



**REPUBLIC OF  
BULGARIA**



***CHAMBER OF PRIVATE ENFORCEMENT AGENTS***

**ANNUAL REPORT  
2 0 2 1**



Distribution and number of private enforcement agents /189/ on the territory of the Republic of Bulgaria by judicial areas of action as of 31 December 2021

Blagoevgrad	8	Lovech	3	Smolyan	4
Burgas	11	Montana	2	Sofia City	38
Varna	14	Pazardzhik	8	Sofia District	7
Vidin	2	Pernik	4	Stara Zagora	10
Veliko Tarnovo	8	Pleven	7	Targovishte	1
Vratsa	4	Plovdiv	18	Haskovo	4
Gabrovo	4	Razgrad	3	Shumen	5
Dobrich	6	Ruse	5	Yambol	2
Kardzhali	2	Silistra	2		
Kyustendil	4	Sliven	3		

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Maria Tsacheva - Deputy Chairperson

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Samuil Peev

Vasil Nedyalkov

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Dimitar Valkov

Irina Hristova -

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**ADDRESS BY THE CHAIRPERSON**



DEAR COLLEAGUES, LADIES AND GENTLEMEN,

I present to your attention the annual report of the Chamber of Private Enforcement Agents for 2021. Last year, in addition to being another difficult one for our industry, was also the last year of the previous governing body's mandate, as a new one was elected at the general meeting held in June. We immediately set about implementing our ambitious programme me, but the results during a worldwide challenging period of political crisis and global pandemic are hard to talk about.

Despite the unfavourable situation in political, economic and health aspects, we can consider as a great success for 2021 the adopted amendment to Article 431, para. (4) of the Civil Procedure Code (SG, issue 15 of 19 February 2021), where all information to ensure the enforcement process is exempted from state and local fees. Our long-term efforts as private enforcement agents to get electronic access to the notarial deeds of the Registry Agency also proved to be successful, as it has significantly improved the speed and efficiency of law enforcement on real estate.

Due to the emergency situation in 2020, we recorded the year of lowest performance in terms of results for our industry. In 2021, we are reporting a period of some recovery, but most of the offices are still in poor financial condition. For this reason, the new governing body immediately began to seek contacts with the country's state and political governing body. We have officially requested meetings to urgently discuss legislative and other changes needed to stabilize and develop the profession.

Unfortunately, political instability, the change of ministers and alternating parliaments has been a very serious obstacle to achieving our goals, but I believe in the coming months the situation will get back to normal, and we will have the opportunity to implement our programme me.

Against this background, BCPEA celebrates 16 years since its establishment, but we have not had any real opportunity to properly celebrate this anniversary.

What is happening in the country inevitably affects our activities. It was a year when our industry continuously struggled difficult times and we were unable to fulfil the tasks we set ourselves. We are definitely not happy with the development of our affairs, but the reasons are beyond our control. Therefore, first of all, I want to thank you for the stoicism and fighting spirit you have demonstrated. I would like to thank all those who have supported the governing body's efforts and helped them with their contacts, legal expertise and critical attitude. Meanwhile, I cannot but express my pain that the governing body you have elected, despite the high personal merits of our colleagues, is still unable to implement its potential. However, we have won our small victories. Unprecedented media and political pressure we were facing in the past has gradually subsided.

Irresponsible political talking and manipulating public opinion against our institution that is a pillar of the rule of law and the efficiency of the judiciary, such as private enforcement agents, has decreased significantly. However, we should not ignore the fact there are certain colleagues among us who, even in this difficult time, give rise to populist attacks. I would like to assure you that the policy of uncompromisingness against any PEA who does not respect the law and damages the prestige of the profession, will be continued.

In difficult times like the current one, our industry shares a spirit of unity and and thank you for that. I believe in all members of the governing body, I believe in each colleague, I believe in our strength and I am confident in the success and future of our industry.

Despite the pandemic, we took part in the 24th Congress of the International Union of Judicial Officers (UIHJ), held from 21 November 2021 to 27 November 2021 in Dubai. We have made available the volume of congress papers. The main topics discussed, by sections, are: "Impact of COVID 19 on our industry and our employees", "Achievements and innovations", "New technologies - Bitcoins - providing effective enforcement", "Enforcement agent and digitization", etc. The titles of the reports have been translated and are available to whom is interested and want to get acquainted with them. The Congress accepted another 7 new countries as UEHJ members, bringing the total number of members to 100. A new governing body was also elected, in which most of the well-known members and members participated, and Mr. Marc Schmitz was re-elected as president.

Statistics on the PEA activity in 2021 point to a trend of recovery, but with the exception of the amount collected of BGN 1 billion (close to the pre-crisis years in our industry), this is illusory. The number of closed cases totals 155,000, but it is known this figure reflects on thousands of cases terminated due to so-called pre-emption. The newly formed cases total 220,000, but this number also includes cases that have previously been renamed and reopened. Average material interest in new cases is still very low and is measured in hundreds, instead of thousands of levs, as it was several years ago.

The stagnation in our industry continues. However, we finance all cases of municipalities, courts and the state, as well as those for alimony, salary compensations and child transfers, which represent about 30 percent of all cases. The costs of law offices are constantly increasing. One example - when we started in 2006, the minimum wage was BGN 160, now it is BGN 650. Meanwhile, the fees of PEAs have been constantly reduced over the years, with all possible ceilings set. The situation is further aggravated by the unfair taxation of PEAs, as well as lawyers and notaries. A very large percentage of PEA law offices pay income tax not on income but on expenses, as their real expenses are much higher than the statutory rate of 25 percent. Therefore, the executive power should update the Tariff for Taxes and Expenses with the Private Enforcement Agents Act as soon as possible in the part referring to simple fees, updating them with the accumulated inflation since 2006. Also, the taxation not only of PEAs, but also of other free legal professions should be amended as a matter of urgency. Otherwise, there will be more closed offices due to the inability to function, the quality and efficiency of the activity will decrease, and investment and development are beyond any question.

We continue to fight for the highest possible level of electronic enforcement, which depends to a large extent on the will of relevant state bodies. We advocate for the immediate launch of e-auctions, as well as to receive all information about debtors entirely electronically. We dream, but we also work for executive actions in electronic form. The Chamber of Private Enforcement Agents has always prioritised the digitization of processes, as the maximum level of efficiency, transparency and impartiality is achieved in this way. Last but not least, the costs of litigants and the cost of enforcement are significantly reduced.

In addition to the foregoing, we have not changed our position and suggestions that in view of the pandemic and its economic implications, it is necessary to introduce voluntary forms of enforcement, including pre-court settlements, leading to a substantial increase in receivables and court costs. Voluntary collection of claims from enforcement agents and the voluntary sale of property are both examples of established institutions in a number of European countries. In this regard, we will once again bring to the attention of the executive and the legislature these proposals, which undoubtedly represent anti-crisis measures. Voluntary sales have been active from 2017 until 2019, due to unexplained reasons they were repealed in the Civil Procedure Code. The bill on voluntary collection was adopted at first reading in 2020, but after the intervention of large corporate structures did not gather sufficient support in the National Assembly in the second vote.

In conclusion, I would like to point out that, thanks to its professionalism and responsibility over the years, the Chamber of Private Enforcement Agents has proven to be an institution that contributes to improving enforcement. I wish you in the future, dear colleagues, to work to protect the rights and legitimate interests of citizens and the state, taking into account the public interest and the principles of the rule of law!

**IVAN HADJIIVANOV,**

CHAIRPERSON OF THE CHAMBER COUNCIL OF PRIVATE ENFORCEMENT AGENTS

## 1. OVERVIEW OF THE PRIVATE ENFORCEMENT SYSTEM

Sixteen years ago, with the introduction of private enforcement in Bulgaria, our judicial system showed that successful reforms are possible. It was introduced by a special law and after political consensus, support from the judiciary and approval of banks and all business organisations. Today we can confidently say that after a strong start, **the reform has brought both efficiency and sustainability**. There is currently no institution that can deny the role of private enforcement. And not only that - the creditors give a definite assessment, preferring it to the state implementation.

The system of private enforcement is an effective regulator of the business environment, a source of revenue for the state and municipal budgets, a tool for solving problems with funds due to workers, citizens, families. The statistics and figures from our activity are categorical -without the PEAs the return of debts, the stability and the security of the economy and the citizens is impossible. The profession is an extremely important part of the efficient functioning of the judicial systems in Europe and worldwide. At present, private enforcement clearly remains the preferred instrument of creditors to protect their judicially recognised rights. Therefore, the figures speak for themselves: the total amount of funds collected since the creation of our profession until today is BGN 13 billion (EUR 6.5 billion). And in the state budget, without spending a penny for this activity, BGN 1.5 billion (EUR 760 million) have been paid.

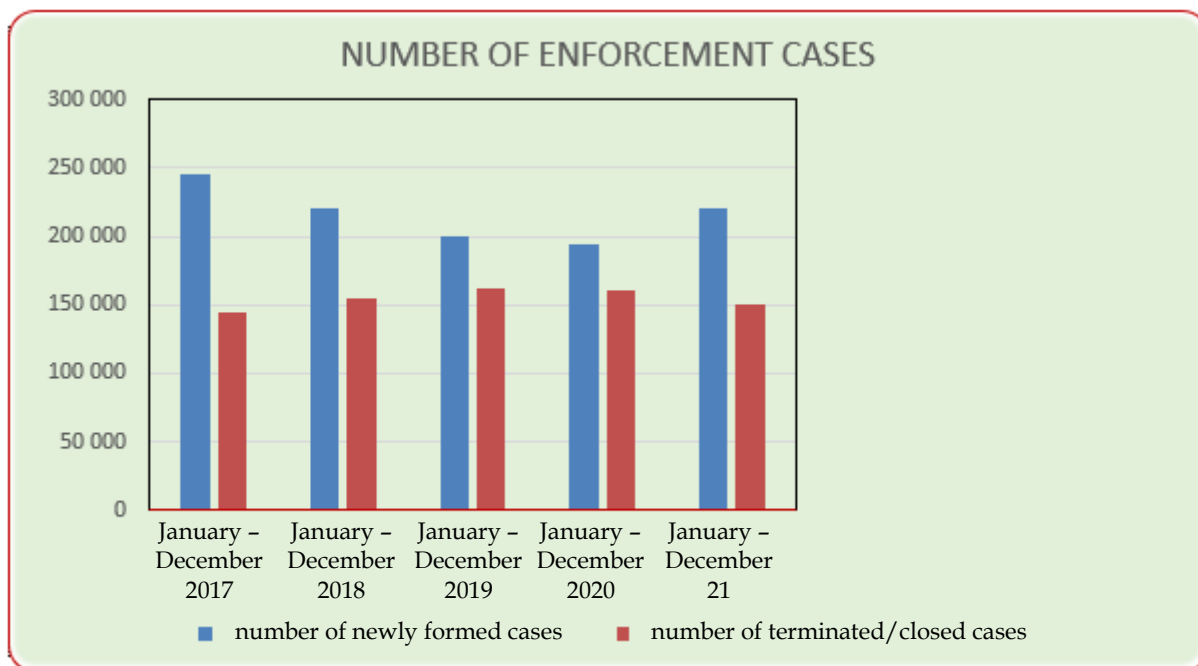
Today, several thousand employees work in the PEA offices. In the first years of the functioning of the profession, there was a lot of talk about the role of PEAs as regulators of the business environment. For the billions of levs that have returned to business and the state budget. Now, in addition to this function, another one is emerging more and more clearly - the social one - alimony, receivables from employment, transfer of children. This is also part of this profession. Therefore, it is not surprising the recognition we receive from the Bulgarian institutions, the court, business organisations, representatives of the academic community and other legal professions.

At the end of 2021, there were **189** offices of PEAs in Bulgaria, employing over 2000 employees.

The status and development of the private enforcement system in figures for the last 5 years looks like this:

<u>Proceedings:</u>	<u>Cases closed:</u>	<u>Amount collected:</u>
2017 - 246,000	2017 - 145,000	2017 - BGN 1,100 billion
2018 - 225,000	2018 - 155,000	2018 - BGN 1,020 billion
2019- 205,000	2019 - 165,000	2019 - BGN 900 million
2020 - 194,000	2020 - 160,000	2020 - BGN 655 million
2021* - 220,000	2021* - 150,000	2021* - BGN 1 billion

\* Note: Data for 2021 are approximate, as they are still being collected and summarised.



For sixteen years since the establishment of the private court enforcement so farat PEA **2 million and 550,000 cases** have been formed, **1,250,000** cases have been closed, and the collected amount exceeds **BGN 13 billion**.

Enforcement cases are about 200,000 a year. There is a decline in material interest in them. The largest share of newly formed cases falls on traders - approximately 45%, followed by the state and municipalities with 34%, in third place are citizens with 12%. Cases in favour of banks are already permanently below 10% of the total.

**Cases of PEAs in favour of the state, municipalities and citizens are approximately 50,000 cases per year.** This is shown by the statistics of the Chamber of Private Enforcement Agents for the last three years. The figures indicate a strengthening of the public function of PEAs. We are returning more and more "state money", and in the difficult financial situation in which the Bulgarian municipalities find themselves, they prefer to work with PEAs. Almost all of the municipal administrations already use the services of PEAs.

In 2021, the complaints filed through the PEAs to the district courts were about 3,500, of which the court upheld about 580.

More than half of the private enforcement agents have authorised their assistants - as of 31 December 2021 there were 193 assistants - PEAs in the whole country. Creditors in the enforcement cases at the PEAs are not only the companies, the banks and the business in general, the state and the municipalities, but also the Bulgarian citizens with receivables both in civil legal relations and for labour remunerations, alimony and child transfer. Given that the fees for the last receivables are not paid by the creditors, but must be paid from the budget of the respective court, but this does not happen, in practice the private enforcement agents in Bulgaria finance with their own funds this type of cases, which they are not few.



The law firms use modern technologies in their office work. Access to information on debtors, much of which is already received electronically, ensures such an important speed of the process.

Private enforcement in Bulgaria meets all European criteria for a modern, legal and effective activity.

## **2. DETAILS ABOUT THE CHAMBER**

Since its establishment on 26 November 2005, the Chamber of Private Enforcement Agents has managed to establish itself as a good partner for Bulgarian and international institutions. After 16 years of hard work, although they continue to take undeserved negatives from the economic crisis and political controversies in the country, PEAs have proven that they work for the benefit of society as a whole, that they strive to impose high standards of professionalism and ethical behaviour. The Chamber maintains effective working relationships with authorities and institutions and offers a wide range of services to its members.

Private enforcement agents operate within the territory of all district courts in the Republic of Bulgaria and currently they total 189, including 92 men and 97 women.

