KEY ACTIVITIES OF THE BULGARIAN NATIONAL BANK ON THE EVE OF THE COUNTRY'S MEMBERSHIP IN THE EURO AREA

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Abstract

The paper analyzes some major aspects of the activities of the Central Bank of Bulgaria – the Bulgarian National Bank (BNB) on the eve of the country's membership in the Euro area. The topic of the paper is undoubtedly relevant, as the country's membership in the Eurozone has been a key strategic goal of Bulgarian economic policy since the country joined the EU as a full member on 1 January 2007. The main attention in the paper is paid to the key changes in the BNB activities in the following areas: regulatory framework of the BNB and its compliance with the European legal framework, primary objective and basic tasks of the BNB, functional structure and management structure of the BNB. The paper also presents the fulfilment of the Maastricht criteria by Bulgaria according to the latest convergence report published by the ECB in June 2025.

Keywords: *Bulgaria's membership in the Euro area, Bulgarian National Bank (BNB)*, *European Central Bank (ECB), euro, management structure, functional structure*, *currency board arrangement*

1. INTRODUCTION

The purpose of the paper is to analyze some major changes in the activities of the Bulgarian National Bank (BNB) on the eve of the country's membership in the Euro area. The object of study is the activity of the BNB. The subject of study is the country's membership in the Eurozone.

The topic of the paper is undoubtedly relevant, as the country's membership in the Euro area has been a key strategic goal of Bulgarian economic policy since the country joined the European Union (EU) on 1 January 2007. Bulgaria's accession to the Eurozone and the Schengen area have been top priorities of all governments that have governed Bulgaria over the last 20 years. Since 1 January 2025, Bulgaria has been a full member of the Schengen Area, joining the mass of over 450 million people who travel freely between individual member states without going through border controls.

The study is focused on some major changes in the activities of the BNB in the following areas: regulatory framework of the BNB and its compliance with the European one, primary objective and basic tasks of the BNB, functional structure and management structure of the BNB. The paper also presents the fulfilment of the Maastricht criteria by Bulgaria according to the latest convergence report published by the ECB in June 2025.

To achieve the purpose of the paper, the following scientific research methods are used: normative approach, comparative analysis, theoretical and methodological analysis, method of analysis and synthesis, method of induction and deduction, tabular analysis, etc.

The structure of the paper is as follows. After the introduction, an analysis of Bulgaria's path towards the Euro area is made. Bulgaria's implementation of the Maastricht nominal convergence criteria is also presented. The next section of the paper is devoted to the analysis of the key changes in the activities of the BNB due to the country's accession to the Euro area. Finally, the paper concludes with a summary of the main conclusions of the study.

2. BULGARIA'S PATH TO THE EURO AREA

The Euro area was established on 1 January 1999 with the start of the third stage of the Economic and Monetary Union (EMU).

Since 1 January 2007, Bulgaria has been a member of the European Union (EU), but not of the Eurozone.

First of all, Bulgaria made a commitment to membership in the Eurozone in the officially stated **Negotiating Position** and the Additional Information to it under **Chapter 11 "Economic and Monetary Union"** from 2001 as well as with the **Pre-Accession Economic Programmes** of the Republic of Bulgaria for the periods 2002–2005 and 2004-2007.

Subsequently, the commitment to future adoption of the single European currency was reaffirmed in the **Treaty on the Accession of the Republic of Bulgaria and Romania to the European Union**, published in the Official Journal of the European Union, OB L 157 of 21 June 2005, in force from 1 January 2007.

The Treaty between the Kingdom of Belgium, the Czech Republic, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, the Republic of Hungary, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland (Member States of the European Union) and the Republic of Bulgaria and Romania, concerning the accession of the Republic of Bulgaria and Romania to the European Union[1] was signed in 2005 and entered into force on 1 January 2007 (shortly named **2005 Treaty of Accession**). It is an agreement between the member states of European Union and Bulgaria and Romania. The Treaty arranged accession of Bulgaria and Romania to the EU and amended earlier Treaties of the EU. As such it is an integral part of the constitutional basis of the EU.

Bulgaria's accession to the Euro area was mandatory, but was not bounded by a deadline in the 2005 Treaty of Accession. All EU member states are in principle obliged to adopt the euro once they have fulfilled the convergence criteria. The only exception is Denmark, for which there is an "opt-out clause" in the EU Treaties, which exempts it from the obligation to adopt the euro.[2]

Council Regulation (EC) No 974/982[3] provides for the substitution of the euro for the currencies of the member states which fulfilled the necessary conditions for the adoption of the euro at the time when the Community entered the third stage of Economic and Monetary Union (EMU).

In accordance with Article 5 of the 2005 Treaty of Accession, Bulgaria participates in EMU from the date of accession as a member state of the EU with a derogation, within the meaning of Article 139(1) of the Treaty on the Functioning of the European Union (TFEU).

The exact date of Bulgaria's membership in the Euro area depends on the country's accession to the Exchange Rate Mechanism II (ERM II), so-called as a waiting room of the Eurozone. The introduction

[1] Treaty between the Kingdom of Belgium, the Czech Republic, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, the Republic of Hungary, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland (Member States of the European Union) and the Republic of Bulgaria and Romania, concerning the accession of the Republic of Bulgaria and Romania to the European Union, OJ L 157, 21.6.2005, pp. 11–27, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2005.157.01.0011.01.ENG&toc=OJ%3AL%3A2005%3A157%3ATOC>

[2] "In accordance with point 1 of Protocol No 16 on certain provisions relating to Denmark annexed to the Treaty establishing the European Community and with the Decision taken by the Heads of State or Government in Edinburgh in December 1992, Denmark has notified the Council that it will not participate in the third stage of EMU. Denmark has not requested that the procedure referred to in Article 140(2) of the Treaty on the Functioning of the European Union (TFEU) be initiated." (Council of the European Union, 2025, Bulgaria ready to use the euro from 1 January 2026: Council takes final steps, Press release, 8 July 2025, p. 3, <https://www.consilium.europa.eu/en/press/press-releases/2025/07/08/bulgaria-ready-to-use-the-euro-from-1-january-2026-council-takes-final-steps/>)

[3] Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, OJ L 139, 11.5.1998, p. 1, <https://eur-lex.europa.eu/eli/reg/1998/974/oj?eliuri=eli%3Areg%3A1998%3A974%3Aoj&locale=en>

of the euro in Bulgaria requires the extension to Bulgaria of the existing provisions on the introduction of the euro that are set out in Regulation (EC) No 974/98.[4]

"In accordance with Article 3 of Protocol No 13, the criterion on participation in the exchange-rate mechanism of the European Monetary System referred to in the third indent of Article 140(1) TFEU requires a Member State to have respected the normal fluctuation margins provided for by the exchange rate mechanism (ERM) of the European Monetary System, without severe tensions, for at least the last two years before the examination. In particular, the Member State must not have devalued its currency's bilateral central rate against the euro on its own initiative for the same period. Since 1 January 1999, the ERM II provides the framework for assessing the fulfilment of the exchange rate criterion. In assessing the fulfilment of this criterion in their reports, the Commission and the ECB have examined the two-year period ending on 19 May 2025."[5]

From 4 November 2014 it became mandatory for any EU member state whose derogation is abrogated to join the Single Supervisory Mechanism (SSM) at the latest on the date on which it adopts the euro.[6]

On 10 July 2020, the Governing Council of the European Central Bank (ECB) adopted a decision to establish close cooperation with the BNB and the Bulgarian lev was included in the ERM II.

Bulgaria participates in ERM II with its currency board regime and a fixed central exchange rate of 1.95583 levs per 1 euro, which rate is maintained upon our country's entry into the Eurozone.

Bulgaria has been the only member state participating in the Single Supervisory Mechanism (SSM) within the framework of the close cooperation established with the ECB as part of the country's commitment to join both the Banking union and the ERM II.[7]

On 10 July 2020, the ECB assumed responsibility for (i) the direct supervision of the significant institutions in Bulgaria, (ii) the common procedures for all supervised entities, and (iii) the oversight of less significant institutions, which continue to be supervised by the national supervisor. ECB Banking Supervision and the BNB collaborated very closely to ensure the smooth integration of the national competent authority into the SSM.[8]

With the entry into force of the close cooperation framework between the ECB and the BNB, the ECB has been responsible for directly supervising 4 significant credit institutions and overseeing 13 less significant credit institutions in Bulgaria since 1 October 2020.

On 8 July 2025, the Council of the European Union for Economic and Financial Affairs (ECOFIN) formally approved the accession of Bulgaria to the Euro area on 1 January 2026.

The ECOFIN voted unanimously on three decisions – to add Bulgaria to the list of Euro area member states, to set the exchange rate of the Bulgarian lev to the euro (1.95583 levs for 1 euro) and to introduce the European single currency in Bulgaria. Bulgaria fulfils the necessary conditions for the adoption of the euro, and the derogation regarding Bulgaria is to be abrogated with effect from 1 January 2026.

The introduction of the euro in Bulgaria requires the extension to Bulgaria of the existing provisions on the introduction of the euro that are set out in the Council Regulation (EC) No 974/98.

The decision of ECOFIN was taken after the European Parliament also approved the country's accession in the Eurozone.

Bulgaria will be the 21st country of the Eurozone from 1 January 2026. This decision came 18 years after Bulgaria entered the EU.

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[4] Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, OJ L 139, 11.5.1998, p. 1, <https://eur-lex.europa.eu/eli/reg/1998/974/oj?eliuri=eli%3Areg%3A1998%3A974%3Aoj&locale=en>

[5] Council of the European Union, 2025, Bulgaria ready to use the euro from 1 January 2026: Council takes final steps, Press release, 8 July 2025, p. 7, <https://www.consilium.europa.eu/en/press/press-releases/2025/07/08/bulgaria-ready-to-use-the-euro-from-1-january-2026-council-takes-final-steps/>

[6] Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, OJ L 287/63 of 29 October 2013, <https://eur-lex.europa.eu/eli/reg/2013/1024/oj/eng>

[7] Decision (EU) 2020/1015 of the European Central Bank of 24 June 2020 on the establishment of close cooperation between the European Central Bank and Bulgarian National Bank (ECB/2020/30), OJ L 224I, 13.7.2020, pp. 1–3, <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1598186445650&uri=CELEX%3A32020D1015>

[8] ECB, 2020, ECB Annual Report on supervisory activities 2020, European Central Bank, Frankfurt am Main, <https://www.bankingsupervision.europa.eu/press/other-publications/annual-report/html/ssm.ar2020~1a59f5757c.en.html>

Bulgaria's accession to the Eurozone became possible after the **European Commission and the ECB published their convergence reports on 4 June 2025, announcing that the country was ready to adopt the euro**.

