor for the appointment of an enterprise manager;

9. the court decision for the commencement of bankruptcy proceedings;

10. the decision for declaration of bankruptcy.

11. any acquisition of rights in the pledged property;

12. other changes in recorded circumstances stipulated in the ordinance under Article 23.

(4) (Effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The following shall be subject to announcement in the registry:

1. the list under Article 39 (1) prepared by the depository;

2. the final list under Article 39 (4) prepared by the depository;

3. the distribution under Article 41 (1) made by the depository;

4. the announcement of sale under Article 37 (3) by the pledge creditor.

Recording and deletion

(Title amended, SG No. 42/1999)

**Article 27**

(Amended and supplemented, SG No. 42/1999, supplemented, SG No. 100/2008, amended, SG No. 105/2016, effective 30.12.2016) (1) Recording and deleting shall be made upon an application according to a template. The templates of the applications shall be endorsed by the executive director of the agency.

(2) The application under Paragraph 1 shall contain:

1. the details of the applicant;

2. the circumstances that are subject to recording;

3. the consent for the recording to be made;

4. a declaration of the truthfulness of the circumstances announced;

5. the signature of the applicant.

(3) The following persons can apply for the recording to be made:

1. the debtor, the pledgor and the pledge creditor - in the case of establishment of a pledge under this Act;

2. the buyer and seller under a contract for sale with preservation of the property until the payment of the price ;

3. the user and lessor under a lease contract;

4. another person in the cases envisaged by the law.

(4) The registered pledge contract, the contract for sale with retention of title until payment of the price or the lease contract, as well as the written consent for the recording with notary certification of the signature of the pledgor or of the instalments buyer or user, shall be attached to the application for recording of the circumstances under Article 26 (1).

(5) A document attesting to the transactions performed, as well as the following, shall be attached to the request for recording of the circumstances under Article 26 (2):

1. in the cases under Article 26, Paragraph 2, Item 1 - the written consent with notary certification of the signature of the pledge creditor, seller or lessor;

2. in the cases under Article 26, Paragraph 2, Item 2 - an official document attesting to the satisfaction of the pledge creditor or of the seller or lessor, or their written confirmation with notary certification of the signature;

3. in the cases under Article 26, Paragraph 2, Item 3 - the written consent with notary certification of the signature of the pledgor.

(6) A pledge, a contract for sale with retention of title until payment of the price or a lease contract, recorded according to the procedure of this Act, shall be deleted on the basis of a written consent of the pledge creditor or of the instalments seller or lessor with notary certification of the signature or on the basis of a court ruling that has entered into force and that rules for the deletion to be made.

(7) The recording or deletion shall be applied for in person or by an attorney with an explicit power of attorney for making the respective recording or deletion.

Paper carrier

**Article 27a**

(New, SG No. 105/2016, effective 30.12.2016) (1) (Effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The applications, acts of the court, of another state authority or of a person carrying out public functions and the complaints submitted on paper carrier shall be inputted into the information system by making an electronic image thereof and of the documents attached thereto. The identity of the documents presented on paper carrier with the documents in electronic format shall be certified by an employee of the agency by attaching a special note and his or her signature on each and every page.

(2) (Effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) Pending proof of the contrary, it shall be deemed that the electronic document created in the manner specified in Paragraph 1 is identical to the document submitted on paper carrier.

(3) The application on paper carrier shall be submitted in any of the territorial units of the agency by the seats of the district courts.

Electronic form

**Article 27b**

(New, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) (1) The agency shall ensure a possibility for accepting the documents under Article 27a (1) in electronic form.

(2) Where submission of notarized documents is required, their electronic form shall be attached to the application.

Language

**Article 27c**

(New, SG No. 105/2016, effective 30.12.2016) (1) The application and the appendices attached thereto shall be submitted in Bulgarian.

(2) The documents under Paragraph 1 can be presented in a foreign language as well, accompanied by a translation in Bulgarian.

Acts of the court, of other state authorities and of persons carrying out public functions

**Article 27d**

(New, SG No. 105/2016, effective 30.12.2016) In the cases envisaged by the law, a recording or a deletion shall be made on the basis of an act of the court, of another state authority or of a person carrying out public functions. The request for recording or announcement shall be forwarded ex officio to the respective registry.

Registrar

**Article 27e**

(New, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The recordings into the Central Pledge Register shall be made by registrars who shall be appointed under the terms and according to the procedure of Article 20 of the Commercial Register Act.

Consideration of applications

**Article 28**

(Amended, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) (1) The applications for recording, deletion or announcement shall be considered by the registrar in the order in which they were received.

(2) The registrar shall pass judgement on the applications for recording, deletion or announcement immediately, unless provided otherwise by a law.