During the reporting period, two private enforcement agents with areas of Plovdiv District Court and Silistra District Court were debarred from their legal capacity pursuant to Article 31, para. (1), sec. (7) of the Private Enforcement Agents Act (imposed disciplinary sanction under Article 68, para. (1), sec. (4) of the Private Enforcement Agents Act) – both debarred for a period of 3 years pursuant to a decision of the Supreme Cassation Court (SCC). Two PEAs were debarred from legal capacity forever (the former pursuant to Article 31, para. (1), sec. (1) of the Private Enforcement Agents Act with Sofia City Court (SCC) area of action, and the latter – based on Article 31, para. (1), sec. (2) of the Private Enforcement Agents Act with Sofia City Court area of action).

The circumstances for each private enforcement agent, subject to entry in the Register of Private Enforcement Agents according to Article 4, para. (3) of the Private Enforcement Agents Act, shall be duly reflected and stored on paper and electronic media in personnel files of all PEAs.

The Chamber is managed by a Council of eleven main and two alternate members, and has administrative staff, which as of 31 December 2021 consisted of eight employees on an employment contract and three employees on civil contracts. It is a financially independent organisation and does not receive funding from the state.

## **3. ACTIVITY OVERVIEW**

In order to get an objective picture and take a better account of the unprecedentedly difficult year for all, at the beginning of 2022 a traditional survey was conducted among private enforcement agents, covering key aspects of our activities. The evaluation form included questions about the services provided by the Chamber for the members, their quality, the activity of the management and the organisational skills of the employees in the BCPEA administration.

This year, 33% of the BCPEA members responded to our request to give their opinion. It stands for nearly a third of the members of our industry. We truly thank all colleagues who, despite the severe problems during the pandemic, took part in the survey and expressed their opinion objectively and critically! It is important for the Chamber management and administration in order to improve the activity. After summarising the collected opinions from the survey cards, the results are as follows:

Please evaluate the activity of the Chamber, according to its contribution to your work and its usefulness in response to your needs and expectations	Below expectations (1-3) Besting expectations (4-6)	
	Average rating	Percentage of satisfied expectations
<b>Are you satisfied with the activity of the Chamber of Private Enforcement Agents as your professional organisation?</b>	5.41	90.20%
How do you rate the services provided by the Chamber?	5.42	90.35%
Administrative services	5.56	92.73%
EAS trainings	5.02	83.64%
<b>How do you rate the Chamber management of Private Enforcement Agents?</b>	5.54	92.36%
Activity	5.54	92.36%
Willingness to communicate with members	5.55	92.42%
Media communications	5.04	83.95%
<b>How do you rate the Chamber administrative staff?</b>	5.67	94.55%
Activity	5.74	95.61%
Communication with members	5.77	96.20%
timely	5.76	96.06%
comprehensive	5.75	95.76%
overall attitude	5.75	95.91%
<b>Overall rating of the Chamber activities according to the needs, expectations and usefulness of its members</b>	5.40	90.00%
<b>What is the quality of the materials made by the Chamber?</b>	5.26	87.84%
Internet site	5.46	90.94%
Register of debtors	5.65	94.15%
Register of public sales	5.57	92.86%
<b>How do you rate trainings organised by ESE?</b>	4.96	82.68%
Teachers	5.17	86.11%
Content of the study material	5.04	83.96%
Quality of teaching materials	4.98	83.02%
Price	4.87	81.17%
Number	4.74	79.01%
<b>Public Relations</b>		
Overall work with the media	4.71	78.43%
Quantity of published materials for PEAs in the press	4.65	77.58%

Quality of the materials and their effect on the PEA profession	4.66	77.67%
Interaction with institutions	4.77	79.10%
Digitization of enforcement procedures	4.78	79.70%
Improving the institutional environment for the work of PEAs	4.59	76.49%
<b>How do you rate your personal participation and contribution to the work of the Chamber?</b>	3.90	65.00%

After the results were processed and analysed, it is generally concluded that, with few exceptions, the overall assessments of our colleagues for 2021 - the second pandemic and very difficult year for our profession - have slightly improved compared to the previous 2020, which was also unprecedented. The PEAs traditionally give a very high assessment to the Chamber administrative staff, as in 2021. - **5.67**. All PEAs who have filled in and sent questionnaires /a total of **57** colleagues/, clearly indicate in their answers that they are satisfied with the work of the Chamber, regardless of the difficult year that has passed. The overall assessment received for the services provided by it and its usefulness for each PEA is **5.40** on a six-point scale, and the performance of administrative services for members this year was rated the highest - **5.56**.

A total of 56 respondents described the activity of the BCPEA as positively developing as a whole, and one PEA shared the opposite opinion. Regarding the question of whether there was progress in the Chamber's overall work in 2021 compared to 2020, the majority of respondents believe that there is such despite the extremely difficult situation nationally and globally due to the pandemic with COVID - 19, in addition to the country's series of parliamentary and presidential elections. The opinion was expressed that even in the conditions of emergency, one can always rely on the BCPEA administration, which responds in a timely manner wherever an issue arises. However, some PEAs believe that the levels and rates of development remain unchanged compared to the previous year or that there is some progress, but more can always be desired. In their answers, colleagues clearly emphasize another important factor for the lack of significant progress in the past year of 2021 - the three-time elections in the country, as well as the fact that the Chamber's new leadership is effective from the middle of the reporting year (a reporting and election assembly of the BCPEA was held only in June 2021).

The summary takes into account very good results in the work of the BCPEA management and excellent certificates for the Chamber administrative staff. The average score for the management activity in 2021 is **5.54** (for comparison the score received in 2020 is 5.46, in 2019 - 5.46, in 2018 - 5.42), and the team of employees in the administration is rated with **5.67** (for comparison: 5.65 for 2020, 5.66 for 2019, 5.66 for 2018). Given the unprecedented hardships that Bulgaria faced in the past two years, and in particular the Chamber and our industry, the assessment given by the PEAs to the management and BCPEA administration shows once again that trust in us is high, that you support us and show understanding. and resilience even in the most critical moments accompanying our professional path.

As the most useful activities in the service and interest of the members during the reporting period, the largest number of respondents indicate:

- Maintaining contact with members and public authorities in the difficult conditions of a pandemic;
- There is always a willingness to cooperate; good, timely and correct communication with employees and BCPEA management; taking a principled position on general or individual problems in the profession;
- The digitization of the processes for obtaining references on the property of debtors, which eased the work of PEAs and to the reduction of costs for enforcement litigants;
- Provided electronic access to the Regix inter-register exchange environment, as well as to other national registers;
- The proposal for increase of fees under the Tariff of Fees and Taxes with the Private Enforcement Agents Act;
- Procedural protection by the BCPEA in cases against the PEAs in the SCC against decisions of the Disciplinary Committee (DC);
- Timely awareness of changes in laws. The notification by e-mail about the novelties in the legislation and the change in the normative acts;
- The General Assembly's decision to reduce the membership fee;
- Improving the BCPEA media presence, including the media interviews with representatives of BCPEA management, which leads to balancing our profession's public image;
- Despite the hard circumstances, the Chamber's governing body and administration are always there to help in any way they can, if necessary, in the work of PEAs.
- A number of the surveyed colleagues cannot judge whether there have been useful activities in the service and interest of their offices or directly express the opinion that there are none.

Regarding the adequacy of the membership fee versus the BCPEA activity, a large part of the opinions this year share the conclusion that despite the grave situation with the state of pandemic emergency, the ratio of membership fee versus the Chamber activity is fair and normal. PEAs consider as a positive step the BCPEA General Assembly's decision of June 2021 to reduce the amount of annual fees by criterion of number of yearly worked months. Here, conformity assessments range from excellent to adequate, balanced, proportionate to the activity, objective, optimal, to acceptable and satisfactory. One of the 57 surveyed PEAs believes that the amount of fee is high. Assuming this is a representative sample of the opinion of the law enforcement industry, we can summarise that only 1.5% of colleagues perceive the membership fee as increased.

One of the criteria in the questionnaires refers to public relations, including work with the media and the interaction of the Chamber of Private Enforcement Agents with the institutions of the Republic of Bulgaria. Judging by the final result of the respondents' answers to these questions, they have a slightly lower opinion regarding the relations with the media in the past year of 2021 (average score 4.71) versus 2020 (average score 4.76) The ongoing pandemic of COVID -19 and the imposed isolation also affected the media policy of the Chamber of Private Enforcement Agents. The lack of direct contact with

journalists due to the restrictive measures has made it difficult to ensure media coverage of the Chamber activities. The Chamber's governing body is making constant and purposeful efforts in this regard. The negativism that has dominated the activities of the PEAs for years is now much more moderate. The media are already showing more interest in the specifics of the case on enforcement, and journalists are increasingly keeping a balance in their materials.

Regarding the criteria "Interaction with Institutions", "Digitization of Law enforcement Procedures" and "Improvement of the institutional environment for work" the assessments are positive this year, although the opinion of PEA on these indicators remains traditionally sceptical and low compared to other activities and initiatives of the BCPEA. The assessments of our colleagues in this regard can be summarised as follows: good assessment of the interaction with the institutions - **4.77** (for comparison in 2020 - 4.91; 2019 - 4.91; in 2018 - 4.79) and the achievements in the field of digitization of enforcement procedures - **4.78** (for comparison in 2020 - 4.80; 2019 - 4.65; in 2018 - 4.62; in 2017 - 4.77). In terms of improving the institutional work environment, the level of satisfaction in 2021 is also comparable to that of 2020. PEAs gave an overall score of **4.59** (compared to 4.66 in 2020).

To the question of what, according to the PEA, the Chamber should do in order to facilitate and support their work, the answers are varied and aimed mainly at:

- Continuing and finalising the process of digitization of law enforcement, including ensuring communication and exchange of documents with institutions entirely electronically, as well as ensuring full electronic access to information about debtors. Organising public discussions on the initiation of legislative changes in the enforcement process in order to increase its effectiveness and to harmonise the existing legislation with latest European and global economic developments. Undertaking a legislative initiative in connection with the assignment of new powers to PEAs in line with the best EU practices, such as voluntary debt collection;

- Improving the institutional environment for the work of PEAs and digitization of more enforcement procedures. Fully electronic reports, distraints, foreclosures and auctions;

- Implementing serious and more intensive approach to amend the legislation as follows: 1. Tariff of Fees and Taxes with the Private Enforcement Agents Act and the amount of fees; 2. Personal Income Taxation Act, Private Enforcement Agents Act, etc. with regard to the provisions concerning the determination of the basis of the annual tax of PEAs. The bar-specific approach can be adopted, whereby PEAs will be able to opt for the method of taxation, as for larger offices, corporate offices in order to allow PEAs to be taxed under the Corporate Income Taxation Act (CITA), where all incurred expenses can be deducted;

- Updating the Tariff of Fees and Taxes with the Private Enforcement Agents Act;

- Organising a competition for assistant private enforcement agents;

- To conclude agreements with other public creditors for assignment of receivables;

- Improving the activities of the European School of Enforcement and public relations;

- Improving the managerial and organisational activities of the BCPEA. Greater willingness to communicate with members and more active communication with the media;

- Creating and integrating a common office programme for all offices of PEAs - property of the Chamber;

- The work of each PEA will be substantially supported if the Chamber continues to work hard on its task to be allowed access to the registers of the Traffic Police, Bulgarian identity documents. It would facilitate the work of all members of the Chamber, add traffic police and Registry Agency reports to the RegiX system and send the distrains electronically. To assist in ensuring the possibility for PEAs to stop debtors' vehicles from moving;

We also thank all colleagues who have openly assessed the severity of the past pandemic years for all of us - management, administration and offices of PEAs! There are no critical comments on the BCPEA activity in the past year of 2021. Only a few recommendations have been made in the following areas to improve the Chamber activities as a whole in 2022:

- Expanding the electronic work environment and comprehensive introduction of electronic services;

- To continue the initiatives for the introduction of voluntary enforcement and the establishment of facts, which should be assigned as powers of the PEA;

- Updating the Tariff of Fees and Taxes with the Private Enforcement Agents Act;

- Change in the taxation regime of PEAs;

- Introducing an administrative fee for handling complaints in the BCPEA;

- Organising a competition for assistant private enforcement agents;

- Sharing the ambition to ensure even better communication between individual enforcement agents and the Chamber;

- Paying more attention in the Chamber's interaction with the media. Active participation is needed to protect the activities of PEAs;

- Diversifying workshops related to conflicting case law. Permanent introduction of webinars as a form of training;

- The BCPEA achieves high results in carrying out its activities. To continue in the same direction. The people directly involved in the Chamber activities do what is necessary. I have no recommendations

The private enforcement agents themselves this year set nearly the same score compared to the previous year for their personal participation and contribution to the Chamber work - **3.90** (for comparison 3.87 in 2020; 3.96 in 2019; 4.13 in 2018). The BCPEA management thanks all colleagues who are aware of the importance of their personal motivation and commitment and help in any way they can

for the common cause. We are confident that in 2022 we will be consolidated and focused on achieving balance, prosperity of our institution and the establishment of core values in the profession.

### **3.1. Conferences and workshops**

Due to the extraordinary epidemic situation that has prevailed in the country throughout the past year of 2021, no national conferences for PEAs were held during the reporting period. Instead, all our administrative and organisational resources were focused on organising and conducting the Annual General Reporting and Election Assembly.

According to the Private Enforcement Agents Act, the meeting is held at the end of January of each calendar year, but due to the introduced restrictive anti-epidemic health measures, the event had to be postponed twice. At the end of 2020, amendments to the Law on Measures and Actions during State of Emergency, declared by a decision of the National Assembly on 13 March 2020 and to overcome the consequences of extending the deadlines for three months of the regular general meetings in 2021 under the Notaries and Notarial Activity Act and the Private Enforcement Agents Act. In this regard, the BCPEA Council at its regular meeting in November 2020 decided to hold the Annual General Reporting and Election Assembly on 24 April 2021. Subsequently, following the situation with the development of the Covid-19 pandemic and the Ministry of Health orders suspending any congress-conference events, workshops, competitions, trainings, team building events, exhibitions, etc., it became clear that it is impossible de jure and de facto to hold the BCPEA Annual Meeting, on 24 April 2021.



With its decision of 16 April 2021, the BCPEA Council redecided to hold the General Assembly on 26 June 2021. The event was eventually held outdoors at the National History Museum in the city of Sofia. Elections were held for new bodies of the BCPEA - Council, Control Board, Disciplinary Committee and inspectors under Article 10, sec. (11) of the BCPEA Statutes.

The Reporting and Election Assembly elected Ivan Hadjiivanov as Chairperson of the BCPEA Council. His predecessor, Gueorgui Dichev, who was governing the organisation for the past six years, took the lead of the Control Board. The PEA re-elected the current Chairperson of the Disciplinary Committee Todor Lukov for a new term. In fact, the Chamber's new governance entered into its powers by law only in the middle of the reporting year 2021.

