Abstract

In a financial crisis the need for specialized knowledge and advice on investing money is tactile, especially in Bulgaria. The investment culture in Bulgaria is still not high enough and the insufficient knowledge about investment opportunities in securities leads to avoiding and denying the "playing" on the stock exchange market. It is necessary that small investors have alternatives to bank deposits to maintain and increase the value of their savings.

The purpose of this paper is twofold. On the one hand, intermediation with securities in Bulgaria is analyzed from a legal and an economic aspect, making proposals for greater clarity in the use of certain terms and emphasizes the importance of the brokerage profession. On the other hand, the author focuses on an unresolved issue in our investment theory and practice, namely the accessibility of investment consulting. It is being proposed an option for its promotion so as to help expanding the investment culture in Bulgaria and open new opportunities for investments in financial assets.

Key Words: Investment Intermediaries, Stockbroker, Banks, the Financial Supervision Commission, Bulgarian Stock Exchange - Sofia AD

1. Introduction

Intermediation is a mandatory requirement in stock trading. It facilitates the so-called "Agio" which is essentially an investment in securities. Purchase and sale of financial instruments can be executed by both institutional and individual investors, but

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always with the help of an intermediary. Over the years, in each country it is established a model of intermediation in securities. By the mid-twentieth century, these models were clearly distinguishable in German and Anglo-Saxon. With globalization and internationalisation of markets the models began to "wash away" and now dominate a mixed, convergent model. In Bulgaria, intermediation in securities may be carried out by legal entities called investment intermediaries and stock exchange trading itself is done by individuals - brokers. The latter fulfill the wishes of the investors listed in the lodged stock orders.

Trading on the stock exchange is a specific purchase or sale of financial instruments by means of electronic quotation system. Not many investors can understand this complex financial matter and can independently choose what kind of stocks, bonds, derivatives, etc. to invest their money in. Most of them need professional help in the selection of securities, i.e. they need investment consultation. In a financial crisis the need for specialised knowledge and advice on investing money is tactile, especially in Bulgaria. The investment culture in Bulgaria is still not high enough and the insufficient knowledge about investment opportunities in securities leads to avoiding and denying the "playing" on the stock exchange market. It is necessary that small investors have alternatives to bank deposits to maintain and increase the value of their savings.

The purpose of this paper is twofold. On the one hand, intermediation in securities in Bulgaria is analyzed from a legal and economic aspect, making proposals for greater clarity in the use of certain terms and emphasizes the importance of the brokerage profession. On the other hand, the author focuses on an unresolved issue in our investment theory and practice, namely the accessibility of investment consulting. It is being proposed an option for its promotion so as to help expanding the investment culture in Bulgaria and open new opportunities for investments in financial assets.

2. Models of Stock Intermediation

In different countries the type of intermediation and the manner of its manifestation depends on various factors and circumstances, the more important ones are:

a) the model of securities markets
b) legal regulations in the field of securities and trading with them
c) organisation of securities markets, etc.

In the world there are known to be two models of securities markets - Anglo-American and German or European model. In its many years of development in different countries, markets have shaped their pattern of trade under the influence of number of objective and subjective factors, they have overcome major crisis and continued to build up such a system that serves their economic interests best. The main differences between these two models are dictated by the specific conditions under which the two market economies operate, the way of construction and operation of the market economy, the style of corporate governance. This inevitably reflects on the type of securities intermediation in the respective countries. The attributes are tangible, but with the age of unification of exchange activities and the globalisation of markets, they gradually disappear to reveal a new model of securities markets - mixed or convergent.
Anglo-American model of securities markets is also called stock model. It is based on the constructed Shareholder capitalism, where the market for equity instruments prevails over the market for debt securities. The model of corporate governance is such that in the shareholder's ownership predominate private corporations whose capital is fragmented among many owners. On this basis, the state has no place in the exchange structure, intermediation has been entrusted exclusively to intermediary houses, i.e. banks are not the preferred intermediary - the interest is directed towards non-bank institutions.

