

RULES

on auction and competition procedures and conclusion of rental agreements with workers and employees of Information Services JSC

CHAPTER ONE GENERAL PROVISIONS

Article 1 (1) These Rules shall regulate the auction and competition procedures and the terms and conditions and conclusion of rental agreements with workers employees of Information Services JSC.

(2) The sale of long-term tangible assets - movable property and long-term intangible assets - shall be carried out by auction in compliance with these Rules.

(3) The conclusion of rental agreements for long-term tangible assets, as well as for the insurance of the property of Information Services JSC, shall be carried out after an auction or a competition in accordance with these Rules.

(4) By authorisation of the General meeting of shareholders, the conclusion of contracts for the sale, exchange and rental of long-term assets, as well as the establishment of property rights may be carried out by direct negotiation, with the initial price determined by an independent appraiser, in the following cases:

1. in case of co-ownership;
2. with subsidiaries within the meaning of article 1, paragraph 1, item 2 of the Public Companies Act;
3. with the government, the municipalities and budget-funded companies within the meaning of the Accounting Act;
4. for the needs of diplomatic and consular representation offices of foreign countries and representation office of intergovernmental organisations in the Republic of Bulgaria;
5. where the transaction is carried out with a company where the state holds more than 50 per cent of the capital and which is providing public services to consumers subject to regulation by a public authority;
6. where the renting out represents a short-term (up to one year) use of business premises, parts of premises or infrastructure, where these are not separate premises or separate parts, and the conclusion of transactions is based on publicly disclosed terms;
7. upon authorisation by the Council of Ministers.

Article 2. The auction for entry into contracts for the sale of long-term tangible assets - movable assets and long-term intangible assets, the auction or a competition for the entry into rental agreements for long-term tangible assets, as well as for the insurance of the property of Information Services JSC, the conclusion of rental agreements with employees, shall be carried out upon the proposal of the Director of Administration and Human Resources Directorate in the Human Resources and Administration Directorate / Director of a branch office. The Director, Administration and Human Resources / Director of a branch office shall attach to his proposal a draft auction / competition documentation.

CHAPTER TWO AUCTION PROCEDURE

Article 3. The auction procedure shall be opened by order of the CEO which shall contain:

1. site description;
2. a starting price determined by an independent appraiser and a bidding increment which may not be less than 1 per cent and not more than 10 per cent of the starting price;
3. the type of auction – sealed-bid or open-bid auction, and in the case of a sealed-bid auction - the type of session - open or closed;
4. terms of payment;
5. date, place and time of the auction;
6. the procedure to obtain or to purchase the auction documents, the amount and terms of payment of the price thereof and the place of receipt, as well as the amount of the deposit, if any, which may not exceed 50 per cent of the starting price;
7. conditions for visual inspection the site;
8. deadline for receipt of applications for participation;
9. special requirements to participants where the type of site so requires, and other conditions of the auction;
10. day, place and time of the subsequent auctioning;
11. decision approving the auction documentation.

Article 4. The terms and conditions of the auction referred to in article 3, items 1 to 10 shall be disclosed by notice published on the websites of Information Services JSC and the Agency for Public Companies and Control at least 14 days before the date of the auction.

Article 5. The selection committee shall be appointed by order of the CEO and shall consist of 3 to 7 members, and shall necessarily include a lawyer. The order appointing the committee shall also appoint two alternate members.

Article 6. The proceedings of the selection committee and all the circumstances of the auction shall be reflected in minutes of meeting, which shall be signed by all its members.

Article 7. The registration of the participants in the auction procedure shall be carried out by the selection committee on the announced day and time for the opening of the auction. In case of withdrawal from the auction after registration, the deposit paid shall not be returned to the participant.

Article 8. After registration, the committee shall examine the applications in the order in which they were received and shall take note of the regularity of the produced documents. Provided that the committee finds out that the produced documents are incomplete or do not comply with the requirements set out in the auction documents, the committee shall exclude the irregular applicant from participation.

Article 9. The auction may also be held in case that only one application for participation has been submitted, if this possibility is provided for in the auction documentation. In the event that at the auction appears only one participant from among those who have submitted bids, the auction shall be postponed for two hours and, if after that period no other participants appear, that participant shall be declared to be the successful participant at the price he has offered, which may not be lower than the starting auction price. Where

no participant appears, the auction shall be declared not to have taken place and shall be held again within one month in accordance with article 3, item 10. Where only one participant reappears at the auction, he shall be declared to be the winner at the price he has offered, which may not be lower than the starting bid price.