"In the crisis year of 2020, **private enforcement agents were the only industry that asked the parliament to limit its activities by law.** While some of the economically active subjects stopped working compulsorily, we, PEAs, did so deliberately. Over a period of four months, we limited a number of our actions. Due to the emergency situation, we recorded our weakest year in terms of results" said the former Chairperson of the BCPEA Gueorgui Dichev in his report. He noted that despite the recent hardships, every year PEAs recover BGN 150 million to citizens - money from unpaid salaries, alimony, rents, unpaid loans and other amounts under contracts, compensation to victims of road accidents and serious crimes.



The report on the activities of PEAs in 2020 showed record low performance. Despite the low collection rate, 23% of all collected amounts are in favour of individuals. Gueorgui Dichev thanked his colleagues for their professionalism and endurance, for their continuous efforts to maintain the necessary balance, mature attitude and responsibility in practicing their profession, especially in the difficult economic situation for law firms.



Introduction of the widest possible range of actions to be performed by PEAs electronically, including the imposition of seizures and foreclosures online, full electronic access to information on debtors and electronic communication with institutions and parties to the cases - the key priorities in the programme of the new Chamber's governing body, which was presented by its newly elected chair Ivan Hadjiivanov.

In addition to continuing the process of digitization in enforcement, which will reduce costs for the parties, the industry will seek to expand the PEA powers in accordance with best practices in Europe. The new Chairperson said the prospects indicate at voluntary collection of receivables, voluntary sales, establishing the facts. He will fight for a change in the tax regime of PEAs and for updating the Tariff of



Fees and Taxes with the Private Enforcement Agents Act. Improving the control over the profession remains an important task for the BCPEA. In its term of 2021-2024, the BCPEA Council will work to increase the number of public creditors to assign their claims for collection by PEAs. In these cases, enforcement costs are borne by debtors themselves, while with state enforcement costs, the cost of collecting receivables is borne by all bona fide taxpayers.

Unfortunately, last year Bulgaria went through not only another health crisis caused by the global pandemic, but also through deep political crises. Parliamentary elections were held several times, and justice ministers were constantly changing. In such a situation, it was impossible for the Chamber of Private Enforcement Agents to achieve its goals of improving not only the legislative framework, but also the overall activity and status of the profession.

The national conferences and workshops of PEAs, along with the constant exchange of information between the Chamber administration and its members, despite the difficult conditions in which we had to work in the past year of 2021 due to the pandemic, remain and continue to be a major tool for awareness and mutual support within our industry.

### **3.2. Interaction with the institutions**

In 2021, the work of the BCPEA Council with state institutions, media and public organisations was again severely hampered by the ongoing COVID-19 pandemic. Unfortunately, last year Bulgaria experiences not only another health crises, but also deep political crises. Parliamentary and presidential elections have been held several times. For a quite long period of the year, Bulgaria was governed by caretaker governments, whose powers preclude initiating and implementing legislative changes. The Ministers of Justice and the heads of other key institutions regulating our profession have been constantly changing. In such a situation, it was impossible for the Chamber of Private Enforcement Agents to achieve its goals of improving not only the legislative framework, but also the overall activity and status of the profession. However, the BCPEA Council has made all necessary efforts in this regard, especially on issues that can be resolved at the executive level. Numerous meetings were held with the Ministers of Justice and their deputies on the need to launch immediately electronic auctions, and to update the Tariff of Fees and Taxes with the Private Enforcement Agents Act, with the inflation rate of the last 15 years, etc. However, despite the general understanding and goodwill shown by the leadership of the Ministry of Justice, no result was achieved.

#### **LEGISLATION**

Every system needs to be improved and the Chamber of Private Enforcement Agents has always sought a legislative framework for enforcement that ensures a balance between the parties and reduces enforcement costs. It is the balance that is the guiding principle, because every lawsuit has two sides. Especially in the enforcement process, one party even has a court-recognised right. The law must ensure the protection of the rights of both parties. Law enforcement

in Bulgaria is of particular importance not only for the efficiency of the judiciary and the rule of law, but also for the financial and banking system, for civil turnover and business, as well as for the budget of municipalities and the state. Also, for foreign investors, for whom the efficiency of the judicial system and in particular law enforcement is of paramount importance, as a guarantee of protection from unfair counterparties. Therefore, any intervention in it must be very careful and well thought out, i.e., to rely on more expert assessment of the real effects of change than on PR and populism.

At the beginning of the past year of 2021, the BCPEA Council appealed to the Chairperson of the Committee on Legal Affairs of the 44th National Assembly to prevent persons exercising public state functions such as private enforcement agents (also lawyers and notaries) from suspending their activities for purely economic reasons. We have insisted to make changes in the tax regime of PEAs and notaries, which would allow the offices to survive by giving them the right to choose which order to tax - under the Personal Income Taxation Act or the Corporate Income Taxation Act. In this way, law offices will not be closed, the jobs will be preserved, respectively the budget will not suffer any losses, because operational revenues of the offices are much higher. We pointed out this proposal is not only economically, legally and socially sound, but also fair in view of the current legal situation of PEAs.

We have tried to solve the problem of taxation in the National Assembly, but the parliament declined our motions in the very last days before the elections. We must admit that with this initiative we were on the verge of success, but the parliament did not reach the political will for consensus, and time to implement these changes, because for reasons known to all of us a little later the 44th National Assembly it had to be disbanded.

Great progress and success for the Chamber was the amendment in Article 431, para. 4 of the Civil Procedure Code (SG, issue 15 of 19 February 2021) adopted by the 44th National Assembly, by which all information in the enforcement process, received by the order of Electronic Government Act, is exempted from state and local fees. This normative change puts things on a proper principled basis and will be important not only for the present, but also for the future of law enforcement in Bulgaria.

#### **MINISTRY OF JUSTICE**

In 2021, when it was almost impossible to ensure normal work on legislation, in letters and meetings with the leadership of the Ministry of Justice, the BCPEA governance invariably continued to support its proposals to improve progress in electronic workflow, which in view of the pandemic are not only good, but also necessary because they will save costs. We demanded the launch of e-public sales, e-distraints, e-receipt of encumbrance certificates, electronic bans and changes to the Civil Procedure Code to create the widest possible opportunities for notifying persons and serving papers electronically.

The issue of incorrect and unfair taxation of PEAs will be a priority for the newly elected governing body of the BCPEA. In this regard, with the assistance of the UIHJ, we received information from most countries in Europe on the taxation of PEAs, which shows that in Bulgaria the state treats our professions extremely wrong by not

recognising the actual costs incurred for the activity. In 2021, we held meetings with the Minister of Justice Mr. Yanaki Stoilov and Deputy Minister Ivan Demerdzhiev, where we introduced them to the difficult situation in the PEA system, but given the lack of a functioning parliament and limited tenure of the caretaker government, few issues could be resolved, especially in the area of regulations.

The interaction between the BCPEA and the Ministry of Justice is in the form of formal and informal meetings and joint working groups. The cooperation with the management, the experts from the JSA Inspectorate and the financial inspectors of the Ministry of Justice is good. Members of our industry participated in several working groups at the Ministry of Justice, namely:

- Draft Ordinance on the Organisation, Rules and Activity of the Online Platform for Electronic Public Auctions, envisaged to be issued by the Minister of Justice on the grounds of Article 501a, Article 6 of the Civil Procedure Code - our representatives in the working group Gueorgui Dichev, Nedelcho Mitev, Delyan Nikolov;

- "Analysing and proposing the necessary changes in Bulgarian legislation and preparing information to the European Commission on the implementation of Council Regulation (EU) 2019/1111 of 25 June 2019 on jurisdiction, the recognition and enforcement of decisions in matrimonial matters and the matters of parental responsibility, and on international child abduction" - our representatives in the working group are Siyka Anadolieva, Rositsa Apostolova;

- "Amendment and Supplement to the Judiciary Act" - our representatives in the working group are Delyan Nikolov, Maria Nikolova - Angelova;

- Draft Ordinance on the Information System of Law enforcement (ISJE) - our representatives in the working group are Gueorgui Dichev and Nedelcho Mitev;

- Development and implementation of an electronic information system "National Register of Distributions" - our representative in the working group is Gueorgui Dichev Delyan Nikolov;

Gueorgui Dichev, Stoyan Yakimov, Alexander Dachev are participating in another working group for drafting an ordinance to determine the requirements for the unified environment for exchange of electronic distributions. Unfortunately, there is no significant movement towards positive results in this project.

The Chamber also works closely with the inspectors of the Ministry, because this is the way to achieve full and effective control over the activities of law offices. It is not an end in itself, but a means for all PEAs to strictly observe the law and the rules.

In SG, issue 91 of 02 November 2021, amendments to Ordinance No. 2 of 29.06.2015 on the entry, qualification and remuneration of experts related to the establishment of the Information System "Unified Register of Experts", were promulgated, effective from 01 April 2022. According to the new Chapter 6 of the Ordinance, the Ministry of Justice envisages the establishment and maintenance of a Unified Register of Experts, consisting of public and non-public parts. It is envisaged that the access to the public part of the data on the experts will be free and public and be carried out including through the

information system for exchange of certifying and reference information Regix, while access to the non-public part will be carried out only by persons under Article 40, for which official access to the register is provided - Ministry of Justice employees appointed by order; court registrars appointed by order of the respective administrative heads of the judiciary; judges, prosecutors and investigators; experts. In the persons under Article 40, however, the enforcement agents were not included, despite the fact that according to Article 1, para. (2) of the Ordinance, the same shall apply not only to experts, appointed by the bodies of the judiciary and the pre-trial proceedings, but also to those in enforcement cases.

In this regard, immediately after the promulgation of the amendments to the Ordinance in November 2021, the BCPEA Council asked the Minister of Justice to amend Ordinance No. 2 of 29 June 2015 on the registration, qualification and remuneration of experts and in particular Article 40 and Article 43 of the same Ordinance, as well as judges, prosecutors and investigators provided official access to enforcement agents to the files of experts from all lists for the whole country. As a result, we were informed by the Ministry of Justice that a new working group with the Minister of Justice (this time with the participation of BCPEA representatives) is to be formed to prepare the relevant normative amendments.

At the very end of the past reporting year 2021, the Chamber of Private Enforcement Agents addressed a request to the Minister of Justice for the organisation of a new competition for assistant private enforcement agents. At the moment there is a shortage of such staff. The latest competition was organised and held in 2017. Some of the persons who took the exam and received the PEA qualification have already been employed in PEA offices. However, many of them, at the time of the last exam, were current lawyers (lawyers, junior lawyers and legal assistants, lawyers in PEA offices and notaries, state-appointed Public Enforcement Agents, legal advisers, civil servants with legal background) who did not actively seek work and career growth in the PEA office, but rather they needed security that they also have such a legal capacity for PEA (in case they ever have to use it). This reality severely limits the recruitment domain of assistant private enforcement agents at PEA offices - even more so when exams are rarely held, over intervals of several years. This leads to shortages of eligible staff and a very limited number of people, among which to make a real and quality selection.

In its letter, the BCPEA requested from the Minister of Justice to establish a working group at the Ministry of Justice to draft amendments to Ordinance No.3 of 11 December 2007 on the procedure for conducting exams for assistant private enforcement agents (promulgated, SG, issue 108 of 19 December 2007, as amended and supplemented, issue 25 of 26 March 2021), which shall regulate regular organisation of exams for assistant private enforcement agents every two years. Ordinance No. 2 of 18 June 2003 on the terms and conditions for conducting an exam for assistant notaries by substitution does contain such a regulation. We hope that we will see a positive outcome for our demands in 2022.

## **AGREEMENTS WITH GOVERNMENT INSTITUTIONS FOR COLLECTION OF THEIR PUBLIC RECEIVABLES**

The Chamber of Private Enforcement Agents, through signed bilateral agreements, officially cooperates with state institutions for the collection of their public receivables.

### **SUPREME JUDICIAL COUNCIL**

For the first time the two parties agreed to cooperate in 2015, but the actual implementation of the claims began in 2016, and the first results were reported in 2017.

After the signing in 2018 of a new agreement with the Supreme Judicial Council (SJC), we can now boast of excellent working cooperation with the SJC and the courts. The cases started, despite many difficulties and ongoing attempts to tolerate state PEA. We pay particular attention to this agreement, despite some difficulties that we encountered at the outset in terms of its implementation. The new text agreed on changes in some texts regarding the initiation of cases, reporting, collection of statistics and optimisation of the work of PEAs in these cases.

Six years after the signing of the Agreement on Increasing the Collection of Public State Receivables in Favour of the Judiciary between the SJC and the BCPEA, its effects are not only fiscal. As a result of the work of the PEA, a real implementation of sanctions and penalties under the Penal Code has been achieved. The preventive function of the enforcement is also activated - more and more debtors are aware that the debts are collected, and this makes them pay voluntarily and without the intervention of the PEAs. There is another effect - government expenditures for collection of public receivables, which are financed by taxpayers, are actually eliminated. According to the Agreement, the judicial authorities do not pay fees and expenses to the PEAs. They are collected by the debtors themselves, and in cases where the receivables are uncollectible - the costs remain at the expense of the PEAs.

**COUNCIL OF ELECTRONIC MEDIA:** On 11 June 2015, an agreement was signed with the Council of Electronic Media (CEM) to assign the collection of its receivables for state fees due under the Tariff for fees for radio and television activities, as well as under issued penal decrees. Most BCPEA members agreed to initiate enforcement proceedings with the creditor CEM. The list of their names is deposited with the CEM partners. From the beginning of the agreement until the end of the reporting year 2020, we have 333 enforcement cases filed with the creditor Council for Electronic Media.

### **EXECUTIVE FOREST AGENCY/EFA/ AND STATE AGENCY FOR METROLOGY AND TECHNICAL SUPERVISION /SAMTS/**

Since 2014, the Chamber of Private Enforcement Agents has signed agreements with the Executive Forest Agency and the State Agency for Metrology and Technical Supervision (723 enforcement cases initiated at the Private Enforcement Agents for the period of the agreement). The agreements increase the collection of fines and property sanctions imposed by penal decrees issued by the two agencies.

### **MINISTRY OF INTERIOR AND TRAFFIC POLICE**

Already in 2019, the BCPEA management held meetings and sent correspondence to the Ministry of Interior - Traffic Police to ensure access of the PEAs to the electronic database and information system of the Traffic Police. Behind the request of the Chamber are the arguments for higher speed, increase in collection and reduction of costs for the parties in the enforcement process. The inclusion of PEAs in the platform will not only facilitate the activities of PEAs, but will also reduce the work of the employees of the Ministry of Interior - Traffic Police, who issue reports on paper. The BCPEA referred to the provisions of the Electronic Government Act and the draft amendments to the APC. The BCPEA recalled that with the introduction of the RegiX inter-register exchange system, enforcement agents have gained access to a number of registers. The BCPEA recommended that the future access should provide a search by Personal ID/Foreigner's ID of the vehicle owner, and not by vehicle registration number. Unfortunately, the Ministry of Interior has not yet given permission and refuses to communicate on the issues raised by the BCPEA.