The German model of securities markets is also called banking model. The so-called Stakeholder capitalism is dominant - the state's role is tactile, and the debt market has an advantage over equity securities market. The model of corporate governance is such that the corporation shall include, among shareholders, other financial entities (banks), even the state unions. Intermediation is carried out by banking institutions, even in some countries the intermediate houses are forbidden to participate in the securities market.

The internationalisation of the economic life in countries with developed market economy leads to a convergence of the two models. It is difficult in today's realities to find "pure" stock or bank model, as the securities markets are undergoing a rapid process of convergence. Therefore, it is reasonable to claim that more and more a single mixed model is being approved. Intermediation within this model is done either by banks (commercial or investment banks) or by non-intermediary institutions (investment companies, brokerage houses, etc.).

In Europe there are ‘revolutionary’ changes as well in the institutional structure of securities markets. In Germany, the intermediation carried out by the universal commercial banks is finding a new manifestation. Banks set up financial holding companies, transferring part of its activities with securities in subsidiaries located in other financial centers around the world, e.g. London, Tokyo and others. The market is increasingly enriched by the presence of non-brokerage companies that carry out more risk transactions and respond quickly to innovations in the financial sector. The share of market shares and derivatives is increasing, as well as the international segment of the market. They are being registered a lot of mergers and acquisitions of markets. A typical example is the unification of the New York Stock Exchange NYSE and the pan-European stock exchange Euronext. This eloquently shows that the mixed model enters with might and main and contributes to the globalisation of securities trading.

In Bulgaria, the stock intermediation is regulated and the country is developing by the mixed model; an equivalent position can be occupied by both bank and non-bank institutions.

In the last decade, the electronic systems in the world have undergone many changes and even allow investors direct access to the system. Using the technology called "Internet Trading" every investor who has concluded a contract with one of the intermediaries on the stock exchange and has an internet connection, can see information about the course of the auctions and even self-manage the process of concluding transactions. It is important that the investor processes the information in real time and thus he is promptly informed about the market situation, and also maintains constant connection with his agent, regardless of the distance between them.
Initially, Internet marketing allows investors to submit orders alone, but on behalf of the broker, since there is no legal basis for buyers and sellers to trade directly. But with the commercialization of stock exchanges is already being noticed such tendencies, especially in trade with electronic trading systems.

3. Characteristics of the Investment and Stock Intermediaries in Bulgaria

From a legal perspective the nature and activities of the investment firms in the Bulgarian legislation is regulated by the Investment Services Directive - Markets in Financial Instruments Directive (MiFID). It explicitly states that "the investment intermediary is a person who professionally provides one or more investment services and / or performs one or more investment activities." (Markets in Financial Instruments Act, Article 5(1)). It does not show clearly who exactly these people are, but knowing what is meant by investment service or activity, it can be concluded that in Bulgaria, investment intermediaries are legal persons that are either banks or non-bank institutions. It is so because precisely the banks and financial brokerage houses by profession provide the main investment activities:

a) Intermediation when concluding financial instruments
b) Underwriting of issues of securities
c) Investment advice
d) Transactions for own expense or for hire with securities on the exchange market
e) Management of securities portfolios
f) Storage of securities
g) Custody
h) Lend money for the purchase of securities and others

Meanwhile, the Rules and Regulations of BSE-Sofia, Part II-Membership Rules, Article 2(1), states: “Eligibility for Exchange membership shall be limited to legal entities that are banks or investment intermediaries duly incorporated in Bulgaria or incorporated in a Member State, as well as legal entities duly incorporated in a third country which have obtained a licence or whose licence has been recognised by the FSC, and which have been admitted, under the terms and according to the procedure established by these Rules, to conclude transactions in financial instruments on the Exchange.” This wording shows that the investment intermediaries can only be non-bank legal persons while banks do not belong to the notion of investment intermediaries.