The National Euro Changeover Plan of Bulgaria specifies that euro banknotes and coins should become legal tender in that member state on the day of the introduction of the euro as its currency.[9] Consequently, the euro adoption date and the cash changeover date will be 1 January 2026. No 'phasing-out' period will apply.[10] Regulation (EC) No 974/98 would be amended accordingly. The new Council Regulation is as follows: **Council Regulation amending Regulation (EC) No 974/98 as regards the introduction of the euro in Bulgaria, which will enter into force on 1 January 2026**.[11]

The decision reached for Bulgaria to join the Eurozone as of 1.01.2026 puts an **end to the currency board arrangement (CBA) in the country**. Nearly three decades ago, in early July 1997, the currency board regime in Bulgaria pegged the Bulgarian lev to the German mark, and later to the euro. The currency board put an end to Bulgaria's independent monetary policy, hyperinflation and debt turmoil that followed after the country moved from Soviet-style regulation to a market economy in the 1990s.

After joining the Eurozone, Bulgaria will have to comply with the rules and norms of the European Monetary Union, including the adoption of the euro as its official currency. This also includes replacing the Bulgarian lev with the euro in circulation.

The process of Bulgaria's accession to the Eurozone was long and involved the fulfilment of certain nominal economic criteria, known as Maastricht nominal convergence criteria. These criteria relate to inflation levels, interest rates, government debt and deficit, and the participation of the Bulgarian lev in the ERM II. These are described in the next part of the paper, as well as their fulfilment by Bulgaria.

Joining the Euro area is expected to bring a number of benefits to Bulgaria, including lower interest rates, lower transaction costs when trading with other Euro area countries, increased confidence in the Bulgarian economy. Also, the euro adoption in Bulgaria is expected to remove uncertainty about the future policy of the country, to strengthen Bulgaria's external credit ratings, to encourage foreign and domestic investments, thus leading to higher economic growth and more jobs. In addition, full integration into the EU single market will be achieved, where goods and services produced in Bulgaria will become more competitive, which also will lead to increased economic growth in the country. In the longer term, the euro will lead to more stable prices and will increase the resilience of the Bulgarian economy to sudden economic shocks.

However, there are also some concerns about joining the Eurozone, such as a possible increase in prices and loss of control over monetary policy. It is important to note that Bulgaria will have to implement a number of measures for a smooth transition to the euro, including information campaigns for the population and businesses.

3. CHANGES IN THE ACTIVITIES OF THE BULGARIAN NATIONAL BANK DUE TO THE COUNTRY'S MEMBERSHIP IN THE EURO AREA

3.1. Regulatory framework of the BNB and its compliance with the European legal framework

On 10 July 2020 the Governing Council of the ECB adopted a decision to establish close cooperation with the BNB following the fulfilment of the necessary supervisory and legislative prerequisites. In parallel, the inclusion of the Bulgarian lev in the ERM II was announced on the same day. Together, these two steps have paved the way for Bulgaria's future participation in the Euro area.

Starting from 1 October 2020, the ECB is in charge of the direct supervision of the significant credit institutions in the Republic of Bulgaria and the common procedures for all supervised entities, as well

[9] Coordination Council for the Preparation of the Republic of Bulgaria for Membership in the Euro Area, 2023, National Euro Changeover Plan of Bulgaria, Revised version, Adopted with Decision No. 797 of the Council of Ministers from 13 November 2023, <https://www.minfin.bg/en/1570>

[10] Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, OJ L 139, 11.5.1998, p. 1, <https://eur-lex.europa.eu/eli/reg/1998/974/oj?eliuri=eli%3Areg%3A1998%3A974%3Aoj&locale=en>

[11] Council of the European Union, 2025, COUNCIL REGULATION amending Regulation (EC) No 974/98 as regards the introduction of the euro in Bulgaria, Interinstitutional File: 2025/0159(NLE), 10352/25, Brussels, 30 June 2025, <https://www.consilium.europa.eu/media/fvdhv20l/st10352en25.pdf>

as the oversight of less significant credit institutions. In the meantime, the ECB carries out an assessment to determine which banks fulfil the criteria to be classified as significant credit institutions.[12]

On 8 July 2025 the Council of the European Union adopted the final three legal acts required for Bulgaria to introduce the euro on 1 January 2026. One of the three legal acts sets the conversion rate between the euro and the Bulgarian lev at 1.95583 levs per €1. This corresponds to the current central rate of the Bulgarian lev in the ERM II, which the currency joined on 10 July 2020.

The ECB and BNB agreed to monitor developments in the Bulgarian lev against the euro on the foreign exchange market until 1 January 2026.[13] The agreement to monitor the lev is in the context of ERM II. Participation in ERM II and observance of the normal fluctuation margins for at least the last two years is one of the convergence criteria to be fulfilled ahead of Euro area accession.[14]

The final three legal acts adopted by the Council of the European Union are the following[15]:

- **Council decision on the adoption of the euro by Bulgaria[16];**
- **Council regulation adding Bulgaria to the list of euro area member states[17];**
- **Council regulation establishing the Bulgarian lev's conversion rate to the euro.**

The decision of the Council of the European Union means that the national regulatory framework is fully compatible with the European legal framework or a **legal compatibility has been achieved**. This means that the conditions of the following main European regulatory acts have been met in Bulgarian legislation:

- **Treaty establishing the European Community**, also known as the Treaty of Rome signed on 25 March 1957, in Rome. Particularly, the Article 8 of the Treaty of Rome stipulates that a European System of Central Banks (ESCB) and a European Central Bank (ECB) should be established in accordance with the procedures laid down in this Treaty. The ESCB is an organisation established in line with the Treaty establishing the European Community and governed by the ESCB Statute. It comprises the ECB and the national central banks of all EU member states. The ESCB and the ECB should act within the limits of the powers conferred upon them by the Treaty of Rome and by the Statute of the ESCB and of the ECB annexed thereto.[18]

    (a) **Treaty on the Functioning of the European Union.[19]** In accordance with Article 139(1) of the Treaty on the Functioning of the European Union (TFEU), a member state in respect of which the Council has not decided that it fulfils the necessary conditions for the adoption of the euro is referred to as 'member state with a derogation'. **The following provisions of the Treaties do not apply to the member states with a derogation** (Article 139(1))[20]: a) adoption of the parts of the broad economic policy guidelines which concern the euro area generally (Article 121(2)); b) coercive means of remedying excessive deficits (Article 126(9) and (11)); c) the objectives and tasks of the ESCB (Article 127(1) to (3) and (5)); d)

[12] ECB, 2020, ECB establishes close cooperation with Bulgaria's central bank, Press Release, European Central Bank, Frankfurt am Main, 10 July 2020, <https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200710~ae2abe1f23.en.html>

[13] ECB, 2025, Bulgaria to join euro area on 1 January 2026, Press Release, European Central Bank, Frankfurt am Main, 8 July 2025, <https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.pr250708~b9676a9fa8.en.html>

[14] ECB, 2025, Bulgaria to join euro area on 1 January 2026, Press Release, European Central Bank, Frankfurt am Main, 8 July 2025, <https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.pr250708~b9676a9fa8.en.html>

[15] Council of the European Union, 2025, Bulgaria ready to use the euro from 1 January 2026: Council takes final steps, Press release, 8 July 2025, <https://www.consilium.europa.eu/en/press/press-releases/2025/07/08/bulgaria-ready-to-use-the-euro-from-1-january-2026-council-takes-final-steps/>

[16] Council of the European Union, 2025, COUNCIL DECISION on the adoption by Bulgaria of the euro on 1 January 2026, Interinstitutional File: 2025/0158(NLE), 10351/25, Brussels, 30 June 2025, <https://www.consilium.europa.eu/media/qeim2rtu/st10351en25.pdf>

[17] Council of the European Union, 2025, COUNCIL REGULATION amending Regulation (EC) No 974/98 as regards the introduction of the euro in Bulgaria, Interinstitutional File: 2025/0159(NLE), 10352/25, Brussels, 30 June 2025, <https://www.consilium.europa.eu/media/fvdhv20l/st10352en25.pdf>

[18] Treaty establishing the European Community (Consolidated version 2002), OJ C 325, 24.12.2002, pp. 33–184, <https://eur-lex.europa.eu/eli/treaty/tec_2002/oj>

[19] Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union Consolidated version of the Treaty on European Union Consolidated version of the Treaty on the Functioning of the European Union Protocols Annexes to the Treaty on the Functioning of the European Union Declarations annexed to the Final Act of the Intergovernmental Conference which adopted the Treaty of Lisbon, signed on 13 December 2007 Tables of equivalences, OJ C 202, 7.6.2016, pp. 1–388, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12016ME%2FTXT>

[20] Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union Consolidated version of the Treaty on European Union Consolidated version of the Treaty on the Functioning of the European Union Protocols Annexes to the Treaty on the Functioning of the European Union Declarations annexed to the Final Act of the Intergovernmental Conference which adopted the Treaty of Lisbon, signed on 13 December 2007 Tables of equivalences, OJ C 202, 7.6.2016, pp. 1–388, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12016ME%2FTXT>

issue of the euro (Article 128); e) acts of the European Central Bank (Article 132); f) measures governing the use of the euro (Article 133); g) monetary agreements and other measures relating to exchange-rate policy (Article 219); h) appointment of members of the Executive Board of the European Central Bank (Article 283(2)); i) decisions establishing common positions on issues of particular relevance for economic and monetary union within the competent international financial institutions and conferences (Article 138(1)); j) measures to ensure unified representation within the international financial institutions and conferences (Article 138(2)).

