



The Legal 500 & The In-House Lawyer
Comparative Legal Guide
Bulgaria: International Arbitration (4rd edition)

This country-specific Q&A provides an overview of the legal framework and key issues surrounding international arbitration law in Bulgaria.

This Q&A is part of the global guide to International Arbitration.

For a full list of jurisdictional Q&As visit <http://www.inhouselawyer.co.uk/index.php/practice-areas/arbitration/>

GEORGIEV, TODOROV & Co.

Country Author: Georgiev, Todorov & Co

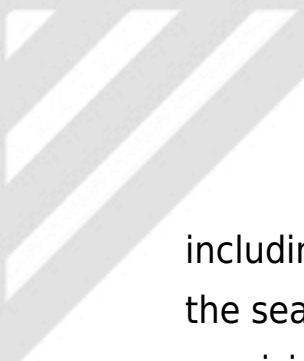
The Legal 500

**Tsvetelina Dimitrova,
Senior Associate**

ts.dimitrova@georg-tod.com

1. What legislation applies to arbitration in your country? Are there any mandatory laws?

Arbitration in Bulgaria is governed by domestic and international instruments. With respect to domestic legislation, the applicable law is the International Commercial Arbitration Act (**ICAA**), enacted in 1988, as amended from time to time (lastly with SG. 8/24 Jan 2017), which is construed in accordance with UNCITRAL Model law and applies both to domestic and international arbitration proceedings seated in Bulgaria. The legal framework is supplemented by the provision of Bulgarian Civil Procedure Code (CPC), which deals in Art.19 with non-arbitrable disputes. Arts.404-409 CPC determines the grounds and procedures for issuance of a writ of execution,



including on the basis of an arbitral award and settlements where the seat of arbitration is in Bulgaria. ICCA refers to the CPC provisions in case of challenges to arbitrators and requests for collecting evidences. ICCA also refers to the provisions of the Bulgarian Private International Law Code 2005 (**PILC**) regarding recognition and enforcement of foreign arbitral awards.

The rules regarding the non-arbitrable disputes are mandatory, as well as the form of the validity of the arbitration agreement and the legal capacity of the parties to enter into an arbitration agreement, along with the principle of equal treatment of the parties. In addition, the conflicts of law rules part of the Bulgarian Private International Law contain mandatory provisions.

2. Is your country a signatory to the New York Convention? Are there any reservations to the general obligations of the Convention?

The New York Convention was signed by Bulgaria on December 17th, 1961 and has been in force since January 8th, 1962. Upon ratification, Bulgaria made a reservation pursuant to Art.1, para.3, sent. I of the Convention, so the New York Convention is applicable to arbitral awards issued in the territory of another contracting state. It is applied in respect of awards issued in the territory of non-contracting states on the basis of strict reciprocity – only to the extent to which those states grant reciprocal treatment of Bulgarian arbitral awards.

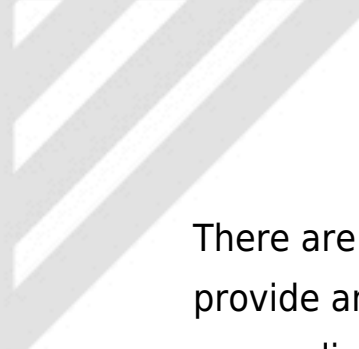
3. **What other arbitration-related treaties and conventions is your country a party to?**

Bulgaria is Party to:

- **The New York Convention.**
- The European Convention for International Commercial Arbitration (**European Convention**) to which Bulgaria made no reservations or declarations.
- Washington Convention on the Settlement of Investment Disputes Between States and Nationals of Other States (1965) (**Washington Convention**).
- **Bilateral Mutual Legal Assistance Treaties** with several countries, some of them containing rules on the mutual recognition and enforcement of arbitral awards and even the settlements reached before the arbitration. However, these rules would not apply in cases where both countries are signatories to the New York Convention.

