

ARTICLES OF ASSOCIATION

OF

“BULGARIAN ASSOCIATION FOR LEASING”

I. GENERAL CLAUSES

Art. 1. (1) The Articles of Association herein shall regulate the matters referring to the activities, membership, property, management and termination of the entity, **“BULGARIAN ASSOCIATION FOR LEASING” (“BAL”)**.

(2) The Association shall be a legal entity – a non-profit-making association, hereinafter referred to as “the Association”, which shall be subject to the effective Bulgarian legislation. The Association was established through merging of the non-profit-making associations **“BULGARIAN ASSOCIATION OF THE LEASING COMPANIES”** and **“BULGARIAN ASSOCIATION FOR DEVELOPMENT OF THE LEASING BUSINESS”**.

(3) The Association shall be a voluntarily, non-political, non-governmental and non-religious organization. The founders of the Association are guided by their willingness to join efforts for protection of interests of all companies carrying out leasing activities, for promotion of leasing, and for encouragement of leasing activities in the Republic of Bulgaria, by recognition of the principles of equality of all market participants and of fair competition.

Art. 2. The name of the Association shall be **“БЪЛГАРСКА АСОЦИАЦИЯ ЗА ЛИЗИНГ” (“БАЛ”)**, that shall be written in Latin as **“BULGARIAN ASSOCIATION FOR LEASING” (“BAL”)**.

Art. 3. (1) The registered office of the Association shall be in the city of Sofia, Vazrajdane region. The address of the Association shall be: № 27B, Al. Stamboliiski Blvd., Fl.2, Ap.8.

(2) Any change in the registered address of the Association might be made by a Resolution of the Managing Board.

Art. 4. The name, registered office, address and registration data, inc. Bulstat number shall be stamped on all documents and printed materials of the Association.

Art. 5. The Association shall be incorporated for an indefinite term.

II. AIMS, INSTRUMENTS AND ACTIVITIES

Art. 6. The Association shall carry out its activities for private benefit.

Art. 7. The Association shall pursue the following primary aims:

1. To protect the interests of all leasing companies by:
 - a. Promotion of free entrepreneurship and the general principles of market economy provided for in the Bulgarian Constitution;
 - b. Fighting against unfair competition and any acts that might lead to a breach of market principles and statutory provisions and have a negative impact on the leasing market;
 - c. Encouragement of free entrepreneurship in leasing activities.
2. To represent and to protect the interests of the members of the Association before the public authorities.
3. To promote a standing on the leasing market based on the fair competition.
4. To speed up the introduction of the European standards and norms at the leasing market.
5. To control any and all acts of abuse or misuse at the leasing market. To create and maintain general information files containing data about incorrect clients and lessees in default.
6. To discuss and to submit to the competent public authorities its members' concerted opinion about the statutes regarding leasing.
7. To participate in the process of drafting legislation and regulations regarding leasing activities in the country and the standing of lessors and lessees on the domestic market.
8. To protect the economic interests of leasing companies before the public authorities and other institutions and/or organizations, including those regulating the insurance market, in proper forms and instruments.
9. To assist in the proper way the public authorities and the members of the Association to apply strictly the legislation and regulations regarding leasing. To consult them by providing the assistance of competent experts.
10. To inform regularly its members of the effective statutory, technical and technological acts passed by the National Assembly, the Government and the ministries and other authorities related to leasing activities. To inform its members and the society of international agreements, conventions and other international acts concerning leasing,

to make statements and to draw up its members' concerted opinion of adherence of the Association to these acts.

11. To observe the "fair dealing" rules, to inform the competent authorities of any acts of unfair competition done by a member of the Association.

12. To assist in preventing any disputes arising among the members of the Association by involving specialist for elucidating, interpreting and settling thereof.

13. To organize and hold on a regular basis meetings of the members and representatives of state bodies and authorities for elucidating and applying important legislation and regulations concerning the financial performance and other economic interests of the leasing companies.