In this respect, it is necessary for the legislator to refine the wording of the legal documents and to clarify the characterisation of basic concepts in the field of investment intermediation and securities trading on the exchange. We suggest that in the definition given in MiFID to be specified that: an investment intermediary is a legal person – bank or non-bank institution which professionally provides one or more investment services and/or performs one or more investment activities. At the same time, the Rules and Regulations of BSE-Sofia must comply with MiFID and the inaccuracy should be corrected.
The economic situation of the investment intermediaries can be characterised along the following lines:

1. Investment intermediaries are legal persons that have a specific legal status;
2. In Bulgaria, they can be both bank and non-bank institutions;
3. On the basis of transactions permitted by law investment intermediaries occupy a substantial position on both the emission and the stock market;
4. The market, on which investment intermediaries operate, can be defined as both a dealer and a broker market because they have the right to conclude transactions for their own account and for hire;
5. Although the investment intermediary has a legal personality, then in the departments of banks, financial houses, investment companies, etc. are working particular specialists - individuals. They are the ones who carry out operational work, incl. give consultations to clients and manage their securities portfolios. In this respect, investment intermediaries are compared to the broker and dealer departments and operations of the professionals in them.

The practice in the field of investment intermediation shows that investment banks in the U.S. are the institutions that perform investment services and securities transactions; in Europe mainly the commercial banks perform those services.

*Investment intermediaries are the main members of BSE - Sofia.*

Their number varies over the years and this can be traced from the following data: (According to data from www.bse-sofia.bg)

- in the first year after its foundation, namely in 1997, the exchange has 74 members, of whom 54 non-bank investment intermediaries and 20 commercial banks;
- in 2000 it has increased to 80 members, with a ratio of 55 to 25 in favor of non-bank investment intermediaries;
- by 2012 the ratio of banks – non-bank investment intermediaries is 15/55. (http://www.bse-sofia.bg/?page=BSEMembers&page_num=5)

It is striking that the share of banks and non-bank investment intermediaries remains almost unchanged, although for various reasons about ten intermediaries have left the market and new participants have come to their place. The financial brokerage houses are prevailing, but this is an explicable fact because for them the investment intermediation is a fundamental activity, while for the commercial banks, this is only part of their functions. Major banks have found their place as members but during 2000-2008 lending is more attractive and profitable activity than intermediation in securities, so they were not the most active market participants. The chart shows that the decline in banks as members of the Bulgarian Stock Exchange over the period 2000-2012 was 60%. This is a serious decline which is due to the financial crisis on the one hand and on the other to the undeveloped capital market in Bulgaria and the outflow of investment. The activity of the intermediaries would significantly improve with the development of collective forms of money management and fiduciary management of securities.

Except the term investment, in the Bulgarian legal system exists another term – broker. He/She is an individual who has (Rules and Regulations of BSE-Sofia, Article 23(1)): 
a) entered into an employment or civil contract of employment with an investment intermediary - member of the Exchange;
b) a certificate from the FSC, concerning the conclusion and execution of transactions with financial instruments or the capacity by the competent authority in the Member State in which the broker has obtained a license;
c) authorization from the Exchange member with whom he/she had a contract to perform transactions in financial instruments on his/her behalf on the Exchange;
d) knowledge of the Exchange Rules and principles of implementation of trade in financial instruments in the system;

Therefore, the broker cannot exist alone without an investment intermediary. He/She works for the investment intermediary providing labour or civil agreement, while he can enter into transactions through the exchange system on behalf of the investment intermediary-member of the exchange. It is also necessary a special education. The legislator will not entitle economists with higher education or lawyers to perform activities such as brokers, unless they have a special certificate from FSC - a certificate of exercising the right as a broker or they need to have an internationally recognised certificate as a CFA, i.e. Certificate of Financial Analyst.