4. **Is the law governing international arbitration in your country based on the UNCITRAL Model Law? Are there significant differences between the two?**

ICAA is based on the UNCITRAL Model Arbitration Law 1985 (the Model Law) and implements its principles and most of its recommendations, but ICAA has not been updated according to the amendments to the UNCITRAL Model Arbitration Law as of 2006. Following the model of arbitration provided by the Model Law, ICAA covers all stages of the arbitral procedure, from the arbitration agreement to the setting aside of the award and recognition and enforcement of a foreign award.



There are certain differences with the Model Law,: ICAA does not provide an opportunity for the suspension of the setting aside proceedings in order for a chance to be given for additional actions that may eliminate the grounds for setting aside; and, the case law held that when the award is challenged on a ground that affects only a part of it and this part is separable and relatively independent from the rest of the award, only this part of the award may be set aside.

5. **Are there any impending plans to reform the arbitration laws in your country?**

ICCA was reformed in 2017 and there are no current plans for amendments of the legislations although the reform was considered to be controversial in the Bulgarian legal doctrine. The amendments in 2017 “returned” ICCA to its status of 1993 by virtue of declaring the arbitral award void in case it was rendered under dispute that is not subject to arbitration. Along with this, CPC was reformed whereas Art.19 excludes from arbitration all disputes with consumers. What is more, new Chapter eight was introduced in ICCA, which provides for administrative liability for arbitrators and grants competence to the Minister of Justice to exercise control over the arbitral institutions.

6. **What arbitral institutions (if any) exist in your country? When**

were their rules last amended? Are any amendments being considered?

The total number of arbitral institutions in Bulgaria is unknown, but is considered to be between 60 and 65. The most notable are the Arbitration Court at the Bulgarian Chamber of Commerce and Industry (BCCI) – last amended rules in 2017; the Arbitration Court at the Confederation of Employers and Industrialists in Bulgaria (KRIB Court of Arbitration) –in 2014; the Arbitration Court at the Bulgarian Industry Association –in 2013.

In 2017, along with the said amendments in ICCA, there was proposal to register all arbitral institutions in Register held by the Ministry of Justice in order to increase transparency and trust in those institutions. However, the proposal was not passed in the Parliament. The main argument against it was the fact that concerns about arbitration in Bulgaria are related to ad hoc arbitral proceedings which are practically incapable of being registered.

7. What are the validity requirements for an arbitration agreement under the laws of your country?

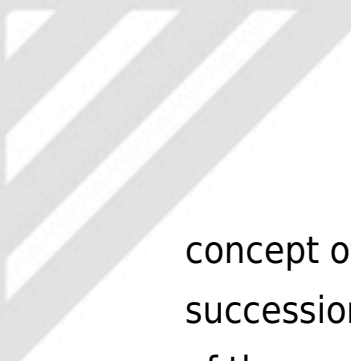
The arbitration agreement may be incorporated in a contract as an arbitration clause or it could be a separate agreement. In any case, the arbitration agreement as any other agreement has to comply with the requirements of the law for its validity, namely requirements for legal capacity of the parties (according to *lex personalis*), form of the agreement and capability of the dispute to



be settled by arbitration. The specific rules regarding the arbitration agreement are incorporated in Art. 7 of ICCA and literally implement Art.7 of the UNCITRAL Model law. Art.7, para.2 of ICAA sets the requirement that the arbitration agreement has to be in written form. It is deemed that the agreement is in writing when it is evidenced in a document, signed by the parties, or in the exchange of letters, telex, telegrams or other communication means shall also be considered that the arbitration agreement is evidenced in writing when the defendant accepts in writing or by declaration, recorded in the minutes of the arbitration hearing that the dispute shall be settled by the arbitration or in case the defendant participates in the arbitration proceedings without challenging the arbitration jurisdiction. The doctrine considers that the arbitration agreement may be contained in emails exchanged by the parties.

8. **Are arbitration clauses considered separable from the main contract?**

Arbitration clauses are considered separable from the main contract and such view is strictly followed in the Bulgarian court practice. However, the doctrine substantiates that the concept of severability shall not be interpreted as absolute, especially in situations of signing the main contract by virtue of power of attorney (without explicit authorization to include arbitration clause in it) and in cases where the presumption of Art. 301 of the Bulgarian Commerce act (**CA**) applies, namely: it is deemed that the merchant is bound by actions (including contracts) on its behalf if it has not objected those actions immediately upon becoming aware of them. Such flexible



concept of severability shall be applied also in cases of legal succession and/or transformation or subrogation on the side of one of the parties and/or in case of assignment, where the arbitration clause was not expressly excluded.