(3) The registrar shall check:

1. whether the application for the requested recording, deletion or announcement was submitted in accordance with the form and procedure envisaged for that purpose;

2. whether the circumstances applied to be recorded is subject to be recorded or has not been recorded and whether the act presented is subject to be announced or has not been announced in the register;

3. whether the application was submitted by an authorized person;

4. whether all the documents according to the requirements of the law or of the act to be announced have been attached to the application;

5. whether the existence of the circumstance applied to be recorded and its compliance with the law are corroborated by the documents presented under Item 4 and whether the act to be announced meets the requirements of the law in terms of its external marks;

6. whether the declaration under Article 27, Paragraph 2, Item 4 has been presented;

7. whether the state fee due and payable has been paid.

Recording, deletion and announcement

**Article 28a**

(New, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) (1) The registrar at the Central Pledge Registry shall make immediate recording, deletion or announcement of an act, when the requirements envisaged in Article 28 (3) are met.

(2) The recording and deletion shall be made by meticulously inputting the information about the recorded circumstance into the register.

(3) The announcement shall be made by transcribing the content of the presented document into the register in a format susceptible to electronic processing.

(4) The recording, deletion or announcement shall be deemed to have been made on the date of submission of the application, including in the cases of recordings, deletions and announcements mandated after repealing a refusal of the court.

Refusal of recording or deletion

**Article 28b**

(New, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) (1) The registrar at the Central Pledge Registry shall decree a well-grounded refusal when any of the requirements envisaged in Article 28 (3) is not met. The refusal shall be recorded into the pledgor’s file and shall be served on the applicant immediately after being decreed according to the procedure of the Civil Procedure Code .

(2) When the applicant has stated in the application that he wants to the notified by electronic means, the refusal shall be sent to the electronic address specified by him. In this case, no confirmation of the receipt of the refusal shall be required.

Appeal of a Refusal

**Article 29**

(Amended, SG No. 30/2006, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) (1) The refusal of a request for recording may be appealed before the district court by place of residence or by seat of the applicant, within 7 days of being served.

(2) The appeal shall be submitted through the respective registry, which shall record the appeal in the pledgor’s file and shall immediately send the submitted appeal, together with the appendices thereto, to the court, together with the decreed refusal, the application and the appendices thereto, as well as together with evidence of its being served on the applicant.

(3) The court shall consider the appeal by a jury consisting of one judge in a closed hearing according to the procedure of Chapter Twenty One "Appealing against Judgements" of the Civil Procedure Code . The decision of the court shall be subject to appeal within a 7-day time limit from its announcement, before the respective court of appeal, whose decision shall be final.

(4) In case the refusal is repealed, the court shall decree a decision, by virtue of which it shall give mandatory instructions to the respective registrar to make the requested recording, deletion or announcement. The court shall send the decision, together with the documents pertaining to the recording, deletion or announcement, to the respective registry.

(5) In case of repealing a refusal to record a circumstance under Article 26, the respective announcement or the applied-for recording shall be made according to the order of receiving the application, that the refusal pertains to and shall have effect from the date of submission of the application for recording.

Errors and omissions

**Article 29a**

(New, SG No. 105/2016, effective 30.12.2016) Errors and omissions made when recording or deleting the circumstances or when announcing acts, including in the cases of inconsistency between the data in the application and the data in the appendices thereto, shall be remedied ex officio or at the request of the interested party by means of a new recording or announcement respectively.

Effect of Recording

**Article 30**

(1) (Amended, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) Recorded circumstance shall be deemed to be known by third parties acting in good faith from the date of recording.

(2) (Amended, SG No. 42/1999) A record shall be effective for five years from the date of the original recording of the fact under Article 26, paragraph (1) and paragraph (3), sub-paragraph 1. A record may continue to be in effect if it is extended before it expires.

(3) (New, SG No. 105/2016, effective 30.12.2016) When the term expires, without a renewal being made, the pledge can be recorded anew. In such a case, its priority shall depend on the date of the new recording.

(4) (New, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The documents presented under Article 26 (4) shall be deemed to have become known to third parties from the moment of the announcement.

Applicability of the Rules Related to the Public Access

of the Registry and the Registry Procedure

**Article 31**

The rules regulating the public access to the Registry and the Registry procedures shall be applied to recordings made in other registries where recording in such other registries is prescribed by this Act.

**Chapter Seven**

**ENFORCEMENT ON PLEDGED PROPERTY**

Recording the Commencement of Enforcement

**Article 32**

(Amended, SG No. 19/2003, supplemented, SG No. 108/2007, amended, SG No. 100/2008, SG No. 105/2016, effective 30.12.2016) (1) The pledge creditor with a pledge ranking first in priority can record the commencement of enforcement of the pledged property in case of non-performance under the obligation secured by a pledge under this Act.

(2) The creditor shall request recording of the commencement of enforcement in the Registry and shall notify the pledgor of the commencement of enforcement. The creditor shall have the same notification obligations in the case he abandons enforcement.

(3) With the recording of the commencement of enforcement the pledged property shall be transferred into disposition of the pledge creditor. He shall have the right to take measures for its preservation, to manage it and to sell it.

