

— PAYMENT SYSTEM —

BISERA

DESCRIPTION > LEGAL FRAMEWORK > BORICA'S ROLE

BISERA is a payment system servicing client transfers in EUR, based on the rules, practices and standards of the Single Euro Payments Area (SEPA), providing settlement finality.

BORICA AD is registered in the BNB Register of licensed payment system operators in this country, pursuant to Article 139 of the Law on Payment Services and Payment Systems.

The system accepts for execution bulk and instant payments in euro. The set of messages used in BISERA is based on ISO 20022 XML standard.

BISERA is owned by BORICA AD, which as a licensed operator manages, supports and develops the payment system.

Supervision over the BISERA payment system is exercised by the Bulgarian National Bank (BNB).



PARTICIPATION IN THE PAYMENT SYSTEM

CONDITIONS > CRITERIA

The criteria for participation in BISERA are defined in the system's Rules in accordance with the applicable legislation.

Terms and Conditions for Participation in and Access to BISERA Payment System



PARTICIPANTS

1

PARTICIPANTS IN THE SYSTEM MAY BE

- a. banks licensed by the BNB to carry out banking activities.
- b. bank branches from an EU member state carrying out activities in the Republic of Bulgaria pursuant to articles 20 and 21 of the Law on Credit Institutions.
- c. third-country bank branches licensed by the BNB pursuant to article 17 of the Law on Credit Institutions.
- d. the BNB and national central banks of EU member states.
- e. banks or bank branches established on the territory of EEA.
- f. Payment institutions and electronic money companies licensed by the BNB.
- g. Other payment service providers licensed in Member States.

Participants should:

- a. have a business identifier code (BIC) provided by SWIFT.
- b. have a RTGS/TIPS DCA account opened in the TARGET/TIPS or have signed an agreement with another bank ('settlement bank') that is a direct participant in TARGET/TIPS.
- c. have signed a Framework Agreement with BORICA AD for participation in BISERA.
- d. Identify the account numbers of their clients in accordance with ISO 13616-1:2020 'Financial services — International bank account number (IBAN) — Part 1: Structure of the IBAN'.

2

PSPS WITH RIGHT OF ACCESS IN THE SYSTEM MAY BE

- a. PSPs under item 1, payment institutions and electronic money institutions that are entitled under national law (by place of establishment) to provide payment services.
- b.payment institutions, electronic money institutions or other licensed PSPs from an EU member state or an EEA state operating within the country directly, through a branch or an agent.
- c. credit institutions/banks licensed in EU member states or EEA states to provide payment services, operating on the territory of the country with notification of free provision of services, according to the mutual recognition of the single European passport.

1

PSPs with rights of access in BISERA may have autonomous or subordinated access

2

The inclusion of PSPs with rights of access in BISERA is at the initiative of a participant

3

A PSP with right of access in BISERA concludes a tripartite agreement with BORICA AD and a participant

4

The settlement of transfer orders initiated by or directed to PSP with right of access is affected on the account/subaccount of the participant

ADDITIONAL REQUIREMENTS TO PARTICIPANTS

1

They should have signed an Adherence Agreement for adherence to the SEPA scheme of every payment instrument they will use to execute payments via BISERA.

2

They should meet the functional and technical requirements for participation in the payment system.

3

They should have a secure and reserved connection according to the Operator's requirements

4

They should meet BORICA's requirements for information security and information protection.

5

They should conduct certification tests with BISERA.



SCOPE OF SERVICES

The BISERA payment system provides to its participants a possibility to process SEPA payments, and the scope of the system includes the execution of transfer orders using the payment instruments SEPA Credit Transfer (SCT) and SEPA Instant Credit Transfer (SCT Inst). The maximum limit of transfer orders processed by BISERA is defined in the rules of the system, which is in accordance with the rulebooks of the SCT and the SCT Inst schemes of the European Payments Council.

The system is open to receive messages 24 hours a day, 7 days a week.

BORICA AD provides accessibility to the participants in BISERA by entering into bilateral agreements with other SEPA-compliant clearing houses. Such agreements have been concluded with Deutsche Bundesbank and equensWordline.

From July 2024, BISERA provides full SEPA reachability for bulk payments in euro through access to the STEP2 system of EBA Clearing, with the direct participation of the BNB, for all participants or PSPs with access to BISERA who become reachable parties in STEP2 behind the BNB. The implementation of instant payments in euros started in December 2024, with full SEPA reachability provided through the TIPS (TARGET Instant Payment Settlement) system.