In accordance with Article 139(3), under Chapter IX of the Statute of the ESCB and of the ECB, member states with a derogation and their national central banks are excluded from rights and obligations within the ESCB. According to Article 139(4), the voting rights of members of the Council representing member states with a derogation are suspended for the adoption by the Council of the measures referred to in the Articles listed in para. 2, and in the following instances: a) recommendations made to those member states whose currency is the euro in the framework of multilateral surveillance, including on stability programmes and warnings (Article 121(4)); b) measures relating to excessive deficits concerning those member states whose currency is the euro (Article 126(6), (7), (8), (12) and (13)).

A qualified majority of the other members of the Council are defined in accordance with Article 238(3)(a).

In accordance with Article 140(1) of the Treaty on the Functioning of the European Union (TFEU), at least once every two years, or at the request of a member state with a derogation, the European Commission and the ECB report to the Council on the progress made by the member states with a derogation in fulfilling their obligations regarding the achievement of EMU and the **convergence reports include[21]:**

(a) An examination of the **compatibility between the national legislation of each of these member states, including the statutes of its national central bank, and Articles 130 and 131 and the Statute of the ESCB and of the ECB**;

(b) An examination of the **achievement of a high degree of sustainable convergence by reference to the fulfilment by each member state of the following criteria**:

1. the achievement of a high degree of price stability; this will be apparent from a rate of inflation which is close to that of, at most, the three best performing member states in terms of price stability,
2. the sustainability of the government financial position; this will be apparent from having achieved a government budgetary position without a deficit that is excessive as determined in accordance with Article 126(6);
3. the observance of the normal fluctuation margins provided for by the exchange-rate mechanism of the European Monetary System (ERM II), for at least two years, without devaluing against the euro,
4. the durability of convergence achieved by the member state with a derogation and of its participation in the exchange-rate mechanism being reflected in the long-term interest-rate levels.

The four convergence criteria are developed further in a protocol annexed to the Treaties (**Protocol No 13 on the convergence criteria[22]**).

(c) The convergence reports of the Commission and the ECB also take account of **other factors relevant to economic integration and convergence** mentioned in the final subparagraph

[21] Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union Consolidated version of the Treaty on European Union Consolidated version of the Treaty on the Functioning of the European Union Protocols Annexes to the Treaty on the Functioning of the European Union Declarations annexed to the Final Act of the Intergovernmental Conference which adopted the Treaty of Lisbon, signed on 13 December 2007 Tables of equivalences, OJ C 202, 7.6.2016, pp. 1–388, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12016ME%2FTXT>

[22] ECB, 2025, Convergence criteria, European Central Bank, Frankfurt am Main, <https://www.ecb.europa.eu/ecb/orga/escb/html/convergence-criteria.en.html>

of Article 140(1) TFEU, i.e. the results of the integration of markets, the situation and development of the balances of payments on current account and an examination of the development of unit labour costs and other price indices.

In accordance with Article 140(2), after consulting the European Parliament and after discussion in the European Council, the Council should, on a proposal from the Commission, decide which member states with a derogation fulfil the necessary conditions on the basis of the above criteria set out, and abrogate the derogations of the member states concerned. The Council should act having received a recommendation of a qualified majority of those among its members representing member states whose currency is the euro. **These members should act within six months of the Council receiving the Commission's proposal**. The qualified majority of the said members, should be defined in accordance with Article 238(3)(a).

If it is decided, in accordance with the above-mentioned procedure, to abrogate a derogation, the Council should, acting with the unanimity of the member states whose currency is the euro and the member state concerned, on a proposal from the Commission and after consulting the ECB, **irrevocably fix the rate at which the euro should be substituted for the currency of the member state concerned, and take the other measures necessary for the introduction of the euro as the single currency in the member state concerned**.

- **Protocol on the Statute of the ESCB and of the ECB**[23]. The national legislation in Bulgaria, including the Statute of the BNB was adapted as necessary with a view to ensuring compatibility with Articles 130 and 131 of the Treaty on the Functioning of the European Union and with the Statute of the European System of Central Banks and of the European Central Bank. The convergence reports of the European Commission and the ECB provide a detailed assessment of the compatibility of the legislation of Bulgaria with Articles 130 and 131 of the Treaty on the Functioning of the European Union and with the Statute of the ESCB and of the ECB.[24] It examines whether a high degree of sustainable economic convergence has been achieved in Bulgaria, whether the national legislation is compatible with the Treaties and the Protocol on the Statute of the of the ESCB and of the ECB, and whether the statutory requirements are fulfilled for Bulgarian National Bank to become an integral part of the Eurosystem.
- **Law on the introduction of the euro in the Republic of Bulgaria**, adopted by the 50th National Assembly on 7 August 2024, published in the State Gazette, No. 70 of 20 August 2024; amended and supplemented, No. 25 of 2025; amended, No. 49 of 2025. This law aims to complement and facilitate the introduction of the euro in the Republic of Bulgaria and to increase transparency and awareness of the process of introducing the euro in the country in accordance with directly applicable European Union law. The date of introduction of the euro in the Republic of Bulgaria is the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, referred to as the "Decision on the adoption of the euro", and the Regulation of the Council of the European Union, adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union.

In accordance with Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as of the date of introduction of the euro in the Republic of Bulgaria, the currency of the Republic of Bulgaria will be the euro. The monetary unit will be one euro. One euro will be divided into one hundred cents.

The official exchange rate of the Bulgarian lev to the euro is the irrevocably fixed exchange rate of the Bulgarian lev to the euro, determined in a Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union. The conversion rate of

[23] Protocol on the Statute of the European System of Central Banks and of the European Central Bank, Protocol annexed to the Treaty establishing the European Community. See also OJ C 191, 29.7.1992, p. 78, <https://www.ecb.europa.eu/ecb/pdf/orga/escbstatutes_en.pdf>
[24] Council of the European Union, 2025, COUNCIL DECISION on the adoption by Bulgaria of the euro on 1 January 2026, Interinstitutional File: 2025/0158(NLE), 10351/25, Brussels, 30 June 2025, <https://www.consilium.europa.eu/media/qeim2rtu/st10351en25.pdf>

the lev is set by way of an amendment to Regulation (EC) No 2866/98, which will become effective on 1 January 2026.

- **Law on the Bulgarian National Bank**, adopted by the 49th National Assembly on 1 February 2024, published in State Gazette, No. 13 of 13 February 2024, amended and supplemented, No. 26 of 2025; amended and supplemented, No. 50 of 2025, in force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria; amended and supplemented, No. 54 of 2025, in force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria.

  In the first months of 2025, amendments were adopted to the new Law on the Bulgarian National Bank (promulgated in State Gazette, issue 13 of 2024; amended and supplemented in issue 26 of 2025). These changes were intended to reflect the recommendations made in the 2024 convergence reports regarding the procedure for appointing a caretaker government, as provided for by the amendments to the Constitution of the Republic of Bulgaria in 2023. According to the adopted amendments, if the Governor, respectively Deputy Governor of the BNB, agrees to be appointed caretaker Prime Minister under the procedure of Article 99, para. 5 of the Constitution of the Republic of Bulgaria, the same shall resign from the position held by him in the central bank. These changes ensure compliance with Article 130 TFEU and Article 14.2 of the Statute of the ESCB and the ECB, while ensuring compliance with the principles of institutional and personal independence of the central bank.[25]

As the ECB states in the Convergence Report, June 2025: "**Bulgarian law is compatible with the Treaties and the Statute of the ESCB as required under Article 131 of the Treaty**."[26] This conclusion is drawn on the basis of the following areas: i) compatibility with provisions on the independence of BNB, members of BNB's decision-making bodies and Governors in the Treaty (Article 130) and the Statute of the ESCB (Articles 7 and 14.2); ii) compatibility with provisions on confidentiality (Article 37 of the Statute of the ESCB); iii) compatibility with the prohibitions on monetary financing (Article 123 of the Treaty) and privileged access (Article 124 of the Treaty); iv) compatibility with the single spelling of the euro required by EU law; and v) legal integration of the NCBs into the Eurosystem (in particular as regards Articles 12.1 and 14.3 of the Statute of the ESCB).[27]

3.2. Fulfilment of the Maastricht nominal convergence criteria by Bulgaria

The assessment of Bulgaria's fulfilment of the Maastricht criteria is presented on the basis of the information in the Convergence Report, June 2025, published by the ECB, which covers only our country.[28] This Convergence Report was prepared following a request for a country examination submitted by Bulgaria on 25 February 2025. The cut-off date for the statistics included in this Convergence Report was 19 May 2025.

In agreement between the ECB and the European Commission, the reference periods in this Convergence Report were the following[29]: i) for both the price stability criterion and the long-term interest rate criterion the reference period was from May 2024 to April 2025; ii) for exchange rates, the reference period was from 20 May 2023 to 19 May 2025; iii) historical data on fiscal positions covered the period up to 2024. Account has also been taken of forecasts from various sources and other information relevant to a forward-looking examination of the sustainability of convergence such as the Commission's Spring 2025 Economic Forecast and its Alert Mechanism Report 2025, released on 19 May 2025 and 17 December 2024 respectively. This Convergence Report was adopted by the General Council of the ECB on May 2025.