9. Is there anything particular to note in your jurisdiction with regard to multi-party or multi-contract arbitration?

There is no explicit regulation for multi-party arbitration in Bulgaria. However, the Arbitration rules of the respective arbitral institutions (for example Art. 34 of the Arbitration rules of the AC at BCCI) provide that joinder is permitted only upon explicit consent of all parties.

10. In what instances can third parties or non-signatories be bound by an arbitration agreement?

As an agreement, the arbitration agreement has legal effect only vis-à-vis the parties to it. Nevertheless, in some cases it has effect vis-à-vis a third party. Although the Bulgarian case law is not unified, in case of assignment of receivables or debts the arbitration clause included in the respective agreement shall have legal effect between the assignee and a third party, this third party being a debtor or creditor of the assignor pursuant to the agreement assigned (although between the assignee and the counter-party there is no arbitration agreement). The same is applicable in case of a contract for transfer of a commercial enterprise between the



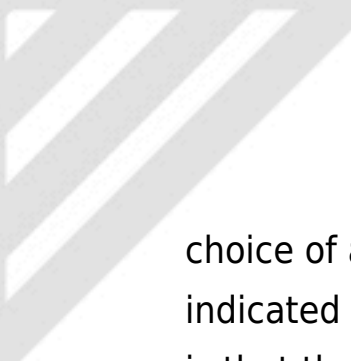
assignee and the counter-parties of the assignor pursuant to agreements. In case of subrogation or novation, the arbitration agreement shall also apply. However, such view is not undisputed in the court practice which follows rather strict approach.

11. How is the law applicable to the substance determined? Is there a specific set of choice of law rules in your country?

According to ICAA, the arbitral award has to be based on the applicable law only and, thus, the arbitral tribunal may not decide *ex aequo et bono* or as *amiable compositeur*. Art.38 of ICAA generally provides that the arbitral tribunal applies the law selected by the parties and in the absence of choice – the law applicable according to the conflict of laws rules. As far as the seat of the arbitration is in Bulgaria, the arbitral tribunal will apply the Bulgarian rules of Private International Law.

The detailed provisions of Bulgarian Private International Law are codified in the IPLC, but following the accession of Bulgaria to the EU, in the area of the contractual obligations, they are substituted by Rome Regulation I for contracts entered into after December 17th, 2009. In any case, the arbitration tribunal applies the conditions of the contract and takes into consideration the trade customs.

The arbitration tribunal settles the dispute in conformity with the law selected by the parties. When the parties have not specified their



choice of applicable law, the arbitration tribunal applies the law indicated applicable pursuant to Rome I Regulation. The general rule is that the law of the country, where the party, required to affect the characteristic performance of the contract, has his habitual residence (established by the IPLC and the Rome Convention), is considered as the applicable one and is combined with a very detailed set of conflict of law rules for a concrete type of contract.

12. **Are any types of dispute considered non-arbitrable? Has there been any evolution in this regard in recent years?**

Pursuant to Art.19, para.1 of CPC, any civil or commercial property dispute is capable of settlement by arbitration except for disputes in respect of any rights in rem or possession of real estate, maintenance obligations (e.g. alimony) or rights under an employment relationship or dispute. *Per argumentum a contrario* from the provision of Art.19 of CPC, any dispute other than a civil or commercial property dispute is also not allowed to be settled by arbitration. These are either disputes that are not civil or commercial, e.g. administrative disputes or non-pecuniary disputes or the legal status of a natural person or legal entities. The amendments of 2017 included in the scope of exceptions of Art.19, para.1 of CPC and disputes where one of the parties is a consumer under §13, item 1 of the Additional Provisions of the Consumer Protection Act.