14. To help in improving the qualification of people working in the field of leasing.

15. To assist and protect the image of the members of the Association.

16. To represent the Association's members at national and international meetings and/or seminars concerning leasing.

17. To be a member of international organizations and associations in the sphere of leasing.

Art. 8. In pursuance of its aims and objects the Association shall:

1. Act in close cooperation with public authorities and organizations acting in the field of leasing;

2. Act by negotiating and mutually acceptable compromise in accordance with the Bulgarian legislation;

3. Incorporate auxiliary bodies for performance of specific activities.

Art. 9. The Association shall have the following activities - protection of interests of all companies carrying out leasing activities, promotion of leasing, and encouragement of leasing activities in the Republic of Bulgaria, by recognition of the principles of equality of all market participants and of fair competition.

III. PROPERTY

Art. 10. The property of the Association shall consist of membership dues, funds and property donated and left by testament, and of any other payables allowed by the law, such as right of property and other rights over fixed and current assets, receivables, and other rights.

Art. 11. (1) The annual membership dues shall determined by the General Assembly Meeting of the Association.

(2) The membership dues shall be payable by the 30th Day of January of the current year. The membership dues for new members shall be payable up to 30 days of the date of acceptance.

Art. 12. (1) The Association shall issue certificates of membership in consideration of the membership dues paid. The certificate shall read: the note "Certificate", the data under Art. 4, the name of the member.

(2) The Association shall issue an invoice in consideration of the membership dues paid.

(3) The Association shall issue certificates of donation in consideration of the funds donated in favour thereof. The certificate shall read: the note "Certificate", the data under Art. 4, the name of the donator.

(4) Any funds donated and left by testament shall be registered in a special Register of donations.

Art. 13. (1) The Association shall carry out the following business activities, related to the activities of the Association mentioned above:

1. Consulting;
2. Publishing;
3. Other activities connected to gaining the aims set by the Association.

(2) The business activities carried out by the Association shall be subject to the terms and conditions stipulated in the Bulgarian legislation and regulations.

(3) The Managing Board shall have powers to perform and control the business activities of the Association.

(4) The Association shall not allocate profits.

IV. MEMBERSHIP, RIGHTS AND LIABILITIES

Membership

Art. 14. (1) Membership of the Association shall be voluntary.

(2) Members of the Association can be entities – Bulgarian or foreign which are registered under their national legislation as traders, complying with one of the following three requirements:

1. Companies, which have portfolio of lease deals with outstanding net lease receivables in excess of BGN 5 (five) million;
2. Companies, which are part of banking or insurance financial group with total assets exceeding BGN 20 (twenty) million;
3. Companies, which have portfolio of lease deals, for which they are direct agents or consultants with outstanding net lease receivables in excess of BGN 5 (five) million.

Art. 15 The founders of the Association shall become its members as from the date the legal entity is established.

Admittance of new members

Art. 16. (1) Subsequent to the incorporation of the Association new members might be admitted thereto by a resolution passed at the General Meeting following a request in writing filed to the General Meeting and submission of appropriate documents and/or declarations proving the compliance of the candidate with the membership criteria.

(2) The request for admittance shall be considered within a period of 6 (six) months as from the date of filing thereof to the Association.

(3) The request shall be accompanied by evidences showing that the resolution to become a member has been passed according to the by-legislation of the entity asking for admittance.

Rights of Members

Art. 17. Each member of the Association shall have right:

1. To participate in the activities of the Association and to vote at the General Meeting. To send a representative to observe at the meetings of the Managing Board.
2. To elect and to propose members to be elected in the corporate bodies of the Association.
3. To claim those resolutions and acts of the corporate bodies of the Association that are unlawful or do not conform to the Articles of Association to be voided.
4. To state freely and in public and to stand for its statements regarding the resolutions of the corporate bodies and the activities of the Association, and to present motions, objections and recommendations.
5. Upon request to be provided by the corporate bodies of the Association with all information regarding the activities thereof.

6. To demand and to be asserted and assisted by the Association in any problems and controversial issues arising from or in connection with carrying out its activities.
7. To benefit the property of the Association and the results from the activities thereof.
8. To participate in the events or initiatives carried out by the Association, and to send its representatives to attend the meetings of the Managing Board of the Association.
9. To receive Certificate of membership.

