

CITIBANK EUROPE PLC
CITIBANK EUROPE PLC, BULGARIA BRANCH
GENERAL TERMS AND CONDITIONS APPLICABLE TO CONTRACTS WITH
CLIENTS FOR INVESTMENT SERVICES AND ACTIVITIES PROVIDED BY THE
BANK UNDER THE MARKETS IN FINANCIAL INSTRUMENTS ACT
(These General Terms and Conditions repeal the General Terms and Conditions, approved
by the Financial Supervision Commission No. ПГ-03-194-4/ 23.06.2015). These General
Terms and Conditions enter into force as of 16.05.2018

CHAPTER ONE
GENERAL PROVISIONS

I. PARTIES

1. These general terms are established by CITIBANK EUROPE PLC., having registry No. 132781 and registered address of management at 1 North Wall Key, Dublin 1, Ireland through Citibank Europe plc, Bulgaria Branch, entered in the commercial registrar at the Registry agency under UIC 202861597, having its seat and registered address at, 48 Sitnyakovo blvd., Serdika Offices, 10th fl., Oborishte District, Sofia 1505, hereinafter referred to as the “Bank”. These General Terms applicable to contracts with Clients for investment services and activities provided by the Bank under the Markets in Financial Instruments Act (“MiFIA”), hereinafter referred to as the “General Terms”.
2. The Bank has a license to perform bank transactions in the country, including services and activities provided in Annex I to Directive 2004/39/EC (replaced by Annex I to Directive 2014/65/EU), through opening a branch in Republic of Bulgaria pursuant to a notification dated 04.10.2013 by the governor of department “Banking supervision – international banks” at the Central Bank of Ireland under art. 25 of Directive 2006/48/EC of the European parliament and the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast) (replaced by Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC). Pursuant to art. 21, para. 2 of the Credit Institutions Act, BNB has submitted letter having No. 98-0141/ 29.11.2013 notifying Citibank Europe plc. that the Bank may effectively initiate its business in the country, subject to relevant registration with the Commercial registrar in the Republic of Bulgaria.
3. The Bank is authorized to conduct the following transactions at the territory of Bulgaria:
 - (i) Receiving deposits or other repayable funds from the public as a loan, including: consumer loans, mortgage loans, factoring (with or without recourse); financing commercial transactions (including forfeiting);
 - (ii) Financial leasing;

- (iii) Payment services as defined under art. 4, para. 3 of Directive 2007/64/EC of the European parliament and the Council dated 13 November 2007 on the payment services offered at the internal market;
- (iv) Issuance and administration of other means of payment (traveller's cheques and bank cheques) in so far as these activities do not fall under the scope of item (iii);
- (v) Provision of bank guarantees and letters of credit;
- (vi) Trading for its own account and for clients' account in (a) money market instruments; (b) foreign exchange; (c) futures and options; (d) currency and interest instruments; (e) transferable securities;
- (vii) Safekeeping and administration of securities;
- (viii) Custodianship services.

4. Apart from the services enumerated in it.3 above, the Bank may provide below investment services and activities and the additional services, as follows:

- (i) reception and delivery of orders in relation to one or more of the following:
 - a) Transferable securities;
 - b) Money market instruments;
 - c) Options, futures, swaps, forward agreements and any other derivative contracts related to securities, currencies, interest rates or return, other derivative instruments, financial indices or financial indicators, whereunder the obligations may be settled physically or in cash.
- (ii) execution of payment orders at for clients' account in relation to one or more of the following financial instruments:
 - a) Transferable securities;
 - b) Money market instruments;
 - c) Options, futures, swaps, forward agreements and any other derivative contracts related to securities, currencies, interest rates or return, other derivative instruments, financial indices or financial indicators, whereunder the obligations may be settled physically or in cash.
- (iii) dealing on own account in relation to one or more of the following financial instruments:
 - a) Transferable securities;
 - b) Money market instruments;
 - c) Options, futures, swaps, forward agreements and any other derivative contracts related to securities, currencies, interest rates or return, other derivative instruments, financial indices or financial indicators, whereunder the obligations may be settled physically or in cash.
- (iv) management of transferable securities portfolio;

- (v) safekeeping and administration of following financial instruments;
 - a) Transferable securities and/or
 - b) Money market instruments and/or
 - c) Shares in collective investment enterprises and or
 - d) Options, futures, swaps, forward agreements and any other derivative contracts related to goods, whereunder the obligations may be physically settled provided that they are traded on a regulated market and/or multilateral trading facility (MTF).
- (vi) granting facilities or loans to an investor for carrying out of transaction in one or more of the following financial instruments:
 - a) Transferable securities and/or
 - b) Money market instruments.