13. In your country, are there any restrictions in the appointment of arbitrators?

The amendments of 2017 in ICCA provide in Art.11, para. 3 that as an arbitrator may be appointed only a capable adult citizen who has not been convicted of a premeditated crime of general nature, has a university degree, has at least 8 years of professional experience and possesses high moral qualities. In addition, in case of arbitration between parties with residence or seat in the Republic of Bulgaria (domestic arbitration), a foreign national may not be an arbitrator (except in the cases when a party to the dispute is an enterprise with predominantly foreign shareholders).

14. Are there any default requirements as to the selection of a tribunal?

In the absence of an agreement on the procedure as to the selection of a tribunal, Art. 11, para 2 ICCA provides that:

- if the arbitral tribunal is composed of three arbitrators, each party shall appoint one arbitrator and the two arbitrators shall appoint a third;
- if the party does not appoint an arbitrator within 30 days of receiving the request of the other party to do so, or if the two arbitrators do not agree on the third arbitrator within 30 days of their appointment, the chairman of the Bulgarian Chamber of Commerce and Industry at the request of one of the parties appoints an arbitrator;
- if the arbitral tribunal is from one arbitrator and the parties cannot agree on it, it shall be appointed by the authority referred to in the preceding paragraph at the request of one of them.

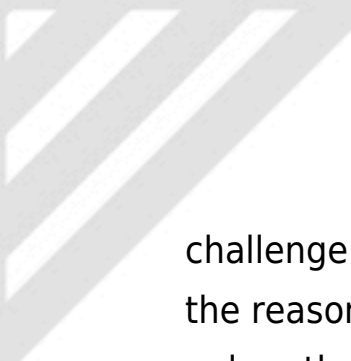
15. **Can the local courts intervene in the selection of arbitrators? If so, how?**

The court cannot intervene in the selection of arbitrators (apart from the case where the court acts as an appointing authority as per ICCA rules), but has the authority to rule on the subsequent challenge of an arbitrator.

16. **Can the appointment of an arbitrator be challenged? What are the grounds for such challenge? What is the procedure for such challenge?**

The appointment of an arbitrator may be challenged on grounds of Art.14, para.1 ICCA only if there are circumstances that give rise to reasonable doubts as to the arbitrator's impartiality or independence, or if he does not possess the necessary qualification agreed by the parties. A party may dismiss an arbitrator appointed by it or in whose appointment it has participated only on grounds that became known to it after the appointment.

The parties may agree on the procedure for challenge of an arbitrator, but they cannot exclude the application of Art.16 ICCA. In the absence of an agreement, an arbitrator's challenge may be made no later than 15 days after the party became aware of the formation of the arbitral tribunal or after having learned of the circumstances giving rise to the challenge. The request for



challenge shall be made in writing to the arbitral tribunal, stating the reasons for it. The arbitral tribunal shall rule on the challenge unless the arbitrator decides to withdraw from his function or the other party agrees to the challenge.

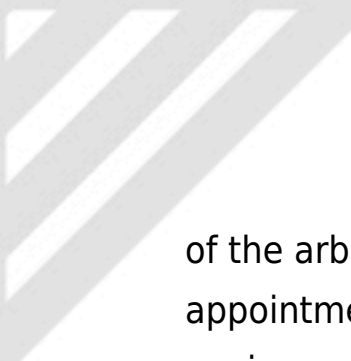
If the challenge of an arbitrator by a party is rejected by the arbitral tribunal, the party who initiated it may request, within seven days upon receiving the notification about the decision, the Sofia City Court to decide on the challenge. The court considers the petition in compliance with the CPC rules in respect of appeal of rulings. The applicability of the rule providing for a court review of the tribunal's decision on the challenge of an arbitrator may not be derogated by the parties.

The number of decisions on the Sofia City court on challenge proceedings does not show substantial increase of the number of challenge. On the contrary, the figures remain quite low:

- For 2019 – 8 decisions;
- For 2018 – 8 decisions;
- For 2017 – 12 decisions;
- For 2016 – 8 decisions.