The Chamber also declares interest in joining the project "Creating a technological environment for receiving real-time data from the Centralized Register of Motor Vehicles of AIS IAAA, NRA, municipal administrations and RIA, refactoring AIS KOS, implementation of AIS CHOD and development of new electronic services", as well as access to the administrative service *"Issuance of a certificate with data for registered and deregistered vehicles"*. The BCPEA informed the Ministry of Interior that in early 2020 the new website of the organisation was put into operation, which will offer the functionality "Register of Private Enforcement Agents" - designed and developed according to a technological model corresponding to its use through the Web protocol. API (Application Programming Interface). In this way, a technological connection of all institutions with the Register of Private Enforcement Agents will be established in real time, where the reflected changes in the circumstances subject to entry by law could be traced. In the end, we received the assurance of the Ministry of Interior that with the launch of our new website the Chamber will be included in the above-described electronic platform. Unfortunately, the completion of the Ministry of Interior, which we have been waiting for years, turned out to not work effectively, as the reference is by vehicle number and not by Personal ID/Uniform ID (UIC) of the debtor.

*"The use of the legal remedy of another enforcement body to collect public receivables, in addition to public executors at the NRA, will create conditions for improving the collection, including small debts, such as fines."* This was said in response to the Minister of Finance to the Chamber in 2017, in connection with its proposal for PEAs to collect fines imposed by the Ministry of Interior. In a letter to then Prime Minister and Ministers of Finance and Interior, the Chairperson of the Private Enforcement Agents Gueorgui Dichev had submitted justification on the readiness of the Private Enforcement Agents to help the Ministry of Interior and the National Revenue Agency free of charge.

The idea of the BCPEA to strengthen the prevention of road offenders is not new. The industry has repeatedly drawn the attention of both institutions and society that the law allows PEAs to collect public receivables from the state. Timely implementation will strengthen

prevention. Former traffic police chief and road safety expert Alexi Stratiev in 2017 also recommended the state to hire private enforcement agents so that the NRA does not have to prosecute the numerous violators who are unwilling to pay for their offense charges. During a round table in the parliament in 2017, representatives of the National Revenue Agency announced that out of a total of BGN 66.3 million in uncollected fines for road violations since the beginning of 2016, BGN 34 million was handed over for enforcement. Over 40% of the fines imposed are for amounts up to BGN 50. The forced collection of a sanction of BGN 50 costs the state about BGN 300 and takes 3 years if all stages of the procedure are followed. More than half of the fines imposed on guilty drivers result in forced collection - the most difficult, expensive and lengthy procedure for the state administration. The Ministry of Finance responded positively to our proposal, but unfortunately to this day (three years later) the Ministry of Interior has not responded to the helping hand extended by the BCPEA.

Our opinion on the draft amendment to the Road Traffic Act of 22 May 2020 was sent to then Minister of Interior. On the occasion of the bill for establishing an administrative violation and imposing an administrative penalty and electronic slips to be served on individuals at a permanent address, we pointed out that it is more appropriate to notify the individual at his current address and only in the absence of such - on the permanent. The Chamber referred both to the Civil Registration Act, according to which every natural person is obliged to declare to the relevant administrative bodies his permanent and current address, and to our long-standing practice, which is clear that natural persons are found at their current addresses. In the letter we once again declared the readiness of the PEAs to support the state's efforts in the fight against the war on the roads. We stated that the BCPEA is ready to support the Ministry of Interior and the National Revenue Agency free of charge by taking over the collection of the most serious cases of unpaid fines from violators. We stressed that the proposal to the Ministry of Interior is to impose on the PEAs not all fines, but only the most severe cases of so-called recidivists, who have many unpaid sanctions, continue to violate the rules and endanger the lives and health of citizens. This time our appeal was ignored by the Ministry of Interior.

#### **BULGARIAN NATIONAL BANK**

Since the beginning of 2017, the Register of Bank Accounts and Safety Vaults /RBASV/ at the Bulgarian National Bank has been operational. This register solved a number of problems of debtors, creditors and the PEAs system. It is no longer necessary to impose distraints blindly, respectively to accumulate unnecessary sometimes excessive in relation to the amount of debt costs.

In 2020, the extremely successful cooperation of the BCPEA with the BNB continued. In unison with the digitization of the state administration processes in the last few years, and as an adequate response to the administrative paperwork implications triggered by the COVID-19 pandemic in relations between public institutions and citizens, in 2020 the two institutions agreed to use the Register of Bank Accounts and Safes (RBAS) by PEAs entirely electronically.

In 2021, BNB informed us about amendments to the legal framework of the RBAS, which regulate new references in the register (effective from August 1, 2021), namely:

✓ Information reference by individual - actual owner of an account holder;

✓ Information reference by actual owner of a legal entity - account holder;

✓ Information reference by actual owner of an account holder with an international bank or payment account number IBAN.

The cooperation between the Chamber of Private Enforcement Agents and the Bulgarian National Bank could be defined as a standard for fruitful interaction and efficiency of work between the institutions. The teams of the BCPEA and the BNB still work in exceptional synchrony and perfect working relations. The real results followed suit very soon. At the end of the reporting year 2021, all PEAs in the Republic of Bulgaria had electronic access to the register and actively used it in their daily activities. This is one of the services provided by the BCPEA for our members, which they consider to be the most useful for the last two years. We are currently in negotiations with BNB regarding the construction of a new useful feature in the RBAS, concerning the notification by e-mail of the enforcement agent regarding a debtor for whom, as a holder, there is information about a newly opened bank or payment account.

#### **REGISTRY AGENCY**

In 2021, the Chamber of Private Enforcement Agents also participated in presentations of initiatives and projects organised by the Registry Agency.

Our representatives Stoyan Yakimov and Maria Tsacheva participated in a working group at the Registry Agency to review proposed regulatory changes prepared under project BG05SFOP001 "Upgrading the property register for integration with the cadastral register and providing additional e-services." The working group was formed at the end of 2019 and held periodic meetings in a wide range of stakeholders. The working group tasks comprised analysis and proposals for regulatory changes in the regulations concerning the electronic integration with the Registry Agency and the Agency of Geodesy, Cartography and Cadastre (AGCC) systems, electronic access to data and information in both agencies and expanding the scope of electronic services provided. from both agencies to citizens and institutions. In the context of the working group, numerous working meetings were held, which were attended by representatives of the Notary Chamber, the two agencies (AGCC and Registry Agency), Supreme Judges, lawyers. The focus of the discussions was "ORDINANCE on the terms and conditions for creation, maintenance and use of the information systems of the cadastre and the property register, on the access to the data in them and the access to the data in other specialized information systems under Article (7) of the Cadastre and Property Register Act (CPRA) and ORDINANCE No. H-4 of 27 November 2020 on the terms and conditions for the implementation of the bilateral connection and the exchange of data between the cadastre and the property register under Article 6 of the Cadastre and Property Register Act (CPRA). As a result of the working group's activity, both Ordinances were passed, which gave the



operational environment for the new functionality of the Registry Agency at the beginning of 2021, namely digitization of the enforcement agents' access to the property register of acts, electronically requesting and receiving certificates of encumbrances, expanding the scope and possibilities for searching by person and property in the electronic portal 'Single portal for ordering electronic administrative services' (SPOEAS). Project BG05SFOP001 "Upgrading the property register for integration with the cadastral register and providing additional e-services" was closed with a final press conference at the end of the reporting year 2021.

The long-standing difficulties and problems in the work of PEAs and notaries with the Registry Agency (in particular the Registry Agency desk in Sofia) were largely resolved in 2021 with the amendments to the Civil Procedure Code, Article 431, para. (4), by *adding as follows: "when the information has been received by the order of the Electronic Government Act"*. In this way, the enforcement agents registered in the EEAS can receive free electronic information from the respective registers maintained by the portal, including and the documents required for the enforcement proceedings by the Registry Agency.

#### **STATE AGENCY FOR ELECTRONIC GOVERNMENT /SAEG/**

The activity of the State Agency for Electronic Government (SAEG) is largely related to the activities of the State Strategy for Electronic Government and Electronic Exchange of Information. The strategy envisages the state to provide the bodies and persons entrusted with public law functions with the widest possible range of services and EUEOer and faster access to information from national registers.

In implementation of the strategy for e-government and e-exchange, the state built **unified information exchange system RegiX**, the management of which was provided to the State Agency for E-Government (SAEG). The system provides an opportunity to implement an interface for automated submission and servicing of standardised requests for administrative services electronically. The developed components provide an opportunity for information users to automatically extract data from basic national registers and databases.

The activity of each PEA and the overall development of the enforcement process is impossible without information, and often individual state or municipal institutions are also interested in timely feedback on the stage of a particular enforcement case and the security and enforcement actions. Private Enforcement Agents have obligations under the Civil Procedure Code related to the inevitable and thorough examination of the debtor's property, obligation to initiate a number of inquiries in the relevant services - on entries, in municipalities, Regional Directorates of National Construction Control (RDNCC), the Directorate of National Construction Control (DNCC), in the Ministry of Interior, the Ministry of Health (MH), BNB, etc.

The cooperation with the State Agency for Electronic Government has lasted for several years and from 2019 we now officially have access to RegiX. Unfortunately, we have to admit that the result is below our expectations. First of all, because of the access to the registers. It turned out that some of personal data controllers have not yet integrated their registers. The inclusion of individual PEAs in RegiX also proved to be slow and cumbersome. In this regard, in 2020 we asked the Minister of Justice for assistance in the inclusion of all

PEAs in the environment, as well as the immediate integration of the Traffic Police and the Registry Agency in the electronic environment. By the end of 2021, official data from the Registry Agency were already integrated into RegiX, unlike Traffic Police databases.

At the end of June 2021, the BCPEA governing body sent an inquiry regarding the System for Secure Electronic Delivery - established and maintained by the State Agency for Electronic Government (SAEG) in connection with the Electronic Government Act (WEA) and Regulation (EU) No. 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and certification services for electronic transactions in the internal market and repealing Directive 1999/93/EC (Regulation).

The "Secure Electronic Delivery System" developed by State Agency for Electronic Government covers both the requirements for "electronic registered mail service" set out in the Regulation and part of the requirements for "qualified electronic registered mail service", ensuring the identification, authorship and integrity of the person who sends/receives documents. The Chamber of Private Enforcement Agents asked SAEG to indicate whether the established system (SSEV) meets the characteristics of the "qualified e-registered mail service" specified in Article 44 of the Regulation, as well as whether there is a technical possibility, the current "System for secure electronic service" of SAEG, to be finalised in accordance with the requirements of Article 44 of the Regulation.

The information we requested referred to the amendments to the Civil Procedure Code Amendment Act, adopted by the 44th National Assembly on 17 December 2020, promulgated in State Gazette pursuant to Decree No. 305, issued in Sofia on 22 December 2020, by the President of the Republic of Bulgaria, concerning Chapter Six of the Civil Procedure Code (CPC) - "Notices and Summons" (Article 38, para. (2) new). Article 50 of the Civil Procedure Code, has been expanded with a new paragraph 5, which refers to the cited Article 38, para. (2) of the Civil Procedure Code, according to which: The service of credit and financial institutions, including those collecting receivables from consumers, insurance and reinsurance companies and traders supplying energy, gas or providing postal, electronic communications or water and sanitation services, to notaries and private enforcement agents is carried out only by the order of Article 38, para. (2) to the e-mail address indicated by them."

Pursuant to paragraph 28 of the Act, the amendments entered into force on 30 June 2021, which obliges private enforcement agents to serve on the persons specified in the provisions, only under Article 38, para. (2) of the Civil Procedure Code. Until then, we had not received any feedback from SAEG regarding our inquiry regarding electronic service.

In December 2021, we again communicated with SAEG on the above issues. The BCPEA sent its proposals for amendments to the Civil Procedure Code, concerning the System for Secure Electronic Service with the State Agency for Electronic Government - with a copy to the Minister of Justice and the Minister of Electronic Government. As a result, SAEG informed us that a working group is to be established, which should analyse and prepare proposals for improving the operation and use of the System for Secure Electronic Service. We have received an assurance from the SAEG that the proposals of the BCPEA for amendment

and supplement of the Civil Procedure Code will be presented to the working group during its drafting.

In the past reporting year 2021, we addressed the Chairperson of the State Agency for Electronic Government several times regarding the form of reports received from RegiX. Most enforcement agents are registered and exchange data through the Inter-Registry Data Exchange Environment (RegiX). The correctness of data and the security of the access is an important factor that we strive to observe and comply with. However, along with the many positive trends, there are a number of inconsistencies or difficulties in the process of providing access or inconsistencies in the procedure between the registering authority and enforcement agents as users who have a legal basis and request access through RegiX (SAEG), but access is either provided or denied. For inquiries through the environment for inter-registry data exchange RegiX in the Population Register maintained by the Ministry of Regional Development and Public Works - National Population Database (NPD), for the purposes of enforcement proceedings a series of separate inquiries are made, resulting in collecting the necessary information. When making an inquiry through the environment for inter-register data exchange in the NPD, in order to obtain the same information, it is necessary to make 9 inquiries.

We requested the SAEG that the reference received should be one only - similar to the one that PEAs receive directly from the GRAO system and to allow additional searches to be made. The purpose is to optimise the process of tracing the property of debtors in enforcement cases, including those acquired in the matrimonial property community and by inheritance. Combining all the data in one report will ease the technological time and volume of data, which also adds to the heavy online traffic in RegiX. As it is technologically possible to combine the above-mentioned reports into one common one, the BCPEA asked SAEG to take the appropriate actions in order to obtain the above information through one reference, and not as before through 9 references. At present, we have not yet achieved a result in these negotiations.

#### **STATE AGENCY FOR NATIONAL SECURITY /SANS/**

The cooperation of the BCPEA with the SANS is very good. Prior to the pandemic, regular meetings were held at least once a year between representatives of the two institutions, which were held in a tone of goodwill and aimed at improving cooperation in commitments to implement the Anti-Money Laundering Act (AMLA) and its accompanying regulations.

Already in 2018, a standard information and communication system with a secure Internet portal for electronic services to the state administration, business and citizens in the implementation of measures for the prevention of money laundering and terrorist financing was introduced in SANS. A database and an internet portal were created, through which 31 categories of persons obliged under the AMLA (including private enforcement agents) to submit signals for suspicious operations under Article 13, para. (2) of the Rules of Implementation of AMLA, notifications of payment under Article 11a of the AMLA, and for amended or newly adopted internal rules for control and prevention of money laundering under Article 16 of the Anti-Money Laundering Act (AMLA).