(4) The transactions made by the debtor for management and disposal of the pledged property after the recording of the commencement of enforcement cannot be opposed to the pledge creditor and to the joint creditors under Article 40, who are satisfying themselves from the proceeds from the pledged property, regardless of the transactions made with it.

(5) A creditor with a pledge which ranks second in priority can record a commencement of enforcement, only provided that the previous (higher-ranking) pledge creditors give their consent. The consents of the pledge creditors under sentence one shall be given with notary certification of the signatures and shall be recorded in the respective registry, into which the pledge was recorded.

(6) In the absence of consent by the previous (higher-ranking) pledge creditors, the lower-ranking pledge creditor can record a commencement of enforcement, only after he has satisfied all the previous (higher-ranking) creditors. In such a case, he shall subrogate into their rights.

(7) No commencement of enforcement can be recorded by a creditor, whose pledge was recorded after a pledge recorded according to the procedure of this Act on the same property.

Competition

**Article 32a**

(New, SG No. 105/2016, effective 30.12.2016) (1) Pledged property, in respect of which enforcement was directed according to the procedure of the Civil Procedure Code or the Tax and Social Insurance Procedure Code prior to the recording of a commencement of enforcement according to the procedure of this Act, shall be sold by a court executive magistrate or by a public executive magistrate.

(2) The direction of enforcement according to the procedure of the Civil Procedure Code or the Tax and Social Insurance Procedure Code to property pledged under this Act shall not halt a enforcement initiated under Article 32.

Notification of the Pledgor

**Article 33**

(1) The notification to the pledgor of the commencement of enforcement shall be in writing and shall contain:

1. a statement that enforcement has started that refers to the record of this fact in the registry;

2. a description of the debt and the part thereof that is being collected;

3. a description of the pledged property;

4. a statement of the choice of a enforcement method, in the case of a commercial enterprise.

(2) The notification that a enforcement has been abandoned shall be in writing and shall contain:

1. a statement that enforcement has been abandoned that refers to the record of this fact in the registry;

2. a description of the debt and the part thereof that was being collected;

3. a description of the pledged property.

Measures for the Protection of Pledged Property

**Article 34**

The pledgee shall be entitled to:

1. (supplemented, SG No. 105/2016, effective 30.12.2016) receive possession of the pledged property, including to receive the commercial ledgers of the pledgor, when the pledge is over an entire commercial enterprise;

2. notify the account debtor of the commencement of enforcement if enforcement is directed at an account receivable of the pledgor;

3. (new, SG No. 19/2003, supplemented, SG No. 105/2016, effective 30.12.2016) request from the state authorities, who have the pledged property on their books, to record the transfer thereof into the disposition of the pledge creditor; the respective state authorities shall be obligated to record this fact into a registry, in which the pledged property is registered;

4. (renumbered from item 3, SG No. 19/2003) take measures for:

a) preserving, maintaining and insuring the pledged property;

b) (supplemented, SG No. 105/2016, effective 30.12.2016) receiving incomes from the pledged property, including by leasing it out to third parties;

c) maximizing the sale price or minimizing the sale expenses.

Coercive measures

**Article 35**

(Amended, SG No. 19/2003, SG No. 43/2005, SG No. 59/2007, SG No. 101/2010, SG No. 105/2016, effective 30.12.2016) (1) Where the pledgor does not duly cooperate for the enforcement on the pledged property or for its conservation, the pledge creditor, proceeding from an excerpt from the registry of a recorded pledge and a recording of commencement of enforcement, shall have the option to request from the executive magistrate to deliver to him the pledged movable property according to the procedure established by Article 521 of the Civil Procedure Code .

(2) In the case of a pledge of a commercial enterprise, the executive magistrate shall usher the pledge creditor and the managing director designated by the pledge creditor into the premises in which the enterprise’s management team is located according to the procedure of Article 522 of the Civil Procedure Code and shall deliver to the pledge creditor the commercial ledgers of the pledgor. Whenever necessary, the executive magistrate shall take advantage of the rights under Article 431, Paragraphs 1 and 2 of the Civil Procedure Code . When the enforcement is directed at a real estate property included in the pledged enterprise, the pledge creditor can request from the executive magistrate to be ushered into possession of the property according to the procedure of Article 522 of the Civil Procedure Code .

(3) The pledge creditor can request from the court, according to the procedure for securing of claims, to impose a measure under Article 397, Paragraph 1, Item 3 of the Civil Procedure Code that would be appropriate in case the pledgor fails to cooperate.

Challenge of Rights

**Article 36**

(Amended, SG No. 42/1999, SG No. 19/2003, SG No. 43/2005, SG No. 59/2007, SG No. 105/2016, effective 30.12.2016) (1) The pledgor can challenge the account receivable or the pledge right according to the general claims procedure and, when a compulsory enforcement proceedings have been initiated - according to the procedure of Article 439 of the Civil Procedure Code .

(2) Any third person, whose right has been affected by the enforcement under this Act, can lodge a claim against the pledgor and the pledge creditor in order to ascertain that his pledge is non-opposable or that the property at which the enforcement is directed does not belong to the pledgor.