17. What happens in the case of a truncated tribunal? Is the tribunal able to continue with the proceedings?

In such case Art.18 ICCA provides that another arbitrator shall be appointed following the same procedure that led to the appointment



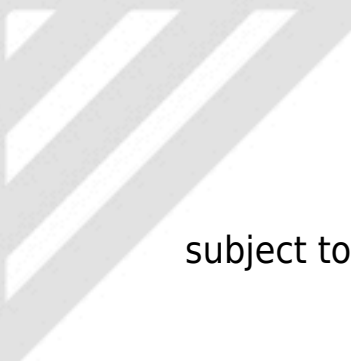
of the arbitrator whose powers were terminated. This shall lead to appointment of new presiding arbitrator although not specifically envisaged in ICCA.

18. **Are arbitrators immune from liability?**

In principle arbitrators shall be immune from liability when adjudicating a dispute. However, Chapter 8 of ICCA (introduced with the amendments of 2017) provides for administrative liability for arbitrators. An arbitrator who has rendered an award on a dispute in which one of the parties is a consumer within the meaning of § 13, item 1 of the additional provisions of the Law on Protection of Consumers shall be liable to a fine of BGN 500 up to BGN 2500 BGN. In case of repeated violation, the fine shall be three times the amount. In addition, an arbitrator that fails to comply with the mandatory instructions of the Inspectorate of the Minister of justice shall be liable to pay a fine in the amount of BGN 2 500.

19. **Is the principle of competence-competence recognised in your country?**

Yes. The arbitral tribunal is permitted to rule on its own jurisdiction as a preliminary question with a separate ruling or to decide on it with its final award on the merits. Unlike the Model Law (which provides the arbitration ruling upon the request of a party to be reconsidered by a court of law), ICAA provides that in any case the decision of the arbitral tribunal on its jurisdiction is final and not



subject to appeal.

20. **What is the approach of local courts towards a party commencing litigation in apparent breach of an arbitration agreement?**

The arbitration agreement itself does not affect the competence of the court to hear the dispute in relation to which the agreement is entered into. Nevertheless, pursuant to Art.8 of ICAA, if the respondent raises an objection that the dispute should be subject to arbitration proceedings within the term for the submission of the statement of defense, the court is obliged to terminate the case, the court resolution being subject to further appeal.

The court may terminate the case unless it finds that the arbitration agreement is null and void or that it has lost its validity or it is impossible to be executed. If the court decides that it is not prevented from hearing the case, this finding is not subject to a separate appeal, but may be appealed along with the judgment on the merits of the case.

On the other hand, when the claimant has ignored the arbitration agreement and has brought an action to the court, and the respondent within the time limit does not object to the jurisdiction of the court, it is deemed that the parties' consent to arbitrate the same dispute no longer exists and the arbitration agreement is terminated. In this case, the jurisdiction of the arbitration is also



terminated and the court of law has to consider the case.

21. How are arbitral proceedings commenced in your country? Are there any key provisions under the arbitration laws relating to limitation periods or time bars of which the parties should be aware?

The arbitral proceedings shall commence on the day on which the respondent receives a request for referral of the dispute to arbitration, unless the parties have agreed otherwise. There are no specific laws or regulations which provide procedural limitation periods for the commencement of arbitrations in Bulgaria. However, the general principles of the Bulgarian Private Law apply, and thus the commencement of arbitration proceedings is subject to a prescription period, which is considered as a substantive law issue. The typical length of the prescription period is five years, but there are exceptions, prescribed explicitly by statutes, which require shorter periods.

22. In what circumstances is it possible for a state or state entity to invoke state immunity in connection with the commencement of arbitration proceedings?

Only in case, where the respective state or state entity has been exercising *acta jure imperii*. Otherwise, where the state or state entity has been acting on equal footing in the commercial transaction, e.g. when exercising *acta jure gestionis* it is bound by



the arbitration agreement.

23. **What happens when a respondent fails to participate in the arbitration? Can the local courts compel participation?**

The arbitral tribunal is still competent to hear the case even if the respondent does not file reply to the claim. Failure to submit a reply shall not be considered as recognition of the claim. The local courts have no authority to compel parties to arbitrate.

24. **Can local courts order third parties to participate in arbitration proceedings in your country?**

No, local courts can only assist in collecting evidence.