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[25] Coordination Council for the Preparation of the Republic of Bulgaria for Membership in the Euro Area, 2023, National Euro Changeover Plan of Bulgaria, Revised version, Adopted with Decision No. 797 of the Council of Ministers from 13 November 2023, pp. 32-33, <https://www.minfin.bg/en/1570>

[26] ECB, 2025, Convergence Report, June 2025, European Central Bank, Frankfurt am Main, p. 45, <https://www.ecb.europa.eu/press/other-publications/convergence/html/ecb.cr202506~8941e288b6.en.html>

[27] ECB, 2025, Convergence Report, June 2025, European Central Bank, Frankfurt am Main, p. 17, <https://www.ecb.europa.eu/press/other-publications/convergence/html/ecb.cr202506~8941e288b6.en.html>

[28] ECB, 2025, Convergence Report, June 2025, European Central Bank, Frankfurt am Main, <https://www.ecb.europa.eu/press/other-publications/convergence/html/ecb.cr202506~8941e288b6.en.html>

[29] ECB, 2025, Convergence Report, June 2025, European Central Bank, Frankfurt am Main, p. 7, <https://www.ecb.europa.eu/press/other-publications/convergence/html/ecb.cr202506~8941e288b6.en.html>

Price stability

Article 1 of the Protocol (No 13) on the convergence criteria referred to in Article 140(1) of the Treaty stipulates that the criterion on price stability referred to in the first indent of Article 140(1) of the Treaty on the Functioning of the European Union should mean that a member state has a price performance that is sustainable and an average rate of inflation, observed over a period of one year before the examination, that does not exceed by more than 1 ½ percentage points that of, at most, the three best performing member states in terms of price stability. Inflation should be measured by means of the consumer price index on a comparable basis taking into account differences in national definitions.[30]

With regard to "an average rate of inflation, observed over a period of one year before the examination", the inflation rate is calculated using the change in the latest available 12-month average of the Harmonised Index of Consumer Prices (HICP) over the previous 12-month average. The notion of "at most, the three best performing member states in terms of price stability", which is used for the definition of the reference value, is applied by taking the unweighted arithmetic average of the rate of inflation in the three countries with the lowest inflation rates, unless there are outliers.

In the ECB Convergence Report from June 2025 for Bulgaria, the inflation rate has been calculated using the change in the 12-month average of the HICP in the reference period from May 2024 to April 2025 compared with the previous 12-month average.

As can be seen in the Table 1, in April 2025 the 12-month average rate of HICP inflation in Bulgaria stood at 2.7%, i.e. just below the reference value of 2.8% for the criterion on price stability.[31]

Sustainability of the government financial position

Article 2 of the Protocol (No 13) on the convergence criteria referred to in Article 140(1) of the Treaty stipulates that this criterion: should mean that at the time of the examination the member state is not the subject of a Council decision under Article 126(6) of the said Treaty that an excessive deficit exists.

Article 126 sets out the excessive deficit procedure. According to Article 126(2) and (3), the European Commission prepares a report if an EU member state does not fulfil the requirements for fiscal discipline, in particular if:

1. the ratio of the planned or actual government deficit to GDP exceeds a reference value (defined in the Protocol on the excessive deficit procedure as 3% of GDP), unless:
    - either the ratio has declined substantially and continuously and reached a level that comes close to the reference value; or, alternatively,
    - the excess over the reference value is only exceptional and temporary and the ratio remains close to the reference value;

2. the ratio of government debt to GDP exceeds a reference value (defined in the Protocol on the excessive deficit procedure as 60% of GDP), unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.

The convergence report prepared by the European Commission also take into account whether the government deficit exceeds government investment expenditure and all other relevant factors, including the medium-term economic and budgetary position of the member state.

Bulgaria is currently not subject to a Council Decision on the existence of an excessive deficit. As can be seen in the Table 1, Bulgaria's general government budget deficit stood at 3.0% of GDP in 2024, i.e. at the level of the 3% reference value, and its general government gross debt-to-GDP ratio stood at 24.1%, i.e. well below the 60% reference value.[32]

[30] ECB, 2025, Convergence criteria, European Central Bank, Frankfurt am Main, <https://www.ecb.europa.eu/ecb/orga/escb/html/convergence-criteria.en.html>
[31] ECB, 2025, Convergence Report, June 2025, European Central Bank, Frankfurt am Main, p. 45, <https://www.ecb.europa.eu/press/other-publications/convergence/html/ecb.cr202506~8941e288b6.en.html>
[32] ECB, 2025, Convergence Report, June 2025, European Central Bank, Frankfurt am Main, p. 45, <https://www.ecb.europa.eu/press/other-publications/convergence/html/ecb.cr202506~8941e288b6.en.html>

In their study, Trifonova and Kovachevich (2016, p. 126) prove that countries with currency boards have statistically significantly better budget balance as a percentage of GDP than the countries under floating exchange rate, while countries with a fixed exchange rate have a statistically significantly better budget balance as a percentage of GDP than countries in the Eurozone.[33]

As concerns the government debt, Trifonova and Kovachevich (2016, p. 126) found that countries with a currency board have statistically significantly lower level of government debt as a percentage of GDP compared to the Euro area countries and to the countries with a floating exchange rate.[34]

Exchange rate developments

Article 3 of the Protocol (No 13) on the convergence criteria referred to in Article 140(1) of the Treaty stipulates: The criterion on participation in the exchange-rate mechanism of the European Monetary System referred to in the third indent of Article 140(1) of the said Treaty should mean that a member State has respected the normal fluctuation margins provided for by the exchange-rate mechanism of the European Monetary System without severe tensions for at least the last two years before the examination. In particular, the member state should not have devalued its currency's bilateral central rate against the euro on its own initiative for the same period.[35]

As the ECB states in the Convergence Report, June 2025: "The Bulgarian lev participated in ERM II in the two-year reference period from 20 May 2023 to 19 May 2025. Over the reference period the lev did not exhibit any deviation from the central rate. The agreement on participation in ERM II was based on a number of policy commitments by the Bulgarian authorities. While Bulgaria has completed almost all of its ERM II post-entry commitments, further progress is needed to address the outstanding shortcomings in the area of anti-money laundering and countering the financing of terrorism (AML/CFT). In particular, Bulgaria is encouraged to accelerate its efforts to fulfil the elements of the action plan that was adopted by the Financial Action Task Force (FATF) after Bulgaria was placed on the FATF's "grey list" of jurisdictions under increased monitoring in October 2023."[36]

Long-term interest rate developments

Article 4 of the Protocol (No 13) on the convergence criteria referred to in Article 140(1) of the Treaty stipulates that the criterion on the convergence of interest rates referred to in the fourth indent of Article 140(1) of the said Treaty should mean that, observed over a period of one year before the examination, a member state has had an average nominal long-term interest rate that does not exceed by more than two percentage points that of, at most, the three best performing member states in terms of price stability. Interest rates should be measured on the basis of long-term government bonds or comparable securities, taking into account differences in national definitions.[37]

As the ECB states in the Convergence Report, June 2025: "Over the reference period from May 2024 to April 2025, long-term interest rates in Bulgaria stood at 3.9% on average and were thus below the 5.1% reference value for the interest rate convergence criterion. The differential between long-term interest rates in Bulgaria and the Euro area (GDP-weighted) interest rate did not change and stood at 0.9 percentage points at the end of the reference period. Capital markets in Bulgaria remain smaller and much less developed than those in the Euro area."[38]

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[33] Trifonova, S, Kovachevich, M 2016, "The exchange rate arrangements-government finance relationship and the impact on debt management", *Journal: Management - Journal of Contemporary Management Issues*, vol. 21, no. 1, pp. 117-128, <https://hrcak.srce.hr/en/file/237867>

[34] Trifonova, S, Kovachevich, M 2016, "The exchange rate arrangements-government finance relationship and the impact on debt management", *Journal: Management - Journal of Contemporary Management Issues*, vol. 21, no. 1, pp. 117-128, <https://hrcak.srce.hr/en/file/237867>

[35] ECB, 2025, Convergence criteria, European Central Bank, Frankfurt am Main, <https://www.ecb.europa.eu/ecb/orga/escb/html/convergence-criteria.en.html>

[36] ECB, 2025, Convergence Report, June 2025, European Central Bank, Frankfurt am Main, p. 45, <https://www.ecb.europa.eu/press/other-publications/convergence/html/ecb.cr202506~8941e288b6.en.html>

[37] ECB, 2025, Convergence criteria, European Central Bank, Frankfurt am Main, <https://www.ecb.europa.eu/ecb/orga/escb/html/convergence-criteria.en.html>

[38] ECB, 2025, Convergence Report, June 2025, European Central Bank, Frankfurt am Main, p. 45, <https://www.ecb.europa.eu/press/other-publications/convergence/html/ecb.cr202506~8941e288b6.en.html>

	Price stability	**Government budgetary developments and projections**			**Exchange rate**		**Long-term interest rate[6]**
	HICP inflation[1]	**Country in excessive deficit[2, 3]**	**General government surplus (+)/ deficit (-)[4]**	**General government debt[4]**	**Currency participating in ERM II[3]**	**Exchange rate vis-à-vis the euro[5]**	
2023	8.6	No	-2.0	22.9	Yes	0.0	3.8
2024	2.6	No	-3.0	24.1	Yes	0.0	3.9
2025	2.7	No	-2.8	25.1	Yes	0.0	3.9
Reference value[7]	**2.8**		**-3.0**	**60.0**			**5.1**

[1] Average annual percentage change. Data for 2025 refer to the period from May 2024 to April 2025.

[2] Refers to whether a country was subject to an EU Council decision on the existence of an excessive deficit for at least part of the year.

[3] The information for 2025 refers to the period up to the cut-off date for statistics (19 May 2025).

[4] As a percentage of GDP. Data for 2025 are taken from the European Commission's Spring 2025 Economic Forecast.

[5] Annual percentage change. A positive (negative) number denotes appreciation (depreciation) vis-à-vis the euro. Data for 2025 refer to the period from 1 January 2025 to 19 May 2025.

[6] Average annual interest rate. Data for 2025 refer to the period from May 2024 to April 2025.

[7] The reference values for HICP inflation and long-term interest rates refer to the period from May 2024 to April 2025; for the general government balance and debt, the reference values are defined in Article 126(2) of the Treaty on the Functioning of the European Union and the related Protocol (No 12) on the excessive deficit procedure.

Table 1. Fulfilment of Maastricht nominal convergence criteria by Bulgaria

Source: ECB, 2025, Convergence Report, June 2025, European Central Bank, Frankfurt am Main, p.46, <https://www.ecb.europa.eu/press/other-publications/convergence/html/ecb.cr202506~8941e288b6.en.html>

3.3. Primary objective and basic tasks of the BNB

A comparative analysis has been applied to present the primary objective and tasks of the BNB in the periods before and after the country's accession to the Eurozone.

