

## CHANGES IN THE REGULATION FOR REGISTRATION OF TRADERS ACCORDING TO THE COMMERCIAL REGISTER ACT

On 1 January 2008 the new Commercial Register Act (CRA) will be enforced whereby changes in the regulation for registration and re-registration of the traders are introduced.

1. The new Commercial Register will be kept and maintained by the Entry Agency electronically, whereas the company files will be stored **in electronic form** in contrast to the manner used prior to the enforcement of the CRA – on paper. It will be possible **the applications** for registration of changes or for announcement/disclosure of acts **to be filed either in paper or electronically**.
2. Following the enforcement of CRA the traders and branches of foreign entities will be exempted from the BULSTAT Register and will identify themselves before all state bodies, institutions and private persons solely through their **Unified Identification Code (UIC)** under the Commercial Register (the former code of the trader under the BULSTAT Register).
3. Among the acts subject to announcement/disclosure in the Commercial Register are also the financial statements prepared under the Accountancy Act (AA). Subject to announcement/disclosure in the Commercial Register until 30 June of the following year are the **annual financial statements and consolidated annual financial statements** of the companies adopted by the General Meeting of the partners/ shareholders or by the Sole Entrepreneur/Owner. In case the statements have been audited they shall be submitted **in the form, which they have been certified by a registered auditor in** along with the Annual (Consolidated) Activity Report and the Auditor's Report. There is also a requirement where both annual and consolidated financial statements are prepared to be submitted for announcement/disclosure **simultaneously**.

**In our opinion, when submitting the financial statements for 2007 for announcement/disclosure it will be necessary to submit the companies' financial statements for the years 2004, 2005 and 2006 to the Commercial Register as well. It is quite possible that the officials of the Entry Agency will demand the submission of financial statements for past periods even with the application for re-registration, regardless even if these statements have already been submitted to the corporate file of the trader.**

4. All traders registered under the former rules, in this number the branches of foreign entities and the cooperatives, are obliged to apply for re-registration in the Entry Agency within a three-year term as of the date of enforcement of the CRA (**i.e. until 1 January 2011**). Upon the re-registration procedure no state fee is due. The traders who fail to submit an application for re-registration within this term will be **deleted ex officio**.
5. If, upon submission of an application for re-registration, the Entry Agency establishes a **coincidence in the company's designation of two or more traders** and in case, after having been notified thereof, **they do not change their company's designation, the city of the district court at their seat** shall be added to their company's designation, and if they have been registered in one and the same court – **a number corresponding to the order of submission of the applications will be added to the company's designation as well**.

The information in this statement aims only at mentioning particular issues related to the new rules for registration of traders introduced by the CRA and is not exhaustive. For access to our more detailed commentary and in case any questions on the application of the new provisions arise, please do not hesitate to contact us at tel.: 943 37 00, fax: 943 37 07, e-mail: [office@afa.bg](mailto:office@afa.bg), or post address: 38 Oborishte Str., Sofia 1504.