5. The following derivative contracts relating to currencies are not financial instruments:

- (i) a spot contract, namely a contract for the exchange of one currency with another currency, under the terms of which the delivery is scheduled to take place as per the following periods, whichever is longer:
 - a) 2 trading days for each pair of major currencies (US Dollar, Euro, Japanese Yen, British Pound, Australian Dollar, Swiss Franc, Canadian Dollar, Hong Kong Dollar, Swedish Krona, New Zealand Dollar, Singapore Dollar, Norwegian Krone, Mexican Peso, Croatian Krone, Bulgarian lev, Czech Krone, Danish Krone, Hungarian forint, Polish zloty and Romanian leu);
 - b) for each pair of currencies, at least one of which is not major currency, 2 trading days, or the term generally accepted on the market for that currency pair as a standard delivery period, whichever is longer;
 - c) where the principal purpose of the contract for the exchange of such currencies is the sale or purchase of a transferable security or a share in a collective investment undertaking, the time period which is generally accepted on the market for the settlement of that transferable security or share in a collective investment undertaking as a standard settlement period or 5 trading days, whichever is shorter.
 - d) A contract is not a spot contract if, regardless of its express conditions, the parties to the contract agreed that the delivery of the currency will be postponed and will not be executed within the time limits specified in paragraphs “a”, “b” and “c”;
 - e) For the purposes of this Article, a “trading day” has the meaning provided in Article 10, paragraph 4 of Delegated Regulation No. 2017/565;
- (ii) a means of payment which fulfils the following conditions:
 - a) is subject to physical delivery settlement for reasons other than a default or other event resulting in the termination of the contract;

- b) at least one of the parties thereunder is a non-financial counterparty within the meaning of Article 2, paragraph 2 of Regulation (EU) No. 648/2012 of the European Parliament and of the Council;
 - c) is intended to contribute to the payment of identifiable goods, services or direct investment; and
 - d) is not traded on a trading venue.
6. The persons with whom the Bank concludes specific transactions (contracts) to whom these General Terms apply are referred to as the “Clients”.
7. Clients under Chapter Three of these General Terms may be individuals and legal persons, funds and other non-personified companies with which the Bank has established specific contractual relationships in connection with its activity as an investment intermediary. The Clients are investors which use or have interest in using the services provided by the Bank in relation to its activity as an investment intermediary. In addition, a Client is considered another investment intermediary who places an order, for its account or on behalf of another person, for dealing in financial instruments or provides financial instruments and/or money for management, as well as a person whose investment portfolio is managed by a management company. Investment companies and pension funds may not be a party to a contract for management of a portfolio of financial instruments and/or money.
8. When concluding a contract of providing investment and ancillary services, the Client may be represented before the Bank by the legal representatives or by persons authorized through a written power of attorney with notary certification of the Client’s signature, specifying the representative power for carrying out management and disposal actions in financial instruments and the representative shall submit a declaration that he does not carry out transactions in financial instruments as a regular occupation or a business on a professional basis and has not carried out such transactions one year before the conclusion of the contract.

II. SUBJECT MATTER

1. These General Terms shall apply to transactions in financial instruments (under the definition for a “financial instrument” provided in MiFIA) for own account or on behalf of Clients as well as for intermediation in concluding such transactions performed by the Bank.
2. These General Terms shall furthermore apply to specific transactions with Clients relating to government securities, government long-term bonds issued under the Law on the Settlement of Non-performing Credits Agreed by 31 December 1990, government bonds on the external debt of the Republic of Bulgaria (Brady bonds), investment vouchers, compensatory notes and other similar dematerialized instruments for the Client’s account.
3. These General Terms shall furthermore apply to contracts for management of portfolios of transferable securities, including government securities but excluding portfolios of

investment companies and pension funds, on its account or on other person's behalf, if the Client has given a written consent to this effect in a specific contract with the Bank.

4. These General Terms shall also apply to ancillary services provided by the Bank as explicitly specified in Chapter 1, section 1, it. 4 (v) and (vi) from these General Terms.
5. If the Bank acts on behalf of the Client, it must be authorized through a written power of attorney with notary certification of the Client's signature.
6. Re-authorization may take place under the terms and procedure set out in the applicable legislation. Another investment intermediary may be re-assigned to carry out certain actions under a contract provided that the Client has given his prior consent in writing in the contract or in each specific case. The liability of the Bank in such cases of re-assignment/replacement is described in Chapter Five, Section II of these General Terms.

