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Fact Sheet Agency - Bulgaria (September 2013)

How is an agent defined under national law?	Agent is defined as a person, who is authorized under agency agreement to act on behalf of another (called "principal" or "trader") to create a legal relationship with a third party. It may be referred to as the relationship between a principal (trader) and an agent whereby the principal, expressly or implicitly, authorises the agent to work under its control and on its behalf. The agent is, thus, required to negotiate on behalf of the principal or bring it and third parties into contractual relationship.
How is the normal duration of a contract normally defined?	The agency agreement does not have any specific duration. It depends on the will of the parties to negotiate it. It may be from one – to several years for example.
How long is the notice of termination?	The agency agreement may be terminated in one of the following ways: <ul style="list-style-type: none">- in the event that the contract is not signed for a defined period – it may be terminated with one month written notice, during the first year of the contract; during the second year – with two months written notice and after the second year – with three months written notice, as the parties can not agree on a shorter period. When the parties have agreed a longer period of notice, it must be the same for both sides. Unless agreed otherwise, the termination of the contract shall be effective from the end of the calendar month, in which the deadline of the notice of termination has been expired.- in the event that the contract has been signed for a fixed term, it may be terminated before its expiration, in case the party who seeks the termination pays a compensation for the caused damages to the other party;- in the event that after the expiration of the contract, both parties continue to perform their obligations under it, the contract shall be considered to be extended for an indefinite period. In this case, when determining the period of notice – the duration of the contract until its expiration should be taken into account.- in the event of a death of the agent or if it is put under judicial disability, the contract shall be considered terminated by the law.
What rights does the agent have to compensation or indemnity upon termination?	The agent shall have the right to receive a one-time compensation upon termination of the agency agreement, accordingly – its heirs upon death; if the trader continues to benefit from the customers when they were found by the agent or the latter significantly increased the volume of transactions concluded by them. The compensation is amounting to the annual remuneration of the agent, calculated on the basis of the average salary for the entire period of the contract but not more than the last 5 years.
Are there any laws or regulations relating to restraint of trade/ restrictive covenants	In general to become agent for another principal should not create a conflict of interest . The parties may agree that an agent does not have the right to represent other clients within the limits stipulated in the agreement. The law or parties may stipulate also other restrictions.



<p>Are any particular formalities required for an agency agreement to be legally valid and enforceable under national law?</p>	<p>The agency agreement must be prepared and signed in a written form to be legally valid.</p> <p>The agency agreement determines the subject and the area covered by the agent.</p>
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