The Board of Directors of the Exchange has the right to request additional information; the brokers might even be subject to examination. This means that once a certificate has been received, it does not provide them with uneventful existence as intermediaries. It is necessary the level to be maintained constantly and the novelties in the field to be monitored. If the broker had stopped exercising his activity for two years, the FSC revokes his certificate. Within 30 days of filing the application, the board of directors announces their decision. The broker can take up his duties only after paying the fees for membership, which is regulated by the Tariff of prices of services levied by the exchange.

It is known that every stock exchange has a register which contains the names of the brokers and the period for which they are authorized by their employer to represent him on the exchange. All the names of the brokers entered in the register are placed prominently in the building of the exchange. In order to participate, according to the rules in trade in securities, every broker has a business registration number, with which they can attend the sessions.

In the field of investment and brokerage since mid 2012, there had been significant changes. They are mostly reflected in the Rules and Regulations of BSE-Sofia. It can be observed the introduction of a new intermediary called a market maker. This is in fact an exchange member, bank or non-bank investment intermediary, which declares to the Board of directors that he wants to act as a market maker and is obliged to perform the functions of such intermediary. The main duties are: to provide minimum liquidity by placing quotes for particular issues of financial instruments admitted to trading on the Exchange, with the exception of subscription rights issues. (Op.cit. Article 23(15)). It is known that the issues of financial instruments must go through the procedure of admission to trading and is necessary to meet the quantitative and qualitative requirements of the Exchange in order to be listed or placed on individual markets and segments of the exchange. In this case, to ensure liquidity in trade with these emissions, the exchange requires a single issue to have one or more market makers, who are responsible for its spread and its liquidity. The market maker
can enter into a contract with the issuer for at least a year but can be such an intermediary even without a contract. The transactions through the system on the behalf of the market make are being carried out by a broker. A single broker can work for a single exchange member.

A novelty in the field of brokerage is the existence of different types of intermediaries. Until 2012 there were only brokers who had paid places on the exchange and had a labour or civil contract with an intermediary. With the changes in the Rules and Regulations of BSE-Sofia from 2012, there are also a security administrator and a senior broker. In this way, there is a hierarchy in the brokerage and the rights and obligations of every intermediary in the system are prescribed more clearly.

The security administrator is an employee having at least two years of experience in trading financial instruments, who works on labour contract with the Exchange member and his main duties are to set rights and access levels for users to the electronic trading system of the exchange. The categories of rights for users of the system are four:

- a) the right to address and an inquiry to the System
- b) Right of entry
- c) the right to change
- d) the right to delete

The rights of entry, editing and deleting the administrator is given only to brokers, the exchange members or brokers of admitted as market makers exchange members.

Senior brokers are those who have at least two years experience as brokers, have a good reputation and have no convictions. They are nominated by the administrator of the system as such. Senior brokers shall have an access to the orders and quotes, if any, placed by the brokers of the respective Exchange member; whilst these may also place new and change existing orders and quotes where acting on their behalf. (Op.cit. Art23(10); Art23(11)). The change in the exchange regulations and the introduction of the duty of ‘senior broker’ proves that in the field of brokerage, there are some problems and it is necessary a more rigorous control over their duty. It is difficult to estimate whether these problems are due to objective or subjective reasons, but it might be considered some changes in the training of brokers, as well as changes within the competence of ordinary brokers and at the offices of banks and non-bank investment intermediaries, and the manner of investment advice in Bulgaria.