Table 2 below presents a comparison of the primary objective and basic tasks of the BNB in accordance with the regulatory framework of the BNB, i.e. between the currently effective Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, published in the State Gazette, issue 46 of 10 June 1997, and the Law on the BNB, adopted by the 49th National Assembly on 1 February 2024, published in the State Gazette, issue 13 of 13 February 2024, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria.

	Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, published in the State Gazette, issue 46 of 10 June 1997	**Law on the BNB,** adopted by the 49th National Assembly on 1 February 2024, published in the State Gazette, issue 13 of 13 February 2024, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria
Primary objective of the BNB	In accordance with Article 2(1) (amended, State Gazette, issue 10 of 2005) of the Law on the BNB, the primary objective of the Bulgarian National Bank is to maintain price stability through ensuring the stability of the national currency and implementing monetary policy as provided for by this Law. In accordance with Article 2(2) (amended, State Gazette, issue 106 of 2018), the Bulgarian National Bank should act in accordance with the principle of the open market economy with free competition, favouring an efficient allocation of resources. Without prejudice to the primary objective of price stability, the Bulgarian National Bank should support the general economic policies within the European Union with a view to contributing to the achievement of its objectives, as laid down in Article 3 of the Treaty on European Union.	In accordance with Article 2(1) of the Law on the BNB, the primary objective of the Bulgarian National Bank, as part of the European System of Central Banks (ESCB), is to maintain price stability in accordance with Article 127(1) of the Treaty on the Functioning of the European Union and Article 2 of the Statute of the European System of Central Banks and of the European Central Bank. According to Article 2(2) of the Law on the BNB, in accordance with Article 127, paragraph 1 of the Treaty on the Functioning of the European Union, without prejudice to the primary objective of maintaining price stability, the Bulgarian National Bank should support the general economic policies within the European Union with a view to contributing to the achievement of the objectives of the European Union as set out in Article 3 of the Treaty on European Union. The Bulgarian National Bank should act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 119 of the Treaty on the Functioning of the European Union.
Basic tasks of the BNB		In accordance with Article 127, para. 2 of the Treaty on the Functioning of the European Union and without prejudice to the directly applicable provisions of the Treaty on European Union, the Treaty on the Functioning of the European Union and the Statute, the basic tasks of the Bulgarian National Bank are to:
	1. In accordance with Article 2(3), without prejudice to the objectives under paragraphs 1 and 2 of Article 2 of the Law on the BNB, the Bulgarian National Bank should support the policy of sustainable and non-inflationary growth.	1. Participate in the formulation and implementation of the monetary policy of the Eurosystem.
	2. In accordance with Article 2(4) of the Law on the BNB, the Bulgarian National Bank should assist in establishing and functioning of efficient payment systems and should oversee them.	2. Conduct foreign exchange operations in accordance with Article 219 of the Treaty on the Functioning of the European Union.
	3. In accordance with Article 2(5) of the Law on the BNB, the Bulgarian National Bank should have the exclusive right to issue banknotes and coins in this country.	3. Hold and manage the official foreign exchange reserves of the Bulgarian National Bank.

	4. In accordance with Article 2(6) of the Law on the BNB, the Bulgarian National Bank should regulate and supervise other banks' activities in Bulgaria for the purpose of ensuring the stability of the banking system and protecting depositors' interests.	4. Promote the smooth operation of payment systems.
	5. In accordance with Article 2(7) (new, State Gazette, issue 101 of 2010, effective as of 30 June 2011; amended, issue 20 of 2018) of the Law on the BNB, the Bulgarian National Bank should regulate and supervise the activities of payment system operators, payment services providers and electronic money issuers in Bulgaria.	
Additional tasks of the BNB		1. In accordance with Article 2(2) of the Law on the BNB, the Bulgarian National Bank regulates cash circulation in the country, issues and puts into circulation euro banknotes and euro coins in the country after the relevant authorisation or approval by the European Central Bank (ECB) in accordance with Article 128 of the Treaty on the Functioning of the European Union.
		2. In accordance with Article 2(3) of the Law on the BNB, the Bulgarian National Bank, in order to maintain the stability of the banking system and protect the interests of depositors, regulates and supervises the activities of credit institutions (banks) in the country in accordance with Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287/63 of 29 October 2013) and the Law on Credit Institutions.
		3. In accordance with Article 2(4) of the Law on the BNB, the Bulgarian National Bank also exercises macroprudential supervision over credit institutions in the country in accordance with the Law on Credit Institutions and in accordance with European Union law in order to maintain the stability of the banking system.
		4. In accordance with Article 2(5) of the Law on the BNB, the Bulgarian National Bank assists in the establishment and functioning of efficient payment systems in accordance with European Union law.
		5. In accordance with Article 2(6) of the Law on the BNB, the Bulgarian National Bank regulates and supervises the activities of payment system operators, payment service providers and electronic money issuers in the country in accordance with the Law on Payment Services and Payment Systems.

	6. In accordance with Article 2(7) of the Law on the BNB, the Bulgarian National Bank performs the function of a resolution authority under the Law on the Recovery and Resolution of Credit Institutions and Investment Firms and a national resolution authority under Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225/1 of 30 July 2014).
	7. In accordance with Article 2(8) of the Law on the BNB, without prejudice to Article 5.1, first sentence, of the Statute, the Bulgarian National Bank should carry out statistical activities related to the performance of its functions and as part of the national statistical system, and should assist the ECB in collecting statistical information for the purpose of carrying out the tasks of the ESCB.
	8. In accordance with Article 2(9) of the Law on the BNB, the Bulgarian National Bank carries out research activities aimed at supporting the implementation of its tasks.

Table 2. Primary objective and tasks of the BNB

Source: Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, <https://bnb.bg/bnbweb/groups/public/documents/bnb_law/laws_bnb_en.pdf >; Law on the BNB, adopted by the 49th National Assembly on 1 February 2024, <https://bnb.bg/bnbweb/groups/public/documents/bnb_law/laws_bnb_new_bg.pdf>.

As can be seen from the comparison made in Table 2, the primary objective of the BNB is to maintain price stability. This primary objective was introduced with amendments to the Law on the BNB from 2005, but with the clarification that it will be implemented through ensuring the stability of the national currency and implementing monetary policy as provided for by this Law. With the Law on the BNB, adopted by the 49th National Assembly on 1 February 2024, this clarification is no longer in force as the country will be a member of the Eurozone.

With amendments to the Law on the BNB (adopted by the 38th National Assembly) from 2018 it is regulated that the BNB should act in accordance with the principle of the open market economy with free competition, favouring an efficient allocation of resources. Also since then, it is regulated that the BNB, without prejudice to the primary objective of price stability, should support the general economic policies within the European Union with a view to contributing to the achievement of its objectives, as laid down in Article 3 of the Treaty on European Union.

With regard to the basic tasks of the BNB, there has been a certain change in their formulation, so that they correspond to those set out in the Statute of the ESCB and of the ECB.

In accordance with Article 127(2) of the Treaty on the Functioning of the European Union, the BNB will carry out the following basic tasks: to define and implement the monetary policy of the Eurosystem; to conduct foreign-exchange operations consistent with the provisions of Article 219 of that Treaty; to hold and manage the official foreign reserves of the BNB; to promote the smooth operation of payment systems.

The Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria, also defines additional tasks of the BNB. They relate to: regulation of cash circulation in the country, issuing and putting into circulation of euro banknotes and euro coins in the country after the relevant authorisation or approval by the ECB; regulation and supervision of the activities of credit institutions (banks) in the country; execution of macroprudential supervision over credit institutions in the country; assistance in the establishment and functioning of efficient payment systems; regulation and supervision of the activities of payment system operators, payment service providers and electronic money issuers in the country; performing the function of a resolution authority under the Law on the Recovery and Resolution of Credit Institutions and Investment Firms and a national resolution authority under Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014; conduct of statistical activities related to the performance of its functions and as part of the national statistical system and assistance of the ECB in collecting statistical information; conduct of research activities.

3.4. Management structure of the BNB

A similar approach is applied to the analysis of the BNB's governance structure as in the study of the BNB's primary objective and tasks.

Table 3 below presents a comparison of the management structure of the BNB in accordance with the regulatory framework of the BNB, i.e. between the currently effective Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, and the Law on the BNB, adopted by the 49th National Assembly on 1 February 2024, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria.

	Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, published in the State Gazette, issue 46 of 10 June 1997	**Law on the BNB,** adopted by the 49th National Assembly on 1 February 2024, published in the State Gazette, issue 13 of 13 February 2024, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria
Governing bodies of the BNB	In accordance with Article 10 of the Law on the BNB, the management of the Bulgarian National Bank is carried out by the Governing Council, the Governor and the three Deputy Governors elected to directly manage the basic departments referred to in Article 19.	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 11.
	In accordance with Article 11(1) of the Law on the BNB, the Governing Council consists of seven members: the Governor of the Bank, the three Deputy Governors, and three other members.	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 12(1).
	In accordance with Article 11(2) of the Law on the BNB, members of the Governing Council should be only Bulgarian citizens.	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 12(2).
	In accordance with Article 11(4) (new, State Gazette, issue 10 of 2005) of the Law on the BNB, member of the Governing Council should not be a person: 1. sentenced to imprisonment for a premeditated crime;	In accordance with Article 12(4) of the Law on the BNB, member of the Governing Council should not be a person: 1. sentenced to imprisonment for a premeditated crime;