On an annual basis, the Chamber of Private Enforcement Agents submits to SANS up-to-date information on the number of PEAs operating in the territory of the Republic of Bulgaria and an assistant PEA.

### **3.3. Public Relations and Media**

The ongoing COVID-19 pandemic and the imposed isolation also affected the media policy of the Chamber of Private Enforcement Agents. The lack of direct contact with journalists due to the restrictive measures has made it difficult to ensure media coverage of the Chamber activities. However, we have continued our open media policy, which has been constant and unchanging since its inception. We assisted the journalists who showed interest in the activities of PEAs even in the current difficult conditions.

It should be noted that after the celebration of the 15th anniversary since establishing the Chamber of Private Enforcement Agents in December 2020, which was widely covered, the media continued to thematically cover the topics discussed at the international conference.

In the first days of 2021, Bulgarian National TV (BNT) conducted an interview with President Gueorgui Dichev and a reportage titled "How to react if our salary is seized." In the pandemic situation, these purely practical tips were of great benefit to the citizens, which was also reported by the media, due to the great interest aroused among the spectators. The Monitor Daily developed the topic of electronic auctions and the National Register of Distraints. In an interview with the media, Gueorgui Dichev stressed that the Chamber has collected 40% less money during the pandemic.

The show "Tracks Remain" developed the topic of the eternal debtor entirely with the Chamber's assistance.

Throughout the year, the media showed interest in the work of private enforcement agents during the pandemic, with the most widespread coverage in the electronic media.

With interviews and publications, the Chamber has largely publicised its proposal to the legislator for voluntary tenders, as well as debtors to be able to repay their loans before the enforcement proceedings.

The media showed interest in the election of a new Chairperson of the Chamber of Private Enforcement Agents Ivan Hadjiivanov and the report on the organisation's activities in 2020. In an interview with Bulgarian Telegraph Agency (BTA), he pointed out: "While some of the economically active subjects stopped working compulsorily, we, PEAs, did so deliberately. Restrictions on public sales, inventories and distraints of bank accounts were in place for 4 months, following our proposal. Due to the emergency situation, we have reported the weakest year in terms of results for private enforcement. However, I am convinced that the decision to freeze some of the work was the right one. We have shown exceptional maturity as a community and an institution."

Many publications reflected the sharp decline in the work of PEAs during the pandemic and the danger of closing offices.

In the bulletin of the Association of Banks in Bulgaria, BCPEA Chairperson Ivan Hadjiivanov presented the Chamber priorities, emphasizing that the COVID crisis requires a shift from forced to voluntary enforcement.

There is a continuous trend, over the last couple for the media to show interest in the activities of private enforcement agents. Their purpose is not to express some kind of unfounded and tendentious criticism, but to acquaint citizens with their activities during a pandemic and to promote their expert advice.

Despite the pandemic and the restrictive measures, the communication of the Chamber's governing body with journalists was not interrupted. This good communication with relevant reporters, built over the years, has been very important in these difficult times. The lack of press conferences and workshops did not prevent the Chamber from spreading its ideas for legislative changes and the problems of enforcement proceedings.

#### **3.4. Control over the activity of PEAs**

Private enforcement agents practice one of the most controlled professions. Permanent control over PEAs is applied by 8 institutions - the Chamber of Private Enforcement Agents, the Ministry of Justice with two separate inspectorates, the Ministry of Interior, the court, the prosecutor's office, the National Revenue Agency, the State Agency for National Security, the Committee for Personal Data Protection.

The Ministry of Justice and the BCPEA Council independently pursue a policy of control and supervision over the activities of the PEAs and monitor the implementation of the law, the Statutes and the Code of Ethics. The inspections are carried out both on specific complaints and on the overall activity of the PEAs offices. The control over the industry, exercised through both bodies, is strong and strict. We realise that in our professional organisation, as in most professional industrys, individual members do not always follow the rules.

**The Committee for Legal Affairs and Control of the Activity /CLACA/** is a subsidiary body at the Chamber Council within the meaning of Article 30, sec. (5) of the Statutes of the Chamber, with a mandate of three years. The Committee consists of 25 members. It is chaired by a chair and two vice-chairmen. The Chamber Council appoints the Chairperson from among its members and he participates by right in the meetings of the Council. It is the competence of the CLACA to perform: Methodological and organisational support of the activities for current monitoring and subsequent control over the work in PEA offices (in view of the rules and norms for work of PEAs set in the normative base); Inspections in PEA offices - thematic or on complaints and signals against PEAs to the Chamber Council, as well as implementation of subsequent control; Collection, systematization and analysis of information about the work in PEA offices; Giving opinions to the Chamber Council on general legal issues and those in the field of law enforcement.

**The Committee for Professional Ethics (CPE)** is a subsidiary body of the Chamber Council within the meaning of Article 30, sec. (5) of the Statutes of the Chamber, engaged in the application, interpretation and improvement of the Code of Ethics, with a mandate of three years. The CPE operates within the CPVC. The Committee for Professional Ethics is appointed by the Chamber Council and according to our Code of Ethics consists of 9 members, elected from among the representatives voted by the General Assembly under Article 10, sec. (11) of the Chamber's Statute. The competences of CPE are: To collect, systematize, analyse and summarise information on the activities and behaviour of private enforcement agents in order to update and improve the implementation of the Code of Ethics; To perform the functions of a mediator (conciliation proceedings) in case of ethical and interpersonal disputes between PEAs; To summarise existing professional practices through interviews; To make proposals for improving the Code of Ethics based on the identified practices of private enforcement agents and the changes in the legal, organisational and socio-economic framework of the profession.

For years the BCPEA has been working to establish a better mechanism for internal control and compliance with the rules of all offices. One of the key priorities in the work of the CPVC is the creation of a methodology and the performance of periodic inspections of all offices on various topics. In April and May 2015, the first round of inspections was carried out in all 164 existing law offices in the country. Their purpose was to establish the current state, possible violations and vicious practices in the profession. All offices with established violations received recommendations for elimination of irregularities within 6 months. The second round of inspections took place in early 2016. In 2019, a national online monitoring of the activity in the PEA offices on the application of the new Civil Procedure Code from 2017 and a subsequent analysis of the legality of enforcement was conducted.

For years the Chamber of Private Enforcement Agents has pursued a constant policy of enhanced control and uncompromising attitude towards those who violate the law or damage the prestige of the profession. We allocate significant human and material resources for inspections and the results of the disciplinary activity of the chamber are impressive - at 189 PEAs only in recent years the disciplinary sanctions entered into force are 127 fines, of which 34 amounting to over BGN 5,000, 4 deprivation warnings of rights and 21 deprivations of rights. We are also the only legal profession for which the penalty of deprivation of rights forever is provided, which happened again at our suggestion in 2017.

The BCPEA Council last year was and will be uncompromising towards colleagues who have intentionally committed violations. At its meetings held in 2021, the Chamber's governing body took three decisions to initiate disciplinary proceedings, both on complaints of 2020 and on complaints of 2021. For its part, the Disciplinary Committee, although formally part of the BCPEA, is in practice a fully independent body. The data suggest that the Supreme Court of Cassation upheld approximately half of the decisions rendered by the disciplinary panels. The other half of the decisions are changes from the control instance to lower or higher penalties. The arguments for imposing a disciplinary sanction on a private enforcement agent are

also confirmed in the acts of the control instance. Behaviour of PEAs that violate the law and the rules is not tolerated.

In 2021, the Chamber of Private Enforcement Agents received 411 complaints. Their number is significantly smaller compared to 2020 (348) - a fact that reflects the complete suspension of the activities of PEA offices for four months during the COVID-19 pandemic year. For the reporting period, they are 63 less than in the previous year of 2020 (for comparison in 2019 - 548, 2018 - 530, in 2017 - 654).

The Chamber takes its control activity extremely seriously, devoting significant resources to conducting an investigation into each complaint. A large part of each meeting of the Council is dedicated to the consideration of the received signals and complaints. A significant part of the citizens is not aware not only of the rights and procedures, but also of the functions and powers of the PEA, unfairly blaming the PEAs for the actions of the other party in the process, for court decisions and injunctions, for accrued interest and court fees, lawyers and legal advisers, for imposed restraints of social benefits, pensions and salaries in bank accounts, etc. On the other hand, enforcement by its nature is a highly conflicting activity, in which one enters the personal and property sphere of one of the parties in the process by force and it is normal to have dissatisfied people. It should be noted that in the last few years, an average of about 200,000 enforcement cases have been filed annually in Bulgaria. Against the background of this huge number of cases, only in 0.09% of the cases, whereby PEAs work has any complaint been received. This is the ratio of the number of complaints filed with the BCPEA and the Ministry of Justice to the pending enforcement cases in the country.

Of course, for the BCPEA every well-founded complaint is of great importance, every victim of some violation of the PEAs deserves our full attention and therefore, we devote so much resources and efforts to our control activities. It is already clear to every colleague that there can be no personal prosperity without general prosperity of the profession, that the way to them passes only through lawful and professional-ethical behaviour and if we break the law, we bear the corresponding responsibility for it.

The Chamber's record keeping system contains in synthesized electronic form information for statistics, monitoring and control of the activity of the PEAs. It is a useful tool for the control bodies of the Chamber regarding the presentation of all available information about the activity of each private enforcement agent - cases, revoked actions by the court, complaints filed against him, disciplinary proceedings, violations, penalties, recommendations, etc. The system also contains the disciplinary practice, as well as Case Law and is used by the control bodies, and its separate modules - by all private enforcement agents.

### **3.5. International Cooperation**

The Chamber of Private Enforcement Agents is a full member of the International Union of Judicial Officers (UIHJ), an organisation established in 1952 that currently unites 100 countries around the world.

## **INTERNATIONAL UNION OF JUDICIAL OFFICERS (UIHJ)**

The UIHJ has the objective to represent its members before international organisations and to ensure good cooperation with national professional organisations. The Union works to improve national procedural law and international treaties and makes every effort to promote ideas, projects and initiatives to support the progress and advancement of the independent status of enforcement agents. UIHJ is a member of the United Nations Economic and Social Council. The UIHJ participates in the work of the Hague Conference on Private International Law, in particular in the planning of conventions relating to the service of enforcement orders and the enforcement procedure. The UIHJ is a member with the status of permanent observer of the European Commission for the Efficiency of Justice (CEPEJ) of the Council of Europe. The UIHJ is also involved in criticisms and comments aimed at opening up the European Judicial Network in civil and commercial law by the European Committee to the legal professions. In addition, UIHJ is currently involved in the work of the Justice Forum group set up by the European Committee, as well as in its e-Justice project. Over the last few years, UIHJ has been working on an ambitious project aimed at creating a Global Code of Enforcement Procedures, in collaboration with legal professionals and university professors from around the world. The Code is already a fact adopted and disseminated among the Member States. The UIHJ also participates in fact-finding missions involving governments and international bodies.

The Bulgarian Chamber of Private Enforcement Agents has been a full member of the UIHJ since 2005 and regularly pays its annual membership fee to the world body.

## **EUROPEAN UNION OF ENFORCEMENT OFFICERS (EUEO)**

The European Union of Enforcement Officers (EUEO) was established at the end of 2016 as the legitimate organisation of European chambers within the international union, but also in response to the European Chamber of Enforcement Agents, which is not accepted by the majority of countries in the union. Currently, 24 countries are members of the EUEO. The organisation is headquartered in Brussels. Its aim is to carry out the following activities in close coordination and under the guidance of the UIHJ: development, promotion and presentation of the profession of private enforcement agent in the various Member States of the European Union; representation of the profession in the institutions of the European Union by expressing a common position; strengthening cooperation with the various legal professions; participation of representatives of the profession in the relevant public consultations organised within the European Union; participation in projects financed by the European Union, especially with regard to cooperation in the field of enforcement; coordinating the private enforcement agent profession within the European Union in order to promote global enforcement standards and best practices; organising the relevant activities related to the training of enforcement agents within the European Union; representation within the European Union, after consultation with other international organisations and institutions or third countries; all relevant activities and services for the benefit of its members, directly or indirectly related to the objectives set.



Meetings of EUEO Member States shall normally precede meetings of the UIHJ Permanent Council and shall take place one day in advance. The European Union meeting in 2021 was held on November 25 as part of the programme of the International Congress of UIHJ in Dubai.

### **UIHJ PERMANENT COUNCIL**

On 25 June 2021, the Permanent Council of the International Union of Judicial Officers (UIHJ) had a meeting - once again in online videoconference format.

UIHJ Chairperson Marc Schmitz opened the forum with an emotional speech in which he called onto those present to a minute of silence for the 19 colleagues who died from COVID from all Member States, including chairpersons of several member chambers.



During the meeting, the parties reported on current issues of enforcement in their countries. Almost all European countries shared that there is an increasingly noticeable and lasting downward trend in the number of enforcement cases on an annual basis. More and more cases are being

transferred onto collection companies - both in Germany and in the Baltic states.

The forum delegates unanimously accepted the proposals of the deliberately established working group at UIHJ for amendments to the Statute, which are mainly in two directions - on the rules for admission of countries to the organisation and exclusion of Member States that do not pay their membership fees.

The main topic of the UIHJ Permanent Council was digital assets. Globally, the problem is that digital assets have financial and economic value, but in most countries no legal framework has been adopted to enforce them. The UIHJ leadership presented the work done on the drafting of a Global Code for the Implementation of Digital Assets and a Code of Ethics for the Use of Artificial Intelligence in Judicial Proceedings.

The BCPEA was represented by its participating representatives Stoyan Yakimov and Aneliya Glavanova. The highlights in the forum agenda referred to implementing the provisions of Regulation (EU) No. 2020/1784 in the service in the Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents). The interaction of EUEO with the European institutions was discussed, as well as the developing projects managed by our European organisation in Brussels, namely: FAB <sup>III</sup>, FILIT enforcement project, BESP project, GDPR project, and draft European Enforcement Atlas project. In order to meet the challenges at European and global level due to the COVID-19 crisis, the topic of building an online EUEO

training platform and conducting it in the form of webinars with many participants from all Member States is becoming more and more relevant.

**XXIV INTERNATIONAL CONGRESS OF JUDICIAL OFFICERS**



The 24th Congress of the International Union of Judicial Officers was held in Dubai, 22-26 November 2021. The topic of this year's congress was "Cyber Justice - New Opportunities for Judicial Officers". The event had been postponed several times throughout 2020 and until the very end of 2021, because of the impossibility of holding it due to the pandemic. For these objective reasons, the congress agenda was structured so as to cover both mandatory procedures under the

UIHJ statutes, and giving important presentations on major trends in global enforcement. General meetings of the EUEO and the UIHJ were held, as well as ratification procedures for the new UIHJ member states. Prior to this UIHJ Congress, the full-fledged member states were 93. With the newcomers, the international organisation officially comprised 100 members.