4. Brokers in Bulgaria

Under current legislation, the brokers in this country can be defined as floor brokers. They work in conditions of low competition and lack of market conditions for manifestation of the typical features and skills of this type of intermediary. Before the management of BSE - Sofia stands the issue of whether the functioning exchange representatives are sufficiently skilled, educated and enterprising to carry out the responsible activities of the broker. Where have they carried out their training and what are their professional qualifications, provided that in the Western countries, there are specialised secondary schools and universities, where stock experts have been training for years. Are the arrangements written in the Rules of the Exchange for admission to
trading sufficiently comprehensive? Where are young people supposed to prepare in order to acquire brokerage occupation, provided that not one university in the country has a "Brokerage" subject? In this line of reasoning there may be asked many more questions. More importantly, before proceeding to "cosmetic" or more serious changes in the exchange legislation the organisation and mechanisms of trade, should seriously consider securing skilled personnel, not only on the floor of the exchange, but of the overall process of secondary trading of securities.

The brokers, i.e. the floor brokers, work in the stock room. It is known that in order to pursue this activity, they must have a certificate signed by the FSC and a labor or civil contract with a member of the exchange, i.e. with the investment intermediary. Brokers can be people with various economic education, since according to present legislation, the conditions listed above are sufficient for the exercise of this responsible work. The examination to become a broker is held in a specific order twice a year and does not require those persons to have studied investment more closely. In developed countries there are specialised secondary schools and universities in the field of management of securities. The brokers work only on the exchange. Brokers work only on the stock exchange and with the investment intermediaries work the so-called ordinary brokers who in Bulgaria do not bear this name, but are merely employees to the adoption of stock orders. Seen from technical aspect, the employees in the branches of banks and non-bank investment firms do not need to have specific expertise, it is important to accept the will of the investor to "play" the stock exchange, embodied in the submission of stock orders. But is this sufficient? Technically - yes, but economically, in order to improve the investment culture of Bulgarians - definitely not enough. This is because the banks and brokerage houses still appoint people without a degree in economics. How could they to provide clarification and explanation to the investors if they themselves do not know the difference between stocks and bonds or the significance of the investment on the stock exchange? In developed countries there is one broker for 1000 customers. This means that for a city of 100 000 for example, where half or two-thirds of the population has the right to "play" the stock exchange, there must be 50 to 75 intermediaries who qualified to give advice and professional service when marketing securities. Banks in major European cities found specialized branches for the submission of stock orders, and intermediary houses compete in improving the services for the customers. Therefore, although a broker means the individual who plays on the stock market, in our country we need a specialized training of ordinary brokers as well. There is also a need for clarification the status of the investment adviser and the introduction of two types of counseling - financial and investment. It is necessary to have strict control over education, competitions and activities of intermediaries.

5. Legal and Economic Aspects of the Investment Advice

Advising clients is an activity that takes place in all countries with developed stock exchange and over-the-counter (OTC) trading and the particular institutions or persons, engaged in this activity are regulated by laws and normative acts of the countries concerned. For the first time in Bulgaria, investment advice has been introduced in 2003, when it was legally regulated in the Public Offering of Securities Act (POSA)( In the additional orders of the Public Offering of Securities Act §1(8), an investment consultation regarding securities is defined as "providing advice through oral statements, documents or otherwise concerning the value of securities or evaluation of investing in securities, including an assessment of the type, position and
value of the securities that shall be an object of investment, with the exception of tips that are provided through publications, addressed to an indefinite circle of persons.”

Following the country joined the EU, several changes occurred in the Bulgarian capital market. In 2008 the country replaced electronic platform RTS (Russian Trading System) which was a modified version of the U.S. OTC trading system for NASDAQ, with the electronic platform of the German Stock Exchange XETRA. Changes occurred in the legal foundations of investment and stock trading. Investment intermediation of POSA passed to the adopted in November 2007 Markets on Financial Instruments Act (MFIA). Thus, according to the new law “Investment advice” means the provision of personal recommendations to a client, either upon its request or at the initiative of the investment intermediary, in respect of one or more transactions relating to financial instruments. The recommendation shall be personal if it is provided to a client in its capacity as investor or to a potential investor, or an agent of an investor or an agent of a potential investor, as the case may be. The recommendation shall not be personal where it is provided exclusively through distribution channels within the meaning of the

