

New code enables international competition



Following Bulgaria's accession to the EU, the country has taken a crucial step forwards in supporting domestic companies by launching its National Corporate Governance Code (NCGC).

One of the main driving forces behind the NCGC is the Bulgarian Stock Exchange – Sofia (BSE-Sofia), which is seeking to encourage the use of corporate governance principles by public companies, both to enable them to compete more effectively on the world stage and to raise the confidence of domestic and international investors. Some 40 Bulgarian companies have signed up to the NCGC since its launch in October last year.

The NCGC replaces the Corporate Governance Code, which had only been applied to some of the companies trading on the BSE-Sofia. Now, not only are all listed companies required to adopt the new code, but some parts of the NCGC will be enshrined in Bulgarian legislation, making key elements obligatory for non-listed companies as well. The rules and provisions of the code will be reviewed every 18 months.

'The code was much needed for Bulgaria to support the business community's efforts to compete in the EU and international markets,' says Professor Bistra Boeva, co-chair of the

task force that developed the code. 'It will give those companies that want to apply better governance practices an opportunity to distinguish themselves.

'The Bulgarian Corporate Governance Code is a first step in the right direction, and Bulgaria should vigorously continue its effort in improving the corporate governance framework. This should include full disclosure of significant beneficial ownership, related-party transactions and increased director professionalism.'

For further information, visit www.bse-sofia.bg