The Congress adopted amendments to the UIHJ Statutes. The Statutes draft amendments were validated during the Permanent Council, which took place online in November 2020. The Congress only ratified those amendments to give them the appropriate legal consequences. The two main amendments concern the rules for the admission of Member States to the UIHJ and the deprivation of rights of States in default of their membership fees.



Elections were also held for a new leadership of the UIHJ and a new leadership of the European Union of Judicial Officers. Mr Mark Schmitz was re-elected by an overwhelming majority as president of both organisations for the next three-year term.



In summary, the conclusions from the UIHJ XXIV Congress can be presented in the following main highlights:

- ✓ The fundamental rights of digital enforcement litigants must always be guaranteed;
- ✓ In order to be effective in implementation, countries should cooperate by facilitating the development of global access to digital asset information;

- ✓ The enforcement agent must remain at the core of the enforcement process, regardless of the process digitalisation worldwide;
- ✓ The enforcement agent must essentially keep his or her human role in the enforcement process;
- ✓ Training is essential for the quality of enforcement.



The Congress work was published in a bilingual edition (English/French), which was scanned by the BCPEA Chairperson, and provided to the Chamber members in case of interest.

### **3.6. Services provided to the Chamber members**

In 2021, BCPEA continued to maintain and develop the range of electronic and other services it offers to its members.

#### **3.6.1. Development of the electronic environment and technologies**

The main priority in the BCPEA activity since its establishment is the electronic access to the information about the debtors, as well as the execution of enforcement actions electronically. With our own efforts and funding, we have created and are constantly developing the Register of Debtors (Integrated Platform for Enforcement Cases, IPEC) and the Register of Public Sales, which have significantly improved transparency and awareness in society. The Register of Debtors (IPEC) is an indispensable tool in the country's economic life. A huge number of citizens, financial and public institutions, courts, investigative bodies and prosecutors' offices receive reliable and legitimate information about pending enforcement cases against legal entities and individuals. The register of public sales facilitates business and citizens in the search and implementation of transactions for the purchase of property. The sales site has millions of visits from users at home and abroad.

As a confirmation of our will and support for the initiative of the Government of the Republic of Bulgaria to introduce e-justice, the Chamber of Private Enforcement Agents holds regular meetings and talks with organisations and colleagues from the international community in whose countries these electronic systems operate successfully.

In May 2021, the Chamber resent proposals to improve the progress of digitization in the enforcement process in a letter to the leadership of the Ministry of Justice. Our proposals are in line with the processes of overall digitalisation in the justice system, and our motives, in view of the pandemic, are related to saving costs and time. In the letter, we again raised the issue of the introduction of

electronic auctions and electronic distraints. We demanded the launch of digital receipt of a certificate of encumbrances and foreclosures, changes in the Civil Procedure Code to create the widest possible opportunities for notifying persons and service of papers electronically. We expressed our dissatisfaction with the rejection of the proposals of the BCPEA and the Notary Chamber by the working group for normative changes in the property and cadastral register, with which we wanted to provide electronic access to the acts of the Registry Agency. We did not fail to point out that our expectations from the electronic information exchange system RegiX, administered by the State Agency for Electronic Government, are mostly not justified, mainly due to the access to the registers. In this regard, we asked the Minister of Justice for assistance in accelerating the process of inclusion of all PEAs, inclusion of all registers provided by it, immediate integration of the Traffic Police and the Agency for Registries in the electronic environment. We also pointed out the importance of obtaining immediate and remote access of PEAs to the acts of the Registry Agency.

The initiative of the Chamber does not always meet with a response and commitment from the executive and legislative authorities in the Republic of Bulgaria in the person of the Ministry of Justice and the Committee on Legal Affairs in the National Assembly. The BCPEA Council has been conducting a long-term campaign for free electronic access to data on the debtor in a number of its opinions, workshops and proposals, motivated by the public nature of the functions performed by the PEAs. The result of these long-term efforts appeared only in 2021 with the amendments to the Civil Procedure Code, Article 431, para. (4), in which was added "*when the information is received by the order of the Law for electric management*". **Thus, from 2021, enforcement agents registered with the EEAS can receive free electronic information from the relevant registers maintained by the portal.**

The Chamber devotes significant human and financial resources to automate its processes, work and information resources, including in terms of statistics, disciplinary and Case Law, the activities not only of the administration and bodies, but also of each individual member of the industry. The Chamber operates and successfully uses a centralized information system (CIS) for integrated procession of statistical information from the 6-month and annual reports of PEAs. The system is administered by the Ministry of Justice, and a functional possibility has been created for data transfer to the BCPEA server. In 2020, a new version of the CIS was developed and entered into force - in accordance with the amendments to Ordinance No. 3 of 2006 on the reports of private enforcement agents (Title amended, SG No. 51/2019, effective since 28 June 2020). The new system has certain gaps and inconsistencies due to the change of project contractors in the Ministry of Justice. In 2022, we will have meetings and talks of the teams from the BCPEA and the Ministry to remedy these problems, because the BCPEA activity statistics electronic system considerably facilitates the work in our organisation. For PEAs and the Chamber administration, the need for preparing, sending and respectively manual processing of PEA reports on paper has been completely eliminated.

For five years now, the Chamber administration has been successfully using a unified electronic record keeping system. The huge archive of

documents of the BCPEA has been digitized and transferred as a database in the system, which database is successfully implemented and upgraded in our daily administrative activities.

### 3.6.1.1. Register of Public Sales (RPS)



The first Register of Public Sales website was launched in the summer of 2009. At the end of 2011, a new web-based register was successfully implemented, meeting the increased requirements of users, private enforcement agents and external clients using it. An important success for

the BCPEA, which ensured its successful development, was achieved at the end of 2012 and the beginning of 2013. By decision of the SJC, on the occasion of the amendment of Article 487, para. (2) of the Civil Procedure Code, the Central Register of Public Sales has established itself as a basic and mandatory electronic database of sales conducted under the Civil Procedure Code by private enforcement agents in the country. Since its establishment, the Chamber has been constantly monitoring the work of the RPS over the years. In the light of the new changes in the Civil Procedure Code, there was a need for us to replace the existing platform for public sales of PEAs with a new one - more updated and significantly enriched in terms of functionality. It was commissioned in the reporting year of 2020, developed by Information Services AD.

For the past year of 2021, the RPS page was visited by **741,153** unique IP addresses, which carried out **3,483,512** sessions and viewed a total of **32,414,711** pages. The average duration of the session was **06:50** minutes, during which time they viewed **9.31** pages. Visitors from Bulgaria predominate, but there are also from Germany, United Kingdom, United States, the Netherlands, etc. About 2/3 of all users access the site from mobile devices.

In 2021, a total of **22,199** ads for sale of property /for comparison **29 302** in 2020, **and 41,026** in 2019/ were published in the Register of Public Sales of the Chamber of Private Enforcement Agents. Those include: for real estates **20,104** ads /for comparison 25,273 in 2020, 36,190 in 2019/; for vehicles - **1431** ads /for comparison 2002 in 2020, 2099 in 2019/ and of movables - **664** ads /for comparison 2027 in 2020, 2737 in 2019/. Here we make the following important clarification - the number of published announcements does not mean actual sales, nor that so many properties are subject to implementation, in many cases there are several sales of the same properties due to lack of bidders.

The announced sales of real estate for 2021 by district courts are distributed as follows:

Sofia City	Sofia District	Blagoevgrad	Burgas	Varna	Veliko Tarnovo	Vidin
1400	781	992	2704	1709	879	551
Vratsa	Gabrovo	Dobrich	Kyustendil	Kardzhali	Lovech	Montana
305	482	1054	224	298	700	675
Pazardzhik	Pernik	Pleven	Plovdiv	Razgrad	Ruse	Silistra
1007	142	548	1075	262	615	282
Sliven	Smolyan	Stara Zagora	Targovishte	Haskovo	Shumen	Yambol
342	534	582	203	911	606	241

The decrease in real estate sales is primarily due to the emergency health situation over the past pandemic year of 2021.

### **3.6.1.2. Central Register of Debtors CRD (Integrated Platform of Enforcement Cases IPEC)**

The Integrated Platform of enforcement cases was established as a centralized database in 2011. - Central Register of Debtors (CRD). The initial system was in operation from the beginning of 2011 to September 2014. An entirely new CRD software was launched as of October 2014. It still works today. In 2017, some improvements were made to the existing software, but they only showed that even with this register there is a need for its complete update and its transformation into a large-scale electronic platform with much more functionality than the existing ones. This is coming in the near future.

At the time of compiling this report, according to IPEC data, the pending cases in the country are 1, 287,136, and the total number of terminated and completed cases is 1,234,870.

The platform is in constant daily operation by users - private enforcement agents, companies, citizens and corporate clients. Corporate clients of CRD are mainly credit and financial institutions, insurance and leasing companies, commercial companies. The information is widely popular and is of great benefit to them, as they can check in advance the status of applicants for credit, when concluding contracts, preliminary verification of trading partners. In 2021, a total of 29,425 references were issued. inquiries from CRD, including 10,292 cases from various companies and citizens, and 19,133 cases - from our corporate clients /For comparison: 2020 - 25,146 references; 2019 - 42,005 references; 2018 - a total of 61,405 references issued/. In addition, institutions such as the Police, the Prosecutor's Office and the Court regularly require the BCPEA to provide information from the CRD on pending enforcement cases against persons under

investigation in pre-trial proceedings or parties to civil and commercial cases. The platform is trusted by the institutions and sufficiently covers their needs for using this service.

The BCPEA administration employs one employee with the relevant education and qualification on a permanent employment contract, who is responsible for the direct monitoring and non-technical support of the CRD (IPEC). This reduces our costs for external services and allows us to improve the communication of the Chamber's team with the members of the industry and the clients of the platform on issues and problems related to the register. The monitoring of the functionality of IPEC by the employee of the Chamber significantly improves and facilitates the daily work of the system.

For 2021, a higher rate of revenues from the CRD (IPEC) against estimates in our annual budget is established. Respectively, the incurred expenses for maintenance of the system and servicing of its users are compared in optimal balance with the received revenues.

#### **3.6.1.3. BCPEA record keeping system**

The Chamber has implemented and successfully operates a unified record keeping system. The digitization of the work processes supports the productivity and the internal organisation of work in the Chamber administration, the functions of all its bodies are optimised. The digitization of the document flow in our organisation helps us to effectively manage the content of both paper and electronic documents. With the help of the system the work processes are automated, the tasks for the employees of the Chamber and for its bodies are defined and ESEily created. The system is designed to integrate successfully into the existing IT environment. With it we can get optimal exchange of information and documents with third systems, with easy administration. The created digital archive facilitates the access to the archival documents without endangering their physical condition. The record keeping system provides an opportunity to work with electronic copies of disciplinary cases and files. Through the Module "Disciplinary and Case Law", including decisions of the Disciplinary Committee (DC), decisions of district courts and decisions of the SCC, you can sort and search for documents by different criteria - what disciplinary sanctions are imposed in disciplinary cases depending on a particular violation of a legal norm, of rules from the Code of Ethics or the BCPEA Statutes. In this way, a kind of disciplinary archive is formed, which could be of help to the sanctioning bodies in their activity of establishing violations and issuing their acts, respectively to the private enforcement agents in their routine activities. Through the information available in the database on complaints, disciplinary proceedings, claims for damages, insurance, etc. data for each private enforcement agent, the system allows data to be collected quickly electronically and systematized; to automatically notify the PEAs about non-fulfilment of its obligations in time, etc.

#### **3.6.1.4. Implemented Personal Data Protection System with the Chamber and the PEA offices**

In accordance with the requirements of REGULATION (EU) 2016/679 of 27 April 2016 on the protection of individuals with regard to the

procession of personal data and on the free movement of such data - in force since 25 May 2018 - in the BCPEA, a Personal Data Protection System has been developed and implemented. A Data Protection Officer has also been appointed (the employee has completed a certified training course of the DPO).

For all members of the Chamber, an identical model of a system and the related procedures and documents for the PEA offices were developed and provided.

#### **3.6.1.5. Electronic distraints**

The main priority from the very beginning of our profession is the maximum of the information about the debtors and the enforcement actions to be administered electronically. However, this priority depends almost entirely on another major digitization process that needs to take place in public administrations and in the justice sector in particular. The example of our long-standing struggle for the introduction of electronic distraints is indicative enough of how even "digitization" already regulated by law can only remain a good wish.

Article 450a (New - SG No. 49/2012, effective since 01 January 2013, amended, SG No. 86/2017) of the Civil Procedure Code as early as the end of 2017 regulates electronic distraints on receivables under bank account. Unfortunately, this option is still not working for PEAs. Despite the efforts made in the past year of 2021, we have finished and are starting another year without the possibility of real application of the norm of the Civil Procedure Code regarding electronic distraints. Currently, the law does not allow not only the imposition of distraints electronically, but even communication between PEAs and banks in connection with them. The Ministry of Justice should issue an ordinance on electronic distraints through a special environment for them, regulated in the Civil Procedure Code, but this has not happened for years. Without the regulation in question, the issue of electronic distraints could not be practically resolved.

#### **3.6.2. Training. European School of Enforcement**

The European School of Enforcement (ESE) was established by a decision of the Chamber Council of Private Enforcement Agents of 14 October 2016 and was registered as a foundation for carrying out activities in public benefit by a decision of the Sofia City Court of 17 November 2016 in company case No. 734/2016

The report covers the foundation activities for 2021, which is developing in the following areas:

##### **1. Educational and Training Activity**

The ESE's activities were affected by the COVID-19 pandemic. The webinar and other online forms of training and professional communication proved to be the most appropriate in this environment.

During the reporting period ESE organised, directly or jointly, several events along with the Chamber of Private Enforcement Agents:

➤ Webinar on the topic "10-year Statutes of limitations under Article 112 of the Contract and Obligations Act (COA) and its impact on the enforcement process", in which 64 PEAs and their employees took part;

➤ Webinar on "Subjective-Related Complications in the Event of Litigant Death", which was attended by 49 PEAs and their employees;



➤ International trainings on "European Law and Legal English" under the project continued in partnership with the Academy of European Law (ERA). The project activities were also affected by the COVID-19 pandemic. The trainings continued mainly online, attracting high interest (2 participants and 3 absentees against 10 reserved seats), despite the removal of participation fee for online trainings. Only the last training of the year, in which two Bulgarian participants took part, was held in September in Helsinki, Finland. The reserved programme and the 4-year duration of trainings is not suitable for an online format.

It is necessary to note several issues related to the educational and training activity in 2020 [sic: 2021].