III. TERM

These General Terms shall become effective upon their acceptance in writing by the Client and shall be binding on the Bank and the Client until they are amended, adjusted, replaced or repealed, and also insofar as specific securities contracts (transactions) exist between the parties.

IV. GENERAL TERMS AND SPECIFIC TERMS

1. The Bank shall display at a visible and accessible place on the premises where it operates with clients, and shall publish these General Terms on its website and if requested shall provide its Clients with a free copy.
2. The terms and conditions of each separate transaction (contract) shall be agreed between the parties in its content.
3. The specific transaction (contract) with the Client must contain individualizing data about the persons concluding the contract, the capacity of the person representing the Bank, the date and place of conclusion and the General Terms effective at the time of conclusion if the contract is concluded in accordance with general terms, basic rights and obligations of the parties (insofar as they are not contained in, or deviate from the ones set out in these General Terms, if the contract is concluded under general terms), specification of the information that the Bank must provide to the Client, other statutory required information, including a clause that the Client is familiar with these General Terms if the contract is concluded in accordance with general terms, with the Tariff announced by the Bank, that the Client has received the information which the Bank is required to provide to the Client under the applicable legislation, and that the Client is aware of the risks relating to investment in financial instruments, the applicable law and manner of fair and reasonable dispute resolution. The Bank must notify the Client of the existing system for compensation of investors in financial instruments, including its scope and the guaranteed amount of Client assets, and the Bank shall provide data about the terms and procedure for compensation at request. Information about the existing system for compensation of

investors in financial instruments, including its scope and guaranteed amount of Client assets, is presented in the form of Appendix to these General Terms.

4. In its relations with retail investors, eligible counterparties and professional Clients, the Bank and the Client may regulate their relationships by virtue of specific agreements, concluded based on a Master Agreement of the International Swaps and Derivatives Association (hereinafter referred to as the “ISDA Master Agreement”) approved and applied by Citigroup worldwide.

V. SPECIMENS OF SIGNATURES

1. The Client shall submit to the Bank notary certified specimens of its own signature and/or of the signatures of the persons representing it. The Bank shall not be obliged to perform instructions by persons whose specimens of the signature have not been provided by the Client. The signatures may be given also before authorized officials of the Bank, having verified the identity of the signing persons.
2. The Bank shall not have the obligation to perform instructions given by people whose specimens have not been provided by the Client or who have no power of attorney as certified by the notary public duly given to delegate representative powers to manage or dispose of financial instruments, and a statement by the authorized person that he is not engaged in transactions in financial instruments as a regular occupation or a business on a professional basis and has not effected such transactions one year before the conclusion of the contract.

CHAPTER TWO

RIGHTS AND OBLIGATIONS AND REQUIREMENTS TO THE BANK’S ACTIVITY

I. DUE CARE

1. In performing the services and activities under Annex I to Directive 2014/65/EU which the Bank has been licensed to perform on the territory of the Republic of Bulgaria, as explicitly specified in Chapter 1, section 1, it.4 of these General terms, the Bank shall act honestly, fairly and as a professional in the best interests of the Client, and shall comply with the restrictions, prohibitions, requirements and provisions of the applicable legislation, its General Terms, applicable to the contracts with clients and the concrete contract, including by employing measures for performance of client instructions in the most favourable conditions for its clients.
2. The Bank shall execute with priority the orders of the Client before its proprietary transactions.
 - 2.1. The Bank must meet its obligation for achieving the best result for the Client, when executing orders of clients treated as retail or professional. When executing an order of a retail or a professional client, the Bank shall take all reasonable steps to obtain the best possible result for the Client, taking into account the price, costs, the speed of order execution and settlement, the amount, nature, and any other circumstances related to the

execution of the order. The relative importance of these factors shall be determined taking into account the criteria set out in Art. 64, paragraph 1 of Delegated Regulation 2017/565 – the characteristics of the Client, including whether it is defined as a retail or a professional Client; the characteristics of the order of the Client, including when the order relates to a securities financing transaction; the characteristics of the financial instruments subject of the order; the performance characteristics of the execution venues to which the order may be directed for execution.