Article 10. In the event of circumstances which make it impossible to open or to close the auction procedure, the committee shall draw up a protocol based on which the company shall determine to hold a new auction.

Article 11. (1) An **open-bid auction** shall be held after prior submission of a written application by the participant or a person authorised thereof within the time limit referred to in article 3, paragraph 8, which shall be entered in the register maintained in the filing system, indicating the entry number, date and time of entry.

(2) When an open-bid auction is held, the chairperson of the committee shall announce the subject of the auction, the starting price from which the bidding shall begin and the bidding increment.

(3) The auctioning shall be held by the participants announcing aloud successive amounts above the starting price, distinguished by the chairperson of the committee by an audible signal; each increase shall be equal to the bidding increment.

(4) Participants shall state loudly and clearly the amounts they are offering, and the amount stated by a participant shall bind the participant to the committee and the other participant without right to claim error.

(5) Before the third announcement of the last bid, a warning shall be given that it is the last bid, and if there are no other bids, the auctioning shall end with an audible signal by the chairman of the committee, who shall announce the winner and the final price offered, and then shall close the auction.

(6) In the event that the participants confirm the starting bid price but none of them announces the next bid higher than the starting bid price by one increment, the auction procedure shall be closed and their deposits for participation in the auction shall not be refunded. Nor shall the deposit be returned to the participant who is declared the winner but refuses to pay the price offered by him.

(7) The participant who has offered the highest price shall be declared the winner and shall pay the bid price within the terms and conditions of the auction. In the event of default, the winner shall be the participant who has offered the next highest price, provided that he has not withdrawn his deposit.

Article 12. (1) A **first-price sealed-bid auction** shall be held by means of a written application submitted in advance by each participant in a sealed opaque envelope within the time limit referred to in article 3, item 8. The envelope shall bear the name of the participant or the name of the authorised person and the full name of the object of the auction. In addition to the auction documents, the envelope must contain the price offer, which must be placed in a small sealed opaque envelope.

(2) On the day of the first-price sealed-bid auction, the committee shall tear the envelopes open, check that the conditions for participation in the auction have been met and declare the regularity of the produced documents.

(3) The price proposals shall be signed by each member of the selection committee, and the regularly submitted applications shall be ranked according to the amount of the price offered.

(4) In the event of the same highest price being offered by more than one participant, the auction shall be continued between them by open-bid auctioning, starting from the price offered and with a bidding increment determined in accordance with article 3, item 2.

(5) The auction shall be deemed to have been won by the participant who has offered the highest price or, where applicable in view of the CEO's order under article 3, the participant who has offered the lowest price, as the case may be, and the auction procedure shall be closed.

CHAPTER THREE HOLDING A COMPETITION

Article 13. A competition shall be held on the basis of an order of the CEO, which shall contain:

1. description of the subject of the competition;
2. starting price determined by a licensed appraiser;
3. general and special conditions of the competition and requirements to participants;
4. where a fee is payable to obtain the auction documents - the amount of the fee, the place and time limits for obtaining or purchasing the competition documents and for the submission of participants' proposals, and the amount of the deposit, if any;
5. the time and manner for visual inspection of the site;
6. a comprehensive list of documents to be produced by the applicants;
7. other conditions of the company in accordance with the objectives of the competition;
8. the composition of the selection committee and a decision approving the competition documents.

Article 14. The selection committee referred to in article 13 shall be composed of 3 to 7 members and shall include a lawyer. The order appointing the committee shall also appoint two alternate members.

Article 15. The order referred to in article 13, items 1 - 7 shall be published on the websites of Information Services JSC and the Agency for Public Enterprises and Control at least 14 days before the date of the competition.

Article 16. The participants shall submit their proposals in a sealed envelope, which must contain a presentation of the participant, specific proposals on the terms of the competition, price, and terms of payment.

Article 17. The selection committee shall rank the participants in order of their satisfaction of the competition conditions and shall determine the winner. The committee may, at its discretion, request the participants to submit supplements and/or amendments to their proposals, in accordance with the objectives of the competition, and to conduct negotiations with the applicants ranked up to third place. The ranking and selection in this case shall be made based on the supplemented and/or amended proposals.