	2. adjudicated in bankruptcy in a capacity as a sole proprietor or general partner in a commercial company; 3. who has been a member of a managing or supervisory body of a company or cooperative in the last two years prior to adjudicating the said company or cooperative in insolvency; 4. (new, State Gazette, issue 42 of 2009) who is a sole proprietor, partner with unlimited liability in a trade company, governor, trade proxy, trade representative, procurator, trade agent, liquidator, or assignee in bankruptcy, member of a management or controlling body of a trade company or a cooperative, with the exception of companies where the Bulgarian National Bank participates; 5. (new, State Gazette, issue 42 of 2009) who is a spouse or cohabitant, relative in a direct line, in a lateral line to the fourth degree inclusive, or by marriage to the second degree inclusive, of any member of the Governing Council.	2. adjudicated in bankruptcy in a capacity as a sole proprietor or general partner in a commercial company; 3. who has been a member of a managing or supervisory body of a company or cooperative in the last two years prior to adjudicating the said company or cooperative in insolvency; 4. who is a sole proprietor, partner with unlimited liability in a trade company, governor, trade proxy, trade representative, procurator, trade agent, liquidator, or assignee in bankruptcy, member of a management or controlling body of a trade company or a cooperative, with the exception of companies where the Bulgarian National Bank participates; 5. who is a spouse or cohabitant, relative in a direct line, in a lateral line to the fourth degree inclusive, or by marriage to the second degree inclusive, of any member of the Governing Council; 6. who is a member of a management or control body of a political party or a member of a political party.
	In accordance with Article 12(1) of the Law on the BNB, the Governor of the Bulgarian National Bank should be elected by the National Assembly (para. 1). The National Assembly should elect the Deputy Governors – heads of the basic departments under Article 19 – on a proposal by the Governor (para. 2). The other three members of the Governing Council should be appointed by the President of the Republic (para. 3).	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 13(1), 13(2), 13(3).
	In accordance with Article 12(4) (amended, State Gazette, issue 10 of 2005) of the Law on the BNB, the term of office of the members of the Governing Council should be six years. Election/appointment of a new member of the Governing Council should be made not earlier than three months and not later than two months before the end of the term of office of the current member. If the election/appointment is not made until the end of the term of office, the member of the Governing Council whose term of office has expired should continue to perform his duties until the new election/appointment.	In accordance with Article 14(4) (Supplemented, State Gazette, issue 26 of 2025) of the Law on the BNB, the term of office of the members of the Governing Council is 6 years. The election of a new member of the Management Board should be held, respectively his appointment should be made, no earlier than three months and no later than two months before the expiration of the term of office of the incumbent. If the election, respectively the appointment, are not carried out by the expiration of the term, the member of the Governing Council whose term has expired should continue to exercise his powers until a new election, respectively the appointment. In the event of the appointment of the Governor or Deputy Governor as Acting Prime Minister under the procedure of Art. 99, para. 5 of the Constitution of the Republic of Bulgaria, the election of a new Governor, respectively Deputy Governor, should be held no later than one month after the termination of the powers under the procedure of

		Para. 8. Until the election, the powers of the Governor should be exercised by a deputy designated by him from among the Deputy Governors, and for the Deputy Governor, Art. 20, para. 4. In accordance with Article 13(5) (new, State Gazette, issue 26 of 2025) of the Law on the BNB, in case the Governor or Deputy Governor has expressed explicit consent to be appointed as Acting Prime Minister under the procedure of Art. 99, para. 5 of the Constitution of the Republic of Bulgaria, the same should resign. The Governor or Deputy Governor has the right to refuse to be appointed as Acting Prime Minister under the procedure of Art. 99, para. 5 of the Constitution of the Republic of Bulgaria.
	In accordance with Article 12(5 (amended; State Gazette, issue 54 of 1999; amended; State Gazette, issue 10 of 2005; amended; State Gazette, issue 29 of 2024) of the Law on the BNB, the Governor and the Deputy Governors should not engage in any activity other than teaching, or as members of the bodies in companies in which the Bulgarian National Bank has holdings or in international organisations related to Bulgarian National Bank activities, unless any of them has been appointed as a caretaker Prime Minister according to the procedure established by Article 99, paragraph 5 of the Constitution of the Republic of Bulgaria. They may perform a non-remunerated activity following a unanimous decision of the Governing Council insofar as there is no conflict of interest.	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 13(6).
	In accordance with Article 12(7) (amended; State Gazette, issue 10 of 2005, former para. 6; State Gazette, issue 29 of 2024) of the Law on the BNB, the other three members of the Governing Council should not engage in any other paid activity at the Bulgarian National Bank, work for banks, insurance companies, other financial institutions or in the executive, or perform any other activity which create a conflict of interest.	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 13(7).
	In accordance with Article 12(8) (amended; State Gazette, issue 10 of 2005, former para. 7; State Gazette, issue 29 of 2024) of the Law on the BNB, upon resignation by a member of the Governing Council, the powers of that member sould cease after a period of three months following resignation, if a new member of the Governing Council is not elected or appointed within this period.	In accordance with Article 13(8) (Previous para. 7; supplemented, State Gazette, issue 26 of 2025) of the Law on the BNB, upon submission of a resignation by a member of the Governing Council, the powers of this member should be terminated after the expiry of three months from its submission, if within this period a new member of the Governing Council has not been elected or appointed, except in the cases under para. 5, in which the powers shall be terminated upon the appointment as Acting Prime Minister pursuant to the procedure of Art. 99, para. 5 of the Constitution of the Republic of Bulgaria.
	In accordance with Article 12(9) (new; State Gazette, issue 10 of 2005, former para. 8; State Gazette, issue	This clause is present in the Law on the BNB, which will enter into force from the date specified

	29 of 2024) of the Law on the BNB, relations between the Bulgarian National Bank and the Governor and Deputy Governors should be regulated by management contracts concluded in accordance with the procedure laid down by the Governing Council.	in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 13(9).
	In accordance with Article 12(10) (new; State Gazette, issue 42 of 2009; amended; State Gazette, issue 97 of 2010; effective as of 10 December 2010; amended; State Gazette, issue 7 of 2018; amended; Darjaven Vestnik, issue 84 of 2023, former para. 9; State Gazette, issue 29 of 2024) of the Law on the BNB, the Governor, Deputy Governors and the other members of the Governing Council should submit to the body which has elected or appointed them the declarations under Article 49, para. 1, item 3 of the Anti-Corruption Law. The declaration of private interest within the meaning of Article 81, para. 1 of the Anti-Corruption Law should be submitted to the Governing Council in accordance with the procedure set out in Article 17, para. 4.	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 13(10).
	In accordance with Article 13(1) (amended; State Gazette, issue 10 of 2005; issue 59 of 2006; effective as of 1 January 2007; amended, State Gazette, issue 106 of 2018; amended, Darjaven Vestnik, issue 12 of 2021) of the Law on the BNB, at entering into office, the Governor, the Deputy Governors and the other three members of the Governing Council should be sworn in to abide by law, to contribute to the independent performance of the functions entrusted to the Bank, as well as to keep business, banking, professional, commercial and another secrecy protected by law, even after their duties have ceased. The Governor and the Deputy Governors should swear an oath to the National Assembly, and the other three members of the Governing Council to the President (Article 13(2)).	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 14(1) and Article 14(2).
	In accordance with Article 14(1) (amended; State Gazette, issue 10 of 2005; amended, State Gazette, issue 106 of 2018; amended; State Gazette, issue 104 of 2022) of the Law on the BNB, the competent authority under Article 12 may relieve a member of the Governing Council from office before his term has expired if he no longer fulfils the conditions required for the performance of his duties or if he has been found guilty of serious misconduct within the meaning of Article 14(2) of the Statute of the European System of Central Banks and of the European Central Bank.	In accordance with Article 15(1) of the Law on the BNB, the National Assembly may dismiss the Governor early in accordance with Article 14(2) of the Statute. The clause regulating that the competent authority may relieve a member of the Governing Council from office is the same in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 15(2).
	In accordance with Article 14(2) (repealed, State Gazette, issue 48 of 2015, effective as of 27 June 2015; new; State Gazette, issue 104 of 2022) of the Law on the BNB, the grounds for early relief of a member of	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European

	the Governing Council, with the exception of the Governor, should be established by a decision of the Governing Council, adopted in accordance with the procedure set out by the latter. The member of the Governing Council, for whom an early relief from office has been proposed, should cease to exercise his powers from the date of the adoption of the Governing Council decision. The Governing Council decision should be subject to appeal before the Supreme Administrative Court within a 7-day period. The Supreme Administrative Court should give its ruling by way of final judgement within 14 days of receipt of the appeal. The final judgement should be sent to the competent authority under Article 12 responsible for the early relief from office.	Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 15(3).
	In accordance with Article 14(3) (amended, State Gazette, issue 106 of 2018; amended; State Gazette, issue 104 of 2022) of the Law on the BNB, the decision on the early relief from office of the Governor of the Bulgarian National Bank may be referred to the Court of Justice of the European Union on the grounds of infringement of the Treaties on European Union or a rule of law relating to their application.	This clause is not present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria.
	In accordance with Article 16 of the Law on the BNB, the Governing Council should: 1. consider and adopt major guidelines for its activity; 2. adopt legislative acts concerning the Bank's activity; 3. (amended, State Gazette, issue 59 of 2006; effective as of 1 January 2007) fix interest rates, fees and commissions related to the Bank's operations; 4. fix the percentage of the minimum reserves to be held by banks and approve the conditions and requirements for their fulfilment; 5. set rules and requirements regulating bank activities; 6. adopt rules of procedure for this Bank's activities; 7. pass upon the introduction and discontinuance of particular activities of the Bank; 8. open and close down branches and representative offices of the Bank; 9. take decisions for issuing new banknotes and coins, and set the time limits after which the banknotes and coins cease to be legal tender and within which banknotes and coins called in have to be exchanged; 10. regularly consider reports on the activities of the Bank's basic departments; 11. define the way and competences for the charge-off of uncollectable receivables of the Bulgarian National Bank as a loss;	In accordance with Article 17 of the Law on the BNB, the Governing Council: 1. considers and adopts major guidelines of its activity; 2. adopts legislative acts concerning the Bank's activity; 3. in compliance with European Union law, determines the interest rates, fees and commissions in connection related to the Bank's operations; 4. in compliance with European Union law, determines by ordinance the requirements for regulating banking activities; 5. adopts regulations for its activities; 6. takes decisions on the introduction and termination of individual activities of the Bank; 7. opens and closes branches and territorial divisions of the bank in the country and representative offices abroad; 8. determines the design of the national side of the euro coins and commemorative euro coins that the Bulgarian National Bank issues, as well as the design, nominal value and technical characteristics of the collector coins made of precious metals and copper that the Bulgarian National Bank issues; 9. periodically considers reports and accounts on the activities of the main departments of the bank;