SETTLEMENT



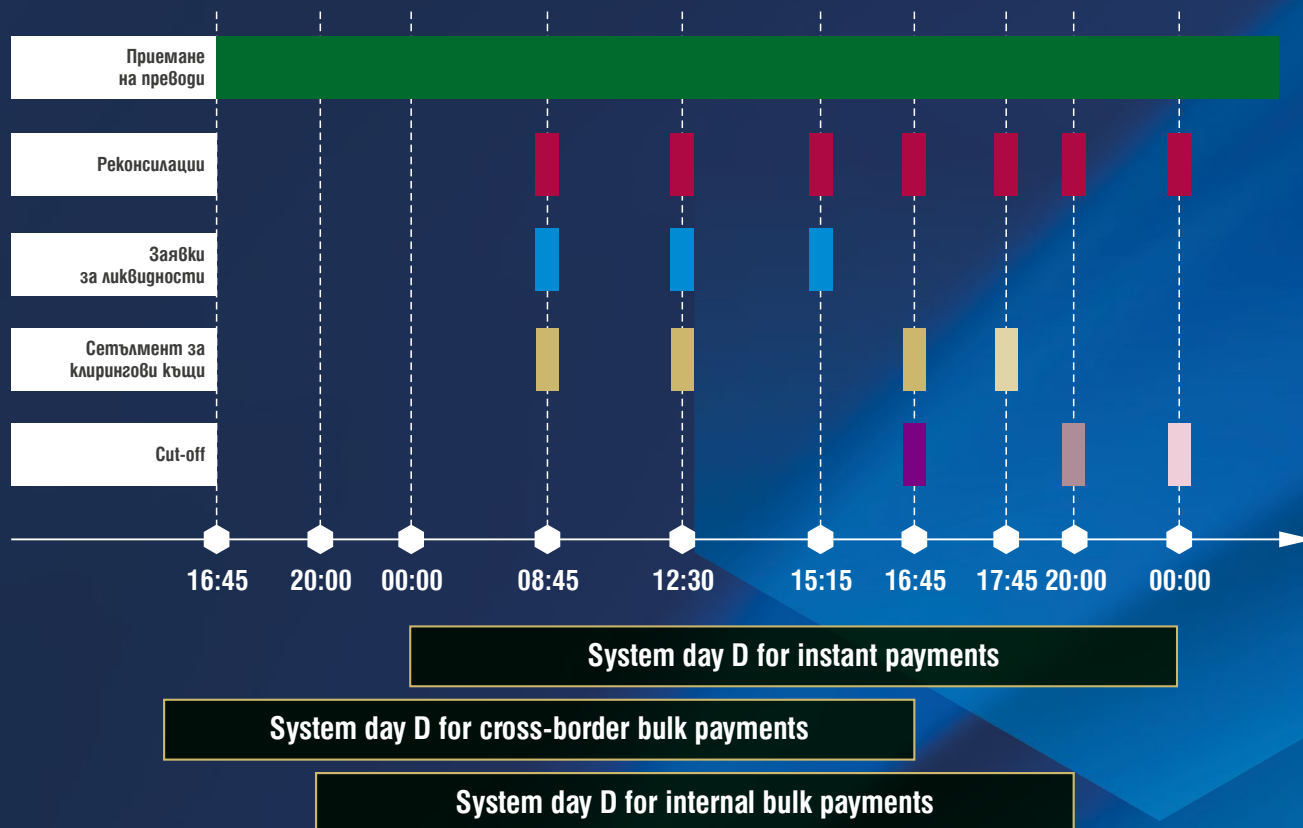
As an auxiliary system in the TARGET (Trans-European Automated Real-time Gross settlement Express Transfer system), BISERA applies **settlement procedure B** (simultaneous and multilateral settlement) for the settlement of bulk payments in euro from/to interoperable clearing houses and **settlement procedure D** with pre-funded liquidity by the participants in order to provide liquidity for bulk payments (domestic and STEP2) on a prepaid model. Instant payments (domestic) are on a prepaid settlement model using the Operator's technical account in TIPS, and settlement for external instant payments (from/to DPU outside BISERA) is done in TIPS using participants' TIPS DCA accounts or their settlement banks.

To ensure liquidity on BISERA's technical accounts, participants can authorize the Operator to carry out automated orders for the transfer of funds, according to BISERA's work schedule. Also, participants can transfer funds on their own initiative within the working hours of TARGET.

BISERA provides to participants the information regarding the finalized settlement necessary for the reconciliation of the payments executed through the system.

SYSTEM OPERATION TIMELINE

All times in the timeline are in Eastern European Time (EET)



 Receipt, validation and acceptance of transfer orders

 Reconciliation

 Cut-off time of the system day

 Net settlement for transfers from/to clearing houses

 Provision of liquidity

 Net settlement only for transfers from clearing houses

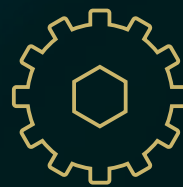
PRICES AND PRICING POLICY



The services offered by BISERA are provided under a **Framework Agreement** signed with each participant and against payment as per the current Tariff of Rates of BORICA AD for payment service providers.



Participants are charged **monthly fees** for participation in the payment system and fees for the quantity of transactions for the relevant month processed via the system.



The prices of services provided via the payment system are set by the **Board of Directors of BORICA AD.**