Article 18. The winner shall be the applicant whose proposal best satisfies the conditions of the competition. Applicants shall be notified of the ranking and of the results of the competition and the deposits of the participants shall be returned, the deposit of the successful participant being retained and offset against the price. The notification to the successful participant shall also specify the deadline for the conclusion of the contract. In the event that the contract is not concluded within the prescribed period through no fault of the winner, his/her deposit shall be forfeited and the next successful participant who has satisfied the conditions of the competition shall be declared to be the winner if he has not withdrawn his deposit.

CHAPTER FOUR

CONCLUSION OF RENTAL AGREEMENTS WITH EMPLOYEES OF INFORMATION SERVICES JSC

Article 19. The conclusion of housing rental agreements with employees of Information Services JSC shall be carried out on the basis of an accommodation order issued by the CEO based on the criteria established in the collective labour agreement.

Article 20. The rental price of the property shall be determined based on the rules adopted by the Municipal Council of the respective municipality on determination of the rental prices for the lease of municipal properties, effective at the time of conclusion of the rental agreement.

Article 21.(1). Upon receipt of an application from a worker or employee of Information Services JSC and the availability of vacant company-owned housing within the city, the CEO shall appoint a committee to review the application and to determine whether the worker or employee meets the criteria established in the collective labour agreement.

(2) The application under paragraph 1 must contain the term of the rental.

Article 22. In the event that more than one application has been received for the same dwelling and the workers or employees who have submitted them meet the criteria set out in the collective agreement, an open auction shall be held among them, and the provisions of Chapter Two of these Rules shall apply accordingly. The initial rental price of the accommodation shall be the price referred to in article 20.

Article 23. The committee under article 21 / the selection committee shall propose to the CEO to issue an accommodation order to the approved / successful worker or employee.

Article 24.(1) On the basis of the accommodation order issued, the relevant director, branch office, shall enter into an agreement with the worker or employee specified in the order.

(2) Prior to signing, the agreement shall be coordinated with the Director of Branch Network Coordination in the Branch Network Directorate, the Chief Financial Officer, a legal officer from the Legal Department, and an auditor from the Internal Control and Standards Department.

Article 25.(1) The agreements referred to in article 24 must contain: the subject of the agreement, the term of validity, the rental price, the rights and obligations of the parties thereto, the procedure for reconstructions, alterations and improvements to the rented dwelling, the procedure for termination of the contract, the sanctions and liabilities in case of non-fulfilment of the obligations of the parties and other terms and conditions of the rental relationship.

(2) The term of the agreement may not exceed 3 /three/ years.

CHAPTER FIVE
CONCLUSION OF A RENTAL AGREEMENT FOR LONG-TERM TANGIBLE
ASSETS
SECTION I
GENERAL PROVISIONS

Article 26. The rental agreements shall be concluded between Information Services JSC / branch office of Information Services JSC, as Landlord on the one hand and a Tenant /natural or legal person/, on the other hand, after an auction or competition in accordance with the procedure set out in Chapter Two and Chapter Three of these Rules.

Article 27. (1) The rental agreement shall be concluded in a form approved by the CEO.

(2) The agreements referred to in paragraph 1 shall necessarily contain: the subject of the contract, the term of validity, the rental price, the rights and obligations of the parties thereto, the procedure for reconstructions, alterations and improvements of the rented premises, the procedure for termination of the contract, the sanctions and liabilities in case of non-fulfilment of the obligations of the parties and other conditions of the rental relationship.

(3) The rental agreement shall be concluded after the Tenant has paid a deposit to secure future obligations in the amount of one to three months' rent including VAT.

(4) The rental agreement for a real estate shall be concluded with notarisation of signatures and the costs of notarisation shall be borne by the Tenant.

(5) The contract for the rental of movable property shall be concluded in writing.

SECTION II
SUBJECT OF THE AGREEMENT

Article 28. (1) The subject matter of the rental agreement shall include a full description of the rented long-term tangible asset.

(2) When renting out real estate, the description of the real estate should correspond to the information entered in the integrated property management software system (PMS), the location and the purpose for which it is rented.