Measures Against Market Abuse With Financial Instruments Act or of the community.” (Public Offering of Securities Act, additional orders §1(2). It is explicitly stated that the personal recommendation must be consistent with the knowledge, skills and experience of the person in the field of investment in financial instruments and is suitable for him. It represents advice for purchasing, selling, saving, exchange, repurchase, possession or assumption of certain financial instruments. The legislature is clear that customers can be both professional and amateur investors. The latter can be consulted only by legally competent “natural person under contract with the investment firm, management company and / or investment firm performs investment analysis and advice on securities” (Regulation №: 7 for requirements to be met by individuals who under the agreement directly execute transactions in securities and investment consultations on securities as well as the procedure for obtaining and withdrawing equity to engage in such activity. Gazette, issue 101 from 18.11.2003, Article 1(3)) called investment consultant.

Therefore, the investment consultant is a person who has submitted his documents, has been admitted, he or she passed the examination for acquiring legal capacity as an investment consultant before the commission appointed by the Financial Supervision Commission (FSC). The exception to this order shall be admitted if the person has qualifications that meet the requirements included in thematic scope of the exam and has a document certifying the acquired degree, diploma or a certificate from a foreign authority, and this document has been recognized by FSC. Mostly it is on the basis the recognition of having internationally renowned document for a financial analyst - CFA. In Bulgaria even the possession of a CFA Level I is sufficient to be recognized the legal capacity of an investment consultant.

In economic terms, the presence of the investment consultant on the Bulgarian capital market is necessary but not sufficient condition for its functioning and upward development. Choice of investing in securities is determined by the investment environment, investment climate, quality and quantity of investment instruments, model and market efficiency. Investment consultants are just one link in the chain, but a very important, essential part of it. This is because each investment starts with a choice and when the client can not independently direct himself to the appropriate
financial instruments for him, he should have a choice of a financial advisor. The activity of the latter consists in:

a) preparation of financial analyses, business valuations and presentations of companies operating in various sectors of the economy;
b) development of catalogues, auctions and more for current and potential customers of the company;
c) structuring and advising on proposals for potential clients;
d) organization of the overall process of public offerings, registration of issues of shares and bonds, re-purchase, etc.

However, without the help of this first assistant ad advisor of the potential investors, it could hardly be expected for the market to work professionally. That is why the presence of investment consultants in the securities market is more than necessary. From their scope of activity can be seen, however, that their activity is primarily targeted at institutional investors. Whether individual investors do not constitute interest for them or have another reason to leave these kinds of customers in the background?

6. Condition of the Investment Advice in Bulgaria

In Bulgaria, the investment consulting covers primarily the field of investments in securities, investment firms, and the management companies respectively do it in other collective investment schemes. Banks and financial brokerage houses have at least three investment funds for investing in financial assets to domestic or foreign market. Namely the investment consultants are responsible for the selection of assets in these open-ended investment funds. According to the FSC, in Bulgaria, up until now there are 400 certificates of investment consultants issued. In our country, there are 80 investment professionals registered, including 21 commercial banks and 59 non-licensed intermediaries (http://www.fsc.bg/Investicionni-posrednici-bg-341) and over 80 mutual funds. (www.moitepari.bg). If all investment consultants are currently working, it would follow that in a mutual fund there are working 4-5 consultants. However this is not the case because experience shows that larger investment intermediaries such as major banks established on the Bulgarian market have contracted one, rarely two investment consultants. Therefore, not all have the right to act as investment advisers practice their profession due to the lack of work places. But the lack of places is predetermined by the law, which states that investment consultants work for an investment intermediary. The law does not state that they have to work for the headquarters of investment intermediaries, but it is implied, because only the headquarters in the country manage portfolios of securities. Branches of banks and branches of licensed non-bank investment intermediaries - brokerage houses have no authority to make and manage securities. They appear only as intermediaries between clients and the headquarters for the adoption of the stock orders for trading on the stock exchange. Here one might wonder: Who should consult individual clients who decided to play on the stock market? If customers are residents of the capital, they can seek such consultation in the headquarters of the investment intermediaries. There you will find investment consultants who have a general obligation to give them a paid consultation. Are the investment consultants going to respond with pleasure and desire to the request of the small investor who wants to invest a modest amount in the stock market? Hardly, because the investment consultant takes care of millions of BGN in the mutual funds, and does not feel a need to engage and "lose" part of his time to
advise a person having modest means. For potential investors in the countryside the situation is similar, and even hopeless. They have no access to the investment consultant, because in their towns there are no headquarters of investment intermediaries.