1) The policy for reduction and optimisation of the fees for participation in the trainings for PEAs continued to be applied so that the trainings became more accessible for the main audience of the school. This approach also has an impact on financial performances. At the same time, not all ESE training activities in 2021 generated revenue.

2) The webinar proved to be an appropriate form for conducting trainings and exchanging professional experience, especially if sessions are of shorter duration (up to three hours). It is good practice to ask the questions to the lecturers in advance so that the latter can prepare the answers and include them in the main presentation. It also facilitates the discussion during the webinar. It is also good practice to summarise and send the questions to participants in advance.

## **2. Study on the tax regime of enforcement agents across Europe**

With the assistance of the International Union of Judicial Officers and as commissioned by the BCPEA, the European School of Enforcement conducted an online survey on the tax regime for enforcement agents across Europe. An online questionnaire was prepared and a link was sent to all Chambers in European countries where enforcement agents are freelancers. Initially, 11 responses were received from 10 countries (including Bulgaria), after sending a reminder letter from the European School of Enforcement, responses were received from three more countries.

The survey results are available as enclosure hereto.

## **3. International activities and projects**

The implementation of the training project of the Academy of European Law (ERA) in the field of European law and legalese terminology in English, in which ESE is a partner, continues. The project ends in 2022 with the last workshop taking place in February in Vienna, Austria, to be attended by three Bulgarian representatives.

## **4. Financial performance**

The two sources of funding for the foundation during the reporting period are fees for participation in the trainings organised by it and a BCPEA subsidy in the amount of BGN 5,000. The financial performance from the foundation activity totals BGN 5165.39 as of 24 January 2022.

In 2021, a series of measures were taken to minimise fixed costs, especially for staff.

## **5. Institutional development**

In October 2021, the mandate of the ESE Board of Directors ended, which was renewed by the BCPEA Council for a new term, with unchanged body members.

An auxiliary body was established with ESE - Programme Council, including five PEAs (one from the appellate region), to assist it in the selection of topics and preparation of the curriculum. The Programme Council has started its work.

### 3.6.3. Information and administrative services

Each member of the Chamber has the responsibility to build the image of our profession. The professional activity and morale of each PEA has a direct impact on the activity and authority of its colleagues. PEA has the right to request up-to-date information and quality services, but also has the obligation to comply with the rules and policies adopted by the governing bodies of the Chamber.

The analysis of results from the past pandemic year of 2021 shows that despite the complexity of the epidemic situation and the resulting difficulties for the normal operation of offices, the Chamber members are satisfied and grateful for the ways provided to communicate with the BCPEA leadership and administration - PEAs have reliable feedback from the administrative team and the BCPEA Council and can receive

advice and support on issues and problems related to the daily work of law offices. They highly appreciate the correct, adequate and professional service they receive during the year.



Back in 2020, an entirely new website of the Chamber of Private Enforcement Agents was launched to replace the previous one, already technically and morally obsolete. The project implemented

by Information Services AD also includes a new register of public sales, a register of existing PEAs and a Web service interface for integration with other information systems. Apart from being developed using modern technology, the information on the new site is better illustrated, there are clear links to the various registers maintained by the Chamber, and it also supports a mobile version.

In this section "Case Law" and especially in our office system we publish court decisions issued by the courts of the Republic of Bulgaria in connection with enforcement. After 16 years of effective work of private enforcement agents, solid Case Law has already been accumulated in the form of judicial acts on law enforcement - unfortunately some of which is contradictory and at times inadequate. We publish these decisions to the benefit of the parties in the enforcement process, as well as to unify the practice of the courts throughout the country. We have already collected and summarised the existing disciplinary and Case Law, which has been made available for use by the Chamber members in the current system of record keeping and process BCPEA management.

The "Key Documents" section in the "EU Regulations" section contains all the main European directives, regulations, procedures and

instructions concerning the cross-border enforcement of court decisions and the obligations of enforcement agents in the Republic of Bulgaria arising from Bulgaria's membership in the European Community. The "Questions and Answers" section of the website - contains additional information for citizens. The team of the Chamber of Private Enforcement Agents has the practice to answer inquiries of citizens, companies and members of the Chamber almost immediately on various issues concerning the activity of the Private Enforcement Agents.

Already in 2018, a good practice was introduced to publish consultations of PEAs in legal sites and magazines - Lex.bg, "Legal World" and "Society and Law", as well as scientific publications of members of the Chamber. This activity continued in the reporting year 2021, as it turned out that the materials arouse great interest not only among professionals. The readings reach thousands of users of legal sites. Readers are grateful and point out that the articles are very useful.

We maintain active 24/7 hours a day both national registers - RPS and IPEC (CRD). The ratings of the PEAs that participated in the annual survey regarding these services are very good: **5.46** for the BCPEA website; **5.65** for the Register of Debtors and **5.57** for the Register of Sales /versus 2020 - 5.20 for the BCPEA website; 5.30 for CRD and 5.25 for RPS). The quality of materials produced by the Chamber for 2021 was rated **5.26** /versus 5.25 in 2020/.

In order to optimally inform its members about all publications in the media covering the activities of private enforcement agents, this year the Chamber renewed the contract with the Bulgarian Telegraph Agency for the service "Electronic Press Clipping" - tracking a given topic in the broadcasts of BTA, online and print in the national and regional media. Through the Chamber's subscription for this service, the Chamber of Private Enforcement Agents receives in its official e-mail the most complete information possible from the national and regional media on the topic of "enforcement". Important publications of key importance for the activities of the PEAs are sent to all members of the industry by an employee "Protocol and Public Relations" in the PEAs. The Chamber's governing body believes that this initiative makes sense and hopes that we will be useful to members with this service in the future.

During the reporting period, the Chamber continued to provide standard administrative services for its members - entries and deletions from the Register of Private Enforcement agents, changes in the circumstances of the register, administration of CRD and other registers maintained by the BCPEA, collection, summarisation and analysis. of statistics and information on the activity of PEAs, issuance of certificates, official notes and other documents, issuance of official cards, cases and signs, distribution of BCPEA publications, document circulation, administration of complaints, overall administration of the disciplinary process in disciplinary proceedings and assistance the work of the Disciplinary Committee (DC) of the BCPEA, organisation of national and regional forums, and many others. In order to be maximally informed about the decisions taken by the BCPEA Council during its meetings, as well as about the results of their implementation, all members of the Chamber regularly receive by e-mail the minutes of the meetings in full. The minutes shall be

sent by the administrative secretary of the BCPEA, after their signing by all members of the Council - on average one month after the respective meeting. This causes some delay in sending them, but for the time being no other, more effective mechanism for informing colleagues has been adopted. Important management decisions are immediately brought to the attention of all private enforcement agents by e-mail.

Last but not least, we must note our desire to increase the quality and quantity of services provided by the Chamber to its members, including through adequate facilities. It should be noted with satisfaction that at the end of 2021 the long-planned and expected major overhaul of the BCPEA administrative premises, located in the building of the Union of Lawyers in Bulgaria, was finally completed. At present, our employees are already working in a renewed, cleaner and more pleasant working environment!

#### **3.6.4. Services under development**

The digitization of enforcement proceedings has always been a top priority. This is also the direction in our activity, which the majority of the private enforcement agents in Bulgaria want to get tangible progress.

The introduction of electronic enforcement actions such as distraints, foreclosures and tenders will be key to the progress of the profession in the coming years. Our purpose is to fully digitalize the processes and services in the judiciary. Therefore, we will make every effort and potential to continue with these projects in 2022, despite the difficulties and obstacles that accompany the implementation of these processes. Unfortunately, all of them are related to close cooperation and interaction with state bodies and institutions, which is why progress is happening more slowly than we would like. We hope that in 2022 the deliberately established working group in the Ministry of Justice will prepare and adopt the "Ordinance on the organisation, rules and activities of the unified online platform for electronic public auctions." The initiative to introduce the electronic seizure system is entirely in the hands of the executive and the legislature. The activity is legally regulated, but here too it is necessary for the Ministry of Justice to prepare an ordinance on electronic distraints. The Ministry of Justice will establish and maintain a National Register of Distraints. In this way, the new information system will ensure accurate information about the movables under registration regime, on which seizures have been imposed in the enforcement cases, centralized in a single database. This was proposed with amendments to the Code of Civil Procedure (CPC), published for discussion on the public consultation portal. Opinions on the texts can be submitted until 29 December 2021. Currently, neither state nor private enforcement agents have a legal obligation to maintain such registers.

The conditions and procedure for maintaining, storing and accessing the information system will be determined by amendments to the ordinance on the organisation, rules and activities of the online platform for electronic public auctions, the submitter of the amendments - the Ministry of Justice. The changes in the ordinance must be ready 6 months after the bill takes effect.

In this regard, the 12- to 18-month deadline for drafting the ordinance after the adoption of the texts for this electronic system, which was not observed by the authorities (electronic public auctions entered the CPC in 2017), has been dropped.

This approach will allow a common standard in the construction of both functionalities and automated movement of data from the register of seizures of movables to the sales module and vice versa. Litigants in enforcement proceedings, as well as persons with a legal interest, will have access to the system, in compliance with the requirements of the Electronic Government Act. Access to the information system of the state and local administration and of the persons performing public functions will be free.

Currently, the Bulgarian legislation suffers a regulatory gap regarding the possibility to inform any stakeholders before purchase and sale of movables (vehicles, agricultural machinery, road construction equipment, etc.) on seizures imposed on them by law enforcement authorities.

In its reasoning, the Ministry of Justice also states that the measure will ensure a degree of publicity of the information in the register, which will ensure informing the stakeholders about the burdens and restrictions on the movable property subject to regulation, will increase the security of transfer transactions and will increase has optimised the enforcement on the specified movables.

Bringing the project to a successful conclusion will prove the will of the state to introduce a modern European approach in enforcement proceedings, which will lead to a reduction of about 30 times the fees for citizens and businesses.

In the field of information technology, software and information platforms are aging rapidly and need to make technical changes in step with the times in which we live. Therefore, in the near future we will update the existing Central Register of Debtors, turning it into a modern Information Platform of Enforcement Cases (IPEC) - multifunctional, easy to use by stakeholders and simplified in the administrative and technical part of its maintenance by of the Chamber.

Within our industry, an active debate has been going on for some time regarding the creation and maintenance by the Chamber of unified office software for the work in PEA offices. The results of this debate received their logical development when a decision was adopted by the BCPEA General Assembly in 2021, namely: BCPEA to build its own record keeping programme for the needs of offices of private enforcement agents, which will be provided to the Chamber members on preferential financial terms. The BCPEA Council has already carried out research on the possibilities of all existing and used office programmes so far to be united in a single and unified system, and the intentions of our leadership are the Chamber to make this substantial investment for its members, while providing it for use by all willing PEAs for the lowest possible fees.

The created opportunity for realisation of internal electronic administrative services is a prerequisite for achieving one of the main goals of the electronic management - complex administrative service of the citizens and the business. We will continue to work hard in cooperation with SAEG and SJC to ensure reliable and full

access for use by PEAs of the electronic environment for inter-register exchange (RegiX), the System for secure electronic service (SSEV) and the portal for e-justice.

The assignment of the widest possible range of public receivables for collection by the PEAs should be a leading factor in the efforts of the BCPEA management in 2022. We will continue to work responsibly to collect the public receivables of the state and municipalities, to optimise the control over the observance of the law and the Code of Ethics, including with regard to unfair competition and intensified work with the institutions and the media. We will upgrade our proactive media policy and efforts to establish an adequate public image of the PEAs. The assignment of new powers to PEAs (voluntary enforcement, fact-finding, voluntary sales), in accordance with the best European practices, also continues to be an integral part of the focus of priorities for the Chamber management's activities. Here we should add the continuation of the debate of the BCPEA with the representatives of the legislative and executive authorities on the change in the tax regime of the PEAs by increasing the percentage of legally recognised expenses and the right to choose with regard to the Personal Income Taxation Act and the Corporate Income Taxation Act.

The new Chamber's governing body has engaged to analyse and prepare a comprehensive proposal to address gaps and imperfections in the Private Enforcement Agents Act and the Tariff with the Private Enforcement Agents Act.

We will continue with the policy of the BCPEA Council for effective control over the activity of private enforcement agents and its improvement, which we believe should include:

- Use of electronic means for monitoring and control, including for conducting disciplinary meetings. We already have good practice in this regard and we should only upgrade it with even more effective tools for electronic inspections. This will save costs and time for all colleagues from the inspection bodies of the BCPEA.
- Adoption of criteria for risk assessment, respectively supervision and inspection of the offices according to them;
- Close cooperation with the Inspectorate of the Ministry of Justice, in view of the effectiveness of control and unification of norms in seeking disciplinary liability.

In 2022, the ESE educational activities of the should be intensified and enriched in the form of training programmes and workshops. As part of these efforts, we expect the expansion of the much desired by members of the Chamber (and inevitably imposed by the pandemic) distance learning (webinars), through which the system of professional development of PEAs and their employees goes to a qualitatively new stage - modern, contemporary and European approach. EAS should be established as an indispensable and easily accessible assistant to every employee in the PEA offices.

## REPORT

### on the 2021 activity of the Disciplinary Committee of the Chamber of Private Enforcement Agents



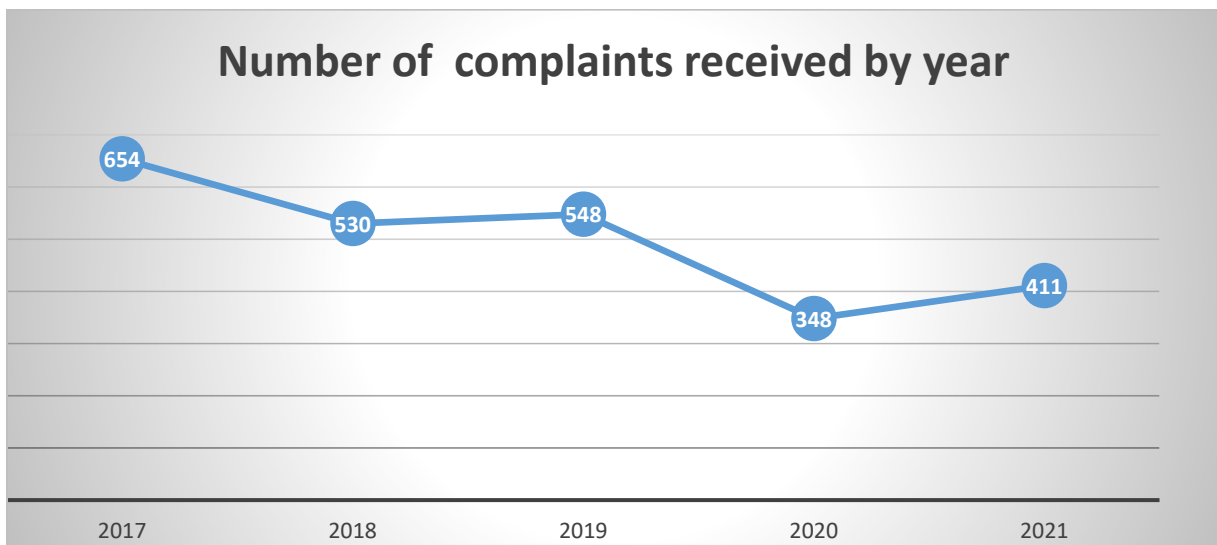
DEAR COLLEAGUES,

We present to your attention a report on the activities of the Disciplinary Committee of the Chamber of Private Enforcement Agents for 2021.