- 2.2. In the case of specific instructions from the Client regarding the order or the non-investment intermediary, it executes the order following these instructions. Following the instructions of the Client is considered to be the fulfilment of the obligation under Article 3.1. above.
- 2.3. When executing an order placed by a retail Client, the best possible result shall be determined by the total value of the transaction, including the price of the financial instrument and the costs for the execution. The costs for the execution shall include all costs directly relating to the execution of the order, including fees for the execution venue, fees for clearing and settlement as well as other fees and charges paid to third parties involved in the execution of the order.
- 2.4. To achieve the best possible result, in the cases where more than one competitive execution venue exists for execution of an order relating to financial instruments and following assessment and comparison of the results which can be achieved for the retail Client in the order execution in any of the execution venues specified in the Order Execution Policy of the Bank, which are suitable for its execution, the commission fee of the Bank and the costs for order execution in any of the suitable execution venues shall be taken into account.
- 2.5. The Bank is not entitled to receive remuneration, discount or non-monetary benefit for the transfer of an order to a specific trading venue or for executing an order if it thus violates the requirements for obtaining the best possible result for the Client and the other requirements for its activity under MiFIA.
- 2.6. If the transaction is executed under more favourable terms than those stipulated by the Client, the whole benefit shall belong to the Client.
- 2.7. Before effecting the transaction the Bank, shall notify the Client of the risks stemming from transactions in financial instruments and shall notify him expressly that the risk from dealing in financial instruments is borne entirely by the Client.
- 2.8. The Bank shall treat equally and fairly all its Clients in accordance with these General Terms and effective legislation.
- 2.9. The Bank shall adopt and apply in its activity a Policy for Execution of Client's Orders, stipulating rules ensuring the best execution of the clients' orders in accordance with the provisions of this Article 2. The policy must meet the requirements of the current legislation, including of the MiFIA and Delegated Regulation 2017/565. The Bank shall provide its clients with information on the Policy in writing on a durable medium and

through its website subject to Article 3, paragraph 2 of Delegated Regulation 2017/565, stating in a way that is clear, detailed and understandable for the Client, how the Bank executes the orders. The Bank will execute orders on behalf of the client only if he/she has given his/her prior consent to the Policy, including with the possibility of orders being executed outside a trading venue (if such a possibility is provided for in the Policy).

2.10. The Bank shall monitor the effectiveness of the Order Execution Policy by eliminating the deficiencies identified and verifying whether any other changes are required, whereas the Policy shall be reviewed at least once a year, and upon any other significant change as defined in Delegated Regulation 2017/565.

2.11. At Client's request, the Bank will provide it with evidence that it has executed Client's order in accordance with the Order Execution Policy.

3. The Bank must:

- (a) not influence the Client acting in bad faith by giving him unsolicited advice;
- (b) invest for the account of the Client at best possible terms on the financial instruments market, gather the necessary documentation verifying execution of obligations, not enter into unfair agreements with the Clients;
- (c) create internal organization and conditions for identification and management of potential cases of conflict of interest between:

- (i) the Bank, including the members of its management and supervisory bodies and any other persons who may enter into transactions for the account of the Bank independently or jointly with another person, any other persons working under contract for it, bound agents, and any person related to it by control, on one side, and its Clients, on the other side;

- (ii) individual Clients of the Bank;

and where, if despite the application of the internal organization rules of the Bank, there is still a risk for the interests of the Client, the Bank may not conduct activity for the account of a Client if it has not informed the Client of the general nature and/or sources of potential cases of conflict of interest and the measures taken to limit the risk to the Client's interests.

- (d) create internal organization and conditions for fair treatment of Clients and disclosure of information where the cases of conflict of interest are inevitable, resolve any cases of conflict of interest with Clients taking into account the legal interests of the Clients, resolve existing cases of conflict of interest between the Clients by seeking mutually acceptable solutions, treating the Clients equally and fairly;
 - (e) safeguard the financial instruments and other documents provided by the Clients;
 - (f) make efforts to minimize the risk of adverse financial results;
 - (g) have in place measures for reporting, security of information and internal control in accordance with applicable statutory provisions;

- (h) apply appropriate measures for safeguarding the financial instruments and funds of Clients and for segregation of its own portfolio of financial instruments from those of investors, account separately Clients' funds from transactions in financial instruments, guarantee retention of the ownership rights of Clients relating to the financial instruments and funds held by them.
- 4. Where the Bank manages a portfolio, it shall meet the obligation to act in the best interest of the Client when submitting execution orders to another person on decisions taken by it on trade in financial instruments on behalf of its Clients.
- 5. Where the Bank performs reception and transmission of orders in relation to one or more financial instruments, including intermediating for conclusion of transactions in relation to financial instruments, it shall observe the obligation to act according to the best Client's interest when transmitting its Clients' execution orders to other persons.
- 6. To meet the obligations under items 5 and 6 of this Section the Bank shall also observe the additional requirements of Article 65, paragraphs 4 to 7 of Delegated Regulation No. 2017/565.