Therefore, the small investor does not have the opportunity for investment consulting. The only alternative for him is that he has to educate himself and make independent unprofessional choice, or rather to ignore the securities as something unfamiliar and frightening.

7. Several Suggestions

Is it possible that the investment consultants could be present in the countryside and in that way expand the investment culture of Bulgarians? This is the question that excites many Bulgarians with average and above average investment opportunities. This is the question that excites many average Bulgarians with average and above average investment opportunities? The answer is not unequivocal, since it is bound on one side with the legislation in this area, on the other hand with obtaining an adequate education, making it possible to pursue an activity as investment adviser and from a third point of view, the actual investment environment in Bulgaria. Seeking answers to these questions, we believe that it is possible to consider a change towards:

a) Legal regulations of the activity of the investment consultant;
b) The education for acquiring legal capacity for giving financial and investment consultation;
c) Employment opportunities for investment consultants and financial advisors.

In the first aspect, the legal regulation of the activity of the investment consultant could specify that individuals, engaged in consultancy in the field of financial instruments and assets may be of two types. The first one, dealing with professional consultations, investment and diversification of funds into investment funds, i.e. a collective investment in financial assets, which are called investment consultants. The second are entitled to consult and advise in writing to individual customers with their choice of personal planning and investment of money in various assets in the sphere of banking, insurance, commodities and capital markets. These consultants may be called financial consultants, as they referred to in 2004, in the Institute of Certified financial advisors, set up in Bulgaria (http://www.idfk-bg.com). The main difference in both types of consultation consists in the type of customer and type of investment assets subject to investment. Investment consultants will deal with the institutional investment consulting and financial instruments in the capital market and financial advisors will deal with advice to individual investors in the field of personal and family planning and investment of free cash flow. (To distinguish between the two types of consultants offers a kind remain to be called an investment consultant, and the other was named adviser to, namely financial advisor.)

According to a study of Fast Company (a renowned American magazine for entrepreneurs) the most promising work in the U.S. is precisely personal financial advisor. (There are different kinds of certificates around the world that allow practicing the activity of a consultant, planner, analyst, etc. in the field of financial instruments and markets. These are: Chartered Financial Analyst (CFA), Certified Financial
As regards the second tendency for a change, namely an education for acquisition legal capacity of giving financial and investment consultation, we can focus on the following ideas. The preparedness, the stable theoretical knowledge and practical skills need to be obtained and demonstrated by professionals and renowned professors. Everywhere in the world that kind of knowledge is obtained in universities. Namely there is the place where young people are being motivated and educated to be able to practice the profession of accountants and bankers. Masters programs are the ones which provide specialised training and a practical way of working. It is necessary for the universities, for the purposes of better absorption of the material in the field of investment and management of portfolios of different investment vehicles, to have master’s programs investment brokerage. This program should include the main topics which are included in the exam for an investment consultant in FSC. Thus the young people, who wish to pursue a career in investment brokerage, will have good preparation and can cope more easily with the examinations for the acquisition of specialised national and international certificates in this field. The control over the acquired knowledge is very important, but today in Bulgaria only FSC provides a certificate for exercising the activity as an investment consultant. This is an established practice, but the committee for grading the papers usually consists of academics. Then it is logical to ask, can I after a defended an excellent Master of a career in investment brokerage to exercise this activity? Obviously, it is possible, after the Institute for Certified Financial Consultants provides a certificate on the basis of these courses and passed an exam in several modules. Moreover, this institute in cooperation with the Higher School of Insurance and Finance in Sofia has a joint program in distance learning. We believe that this is a good start in expanding the field of financial counseling as an important stage of the financial intermediation. However, more questions should be answered. Would those diplomas be officially recognised and would they will be sufficient to open consulting houses or to work with an investment intermediary? In this regard it is necessary for the authorities to intervene. The answers to these questions reflect on the employment opportunities for investment consultants and financial advisors. Against the outlined functions of investment consultants is clear that they should continue to work with investment intermediaries and management companies. Some investment consultants should be employed by large companies or banks, i.e. limited liability companies in which relatively often deal with the issue of securities, preparation of documents necessary for the establishment of the issue to the FSC and preparing for listing emissions on the exchange. Instead of paying the investment intermediaries, companies could make their departments for emission and trading in securities. The activities of the financial consultants should be directed towards: analysis of financial products suitable for individuals, retirement planning, insurance products, income taxes for individuals, estates, inheritances, etc. They should be able to work with investment intermediaries in places, branches or independent practice in established consultant houses, where they could give advice on personal planning and investing the resources of individual customers.
8. Conclusion