25. **What interim measures are available? Will local courts issue interim measures pending the constitution of the tribunal?**

Concerning the interim measures ordered by the arbitral tribunal or the court, ICAA adheres to the original text of Art.17 of the Model Law, adopted in 1985. The provisions of the new Chapter IV A of the Model Law, adopted in 2006, are not implemented in Bulgarian law. In principle, the courts of law are competent to pronounce interim measures. Although, according to Art.21 of ICAA, the arbitral tribunal may order one of the parties to undertake appropriate measures for



securing the rights of the other, under Bulgarian law, the provisional measures ordered by an arbitral tribunal seated in Bulgaria may not be enforced. CPC rules on the enforcement of provisional measures are applicable only when the measures are ordered by a court of law.

ICAA does not provide for specific types of provisional measures. Nevertheless, the most effective and most frequently ordered ones – garnishments, real estate liens, etc. may be ordered only by the courts of law and imposed by bailiffs.

Local courts may issue interim measures pending the constitution of Tribunal following the procedure for granting interim relief for security of future claim if so requested by the party. The court would then grant the party a period of time to file its claim before the respective body which may not be longer than one month.

The circumstances under which interim measures are imposed by the national courts are:

- there is a reasonable possibility the requesting party to succeed on the merits of the case, the determination of the tribunal being based on the relevant written evidence presented;
- there is a need for a provisional measure to be ordered; and
- the provisional measure will not result in harm not adequately reparable by compensation for damages.

26. Are there particular rules governing evidentiary matters in

arbitration? Will the local courts in your jurisdiction play any role in the obtaining of evidence? Can local courts compel witnesses to participate in arbitration proceedings?

ICAA rules on the taking of evidence are rather general. So the arbitration court usually applies the evidentiary rules agreed by the parties or, in the absence of such agreement, the rules determined by the tribunal and notified to the parties. It is common for the parties to use some rules of CPC on the taking of evidence, which are usually agreed or determined as the applicable ones.

Art.37 of ICCA allows the tribunal and a party with the tribunal's approval to request from the competent court of law to take relevant evidence. This opportunity is used usually for the disclosure of documents from a non-party in the proceedings. However, the court may not require the attendance of witnesses before the arbitral tribunal.

Interesting situation would arise where the arbitral proceedings are seated in Bulgaria, while the necessary evidence is not within the competence of the local courts, but foreign ones. Then the Tribunal shall still request collecting evidence from the local courts and the local courts would then apply for cooperation with the foreign court by virtue of the Convention of 18 March 1970 on the Taking of Evidence Abroad in Civil or Commercial Matters or Council Regulation (EC) No 1206/2001 of 28 May 2001 on cooperation between the courts of the Member States in the taking of evidence in civil or commercial matters.

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27. **What ethical codes and other professional standards, if any, apply to counsel and arbitrators conducting proceedings in your country?**

Apart from the prerequisite for arbitrators to be professionals with university degree, at least 8 years of practice and high moral standards, there are no applicable specific codes or standards in the legislation. However, most of the arbitration institutions have their own code.

28. **In your country, are there any rules with respect to the confidentiality of arbitration proceedings?**

The Rules of arbitration of the respective institution explicitly provide for confidentiality.

29. **How are the costs of arbitration proceedings estimated and allocated?**

The allocation of the costs is based on the principle that the costs (arbitration fees and expenses, expenses for gathering evidence and reasonable attorneys' fees made) are to be borne by the unsuccessful party. The costs for institutional arbitration are governed by Tariffs of the respective institution to be paid in advance.

30. **Can pre- and post-award interest be included on the principal claim and costs incurred?**

This issue shall be governed by the applicable substantive law. If this is Bulgarian law, a statutory interest rate equal to the basic interest rate determined by the Bulgarian National Bank plus 10% is applied to the late payments.

31. **What legal requirements are there in your country for the recognition and enforcement of an award? Is there a requirement that the award be reasoned, i.e. substantiated and motivated?**

An award rendered by arbitration with a place in Bulgaria may be directly enforced. According to Art.51, para.1 of ICAA, the Sofia City Court issues, upon request of the party, a writ of execution only on the basis of the award and a proof that the award is delivered to the debtor.