Sale of the Pledge Property by the Pledge Creditor

**Article 37**

(Supplemented, SG No. 19/2003, amended, SG No. 59/2007, SG No. 105/2016, effective 30.12.2016) (1) The pledge creditor, who has recorded commencement of enforcement, shall have the right to sell on his behalf and for the account of the pledgor the pledged property after the expiration of two weeks from the recording of the fact that the pledge creditor has commenced enforcement.

(2) A sale is concluded only for a full cash payment of the price and the payment must be deposited with the depository.

(3) (Effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) In the case of a sale, the creditor shall be obligated to exercise the care of a good merchant and to announce in the respective registry the fact that he is selling the pledged property, as well as the terms of the sale thereof.

(4) (Effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The following shall be stated in the sale announcement:

1. details of the pledgor;

2. description of the property being sold;

3. the minimum price of the offers;

4. the procedure and method of the sale;

5. the place and date for performing the sale;

6. the time limit for accepting the bids for purchasing the pledged property.

(5) (Effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The announcement of the sale of the pledged property shall be promulgated in the respective registry and shall be provided for publishing in the special bulletin of the Ministry of Economy at least 14 days before the expiration of the time limit for the sale.

(6) (Effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) In the first announcement of the sale, the selling price of the real estate property cannot be lower than the tax appraisal amount and the selling price of the movable items cannot be lower than their insurance value, when available. This rule shall not apply in the case of subsequent announcement for sale of that same property.

(7) In the case of sale of pledged movable items, which do not belong to the pledgor, the rules of Article 482 of the Civil Procedure Code shall be applied.

(8) A sale made by the pledge creditor shall extinguish only the pledges established according to the procedures of this Act, whereas all the remaining securities on the property sold, as well as the security measures imposed thereon, shall remain unaffected.

Depository

**Article 38**

(Amended, SG No. 105/2016, effective 30.12.2016) (1) The depository shall be appointed by the pledge creditor. He mus be an attorney or a registered auditor.

(2) A depository may not be the debtor or the pledgor himself, a creditor of the debtor or the pledgor, nor the appointed manager of the pledged enterprise. Nor shall he be a spouse or a direct relative without limitation, a collateral relative up to the fourth degree, or an in-law up to the third degree, of any one of the persons listed above.

(3) The depository shall bear liability before the pledgor, the pledge creditor who appointed him and the remaining creditors of the pledgor for guiltily inflicted damages in the course of implementation of his activities.

(4) The depository shall insure himself for the time, during which he is appointed to be depository under a recorded commencement of enforcement, for the damages, which may result as a consequence of guilty non-performance of his duties. The minimum amount of the insurance coverage shall be the amount for which commencement of enforcement has been recorded. A copy of the insurance policy shall be attached to the application for recording the commencement of enforcement, wherein the depository shall be specified.

Obligations of the Depository

**Article 39**

(1) (Amended, SG No. 100/2008) The depository, shall make a list of the persons who have rights in the pledged property and provide in that list information about the size and priority of each claim, based on the data available from the respective registry under Article 12.

(2) (Amended, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The depository shall announce the list under Paragraph 1 to the pledgor, the debtor and the persons included in the list, where the list shall be announced into the registry, in which the commencement of enforcement has been recorded.

(3) (Amended, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) Within a 2-week time limit from the announcement of the list in the respective registry, the persons under Paragraph 2 can deposit objections against the list before the depository.

(4) (Amended, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) After evaluating the objections received, the depository shall prepare a final list and shall announce it to the persons under Paragraph 2 within a 2-week time limit from the expiration of the time limit for making objections, by announcing the said list in the respective registry.

(5) (Amended, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The depository shall open a bank account in his own name, in which the proceeds of the enforcement sale of the pledged property shall be transferred. The bank account of the depository shall not be subject to attachment or distraint because of liabilities of his own or because of liabilities in another capacity of his.

(6) The depository shall deposit in the opened bank account any proceeds received thereby in cash on the same day received, and shall certify the receipt of each payment.

(7) The depository shall prepare a plan for distribution of the amounts received thereby.

(8) The depository shall provide relevant information to the pledgor, the debtor and the persons referred to in Article 40.

Joining of Creditors

**Article 40**

(1) (Amended, SG No. 105/2016, effective 30.12.2016) All persons who have rights in the pledged property recorded in the registry according to the procedure of this Act shall be deemed joint creditors by law.

(2) (Amended, SG No. 59/2007) Neither third parties claiming perfected rights in the property appropriated pursuant to this chapter in relation to their claims arising under Article 482 of the Civil Procedure Code , nor other creditors of the pledgor, may join. These third parties or other creditors may attach the amounts received prior to or remaining after, the distribution.

Distribution

**Article 41**

(1) (Supplemented, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) After the accumulation of sufficient amounts, provided the final list referred to in Article 39, Paragraph (4) has been made, the depository shall prepare a draft plan for distribution which shall be communicated to the pledgor, the debtor and the persons referred to in Article 40, Paragraph (1).