12. adopt decisions for participation of the Bulgarian National Bank in international organizations and in initiatives and activities undertaken by such organizations;

13. approve the annual budget, the annual balance sheet and the report under Article 51 as presented by the Governor;

14. (new, State Gazette, issue 10 of 2005) be responsible for establishing and maintaining an efficient internal control system at the Bulgarian National Bank and its subsidiaries adequate to the inherent risks to its activities;

15. (former item 14; State Gazette, issue 10 of 2005; amended; State Gazette, issue 59 of 2006; effective as of 1 January 2007, amended, State Gazette, issue 101 of 2010; effective as of 30 June 2011; amended, State Gazette, issue 106 of 2018; amended, State Gazette, issue 13 of 2020) grant, refuse to grant, and withdraw

licenses of banks in the context of close cooperation under Article 7 of Regulation No (EU) 1024/2013, of payment system operators, payment institutions and electronic money institutions and register, refuse to register or delete account information service providers under conditions and procedure set out by law;

16. (new; State Gazette, issue 59 of 2006; effective as of 1 January 2007, amended, State Gazette, issue 101 of 2010; effective as of 30 June 2011; amended; State Gazette, issue 97 of 2017; effective as of 5 December 2017; amended, State Gazette, issue 106 of 2018; amended, State Gazette, issue 12 of 2021) apply supervisory

measures and early intervention measures, grant approvals, authorisations and consents in the cases set out by law, including in the context of close cooperation under

Article 7 of Regulation No (EU) 1024/2013;

17. (new; State Gazette, issue 62 of 2015, effective as of 14 August 2015;

amended; State Gazette, issue 59 of 2016; amended; State Gazette, issue 37 of 2019, with effect from the day of enforcement of the ECB decision on close cooperation under Article 7 of Council Regulation (EU) No 1024/2013 of 15 October 2013)

take decisions as a resolution authority under the Law on the Recovery and Resolution of Credit Institutions and Investment Firms and Regulation (EU) No 806/2014;

18. (new, State Gazette, issue 62 of 2015, effective as of 14 August 2015) take decisions under Article 20, paragraph 1, item 2 of the Law on Bank Deposit Guarantee that bank deposits are unavailable;

19. (new, State Gazette, issue 20 of 2018) grant, refuse to grant, withdraw

or suspend the authorisation or register, refuse to register, withdraw or suspend the registration of administrators of interest rate benchmarks, as well as

10. in compliance with European Union law, determines the procedure for writing off uncollectible receivables of the Bulgarian National Bank;

11. adopts decisions on the participation of the Bulgarian National Bank in international financial institutions, as well as on participation in other international organizations and in events and activities undertaken by them, without prejudice to Article 6 of the Statute;

12. adopts decisions on the participation of the Bulgarian National Bank in events and activities undertaken by international organizations in which it participates, without prejudice to Article 6 of the Statute;

13. adopts the annual budget, annual balance sheet and the reports on its activities under Art. 7, para. 3 submitted by the Governor;

14. is responsible for the establishment and maintenance of an effective internal control system in the Bulgarian National Bank and its subsidiaries, in line with the inherent risks of its activities;

15. adopts a decision to appoint and dismiss the Chief Auditor of the Bulgarian National Bank;

16. adopts an annual programme for the activities of the internal audit of the Bulgarian National Bank;

17. issues, refuses to issue and revokes licenses to payment system operators, payment institutions and electronic money companies and issues decisions to register, refuse to register and delete account information service providers under the conditions and in accordance with the procedure specified by law;

18. adopts decisions in accordance with the powers of a national competent authority arising from Regulation (EU) No 1024/2023;

19. applies supervisory measures and early intervention measures, grants approvals, permits and consents in the cases provided for by law and European Union law;

20. determines the terms and conditions for providing emergency support to ensure liquidity to banks;

21. adopts a decision to provide emergency support to ensure liquidity to a solvent bank;

22. adopts decisions in exercising the powers of the Bulgarian National Bank as a resolution authority under the Law on the Recovery and Resolution of Credit Institutions and Investment Firms and a national resolution authority under Regulation (EU) No 806/2014;

23. adopts decisions under Art. 20, para. 1, item 2 of the Bank Deposit Guarantee Act that deposits in a bank are unavailable in compliance with European Union law;

endorse or refuse to endorse interest rate benchmarks provided in a third country under Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 2.6.2016, p. 1); 20. (new, State Gazette, issue 25 of 2022) issue an approval of covered bond programmes and adopt other decisions as an authority responsible for the public supervision of covered bonds under the Law on covered bonds; 21. (new; State Gazette, issue 50 of 2025) grant, refuse to grant, and withdraw the licence to credit servicers under the conditions and procedure laid down by the Law on Credit Servicers and Credit Purchasers, and implement the administrative enforcement measures, provided for therein; 22. (new, State Gazette, issue 54 of 2025) appoint a representative of the Bulgarian National Bank to participate in the Oversight Forum under Article 32(4)(b) of Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (OJ, L 333/1, 27.12.2022); 23. (new, State Gazette, issue 101 of 2010, effective as of 30 June 2011; former item 17; State Gazette, issue 62 of 2015, effective as of 14 August 2015; former item 19; State Gazette, issue 20 of 2018; former item 20; State Gazette, issue 25 of 2022; former item 21; State Gazette, issue 50 of 2025; former item 22; State Gazette, issue 54 of 2025) examine and resolve other issues of the Bank's activity.	24. issues, refuses to issue, revokes or suspends the license or issues a decision to register, refuses to register, deletes or suspends the registration of administrators of interest rate benchmarks, as well as approves or refuses to approve interest rate benchmarks prepared in a third country, under Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ, L 171/1 of 29 June 2016); 25. issues approval of covered bond programs and adopts other decisions as a body for public supervision of covered bonds under the Law on Covered Bonds; 26. (new, State Gazette, issue 50 of 2025) issues, refuses to issue and revokes licenses to persons servicing loans, under the conditions and in accordance with the procedure specified in the Law on Persons Servicing Loans and Purchasers of Loans, and applies the coercive administrative measures provided for therein; 27. (previous item 26, State Gazette, issue 50 of 2025) determines the image of the seal of the Bulgarian National Bank and rules for its use; 28. (new, State Gazette, issue 54 of 2025) determines a representative of the Bulgarian National Bank to participate in the supervisory forum under Art. 32, para. 4, letter "b" of Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on the operational resilience of digital technologies in the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (OJ, L 333/1 of 27 December 2022); 29. (former item 27, State Gazette, issue 50 of 2025, former item 28, State Gazette, issue 54 of 2025) considers and decides on other issues of the Bank's activities.
In accordance with Article 17(1) of the Law on the BNB, the Governing Council may hold a session if more than one half of its members are present. Decisions of the Governing Council should be adopted by a majority of the members present but should require the affirmative vote of no less than four votes (Article 17(2)). Abstention from voting should not be permitted except in the cases under para. 4 (Article 17(3)). Members of the Governing Council should not participate in the deliberation and should abstain from decision-making on issues in which they or members	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 18(1), Article 18(2), Article 18(3), Article 18(4).

	of their families may have interest. They must notify the Governing Council in advance of any such interests (Article 17(4)).	
	In accordance with Article 17(5) (new, State Gazette, issue 97 of 2017, effective as of 5 December 2017) of the Law on the BNB, minutes should be taken at the sessions of the Governing Council and should be signed by the Governing Council members present and the person who took the minutes. Information on the decisions of the Governing Council should be published on the BNB website, unless such decisions contain professional, bank, commercial or other secrecy protected by law.	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. Plus, in accordance with Article 18(6) of the Law on the BNB, the Governing Council may adopt decisions in absentia if all members agree with the decision and sign the minutes. In the event of absence due to illness of any of the members or in the event of a declared interest under para. 4, the decision in absentia should be deemed to have been adopted with the consent of the remaining members of the Governing Council and their signing of the minutes.
	In accordance with Article 18(1) of the Law on the BNB, the Governor of the Bulgarian National Bank should organize, directand supervise the activities of the Bank, other than those mandated by this or another law exclusively to the Deputy Governors, and should represent the Bank at home and abroad. He may delegate some of his competences to other officials. The Governor may establish consultative councils in support of his functions (Article 18(2)).	In accordance with Article 19 of the Law on the BNB, the Governor of the Bulgarian National Bank should exercise the overall management of the Bank, participate in the definition of the monetary policy of the European Union in accordance with Article 127(2) of the Treaty on the Functioning of the European Union, and represent the Bank at home and abroad, without prejudice to Article 6 of the Statute. He may delegate the exercise of some of his powers to other officials.
	In accordance with Article 19(3) of the Law on the BNB, within the competencies vested to the Deputy Governors by law or by a regulation adopted by the Governing Council, the Deputy Governors should organize, direct and be responsible for the activities of the headed departments. In accordance with Article 19(4) of the Law on the BNB, on a motion by a Deputy Governor, the Governing Council should designate an alternate deputy governor to exercise his powers when he is absent.	These clauses are present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. They are regulated respectively in Article 20(3) and Article 20(4).
	In accordance with Article 19(4) (new, State Gazette, issue 101 of 2010; effective as of 30 June 2011; amended, State Gazette, issue 97 of 2017; effective as of 5 December 2017; amended, State Gazette, issue 20 of 2018) of the Law on the BNB, the Deputy Governor heading the Banking Department should be responsible for exercising supervision over the payment system operators, payment services providers and electronic money issuers under the terms and procedure provided for by law and the implementing legislation thereto. The Deputy Governor should exercise his supervisory powers and should carry out the operational management of the Banking Department autonomously and independently of the	This clause is not present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria.

	functions of the other Bulgarian National Bank departments.	
	In accordance with Article 21 of the Law on the BNB, the Governing Council should define in the Rules of Procedure the structure, specific functions and responsibilities of the departments and offices at the Bank, as well as the rules regulating the relationships between them and competence of the managing officials.	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 22.

Table 3. Management structure of the BNB

Source: Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, <https://bnb.bg/bnbweb/groups/public/documents/bnb_law/laws_bnb_en.pdf >; Law on the BNB, adopted by the 49th National Assembly on 1 February 2024, <https://bnb.bg/bnbweb/groups/public/documents/bnb_law/laws_bnb_new_bg.pdf>.