According to Article 65, paragraph 8 of Delegated Regulation No. 2017/565, items 5 to 7 of this Section shall not apply when the Bank also executes received orders or trading orders on behalf of the client portfolio, in which case the requirements for performance of orders under the terms that are most favourable for the Client shall apply.

II. COMMERCIAL SECRET

- 1. The Bank shall keep the commercial and other secrets of its Clients and their repute. To this end, the Bank shall take adequate measures, including the execution of contracts or the requirement to sign non-disclosure affidavits so as to guarantee that the persons managing the Client's portfolio and making financial and other analyses, as well as the other persons designated by the Bank to have access to the Client's information shall not disclose the commercial and other secrets and the commercial good name of the Client.
- 2. The Bank shall not use the information obtained by it about the investment purposes of a Client against the interests of the Client, in Bank's favour or in favour of third parties.
- 3. No member of the management and supervisory bodies of the Bank, no employee thereof, nor any other person working for it may disclose, unless authorized thereof, or use to their own benefit or to the benefit of any other persons any facts and circumstances regarding the balances and accounts for the operations in the financial instruments and funds held for Clients of the Bank, nor any other facts and circumstances constituting a trade secret, which may have come to the knowledge thereof in the performance of the official and professional duties. This obligation shall furthermore apply to the cases where the said persons are off duty or have been suspended. Upon assumption of position or commencing activity for the Bank, any person covered under this item shall sign a declaration, pledging to safeguard any trade secrets of the Client.

4. The Bank shall keep, in an appropriate manner, the information received from Clients with regard to their financial capabilities, investment objectives, experience and preparedness to take risks, as well as to the advice and recommendations given to them, together with the reasons thereof.
5. The Bank may disclose the commercial secret of the Client subject to the procedure and terms set out in a regulation.

III. PROVISION OF ADVICE, CONSULTATIONS AND INFORMATION

1. The Bank shall not give advice to retail Clients. The prohibition under this item shall not apply to the Bank's advertising activity where advertising materials and public statements are addressed to unlimited number of persons and contain general information about the activity conducted. In addition, the prohibitions shall not apply to the Bank's obligation to inform its Clients about the risks relating to transactions in financial instruments.
2. The Bank shall provide its Clients with truthful, clear, understandable and not misleading information, including in relation to its advertising materials and public statements of the members of the management and supervisory bodies of the Bank and the persons working for it under contract. The information shall meet the following requirements:
 - a. the information shall include the name of the Bank;
 - b. the information shall be accurate and shall, in all cases where the potential benefits of the investment service or the financial instrument are indicated, contain correct and prominent indication of all significant risks;
 - c. to indicate any significant risks, a font size shall be used in the information that is at least equal to the size used predominantly in all information provided, and a layout shall be implemented to ensure that this indication is highlighted;
 - d. the information shall be sufficient for, and shall be presented in a way that is likely to be understood by the average representative of the group to whom it is addressed or from whom it is likely to be received;
 - e. the information shall not conceal, reduce or cause confusion in relation to any important issues, statements or warnings;
 - f. the information shall be presented in a consistent manner in the same language in all types of information and marketing materials provided to each Client, unless the Client has agreed to receive information in more than one language;
 - g. the information shall be up to date and in accordance with the means of communication used.
3. The Bank shall provide, in accordance with the above item 2, in a timely manner prior to the provision of any investment services or ancillary services to any Clients or any potential Clients, in an appropriate manner by means of which the information could reach different categories of Clients and potential Clients the following information, if applicable:

- (a) data about the Bank, its name, address, telephone number and/or other information for contacts necessary for the Clients in order to be able to maintain effective contact with the Bank, concerning the services provided by it, including whether it performs activity or deals in financial instruments on own account;
- (b) the financial instruments, subject of the investment services provided by the Bank and the investment strategies offered, as well as description of the financial instruments and any appropriate guidelines and warnings about the risks relating to the financial instruments under “b”, or in respect of any specific investment strategies; the description shall meet the requirements of Article 48 of Delegated Regulation No. 2017/565 and correspond to the type of the Client (professional, retail or an eligible counterparty), taking into account the identified target group, and shall contain a detailed explanation of the type and characteristics of the specific financial instrument and specific risks relating to it, and the information provided shall enable the Client to take an informed investment decision; the description of the risks shall include the following elements insofar as these are applicable to the specific type of financial instrument, the status and the level of knowledge of the Client:
 - (i) explanation of the risks relating to the specific type of financial instrument, including an explanation of the leverage and its effects and the risk of losing the whole investment, including the risks arising from eventual insolvency of the issuer or related events, such as loss sharing;
 - (ii) volatility of prices of financial instruments and all market limitations concerning these instruments;
 - (iii) information on obstacles or restrictions on the divestiture of the investment, e.g. in the event of non-liquid financial instruments or fixed-term financial instruments, including an illustration of possible early exit procedures and the effects of each exit, any possible limitations and expected deadlines for the sale of the financial instrument up to date reimbursement of the initial transaction costs for this type of financial instruments;
 - (iv) the circumstance that the investor may incur financial and other additional obligations as a result of dealing in financial instruments, including unforeseen obligations in addition to the costs for acquiring the instruments;
 - (v) all margin requirements or similar obligations applicable to the financial instruments of that type;
 - (vi) if the risks relating to a financial instrument comprising two or more different financial instruments or services are likely to be higher than the risks relating to any of its components – adequate description of the components of the financial instrument and of the reason for the higher risks resulting from their interaction;
 - (vii) when the Bank provides a retail client or potential retail client with information about a financial instrument that is subject to a current public offering, in respect of which a prospectus is published, the Bank shall inform the Client or potential client where this prospectus has been made available to the public in a timely manner, prior to providing any investment services or ancillary services to Clients or potential clients;

- (viii) in the event of financial instruments that include a guarantee or protection of the capital, the Bank shall provide the Client or potential client with information about the scope and nature of that guarantee or protection of the capital; where the guarantee is provided by a third party, the information on the guarantee shall include sufficient details of the guarantor and the guarantee to enable the Client or potential client to make a fair valuation of the guarantee;
 - (ix) other characteristics determined by the Deputy Chairman of the Commission heading the Investment Supervision Department or prescribed by applicable legislation.
- (c) the venues of execution of transactions;
 - (d) the types of Client costs and fees and their amount, including:
 - (i) all costs and charges for the investment services and the ancillary services, including advice (if applicable);
 - (ii) the costs, associated with the financial instrument recommended, offered or sold to the Client;
 - (iii) the method of payment of costs and fees;
 - (iv) all payments to third parties.

The information on costs and associated charges shall be provided upon subject to the requirements of Article 50 of Delegated Regulation No. 2017/565. When providing investment services to professional clients or to eligible counterparties, the Bank shall negotiate with them limited application of the requirements of Article 50 of Delegated Regulation No. 2017/565, as far as permitted by paragraph 1 of that provision.

The Bank shall provide the Client once a year with summary information under items (i) to (iv) of this paragraph (d), including the costs and charges relating to the investment service and the financial instrument that do not arise from the occurrence of market risk for the basic market, so that the Client can understand the total costs and their overall effect on return on investment. The Bank shall notify the Client of the possibility, at his request, to provide him with a detailed breakdown of the cost of the items.

- (e) the languages and means of communication, correspondence and exchange of information with the Client, the ways of sending and receiving orders;
- (f) express statement that the Bank is licensed to perform banking transactions in the country through establishing a branch in the Republic of Bulgaria, specifying the name and address of the authority which has granted the license;
- (g) if the Bank acts through a bound agent – a statement indicating the Member State in which that agent is registered;
- (h) the type, interval and deadline for submitting reports and confirmations to the Client regarding investment services provided and activities performed;

- (i) a short description of the measures taken by the Bank to guarantee financial instruments or money of the Client, if it holds such for the Client, including a short description of the investor compensation or deposit insurance systems in which the Bank participates in relation to its activity in a Member State. Information on the amount and scope of the insurance scheme has been provided to the Clients on the Bank's website;
- (j) summary description of the policy on treatment of conflict of interest applied by the Bank;
- (k) additional detailed information on the policy on treatment of conflict of interest which shall be provided at the request of the Client on a durable medium or on the website of the Bank in compliance with the provisions of Article 3, paragraph 2 of Delegated Regulation No. 2017/565.
- (l) in individual portfolio management – besides the information under this item 3, also information about the appropriate method of assessment and comparison as a generally established benchmark depending on the investment objectives of the Client and the types of financial instruments in his portfolio, which enables the Client to assess the Bank's provision of the services;
- (m) in a proposal to a Client or a potential Client of the individual portfolio management service – besides the information under this item 3, also information (if applicable) on:
 - (i) the method and interval of assessment of financial instruments in the Client portfolio;
 - (ii) data about any delegation of management of all or some of the financial instruments and/or money in the Client portfolio;
 - (iii) characteristics and data about every benchmark against which the results of the portfolio management will be compared;
 - (iv) the types of financial instruments which may be included in the Client portfolio and types of transactions that may be concluded therein, including all limitations;
 - (v) the purposes of management, the level of risk in the judgement of the person managing the portfolio as well as any specific limitations of this judgement;
- (n) other circumstances set out in the applicable legislation.