Foreign arbitral awards are subject to recognition and enforcement. According to the provision of Art.51, para.3 of ICAA, the actions for recognition and admission to the enforcement of foreign arbitral awards and of the settlements reached before foreign arbitration courts have to be brought before the Sofia City Court and Arts.118 to 122 of PILC shall apply, mutatis mutandis, to the hearing of such actions. The mentioned provisions of the PILC are applicable to



foreign arbitral awards only as far as they are compatible with the New York Convention. The enforcement and admission may be refused only on the grounds of Art.5 of the New York Convention. The court cannot retry the case on the merits. The decision of the Sofia City Court is subject to an appeal in front of the Sofia Court of Appeal, the decision of which may be appealed in front of the Supreme Court of Cassation.

After their recognition and admission, the foreign awards become enforceable in Bulgaria. The court of the enforcement (the Sofia City Court) upon request of the creditor may issue a writ of execution, which will be handed to the creditor only after the decision on enforcement has entered into force – Art.405 of CPC.

The arbitral award needs to be reasoned.

32. **What is the estimated timeframe for the recognition and enforcement of an award? May a party bring a motion for the recognition and enforcement of an award on an ex parte basis?**

The recognition and enforcement proceedings might take up to 4 years, because the proceedings are three instances. As described above, for the recognition and enforcement of an award a claim shall be filled before the Sofia City Court and both parties shall participate in the proceedings, e.g. an ex parte procedure is not applicable.

33. **Does the arbitration law of your country provide a different standard of review for recognition and enforcement of a foreign award compared with a domestic award?**

Yes. Domestic awards are directly enforceable while the foreign awards are subject to enforcement proceedings where the rules of Art. V of the New York Convention shall apply.

34. **Does the law impose limits on the available remedies? Are some remedies not enforceable by the local courts?**

An anti-suit injunction and security for costs are not allowed under Bulgarian law. In addition, Bulgarian law does not provide punitive damages and such remedies would not be enforceable.

35. **Can arbitration awards be appealed or challenged in local courts? What are the grounds and procedure?**

The award may be challenged only on limited grounds, which are equal to those prescribed by the Model Law and the European Convention, and only within a limited period of time – three months from the day the claimant has received the award.

The grounds for challenging the award are listed in Art.47 of ICAA and are the following:

- the party lacked capacity at the time of the conclusion of the arbitration agreement;
- the arbitration agreement had not been concluded or is void pursuant to the law chosen by the parties, and in the case of absence of such a choice, pursuant to this law;
- a party had not been duly notified of the appointment of an arbitrator or of the arbitration proceedings or due to reasons beyond its control it could not participate in the proceedings;
- the award settled a dispute which had not been provided for in the arbitration agreement or contains decisions on issues beyond the scope of the dispute; or
- the constitution of the arbitration tribunal of the arbitration procedure was not in conformity with the agreement between the parties unless it contradicted the imperative provisions of this law (i.e. ICAA), and in the absence of an agreement – in case the provisions of this law had not been applied.

Each party may challenge the award. ICAA specifies the competent court for considering the claim, namely the Supreme Court of Cassation. It acts as a court of first instance applying CPC rules for hearing of the case by a first instance court, but its decision is final and is subject to no appeal.

36. Can the parties waive any rights of appeal or challenge to an award by agreement before the dispute arises (such as in the arbitration clause)?

No. The provision of Art.47 of ICAA is mandatory and none of the grounds for the challenge of the award can be excluded or waived by the parties.

37. To what extent might a state or state entity successfully raise a

defence of state or sovereign immunity at the enforcement stage?