(2) (Amended, SG No. 59/2007, SG No. 105/2016, effective 1.01.2022 - amended, SG No. 65/2018, SG No. 102/2019, effective 31.12.2019) The draft plan for distribution may be appealed before the district court at the place of residence of the pledgor, within a 7-day time limit after the draft plan is announced in the respective registry. The District Court shall resolve any appeals in an open hearing. The decision of the District Court may be appealed pursuant to Article 278 of the Civil Procedure Code .

(3) The depository shall pay the creditors the amounts specified in the plan for distribution, immediately after the plan takes effect.

(4) (Amended, SG No. 105/2016, effective 30.12.2016) The remainder of the accumulated monetary amount shall be transferred to the pledgor, if he submits a certificate of absence of public liabilities to the state under Article 87 (6) of the Tax and Social Insurance Procedure Code within a 14-day time limit from the announcement.

(5) (Amended, SG No. 43/2005, SG No. 105/2016, effective 30.12.2016) When a certificate as referred to in Paragraph 4 is not submitted, as well as if an attachment has been imposed on the remainder of the accumulated monetary amount, the same shall be transferred into the bank account of the public or court executive magistrate, who has imposed the attachment, and, in the remaining cases - into the bank account of an executive magistrate selected by the depository at the permanent address or at the place of the seat of the pledgor. The depository shall notify in writing the pledgor of the actions performed under sentence one.

(6) (Amended, SG No. 105/2016, effective 30.12.2016) When an attachment is imposed on the monetary amount received by the persons under Article 40 (2) prior to the delivery of that monetary amount thereto, the said monetary amount shall be transferred into the bank account of the executive magistrate, who has imposed the attachment and he shall make a new distribution. In this case, the pending procedure in connection with appeals against the distribution made by the depository shall be terminated.

Disputes Among Creditors

**Article 42**

(Amended, SG No. 59/2007)

The rights of a joint creditor may be disputed by another joint creditor, as well as by persons referred to in Article 40, Paragraph (2), pursuant to the procedures of Article 464 of the Civil Procedure Code .

Bankruptcy

**Article 43**

(1) The commencement of bankruptcy proceedings against the pledgor shall not suspend a enforcement commenced under Article 32.

(2) The bankruptcy trustee shall surrender pledged property to the pledgee for purposes of enforcement under Article 32, when he discovers the existence of pledges recorded under this Act.

(3) In the event the pledged property, or a part thereof, is not found with the pledgor, the procedures outlined in Article 35, Paragraphs (2) - (5), shall develop within the bankruptcy proceedings.

(4) (New, SG No. 105/2016, effective 30.12.2016) When bankruptcy proceedings have been initiated in respect of the pledgor prior to the recording of a commencement of enforcement, the pledge creditor shall satisfy his claims within the said bankruptcy proceedings.

**Chapter Eight**

**ENFORCEMENT ON SECURITIES, ON ACCOUNT RECEIVABLE AND ON EQUITY**

**SHARES IN A COMMERCIAL COMPANY**

**(Title amended, SG No. 42/1999)**

Enforcement on Securities

**Article 44**

(1) (Amended, SG No. 42/1999) Where securities have been pledged to the benefit of a pledgee, the latter shall have the right to transfer the securities in the manner appropriate therefor. Where the securities are transferable by endorsement, the sequence of endorsements shall be deemed uninterrupted.

(2) Where the securities are quoted at an exchange, they shall be sold according to the price quoted by the exchange one day prior to the transfer.

Enforcement on Account Receivable

**Article 44a**

(New, SG No. 42/1999)

(1) Where an account receivable has been pledged to the benefit of a pledgee, the latter may sell it. If the account receivable is in cash, the pledgee may collect it.

(2) An account receivable in cash shall be deemed assigned for collection to the pledgee upon recording of commencement of enforcement.

(3) The proceeds from collection of the account receivable shall be received by the depository.

Enforcement on an Equity Share in a Commercial Company

**Article 45**

(1) (Amended, SG No. 42/1999) In case of enforcement, a creditor who has received a pledge of an equity share in a commercial company shall have the right to make a statement of dissolution of the company pursuant to Article 96 of the Commerce Act, or of termination of the pledgor's participation in the company with the pledged equity share, pursuant to Article 125, Paragraph (2) of the Commerce Act.

(2) (Amended, SG No. 42/1999) The statement under paragraph (1) shall have a certificate of recording of the pledge in the registry and of the commencement of enforcement, appended to it.

**Chapter Nine**

**ENFORCEMENT ON A COMMERCIAL ENTERPRISE**

Satisfaction from a Commercial Enterprise

**Article 46**

(Supplemented, SG No. 42/1999, amended, SG No. 105/2016, effective 30.12.2016) (1) The pledge creditor shall have the choice of satisfaction from the commercial enterprise as a group of rights, obligations and factual relations, or satisfaction from its individual assets. The choice made shall be announced upon recording of the commencement of enforcement, where, if the second option is chosen, the creditor shall state the individual assets from which the creditor shall satisfy himself. The commencement of enforcement on individual assets shall also be recorded into the respective registry under Article 21 (3). The change in the method of satisfaction shall be recorded into the same registry, in which the commencement of enforcement has been recorded.