4. When the information under this Section contains comparison between investment or ancillary services, financial instruments or persons providing investment or ancillary services, the information shall meet the following conditions:

- (a) the comparison must be meaningful and presented objectively and in a balanced manner;
- (b) shall specify the sources of information used for the comparison;
- (c) shall include the key factors and assumptions used in preparing the comparison.

5. When the information under this Section contains reference to previous yield of a financial instrument, financial index or investment service, it shall meet the following conditions:
 - (a) reference to the previous yield shall not be the most essential part of the communication;
 - (b) the information shall include appropriate data about the yield in the previous 5 years; when the period in which the financial instrument was provided/the financial index was formed/ the investment service was provided is shorter or longer than 5 years, the information shall include data about the yield in that period; in any case data about yields shall be based on a full period of 12 months;
 - (c) specification of the period for which the information refers and its source;
 - (d) express warning that the data refer to a past period and are not a secure indicator of future results;
 - (e) if data and values are stated in a currency other than the currency of the Member State in which the head office or the place of residence of the Client is located, the currency must be clearly designated and an express warning should be given that the yield could be reduced or increased as a result of a change in exchange rates;
 - (f) when aggregate yield is stated, the amount of commissions, fees and other costs for the Clients shall be specified.

6. When the information under this Section contains or refers to simulated past results, it shall meet the following requirements:
 - (a) it shall refer to a financial instrument or financial index;
 - (b) the simulated past yield shall be based on actual past yield of one or more financial instruments or indices which are the same or which are an underlying asset of the financial instruments for which yield is simulated;
 - (c) the requirements under item 5 of this Section, paragraphs “a”, “b”, “c”, “e” and “f” shall be fulfilled for the actual past yield under the previous paragraph b);
 - (d) it shall contain an express warning that the data are based on simulated yield and that it is not a secure indicator of future yield.

7. When the information under this Section contains information about future results, it must meet the following requirements:
 - (a) it shall not be based on, or make reference to simulated past yield;
 - (b) it shall be based on reasonable assumptions supported by objective data and facts;
 - (c) when the information is based on aggregate yield, the amount of commissions, fees and costs for the Clients shall be specified;
 - (d) the information shall be based on outcome scenarios under different market conditions (both positive and negative scenarios) and shall reflect the nature and risks of the particular types of instruments included in the analysis;

- (e) it shall contain an express warning that the projections are not a secure indicator of future yield.
- 8. When the information under this Section is about a specific type of tax, it shall contain the specification that taxation depends on the specific circumstances applicable to the Client and may be changed in the future.
- 9. The information under this Section cannot include the name of the Commission or another competent authority so as to state expressly or designate otherwise that the authority has confirmed or approved the products or services provided by the Bank.
- 10. The Bank shall provide promptly, before a Client or potential Client is bound with it under a contract for provision of investment or ancillary services, the following information:
 - (a) the conditions of the specific contract;
 - (b) the information under item 3 of this Section relating to the contract or the investment or ancillary services provided.

The information shall be provided on a durable medium or on the Bank's website, subject to the requirements of item 39 of this Section.

- 11. The Bank shall, within an appropriate time limit before the provision of an investment or ancillary service to a Client, submit to the Client or the potential Client the information under item 3 of this Section of these General Terms, as well as any other information under Articles 47-50 of Delegated Regulation No. 2017/565. The information shall be provided on a durable medium or on the Bank's website, subject to the requirements of item 42 of this Section.
- 12. The Bank shall ensure correspondence of the information contained in its advertising materials and public statements of the members of its management and supervisory bodies and the persons working under contract for it with the information it provides to its Clients when providing investment or ancillary services.
- 13. The Bank shall promptly inform the Client of any material change in the information under item 11 of this Section, relating to the service offered. The notification shall be made on a durable medium if the information which it refers to has been provided on a durable medium to the Client.
- 14. When advertising materials or public statements of the members of its management and supervisory bodies and the persons working under contract for the Bank contain a proposal or invitation for:
 - (a) conclusion of a contract relating to a financial instrument or investment or ancillary service with any person who responds to the communication, or
 - (b) invitation to any person who responds to the communication to make a proposal for conclusion of a contract relating to a financial instrument or investment or ancillary service, and the manner or format of the response are determined in the advertising materials or the public statements, they shall contain such part of the information

under item 11 of this Section which is relevant for the proposal or the invitation. This item shall not apply if the potential retail Client shall be acquainted with documents containing this information, in order to respond to the proposal or the invitation contained in the advertising materials or the public statements.