As can be seen from the comparison presented in Table 3, there are some major changes in the following responsibilities of the Governing Council of the BNB:

- The Governing Council, in compliance with European Union law, determines the interest, fees and commissions in connection with the Bank's activities. In compliance with European Union law, the Governing Council determines by ordinance the requirements for regulating banking activities.
- The Governing Council determines the design of the national side of the euro coins and commemorative euro coins issued by the BNB, as well as the design, nominal value and technical characteristics of the collector coins made of precious metals and copper issued by the BNB.
- In compliance with European Union law, the Governing Council determines the procedure for writing off uncollectible receivables of the BNB.
- The Governing Council adopts a decision on the participation of the BNB in international financial institutions, as well as on participation in other international organizations and in events and activities undertaken by them, without prejudice to Article 6 of the Statute.
- It adopts a decision on the participation of the BNB in events and activities undertaken by international organizations in which it participates, without prejudice to Article 6 of the Statute.
- It determines the terms and conditions for providing emergency support to ensure liquidity to banks and adopts a decision to provide emergency support to ensure liquidity to a solvent bank.

As concerns the responsibilities of the Governor of the BNB, it is clearly stated in the Law on the BNB that the Governor should exercise the overall management of the Bank, participate in the definition of the monetary policy of the European Union in accordance with Article 127(2) of the Treaty on the Functioning of the European Union, and represent the Bank at home and abroad, without prejudice to Article 6 of the Statute.

3.5. Functional structure of the BNB

A similar approach is applied to the analysis of the BNB's functional structure as in the study in the previous two sections.

Table 4 presents a comparison of the functional structure of the BNB in accordance with the regulatory framework of the Bank, i.e. between the currently effective Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, and the Law on the BNB, adopted by the 49th National Assembly on 1 February 2024, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria.

	Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, published in the State Gazette, issue 46 of 10 June 1997	**Law on the BNB,** adopted by the 49th National Assembly on 1 February 2024, published in the State Gazette, issue 13 of 13 February 2024, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria
Basic departments of the BNB	In accordance with Article 19(1) of the Law on the BNB, three basic departments are established at the Bulgarian National Bank – an Issue Department, a Banking Department and a Banking Supervision Department – each department being directly headed by a Deputy Governor designated by the National Assembly.	This clause is present in the Law on the BNB, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria. It is regulated in Article 20(1).
	In accordance with Article 20(1) (amended, State Gazette, issue 10 of 2005) of the Law on the BNB, the main function of the Issue Department should be to maintain full foreign exchange cover of the total amount of monetary liabilities of the Bulgarian National Bank, by taking actions needed for the efficient management of the Bank's gross international reserves.	In accordance with Article 21(1) of the Law on the BNB, the Issue Department, in compliance with European Union law, should be responsible for the implementation of the monetary functions and operations of the defined monetary policy of the Eurosystem, cash circulation and the management of the reserve assets of the Bulgarian National Bank.
	In accordance with Article 20(2) of the Law on the BNB, in case any systemic risk for the stability of the banking system arises, the Banking Department should perform the lender of last resort function under the terms and procedure set forth by this Law and by the regulations as adopted by the Governing Council.	In accordance with Article 21(2) of the Law on the BNB, the Banking Department, in compliance with European Union law, is responsible for supervising payment system operators, payment service providers and electronic money issuers, as well as for implementing the function of providing emergency support to ensure liquidity to banks.
	In accordance with Article 20(3) (amended, State Gazette, issue 59 of 2006; effective as of 1 January 2007; amended; State Gazette, issue 97 of 2017; effective as of 5 December 2017; amended, State Gazette, issue 106 of 2018) of the Law on the BNB, supervision over the banking system should be exercised by the Deputy Governor heading the Banking Supervision Department in the context of close cooperation under Article 7 of Regulation No (EU) No 1024/2013 in accordance with a procedure established by law and the statutory instruments issued for its enactment. The Deputy Governor should exercise his supervisory powers and carry out the operational management of the Banking Supervision Department autonomously and independently of the functions of the other Bulgarian National Bank departments.	In accordance with Article 21(3) of the Law on the BNB, the Banking Supervision Department, in compliance with European Union law, is responsible for supervising the banking system.

Table 4. Functional structure of the BNB

Source: Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, <https://bnb.bg/bnbweb/groups/public/documents/bnb_law/laws_bnb_en.pdf >; Law on the BNB, adopted by the 49th National Assembly on 1 February 2024, <https://bnb.bg/bnbweb/groups/public/documents/bnb_law/laws_bnb_new_bg.pdf>.

Regarding the functional structure of the BNB, the three basic departments of the BNB are retained according to the Law on the BNB, which will enter into force on the date of the country's accession to the Euro area – Issue Department, Banking Department and Banking Supervision Department.

The main differences relate to the functions of the Issue and Banking Departments in connection with the accession of our country to the Eurozone, as the activity of the Issue Department will be particularly strongly affected.

The Issue Department ceases to operate as a currency board from the date of the country's membership in the Eurozone. Its main function of maintaining full foreign exchange cover of the total amount of monetary liabilities of the BNB, by taking actions needed for the efficient management of the Bank's gross international reserves – the key principle of the currency board, will be no longer available.

From the date of the country's accession to the Eurozone, the main responsibility of the Issue Department of the BNB will be the implementation of the monetary functions and operations of the defined monetary policy of the Eurosystem, cash circulation and the management of the reserve assets of the BNB.

An important new function of the Banking Department of the BNB that will take effect from the date of the country's accession to the Euro area is to provide emergency support to ensure liquidity to banks. Currently the Banking Department is also responsible for supervising payment system operators, payment service providers and electronic money issuers, but from the date of the country's entry into the Eurozone, this responsibility will be subject to the European Union law.

After the country enters the Eurozone, the main responsibility of Banking Supervision Department of the BNB will remain, namely to supervise the banking system. "After 1 October 2020, when Bulgaria joined the Single Supervisory Mechanism (SSM) through the establishment of close cooperation between the European Central Bank (ECB) and the Bulgarian National Bank (BNB), according to ECB Decision (EU) 2020/1015 of 24 June 2020 establishing close cooperation between the ECB and the BNB (ECB/2020/30), the ECB is exclusively competent to authorise and to withdraw authorisations of credit institutions established in the member states participating in the Single Supervisory Mechanism, as well as to assess the notifications for the acquisition and disposal of qualifying holdings in credit institutions. With regard to significant credit institutions established in the Republic of Bulgaria, the ECB also carries out fit and proper assessments of the members of the management bodies and key function holders. In these cases, under the conditions of Article 121b of the Law on Credit Institutions, the BNB issues the relevant national acts based on an instruction by the ECB. Each credit institution is monitored by means of regulatory reporting and on-site examinations covering its financial position and inherent risks management in lending and other activities. Keeping enough capital adequacy, capital buffers, asset quality and liquidity is of key importance. At a micro level supervision has the task to make sure that every bank is operating in a safe and sound way and possesses sufficient capital resources and reserves to cover the risks arising from its operations."[39]

4. CONCLUSION

Bulgaria will be the 21st member of the Eurozone from 1 January 2026. The country has fulfilled the four Maastricht nominal convergence criteria related to the inflation levels, interest rates, government debt and deficit, and the participation of the Bulgarian lev in the ERM II. Bulgaria has achieved legal compatibility with the Treaties and the Statute of the ESCB and of the ECB. The Bulgarian currency board arrangement will cease to function after 28 years of operation.

As the Governor of the BNB noted on 8 July 2025 on the occasion of the official approval by the Council of the European Union, following the European Parliament, for Bulgaria's accession to the Euro area: "This was an expected and deserved outcome – the culmination of years of sustained efforts and

[39] BNB, 2025, Bank supervision, Bulgarian National Bank, Sofia, <https://bnb.bg/BankSupervision/index.htm>

consistent work at many levels. For us at the Bulgarian National Bank, it confirms that we made the right strategic choice. Now our focus shifts entirely to the practical implementation."[40]

The comparison made in the paper between the currently effective Law on the BNB, adopted by the 38th National Assembly on 5 June 1997, and the Law on the BNB, adopted by the 49th National Assembly on 1 February 2024, which will enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria, demonstrates the following main results.

After the country's entry into the Eurozone, the primary objective of the BNB will be to maintain price stability, but without the requirement, this to be implemented through ensuring the stability of the national currency and conducting monetary policy as provided for by the Law on the BNB, i.e. on the principles of the currency board. With the Law on the BNB, adopted by the 49th National Assembly on 1 February 2024, the primary objective of the BNB will be in accordance with Article 127(1) of the Treaty on the Functioning of the European Union and Article 2 of the Statute of the ESCB and of the ECB.

With regard to the basic tasks of the BNB, there has been a certain change in their legal formulation, so that they correspond to those set out in the Statute of the ESCB and of the ECB. The Law on the BNB, which will enter into force on the date of the country's accession to the Eurozone, also defines additional tasks of the BNB related to the regulation of cash circulation in the country, issuance and circulation of euro banknotes and euro coins in the country after the relevant authorisation or approval by the ECB, regulation and supervision of the activities of credit institutions in the country, execution of macroprudential supervision over credit institutions in the country, assistance in the establishment and functioning of efficient payment systems, regulation and supervision of the activities of payment system operators, payment service providers and electronic money issuers in the country, performing the function of a resolution authority, etc. Some legislative changes have also been made in the formulation of the responsibilities of the BNB Governing Council.

Regarding the functional structure of the BNB, the three basic departments of the Bank – Issue Department, Banking Department and Banking Supervision Department, will be maintained after the country enters the Euro area. It is explicitly regulated that the functions of the three basic departments of the BNB must comply with European Union law. The main differences relate to the functions of the Issue and Banking Departments of the BNB in connection with the country's accession to the Eurozone, as the activity of the Issue Department will be particularly strongly affected. The Issue Department of the BNB will no longer operate under the currency board rules from 1 January 2026, which will have a strong impact on the country's monetary sector.

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