(2) If the pledge creditor chooses to satisfy his claim from individual assets of the commercial enterprise, he can sell those according to the procedure of Article 37 but he shall be bound to sell first such assets, the sale of which would least affect the operation of the enterprise.

(3) The sale of a real estate property can be effected, at the discretion of the creditor, either according to the procedure of Article 37, or by an executive magistrate according to the procedure for enforcement on real estate properties prescribed by the Civil Procedure Code .

(4) If the pledge creditor chooses to satisfy his claim from the commercial enterprise as a group of rights, obligations and factual relations, he shall appoint a manager of the enterprise. In this case, the consent of the manager with his appointment shall be attached to the documents filed for recording the commencement of enforcement.

(5) Only a person, who has completed his higher education in economics or in law and who has had not less than 5 years of experience in his field of speciality, can be appointed manager of a commercial enterprise under Paragraph 4. A manager may not be the debtor or the pledgor himself, a creditor of the debtor or the pledgor, nor a spouse or a direct relative without limitation, a collateral relative up to the fourth degree, or an in-law up to the third degree, of any one of the persons listed above.

(6) By virtue of recording the manager of the enterprise into the commercial registry, the powers of the bodies of the pledgor’s legal entity shall be terminated. The pledgor shall be stripped of the right to manage and to dispose of the pledged property. The pledgor shall be represented and the pledgor’s activity shall be managed by the manager.

(7) The manager shall bear liability to the pledgor, the pledge creditor and the joint creditors under Article 40 for guiltily inflicted damages in the process of implementation of his activity.

(8) The manager shall take on insurance for the time during which he is recorded as manager, for the damages that may arise as a consequence of guilty non-performance of his duties. The minimum amount of the insurance coverage shall be the monetary amount that is sought by the recorded commencement of enforcement. A copy of the insurance policy shall be attached to the application of the pledge creditor for commencement of enforcement and for recording a manager.

Cooperation and liability

**Article 47**

(Amended, SG No. 105/2016, effective 30.12.2016) (1) Each one of the persons, whose powers have been terminated through the recording of a manager, shall be obligated to provide to the manager the entire necessary information and the entire necessary cooperation for the sake of implementation of his functions.

(2) The persons, whose powers have been terminated through the recording of a manager, shall bear liability for all the damages sustained by the pledgor, by the pledge creditor and by all third persons as a result of actions and transactions performed by them after termination of their powers.

Management

**Article 48**

(1) (Amended, SG No. 105/2016, effective 30.12.2016) The manager appointed in charge of the enterprise shall manage and represent the pledgor and shall perform all the actions which could have been performed by the persons, whose powers have been terminated through the recording of the manager as such. He cannot encumber with burdens the real estate properties included in the enterprise, nor assume obligations under bills of trading, nor take out loans. With the consent of the pledge creditor, the manager shall be able to perform the disposal actions under Article 52.

(2) (Repealed, SG No. 105/2016, effective 30.12.2016).

(3) (Amended, SG No. 105/2016, effective 30.12.2016) The pledgor shall be represented by the appointed manager of the commercial enterprise in connection with claims pertaining to the activity of the pledged commercial enterprise. When the claims pertain to a secured account receivable or to a pledge established under this Act for securing an account receivable, the pledgor shall perform the procedural actions in person or through a person authorized by him.

Obligations of the Appointed Manager of the Enterprise

**Article 49**

The appointed manager of the enterprise shall:

1. take charge of the enterprise, by making a list of all assets and liabilities of the business;

2. manage the enterprise and represent the merchant, while taking all steps to protect the merchant's interests in the enterprise using the care of a good merchant.

Termination of the Powers of the Appointed Manager of the Enterprise

**Article 50**

The powers of the appointed manager of the enterprise shall terminate upon:

1. voluntary resignation by the appointed manager;

2. the appointment of a new manager;

3. the disability or death of the appointed manager;

4. the termination of the pledge;

5. (amended, SG No. 34/2006) by court decision, in the event of violation of the law.

Restoration of Management Powers

**Article 51**

(Amended, SG No. 34/2006)

If the pledgee fails to appoint a new manager of the enterprise within two weeks after a request for such appointment has been recorded in the registry, the merchant's management powers shall be restored upon filing a request to this effect with theRegistration Agency.

Satisfaction in the case of recorded commencement of enforcement on the enterprise

as a group of rights, obligations and factual relations

**Article 52**

(New, SG No. 105/2016, effective 30.12.2016) (1) In the case of recorded commencement of enforcement on the enterprise as a group of rights, obligations and factual relations, the pledge creditor shall satisfy his claim from:

1. the operating revenues of the enterprise;

2. the price received from the sale of the commercial enterprise according to the procedure of Article 15 of the Commerce Act or of a separate part of the commercial enterprise within the meaning of § 1a of the Supplementary Provisions of the Commerce Act.