Liabilities of Members

Art. 18. Each member of the Association shall be liable:

1. To observe the Articles of Association and the resolutions of the Association's corporate bodies.
2. To conform strictly its activities to the statutory and technological requirements of the Bulgarian Law in regard with leasing activities, and to international acts concerning leasing, including the Bulgarian and international standards.
3. To accept the aims stipulated in the Articles of the Association herein.
4. To participate in the overall activities of the Association.
5. To maintain and to improve the image of the Association and not to carry out activities that might impede from gaining the Association's primary aims.
6. To pay regularly the membership dues set forth in Art. 11, par. 1.
7. To assist the Association in carrying out its events and initiatives.

Art. 19. Membership rights and liabilities, except for the property ones, shall be non-transferable and might not be assigned to a third party in case of winding-up of an entity.

Termination of Membership. Consequences

Art. 20 Membership of the Association shall be dissolved in case of:

1. Winding-up of a member - - legal entity;
2. Written request filed to the General Meeting;
3. Expulsion;
4. Winding-up of the Association;

5. Ineligibility.

Art. 21. Each member may leave the Association by a written request to the General Meeting.

Art. 22. (1) A member of the Association might be expelled, if:

1. breaks rudely and consistently the Articles of Association herein and the resolutions of the Association's corporate bodies;
2. acts in a way that undermines the image of the members of the Association, of the Association and impedes from gaining the Association's primary aims;
3. misappropriates the Association's funds;
4. fails to pay the membership dues one month after the due date thereof.

(2) A member of the Association might be expelled according to Art. 28, p. 4 herein if requested so by the Managing Board, the Chairmen or by another member of the Association. The member proposed for expulsion shall be entitled to present its opinion before the members of the Managing Board and the General Meeting.

(3) The payments effected till the expulsion shall not be subject to refund.

(4) The Chairmen of the Association shall within 7 (seven) days from the adoption of the resolution under par. 1 inform the expelled member in writing. The notice shall invite the expelled member to return its Certificate of Membership within a reasonable period of time.

V. CORPORATE BODIES. POWER OF REPRESENTATION

Art. 23. The corporate bodies of the Association shall be:

1. The General Meeting of the Association's members;
2. The Managing Board;
3. The Chairmen.

General Meeting

Art. 24 (1) The General Meeting of all the Association's members shall be the supreme corporate body thereof.

(2) The General Meeting shall include all members of the Association.

Art. 25. (1) The members shall be represented at the General Meeting by their legal representatives or by a person acting by explicit proxy in writing.

(2) Only an individual may act as a representative. One person may not represent more than three members of the Association at the General Meeting thereof.

(3) The representatives may not authorize third parties with the rights assigned to them.

Art. 26. The sessions of the General Meetings shall be ordinary and extraordinary ones.

Convening of General Meeting

Art. 27. (1) Ordinary General Meetings shall be convened at least twice a year by the Managing Board or at a request of at least one third of the Association's members and it shall be held at the city where the registered office of the Association shall be.

(2) In case the Managing Board does not convene a General Meeting by sending notices in writing to the members within one month, the General Meeting shall be convened by the court of registration at a request made in writing by the members or by a representative thereof.

(3) The notice shall set forth the agenda, the date, place and time of the General Meeting and a statement who requested the summoning thereof.

(4) The agenda shall be proposed by the corporate body that shall convene or has requested the summoning of the General Meeting.

(5) The notice shall be published in the State Gazette and shall be placed on the information board in the building where the registered address of the Association shall be at least 1 (one) month prior the date of the General Meeting.

Art. 28. The General Meeting shall:

1. modify and amend the Articles of Association;
2. pass other by-legislation of the Association;
3. elect and dismiss the members of the Managing Board of the Association;
4. elect among the Managing Board Members the Chairmen of the Association;
5. admit and expel members of the Association;
6. resolve the issues regarding reorganization and winding-up of the Association;

7. approve the course and plan of the Association's activities;
8. pass the annual budget of the Association;
9. consider and approve the report submitted by the Managing Board, and shall determine the amount of and the way of collecting membership dues;
10. consider and resolve matters of unfair competition and infringement of "fair dealing" rules and shall take measures of elimination thereof;
12. revoke the resolutions of the other corporate bodies that do not comply with the law, the Articles of Association or other by-legislation regulating the Association's activities;
14. resolve the incorporation of controlling or auditing committees to supervise the Association's funds spending.