(3) An integral part of the real estate rental agreement shall be a diagram of the leased property, on which shall be indicated the exact location and dimensions of the property and a takeover record, which shall describe the type and condition of the property upon its handover to the Tenant.

(4) The rental agreement shall fix the interest payable and the penalties in the event of default.

**SECTION III
CONSUMABLES**

Article 29. All costs for consumables in the rented property (electricity, heating, water, telephone, household waste fee, etc.) shall be borne by the Tenant and shall be determined by the readings of the meters installed by him, and in the absence of such meters - on the basis of internal distribution, taking into account the square footage of the rented premises and the installed capacities.

Article 30. Costs for consumables shall be paid apart from the rental price.

**SECTION IV
TERM AND TERMINATION OF RENTAL AGREEMENT**

Article 31.(1) The term of the rental agreement shall be determined in the auction or competition documents for conclusion of the rental agreement.

(2) The maximum period for which a rental agreement may be concluded shall be 3 /three/ years.

(3) Exceptionally, a rental agreement may be concluded for a period longer than 3 /three/ years with the prior approval of the Board of Directors of Information Services JSC.

(4) The inclusion of automatic extension clauses is not permitted.

**SECTION V
RENTAL PROCEDURE**

Article 32. Long-term tangible assets owned by Information Services JSC shall be rented out on the basis of an auction or competition.

Article 33.(1) An auction or competition shall be held based on proposal of a director, Administration and Human Resources Directorate, in the Human Resources and Administration Directorate / Director of a branch office.

(2) The auction or competition documents shall be coordinated with the Chief Financial Officer, a legal officer from the Legal Department and an auditor from the Internal Control and Standards Department, when initiated by a director, Administration and Human Resources directorate in the Human Resources and Administration Directorate, and then submitted to the CEO of Information Services JSC for approval.

(3) Auction or competition documents shall be coordinated with the Director, Branch Network Coordination in the Branch Network Directorate, the Chief Financial Officer, a legal officer from the Legal Department and an auditor from the Internal Controls and Standards Department when initiated by a director, branch office of Information Services JSC, then submitted to the Executive Director of Information Services JSC for approval.

(4) Prior to the conclusion of the agreement, the applicant shall submit a tax clearance certificates issued by the NRA and the municipality concerned not earlier than one month before the date of submission of the application.

(5) A rental agreement may also be concluded if the prospective tenant has debts to Information Services JSC, in case the prospective tenant has concluded an agreement with

notarised signatures for debt deferment or rescheduling.

(6) A rental agreement may also be concluded if the prospective tenant has public debts, provided that he/she submits a notarised copy of a permit for deferment or rescheduling of the established debts issued by the relevant competent authority or a notarised copy of an agreement for deferment or rescheduling of the established public debts.

(7) When it is found out that the selected prospective tenant has debts to Information Services JSC /including its branch offices/ and has not signed an agreement with notarised signatures for their deferment or rescheduling, the rental agreement may be concluded with him if, by the time of signing, the prospective tenant has repaid his debts and/or signed an agreement with notarised signatures for the deferment or rescheduling of the established debts.

Article 34.(1) The rental agreements concluded by Information Services JSC - Head Office shall be coordinated with a director, Administration and Human Resources Directorate, in the Human Resources and Administration Directorate, the Chief Financial Officer, a legal officer from the Legal Department and an auditor from the Internal Controls and Standards Department and then submitted to the Executive Director of Information Services JSC.

(2) The rental agreements concluded by a branch office of Information Services JSC shall be coordinated with director, Branch Network Coordination in the Branch Network Directorate, the Chief Financial Officer, a lawyer from the Legal Department, and an auditor from the Internal Control and Standards Department, and then submitted to the Director of the respective branch office for signature.

CHAPTER SIX

CONTROL AND SANCTIONS OF AGREEMENT PERFORMANCE

Article 35.(1) The CEO/Director of a branch office of Information Services JSC shall exercise permanent control over the use of the rented long-term tangible assets and the timely payment of the amounts due from the tenants.

(2) In the event of detection of violations (intentional damage to the property, use for illegal activities, etc.), as well as of outstanding amounts under rental agreements for more than 20 days, the persons referred to in paragraph 1 shall take appropriate measures:

1. to terminate the agreements in accordance with the relevant contractual provisions;
2. to bring actions against tenants who have failed to pay amounts due under the rental agreements.