(2) The manager can, within the framework of the measures under Article 49, Item 2, propose to the pledge creditor to sell according to the procedure of Article 37 the assets that are not related to the primary activity of the enterprise, where in such a case the burdens on these assets, with the exception of the pledge on the commercial enterprise, shall remain in force. No recording of a change in the method of satisfaction shall be necessary for making the sale referred to in sentence one.

**TRANSITIONAL AND CONCLUDING PROVISIONS**

**§ 1.** (1) Pledge contracts concluded under Articles 36 and 37 of the Banking and Lending Act, and Article 12 of the Economic Activity of Foreign Persons and Protection of Foreign Investments Act, shall remain in effect, and shall be governed by the rules of this Act.

(2) (Amended, SG No. 86/1997) The contracts referred to in the foregoing Paragraph (1) which have become perfected as against third parties pursuant to Article 156, Paragraph (2) and Article 162 of the Obligations and Contracts Act, shall remain so perfected for a period of ten months from the effective date of this Act.

(3) (New, SG No. 86/1997) This paragraph shall apply also for the applications filed before the entry into force of this amendment) The requirements of Article 27, Paragraph (2) shall not apply to the recording of agreements under Paragraph (1).

**§ 2.** Clause 1, Paragraph (2) shall also apply to contracts for sale with retention of title until payment of the purchase price, which have become perfected as against third parties pursuant to Article 205 of the Obligations and Contracts Act.

**§ 3.** (1) Article 15, Paragraphs (1) and (2) shall apply to the existing contracts for pledge, sale with retention of title until payment of the purchase price, and lease, provided that they are recorded within fourteen days from the effective date of this Act.

(2) Article 27, Paragraph (2) shall not apply to the recording of the contracts referred to in the foregoing Paragraph (1), provided that they have a certified date.

**§ 4.** The Banking and Lending Act (promulgated in the State Gazette No. 25/1992, No. 62/1992 - Decision No. 8 of the Constitutional Court from 1992; as amended, Nos. 59 and 109/1993, No. 63/1994, No. 63/1995, Nos. 12, 42 and 90/1996) shall be hereby amended, as follows:

1. Article 36, Paragraphs (2) and (3), shall be repealed.

2. Article 37 shall be amended, as follows:

"Article 37. When a loan is not paid upon maturity, the bank shall be entitled to obtain a writ of execution based on a statement of account."

**§ 5.** This Act shall become effective on 1 April, 1997.

**§ 6.** The Minister of Justice shall be in charge of the implementation of the Act.

The Act was adopted by the 37th National Assembly on November 8, 1996 and sealed with the State Seal.

————————————————————————————————

TRANSITIONAL AND CONCLUDING PROVISIONS

to the Act on the Amendment and Supplement to the Special Pledges Act

(SG No. 42/1999)

........................................................................

§ 23. Proceedings under way as of 31 December 1998, relevant to the repealed Articles 16 and 17 of the Foreign Investments Act (promulgated, SG No. 97/1997; as amended, No. 99/1997), shall be finalised pursuant to the established procedure.

(\*) ACT to Amend the Commercial Register Act

(SG No. 80/2006, effective 3.10.2006)

§ 1. In § 56 of the Transitional and Final Provisions the words "1 October 2006" shall be replased by "1 July 2007".

........................................................................

(\*\*) ACT to Amend the Commercial Register Act

(SG No. 53/2007, effective 30.06.2007)

§ 1. In § 56 of the Transitional and Final Provisions the words "1 July 2007" shall be replased by "1 January 2008".

........................................................................

TRANSITIONAL PROVISION

to the Act Amending and Supplementing the Special Pledges Act

(SG No. 100/2008)

§ 8. Any proceedings for recordation of facts under Article 26, Paragraph 3, Items 11, 12 and 13, initiated but pending at the date of this Act's entry into force, shall be terminated.

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Civil Servants Act

(Promulgated, SG No. 38/2012, effective 1.07.2012)

........................................................................

§ 84. (Effective 18.05.2012 - SG No. 38/2012) Within one month after the promulgation of this Act in the State Gazette:

1. the Council of Ministers shall bring the Classifier of Positions in the Administration into conformity with this Act;

2. the competent authorities shall bring the organic acts of the respective administration into conformity with this Act.

§ 85. (1) The legal relationships with the persons of the administrations under the Radio and Television Act, the Independent Financial Audit Act, the Electronic Communications Act, the Financial Supervision Commission Act, the Access to and Disclosure of the Documents and Announcing the Affiliation of Bulgarian Citizens with the State Security Service and the Intelligence Services of the Bulgarian Popular Army Act, the Criminal Assets Forfeiture Act, the Conflict of Interest Prevention and Ascertainment Act, the Social Insurance Code, the Health Insurance Act, the Agricultural Producers Support Act and the Roads Act shall be settled under the terms established by § 36 of the Transitional and Final Provisions of the Act to Amend and Supplement the Civil Servants Act (State Gazette No. 24 of 2006).