Such defense might be invoked on the bases of Art.V of the New York Convention which shall prevail in the proceedings of enforcement of foreign arbitral award in Bulgaria. The sources which govern the state immunity are both international and domestic. Among the former are the Vienna Convention on Diplomatic Relations (1961), the Vienna Convention on Consular Relations (1963), bilateral consular conventions to which Bulgaria is a party and general principles of international law. Bulgaria is not a signatory to the European Convention on State Immunity. The latter category comprises the relevant provisions of CPC, there are not specific statutes which deals with state immunity. The provision of Art.18, para.1 of CPC stipulates that the Bulgarian courts are competent on claims, a party to which is a foreign state, as well as and a person who has court immunity, in the following cases:

- in event of a waiver of court immunity;
- on claims, grounded on contractual relations, where the performance of the obligation shall be in the Republic of Bulgaria;
- on claims for damages from tort, done in the Republic of Bulgaria;
- on claims regarding rights to succession property and vacant succession in the Republic of Bulgaria; or
- on lawsuits, which are under the exclusive jurisdiction of the Bulgarian courts.

38. In what instances can third parties or non-signatories be bound by an award? To what extent might a third party challenge the



recognition of an award?

In case the third party is bound by the res judicata effect of the award.

39. **Have courts in your jurisdiction considered third party funding in connection with arbitration proceedings recently?**

No.

40. **Is emergency arbitrator relief available in your country? Is this frequently used?**

No.

41. **Are there arbitral laws or arbitration institutional rules in your country providing for simplified or expedited procedures for claims under a certain value? Are they often used?**

Yes. The Arbitration Court at BCCI for example provides for special expedited procedure and specific set of rules which apply where the parties have agreed so in their arbitration agreement or the claimant's requests so in its statement of claim and the respondent accepts the proposal. In such case, the award is rendered by Sole arbitrator. The procedure is relatively rarely used.

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42. **Have measures been taken by arbitral institutions in your country to promote transparency in arbitration?**

No.

43. **Is diversity in the choice of arbitrators and counsel (e.g. gender, age, origin) actively promoted in your country? If so, how?**

No.

44. **Have there been any recent court decisions in your country considering the setting aside of an award that has been enforced in another jurisdiction or vice versa?**

No.

45. **Is corruption an issue that is regularly raised in your jurisdiction? What standard do local courts apply for proving of corruption?**

No. In case of doubts about the impartiality of the arbitrators, the party may challenge them. Corruption is a crime as per our penal code and there is high threshold to prove it.

46. **Have there been any recent court decisions in your country considering the definition and application of “public policy” in the context of enforcing or setting aside an arbitral award?**

With the amendments of 2017 the ground for setting aside an award based on public policy was revoked in ICCA. Thus, only foreign arbitral awards that are enforced under the New York Convention would be faced with the “public policy” exception.

The last court decision that deals with this matter is Decision No. 853 of Sofia city court dated 03.05.2019 rendered on commercial case No. 2036/2018: *“The Bulgarian public order is a set of basic principles on which the rule of law in the Republic of Bulgaria is built and operates. A basic principle in Bulgarian law is that every legal entity is liable for damages, including property ones, which it has caused to another entity as a result of its default, which arose in its burden under a contract concluded between them, of a nature the claim which is the subject of the matter brought before arbitration by “S. S. S. A.”, Liberia v. “F. C.” EOOD claim for receiving a contractual penalty for delayed execution by the latter company of its obligation under a charter contract to perform actions on landing the ship in the cargo port, the so-called demurrage.*

47. **Have there been any recent court decisions in your country considering the judgment of the Court of Justice of the European Union in Slovak Republic v Achmea BV (Case C-284/16) with**

respect to intra-European Union bilateral investment treaties or the Energy Charter Treaty? Are there any pending decisions?

Given the fact that ISDS is confidential, one can only assume whether there was certain relation between Achmea judgment and the fact that the case EVN AG v. Republic of Bulgaria (ICSID Case No. ARB/13/17) is listed to be decided in favour of the state. We shall follow closely the outcome of ENERGO-PRO a.s. v. Republic of Bulgaria (ICSID Case No. ARB/15/19), ČEZ, a.s. v. Republic of Bulgaria (ICSID Case No. ARB/16/24) and ACF Renewable Energy Limited v. Republic of Bulgaria (ICSID Case No. ARB/18/1).

48. **Have there been any recent decisions in your country considering the General Court of the European Union's decision Micula & ors (Joined Cases T-624/15, T-694/15 and T-694.15), ECLI:EU:T:2019:423, dated 18 June 2019? Are there any pending decisions?**

No.