Traditionally, statistics on complaints received by the Chamber of Private Enforcement Agents administration will be first presented, followed by a report on the activities of the Disciplinary Committee and disciplinary proceedings.

#### I. Statistics on Complaints

In 2021, the Chamber of Private Enforcement Agents received 411 complaints. A year earlier, in 2020, their number was 348, in 2019 - 548, in 2018 - 530, in 2017 - 654. We also present a quantitative distribution of the received complaints by years.



Compared to previous years, the complaints received in 2021 are in the following percentage:

- compared to 2017 - decrease by 37%;
- compared to 2018 - decrease by 22%;
- compared to 2019 - decrease by 25%;
- compared to 2020 - increase by 18%.

Out of 411 complaints received in 2021, **315** are unfounded (**77%**), recommendations are made on **38** (**9%**), **16** (**4%**) are left without

consideration, **3** of them (**1%**) ended in disciplinary proceedings, **39** of them (**9%**) are pending consideration and the rest is forthcoming in 2022.

In the past reporting year, **six** withdrawn complaints were reported. According to the Decision of the Chamber Council of Private Enforcement Agents of 02 October 2015 all received signals/complaints for illegal actions of the PEAs are considered under the procedure of the Chamber for Administration of Complaints, regardless of whether they are withdrawn. All three withdrawn appeals are unfounded.

Compared to the previous 2019 and 2020, the analysis shows that there is a trend of unfounded complaints.

	2019	2020	2021
Unfounded	75.00%	71.55%	76.64%
Recommendations	8.94%	7.47%	9.25%
Formed disciplinary proceedings	1.28%	0.57%	0.73%
No consideration	4.01%	5.75%	3.90%
Pending consideration	10.77%	14.66%	9.48%
	100%	100%	100%

Statistics show that on average there are 34 complaints per month, almost 8 per week and almost three complaints every two working days! In the past year, most complaints were received in March - 50, and the least in May - 21.

It is worth noting that 28% of private enforcement agents operating in 2021 has not been subject to any complaints at the Chamber. Over 27% of private enforcement agents operating in 2021 were subject to one complaint each in the past year. Just over 31% had less than five complaints; just over 11% were subject to between five and nine complaints, and just over 3% had over 10 complaints.

By regions of action, the data are as follows: most complaints were filed against PEAs with area of action SCC - 43.80% of the complaints received in 2021; followed by Plovdiv District Court - 7.06%; Varna District Court - 6.81%. In the past year of 2021, there are two areas of action without a complaint, and for six regions less than 5 complaints have been received for the whole region.

A brief reference should be given to the activity of the Committee on Legal Affairs, in the part on consideration and ruling of received complaints in the BCPEA. In 2021, more than 400 complaints were distributed to members of the Commission.

## **II. Statistics on 2021 activity of the Disciplinary Committee**

From 2006 until the end of 2021, the Disciplinary Committee of the Chamber of Private Enforcement Agents has initiated a total of **481** disciplinary proceedings against private enforcement agents. We present the initiated disciplinary proceedings for the period 2018 - 2021 The data are as follows:

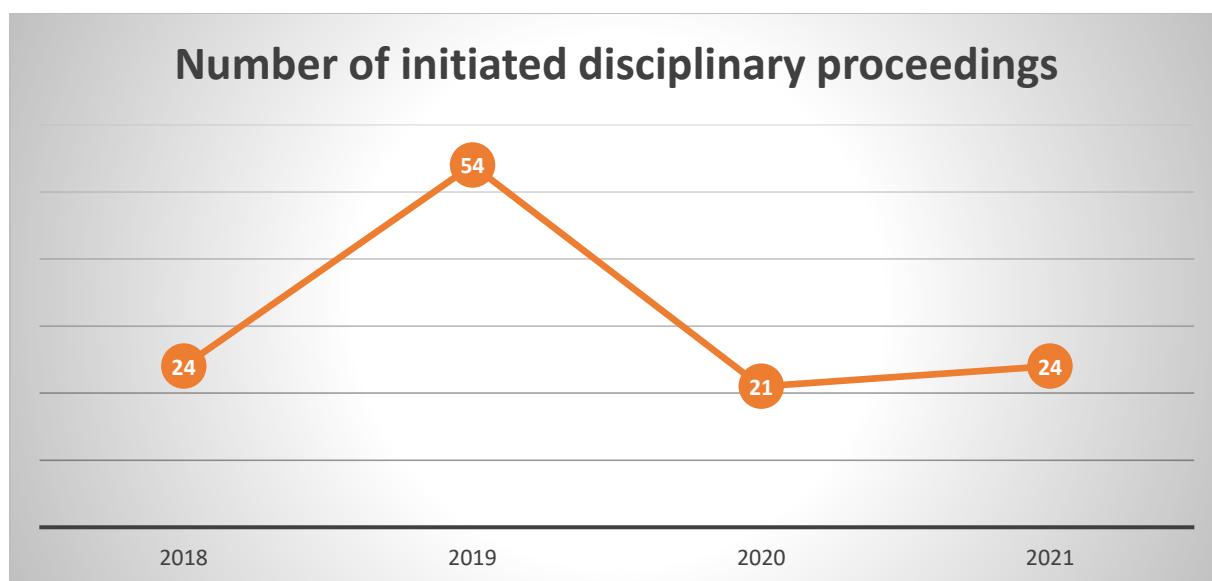


**2018 - 24 disciplinary cases** - **twelve** by the Chamber Council, **nine** only at the request of the Minister of Justice and **three** at the request of both bodies.

**2019 - 54 disciplinary cases** - **fifteen** by the Chamber Council, **thirty-six** only at the request of the Minister of Justice and **three** at the request of both bodies.

**2020 - 21 disciplinary cases** - **four** by the Chamber Council, **sixteen** at the request of the Minister of Justice and **one** at the request of both bodies.

**2021 - 24 disciplinary cases** - **two** by the Chamber Council and **twenty-two** at the request of the Minister of Justice.



The statistics show that out of a total of 481 disciplinary proceedings, 175 proceedings (almost 36%) were initiated by a decision of the Chamber Council, 271 (over 56%) at the request of the Minister of Justice and 34 were initiated at the request of both bodies (slightly over 7%).

To date, the Disciplinary Committee has ruled a total of **462 decisions**. For the last five years the statistics are as follows:

- 2017 - issued **fifty-seven** decisions.
- 2018 - issued **twenty** decisions.
- 2019 - enacted **thirty-eight** decisions.
- 2020 - issued **twenty-seven** decisions.
- 2021 - issued **twenty-eight** decisions.

In the past year of 2021, the Supreme Court of Cassation has ruled on 23 decisions, the results of which are as follows:

- leaving in force - 10;
- revoking - 11;
- amending - 1;
- leaving the complaint without consideration - 1;

At its meetings held in 2021, BCPEA Council adopted **three** decisions for instituting disciplinary proceedings - on complaints received in 2020, and on complaints received in 2021.

In 2021, the Minister of Justice received a total of **25** requests for instituting disciplinary proceedings: on **19** of them disciplinary proceedings were instituted in 2021. and on **six** requests, disciplinary proceedings will be initiated in 2022.

On **24** disciplinary proceedings initiated **only** in the reporting year of 2021, the Disciplinary Committee has issued 8 decisions, which represents over 33% of the initiated disciplinary proceedings in 2021. Of those 8 decisions issued, none has taken effect.

In the remaining **16** proceedings: **eleven** of them have been announced for decision by the disciplinary panels and **five** are pending consideration in 2022.

In the past year of 2021, the Disciplinary Committee has imposed the lowest disciplinary sanction "fine" - only three, and the fine amount is below average. In three disciplinary proceedings, a disciplinary sanction "reprimand" was imposed. In the reporting year of 2021, there is a new trend - to impose more than one type and amount of disciplinary sanction, and three decisions of this kind were issued. One request was disregarded. Requests on **fifteen** of the decisions issued in 2021 were declined - three of the BCPEA Council and twelve of the Minister of Justice. Out of these 15 declined requests, two were not appealed to the SCC, while the remaining 13 include: three are in appeal proceedings, one is pending SCC decision, one was upheld by the SCC and one was revoked by the SCC (a disciplinary sanction "rebuke" has been imposed).

A total of 31 decisions took effect in 2021, the result of which is as follows:

1. Reprimand: 4.
2. Fines - 12, including:
  - up to BGN 1,000.00. - 1;
  - over BGN 1,000 - under BGN 5,000.00. - 9;
  - over BGN 5,000.00. - 2;
3. Debarment - 2:
4. Combined penalty - 4.
5. Rejected requests for disciplinary proceedings - 7.
6. Repealed effective disciplinary sanction - 2.

Disciplinary Committee held 30 meetings in 2021.

A total of 28 decisions issued in **2021** provide for the following timelines, as follows:

- up to **1 month** - 9 decisions or over 32% of the decisions issued in 2021.
- from **1 to 3 months** - 5, or over 18% of the decisions issued in 2021.

- from **3 to 6 months** - 8 or over 28% of the decisions issued in 2021.

- over **6 months to 1 year** - 2 or slightly over 7% of the decisions issued in 2021.

- over **1 year** - 4 or slightly over 14% of the decisions issued in 2021.

The analysis of the Committee activity during the reporting period shows that all requests for initiating disciplinary proceedings, both by the BCPEA Council and by the Minister of Justice, refer to numerous violations.

**Todor Lukov,**

Chairperson of Disciplinary  
Committee

Chamber of Private Enforcement Agents



## REPORT

### **on the 2021 activity of the Control Board of the Chamber of Private Enforcement Agents**



DEAR COLLEAGUES,

2021 was another difficult year for private enforcement agents in Bulgaria. However, it was like that not only for us, but for all Bulgarian citizens. After the unprecedented declines in our activity recorded in 2020, last year we can define the processes as "sending off from the bottom". We hope to be able to return in 2022 to where we belong in a normal economic, political and health environment.

Unfortunately, last year Bulgaria went through not only another health crisis caused by the global pandemic, but also through deep political crises. Several elections were held for the National Assembly, and the Ministers of Justice were constantly changing. In such a situation, it was extremely difficult for the Chamber of Private Enforcement Agents to achieve its goals of improving not only the legislative framework, but also the overall activity and status of the profession.

However, the BCPEA Council made all necessary efforts in this regard and managed to resolve two very important issues. The Chamber hailed as great progress and success the amendment to Article 431, para. 4 of the Civil Procedure Code (SG, issue 15 of 19 February 2021) adopted by the 44th National Assembly, by which all information in the enforcement process, received by the order of Electronic Government Act, is exempted from state and local fees. This normative change puts things on the right basis and is important not only for the present but also for the future of law enforcement in Bulgaria, as it not only enhances the speed and efficiency, but also reduces the cost of enforcement for creditors and debtors. In addition, the long-standing efforts of the Chamber of Private Enforcement Agents to have electronic access to notarial deeds held by the Registry Agency have finally been successful, which has significantly improved the efficiency of real estate enforcement.

In a period of political crisis and absence of a constituted parliament, efforts have naturally focused on issues that can be resolved at the executive level. Numerous meetings were held with the Ministers of Justice and their deputies on the need to launch immediately electronic auctions, and to update the Tariff of Fees and Taxes with the Private Enforcement Agents Act, with the inflation rate of the last 15 years, etc. However, despite the general understanding and goodwill shown by the leadership of the Ministry of Justice, no result was achieved.

In the middle of 2021, BCPEA also held a reporting and election meeting. A new governance and composition of the bodies was elected. However, it shall neither jeopardise, nor affect the Chamber activity, as the General Assembly predictably ensured the necessary continuity.

The BCPEA Control Board, in addition to exercising its control powers under Article 64 of the Private Enforcement Agents Act, sought to provide maximum assistance to the Board, given the difficult situation. The Chairperson and several members of the Control Board participated in the

BCPEA Council meetings, as well as in numerous meetings and working groups.

The Control Board considers that **the activity of the Chamber Council in 2021 is lawful, effective and meets the main priorities**. A total of 14 meetings were held, and 544 decisions were taken, including 123 resolutions on institutional, economic and current operational and organisational issues, while 421 decisions referred to complaints received. Meetings are held regularly and with the necessary quorum, decisions are taken in compliance with the Chamber Statutes and internal rules. At each meeting, they are informed about the implementation of previous decisions taken, while monitoring compliance with the deadlines for their implementation.

During this period, **the Chamber continued to function as an independent and financially solvent entity**. Revenues of the Chamber for 2021 total BGN 690,255.06. Revenues from economic activity amount to BGN 285,048.65 and from non-economic activity total BGN 405,206.41. In 2021, BCPEA ends financially with a net accounting positive result in the amount of BGN 60,000, formed as a result of loss from non-profit activity in the amount of BGN 6000 and an accounting positive economic result in the amount of BGN 68,000, which after payment of taxes will increase the reserve of the Chamber. The financial result for 2021 is more than satisfactory, given the projected deficit of the adopted budget for 2021.

It is imperative for the Chamber to increase its revenues, as there are certain reservations in this regard regarding the revenues from the Register of Public Sales and the Register of Filed Cases. In particular, the sales register has great and hitherto untapped potential in terms of revenue and the Control Board recommends the BCPEA Council to work in this regard. In view of the significant interest it has attracted, it could bring revenue to the Chamber both from advertising and through access to statistical information.

In the analysis of the incurred expenses **the Control Board found that they are reasonable and appropriate**, according to the adopted and voted budget and according to the decisions of the Chamber Council. All expenses incurred amount to BGN ... as the main expenses are for the salary fund of the administrative staff of the Chamber, maintenance of the Chamber's office, consumables, contract subscriptions, maintenance of the BCPEA sites, General Assembly, business trips, etc.

Reserves for 2022 are in the amount of BGN ...

**The accounting and financial documentation is kept in accordance with the requirements of the national accounting, which was confirmed by the inspection of the BCPEA by the NRA.**

The Chamber of Private Enforcement Agents is a stable organisation in financial terms and continues to develop upwards, which contributes to its ability to better protect the rights and interests of the profession, citizens, business and society.

**GEORGI DICHEV,**

Chairperson of the Control Board  
of the Chamber of Private Enforcement  
Agents