(2) The act on appointment of the civil servant shall:

1. award the lowest rank designated in the Classifier of Positions in the Administration for occupation of the position, unless the servant holds a higher rank;

2. fix an individual monthly basic salary.

(3) The additional resources required for social and health insurance contributions of the persons referred to in Paragraph (2) shall be provided within the limits of the expenditures on salaries, remunerations and compulsory social and health insurance contributions under the budgets of the spending units concerned.

(4) The Council of Ministers shall effect the requisite modifications under the off-budget account of State Fund Agriculture arising from this Act.

(5) The governing bodies of the National Social Security Institute and of the National Health Insurance Fund shall effect the requisite modifications under the respective budgets arising from this Act.

(6) Any unused leaves under the employment relationships shall be retained and shall not be compensated by cash compensations.

§ 86. (1) Within one month after the entry into force of this Act, the individual monthly basic salary of the servant shall be fixed in such a way that the said salary, net of the tax due and the compulsory social and health insurance contributions for the account of the insured person, if they were due, would not be lower than the gross monthly salary received theretofore, net of the compulsory social and health insurance contributions for the account of the insured person, if they were due, and the tax due.

(2) The gross salary referred to in Paragraph (1) shall include:

1. the monthly basic salary or the monthly basic remuneration;

2. supplementary remunerations which are paid constantly together with the monthly basic salary or monthly basic remuneration due and which are contingent solely on the time worked.

§ 87. This Act shall enter into force as from the 1st day of July 2012 with the exception of § 84 herein, which shall enter into force as from the day of promulgation of the Act in the State Gazette.

TRANSITIONAL AND CONCLUDING PROVISIONS

to the Act Amending and Supplementing the Special Pledges Act

(SG No. 105/2016, effective 30.12.2016,

amended, SG No. 65/2018, effective 7.08.2018,

SG No. 102/2019, effective 31.12.2019)

§ 49. (1) The pledges recorded before the entry into force of this Act shall preserve their effect.

(2) This Act shall also be applied to the pledges recorded prior to its entry into force.

§ 50. (1) (Amended, SG No. 65/2018, effective 7.08.2018, SG No. 102/2019, effective 31.12.2019) The registry proceedings initiated prior to 1 January 2022 shall be completed according to the procedure existing so far.

(2) (Amended, SG No. 65/2018, effective 7.08.2018, SG No. 102/2019, effective 31.12.2019) Any proceedings for appealing of refusals before the Minister of Justice, initiated but pending as of 1 January 2022, shall be considered according to the procedure existing so far.

(3) (Amended, SG No. 65/2018, effective 7.08.2018, SG No. 102/2019, effective 31.12.2019) The court proceedings for appealing of refusals of recording in the Central Pledge Register, initiated before the court but pending as of 1 January 2022, shall be considered according to the procedure existing so far.

§ 51. (1) The Registry Agency shall be the successor of the activity, assets, liabilities, archive, as well as of the other rights and obligations of the Central Pledge Register at the Minister of Justice.

(2) The employment and official legal relations of the employees of the Central Pledge Register at the Minister of Justice shall pass onto the Registry Agency under the terms and according to the procedure of Article 123 of the Labour Code and Article 87a of the Civil Servants Act and in accordance with the Constituent Regulations of the Registry Agency.

§ 52. (1) With a 3-month time limit from the entry into force of this Act, the Council of Minister shall bring the Constituent Regulations of the Registry Agency in conformity with it, by changing the functions and headcount of the staff.

(2) Within a 3-month time limit from the entry into force of this Act, the Minister of Justice shall issue the ordinance under Article 23.

(3) Pending the entry into force of the acts under Paragraph 1 and 2, the currently effective statutory instruments of the secondary legislation shall be applied, to the extent that they don’t contradict this Act.

(4) Pending the entry into force of the changes under Paragraph 1, the activities of keeping, maintaining and storing the register shall be implemented by the Central Pledge Register at the Minister of Justice according to the procedure existing so far.

(5) (Amended, SG No. 65/2018, effective 7.08.2018, SG No. 102/2019, effective 31.12.2019) From the entry into force of the changes under Paragraph 1 to 1 January 2022, the making of recordings and the refusals to make recordings shall be ordered by a person authorized by the Executive Director of the Registry Agency.

........................................................................

§ 54. (Amended, SG No. 65/2018, effective 7.08.2018, SG No. 102/2019, effective 31.12.2019) This Act shall enter into force from the date of its promulgation in the State Gazette, with the exception of § 18, 19, 20, § 21 regarding Article 26, Paragraph 4, § 23 regarding Article 27a, Paragraphs 1 and 2, § 24, § 27 - 31, § 33, Items 1 and 3, § 39 regarding Article 37, Paragraphs 3, 4, 5 and 6, § 41 and § 43, Items 1 and 2, which shall enter into force from 1 January 2022.