Quorum

Art. 29. (1) The General Meeting shall be deemed legally held provided that at least half of all members of the Association attend the session thereof. In case a quorum may not be achieved the meeting shall be adjourned for one hour with the same agenda to be considered and shall be legally held notwithstanding the number of members attending the General Meeting.

(2) Minutes of each General Meeting shall be taken and shall be signed by the chairmen and the secretary of the meeting.

(3) The minutes together with a list of the members that attend the General Meeting and papers regarding summoning and session of the General Meeting shall be filed in a special register.

Resolutions

Art. 30. (1) Resolutions of the General Meeting shall be passed by majority of votes of the attending members.

(2) Resolutions of the General Meeting shall be passed, as follows:

1. Resolutions under Art. 28, p. 1 and p. 5 of the Articles herein - by majority of 2/3 votes of the attending members;

2. Other resolutions shall be passed by ordinary majority of votes of the attending members.

Art. 31. (1) The General Meeting shall not pass resolutions regarding matters that have not been listed in the agenda.

(2) Resolutions passed at the General Meeting shall come into force immediately, unless otherwise specified in the resolution itself.

(3) Resolutions regarding facts subject to court registration shall be requested for filing by the Chairmen of the Association.

(4) Where the General Meeting passes a resolution to expel a member, it shall notify within 14 (fourteen) days the expelled member and hear the explanations related to the expulsion thereof.

Right to vote

Art. 32. (1) Each member shall have a single vote.

(2) A member of the General Meeting shall not vote on matters regarding legal entities, that the member manages or may control the passing of resolutions.

Managing Board

Art. 33. (1) The Managing Board shall put the resolutions passed at the General Meeting into effect and shall manage the Association's activities.

(2) The Managing Board shall:

1. manage and organize the overall activities of the Association;
2. dispose of the Association's property pursuant to the requirements of the Articles of Association;
3. convene the General Meeting according to the provisions herein;
4. cause the resolutions of the General Meeting to be put into effect and the aims of the Association to be achieved;
5. allocate and execute the budget approved at the General Meeting;
6. prepare and put forward for discussion at the General Meeting the draft budget of the Association and the report of the Association's performance;
7. define the number, powers and remuneration of the Association's administration.
8. pass Rules for control over the donations;
9. define the rules for and organize the performance of the Association's activities;

10. resolve termination of membership due to ineligibility;
11. pass resolutions concerning other essential matters in regard with the practical management of the Association.
12. resolve the membership of the Association in other organizations;
13. resolve the incorporation of auxiliary bodies for performance

(3) The Managing Board shall convene regular sessions each month.

(4) The Managing Board shall report to the General Meeting for its activities on a regular basis (once a year).

Members of the Board

Art. 34. The Managing Board shall include nine individuals – representatives of the members of the Association, including two Chairmen thereof.

Art. 35. (1) The General Meeting shall elect the members of the Managing Board, whose term of office shall be three years. Members of the Board might be reelected without any limitation.

(2) Members of the Board shall perform their duties for no remuneration.

(3) The Chairmen of the Association shall be the Chairmen of the Managing Board as well.

(4) The term of office of a member of the Managing Board shall be ceased before the period set in case of:

1. legal disability – full or limited, or death;
2. intentionally caused damages to the Association;
3. prolonged inability to perform the obligations for a period of 6 (six) months;
4. breach of his/ her obligations;
5. resignation;
6. request made by the Association's member who have nominated the member of the Managing Board.

(5) A member of the Managing Board may resign if he /she declares his/ her resignation at a regular session of the General Meeting. In such case request for resignation in writing shall not be required.

(6) In case a request for resignation is filed to the General Meeting, it shall consider the request within 6 months.