Investment intermediation and brokerage in Bulgaria have their traditions and experience, as they have existed for more than 15 years. The dynamics of trade in capital markets, the internationalisation and the attempts to overcome the effects of the financial crisis force the government of BSE to seek changes in legislation and also in the field of business and investment brokers. This is demonstrated by the changes in the laws and Regulations of the Exchange, the introduction of new positions as a market maker, a senior broker, and security administrator. It is hoped for the exchange to start operating more actively for the comfort of the investors.

Previous tests, surveys and observations in the field of investment consultancy in Bulgaria show that individual investors with average income have easy access to professional advice on investment of their funds. Yet not know the financial assets and therefore they are not preferred. Consumers rely more on information transmitted "from mouth to mouth" and they have distrust towards financial institutions. The financial crisis has exacerbated their uncertainty and lack of alternatives. From this it flows that the need to regulate the activities of investment and financial consultants is even more prominent.

We believe however that this can happen after a change in the economic and political environment in Bulgaria, and also after taking a significant action in the field of specialist education of the consultants, hosts and people concluding transactions in securities. Along these lines are our specific proposals for the introduction of the profession "financial consultant" and a clearer distinction between the powers of an investment and a financial consultant. We also feel it's necessary to introduce a special education or to require completion of "Investment and brokerage" master's degree for those handling securities in the offices of banks and non-bank investment intermediaries as mere brokers. They also need a clearer definition of powers, and after examination some of them can exercise the activities of a "financial adviser".

Genişletilmiş Özet


Biz bunun ancak Bulgaristan'daki ekonomik ve politik ortamda gerçekleşen bir değişiklik sonrası oluşabileceği ve ayrıca ancak danışmanların ve menkul kıymetler işlemleri sonuçlandırılan insanların uzman bir biçimde eğitimi konusunda önemini bir adım atıfta sona gerçekleşebileceğine inanıyoruz. Bu doğrultuda "mali müşavirin" tanıtımı ve yatırımın gücü ile mali müşavir arasında net bir ayrım yapılması için özel öneriler sunuyoruz. Biz de broker olarak banka şubelerinde ve banka dışı yatırım araclarının menkul kıymetler işlemlerine bakıları özel bir eğitime tabi tutmak veya "yatırım ve aracılık" yüksek lisansı tamamlamak zorunlu olmamasını gerektğini düşünüyoruz. Zira onların da yetkilerinin net tanılanmasına ve sınav sonrası bazılarının “mali müşavir” yetkilerine sahip olmasına ihtiyaçları vardır.

REFERENCES

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