Article 36. In the event of default to perform other contractual obligations, the liability shall be determined on the grounds and in accordance with the provisions of the civil law.

CHAPTER SEVEN

SAFE AND HEALTHY CONDITIONS OF WORK

Article 37.(1) The rental agreements for real estate property shall contain provisions for ensuring occupational health and safety conditions and fire protection in accordance with the regulatory requirements in the country.

(2) The Tenant shall be responsible for the application and compliance with the regulations for safe and healthy conditions of work and fire safety, in accordance with the legal provisions in the country, in the rented premises, workplaces and technical facilities, as well as for his/her co-workers and persons who are present on other occasions, in order to preserve their life, health and ability to work.

(3) The Tenant shall be responsible for the performance of his/her activities in the rented property to the Labour Inspection Agency - Labour Inspection Directorate, the Ministry of Interior, the National Fire Safety and Civil Protection Authority, the Regional Health Inspectorate, the municipality, etc.

(4) In the event of a critical situation /disaster, accident, etc. the Tenant shall immediately notify the Landlord.

CHAPTER EIGHT

ADDITIONAL TERMS AND CONDITIONS AND GENERAL PROVISIONS

Article 38.(1) Alterations and permanent improvements to the leased property shall be allowed only with the written consent of the Landlord and a previously agreed project and bill of quantities and shall be carried out under its control.

(2) The expenses incurred by the Tenant under paragraph 1 may be deducted from the rental price due only when they refer to work carried out with prior approval under paragraph 1.

Article 39.(1) At the request of a Tenant, his rights and/or obligations under the rental agreement may be transferred to a third party with Landlord's consent. Consent under the preceding sentence may be given only if the third party-tenant has no obligations to the state, the relevant municipality and Information Services JSC /including its branch offices/.

(2) A director, Branch office/director, Administration and Human Resources shall notify the CEO by memo of the Tenant's request to assign its rights and/or obligations under the rental agreement to a third party. The memo shall be accompanied by the third party - assignee's tax clearance certificate issued by the NRA and the relevant municipality not earlier than one month from the date of the Tenant's request.

(3) The rights and/or obligations under the rental agreement shall be transferred by a tripartite agreement between the Landlord, the Tenant and the third party - assignee with notarised signatures. The costs of notarisation shall be borne by the third party - assignee or the Tenant. The agreement shall be concluded in accordance with the provisions of Chapter 1 General provisions, Section IV Assignment of Claims and Obligations under the Law on Obligations and Contracts.

(4) Before signing, the agreement referred to in the preceding paragraph shall be agreed in accordance with the procedure laid down in Article 34.

Article 38. Any disputes concerning the performance of the rental agreement shall be settled by the parties by mutual agreement, and failing such agreement - by the court.

TRANSITIONAL AND FINAL PROVISIONS

§ 1. Agreements concluded prior to the entry into effect of these Rules shall survive up

until the expiry of the period for which they were concluded.

§ 2. These Rules shall not apply when the rental of long-term tangible assets is a part of the provision of an ICT service by Information Services JSC to a client.

§ 3. These Rules repeal the Rules for the Rental of Real Estate Properties Owned by Information Services JSC, adopted at a meeting of the Board of Directors held on 07.02.2013, as amended and supplemented at a meeting of the Board of Directors held on 24.02.2015, effective from 01.03.2015, as amended and supplemented at a meeting of the Board of Directors held on 17.02.2016, effective from 18.02.2016, as amended and supplemented at a meeting of the Board of Directors held on 13.07.2016, effective from 14.07.2016, as amended and supplemented at a meeting of the Board of Directors held on 19 April 2017, effective from 20 April 2017, as amended and supplemented at a meeting of the Board of Directors held on 22 November 2017, effective from 23 November 2017, as amended and supplemented at a meeting of the Board of Directors held on 21 February 2019, effective from 22.02.2019, as amended and supplemented at a meeting of the Board of Directors held on 19.11.2019, effective from 20.11.2019, amended and supplemented at a meeting of the Board of Directors held on 30.01.2020, effective from 31.01.2020.

§ 4. These Rules were adopted at a meeting of the Board of Directors held on 12.06.2020, effective from 15.06.2020.