Art. 36. (1) The members of the Managing Board shall have equal rights and obligations, regardless of any internal division of functions among them.

(2) The Members of the Board should perform their duties to the benefit and in the interest of the Association.

Convening of the Managing Board

Art. 37. (1) The Chairmen shall convene the sessions of the Managing Board.

(2) The sessions of the Managing Board shall be legally held if at least five members thereof attend the meeting.

(3) If the Chairmen do not convene a session of the Board within the terms, stipulated in Art. 33, par. 3 the Board might be convened by each member thereof.

(4) The Managing Board shall pass resolutions provided that at least half of its members attend the session thereof. In addition an attending member shall be deemed a member with whom a conference call or other connection has been maintained that guarantees the identification of that member and his / her participation in the discussions and voting. The vote of such member shall be certified in the Minutes of the session by the chairperson of the meeting.

Art. 38 (1) The Resolutions shall be passed by the majority of votes of all attending members. Resolutions under Art. 33, par. 2, p. 2 and p. 9 and under Art. 44, par. 2 shall be passed by the majority of all members of the Managing Board.

(2) Minutes shall be kept for each session of the Board and for all resolutions passed. Minutes shall be signed by the members of the Board who attended the session and shall be filed in a special register.

(3) The Managing Board may pass a resolution without convening a session thereof, provided that all members of the Board sign the Minutes regarding the resolution adopted without comments or objections to this effect.

Chairmen

Art. 39. The Chairmen of the Association shall be persons of full legal capacity – members of the Managing Board.

Art. 40. The two Chairmen's term of office shall be the term specified in Art. 35, par. 1 of the Articles of Association.

Art. 41. (1) The Chairmen of the Association shall:

1. act on behalf of the Association together or individually. Therefore they shall present a specimen of their signature verified by a notary public upon registration of the Association with the competent court;

2. organize the execution of the Resolutions passed by the General Meeting or the Managing Board;

3. convene the Managing Board.

(2) The Chairmen shall perform, execute and conclude any and all acts, deals and transactions related to the Association's activities and may authorize third parties to perform particular acts.

(3) The Chairmen shall report their activities to the General Meeting.

Art. 42. The term of office of each Chairman shall be ceased by the General Meeting:

1. at the request of the Chairman filed in writing to the General Meeting;

2. if he / she acts contrary to his /her duties and thus impedes the normal running of the Association's activities;

3. in case of prolonged inability to perform the obligations for a period of 6 (six) months;

4. in case of legal disability – full or limited;

5. in case of death.

VI. WINDING-UP

Art. 43. (1) The Association shall wind up its activities by a resolution passed at the General Meeting.

(2) The Association shall be dissolved by a court order passed by the competent Regional Court pursuant to the provisions of the Non-Profit-Making Entities Act.

Art. 44. (1) Liquidation procedure shall be carried out in case of winding-up, unless the Association is reorganized.

(2) The liquidation procedure shall be carried out by the Managing Board of the Association or by a person appointed by the Board. The liquidation trustee shall execute

the acts provided for in the Commercial Act, shall convert the Association assets into cash and shall satisfy the Association's creditors.

(3) Assets remaining after the payments to the Association's creditors have been made shall be distributed pursuant to a resolution passed at the General Meeting.

(4) Persons that have acquired assets as provided for in Par. 3 shall bear responsibility for the Association's liabilities up to the amount of what have been acquired.

VII. ADDITIONAL AND FINAL CLAUSES

§ 1. The Articles of Association herein are adopted at the General Meeting of "Bulgarian Association for Development of the Leasing Business", dated this 14 June 2005 and held in the city of Sofia as well as at the General Meeting of "Bulgarian Association of the Leasing Companies", dated this 1 September 2005 and held in the city of Sofia. The running and resolutions passed at the Meetings are certified in writing, and shall constitute an integral parts of the Articles of Association herein.

§ 2. Any and all matters not settled in the Articles of Association shall be subject to the effective Bulgarian civil legislation.

§ 3. The Articles of Association are made in Bulgarian and in English. The Bulgarian version shall prevail in case of interpreting thereof.