15. The information provided to the Clients, the advertising materials and public statements of the members of the management and supervisory bodies of the Bank and of the persons working under contract for the Bank shall be designated clearly as such and shall be approved in advance by a person from the internal control department. The information containing a description of particular financial instruments or service provided by the Bank in relation to its subject of activity shall not emphasize the potential merits of the financial instruments or service without stating simultaneously the risk involved.
16. The information under the previous item 3 to item 15 shall be provided to the Client in such a manner as to enable him to understand the nature of the investment service, the type and nature of the specific type of financial instrument, and the specific risks associated with it, ensuring the taking of an informed investment decisions. That information may be provided in a standardized format. The requirements to provide information as per paragraphs 3-15 of this Section shall not apply when the investment service is offered as part of a financial product regulated by the European Union law or by general European standards related to credit institutions or consumer credits on client risk assessment and/or the requirements for provision of information.
17. The Bank shall notify every Client of the conditions and criteria applied by it to categorise him as a professional or retail Client, as well as of the circumstances under which he may be categorised as an eligible counterparty in accordance with the criteria set out in the MiFIA. In addition, the Clients shall be notified on a durable medium of their right to request a different status and of the restrictions to their protection when their status is changed. The Bank may, at its own initiative or at the request of the respective Client, treat the Client in the following way:
 - a) consider a Client, who would otherwise have been classified as an eligible counterparty under Article 89, paragraph 2 MiFIA, as a professional or retail Client;
 - b) consider a Client, who is considered a professional Client according to Section I of the Annex to § 1, item 10 MiFIA, as a retail Client.
18. When providing portfolio management, the Bank shall require from the Clients or the potential Clients written information regarding knowledge and experience concerning portfolio management service, their financial position, their ability to bear losses and their investment objectives, including their risk tolerance, as well as require from them to update such information and give advice and recommendations on the basis of such information. On the basis of the information received, the Bank shall evaluate their relevance by assessing whether the proposed investment service or instrument are suitable for the Client, respectively for the potential Client.
19. The Bank shall require from the Client or the potential Client to submit and update the information under this Section for the purpose to understand the basic facts about the Client

and to have a reasonable basis of conviction, taking into account the nature and scope of the service provided, that the particular transaction that will be recommended or concluded in the course of provision of the portfolio management service, meets the following criteria:

- (a) It meets the investments objectives of the Client, including the risk tolerance for the Client;
 - (b) It is such that the Client is able to bear financially all investment risks commensurate with their investment purposes;
 - (c) It is such that the Client has the necessary experience and knowledge in order to be able to understand the risks related to the transaction or to the management of its portfolio.
20. When the Bank provides an investment service to a professional client, it is entitled to assume that, with respect to the products, transactions and services for which the Client is classified as professional, he has the necessary level of experience and knowledge for the purposes of item 19, paragraph c).
21. The Bank, when performing a periodic assessment of relevance, shall review at least once a year the relevance of the recommendations in order to improve the service. The frequency of this assessment shall increase depending on the client's risk profile and the type of financial instruments recommended. When the Bank provides the portfolio management service, or has informed the Client that it will make periodic assessments, the periodic report shall contain an up-to-date statement and justification of how the investment meets the preferences, needs and any other characteristics of the retail Client.
22. The information on the financial status of the Client or the potential Client shall include, where applicable, information about:
- (a) the sources and amount of his fixed income;
 - (b) his assets, including liquid assets, investments and real estate;
 - (c) his regular financial obligations.
23. The information about the investment objectives of the Client or the potential Client shall include, where applicable, information about:
- (a) the period of time during which the Client wants to hold the investment;
 - (b) his preferences regarding the risk assumed, his risk profile and the objectives of the investment.
24. The information about the experience and knowledge of the Client or the potential Client in the field of investment activity shall contain suitable information in accordance with the characteristics of the Client or the potential Client, the contents and the scope of the services provided and the types of products or services envisaged, including their complexity and related risks regarding:
- (a) the type of services, transactions and financial instruments with which the Client is acquainted;

- (b) the contents, volume and frequency of transactions in financial instruments on behalf of a Client and the period when they will be concluded;
 - (c) the level of education, profession or relevant previous profession of the Client or the potential Client.
25. The Bank shall require such part of the information about the experience and knowledge of the Client or the potential Client as may be appropriate in view of the characteristics of the Client, the contents and scope of the services provided and the types of products or services envisaged, including their complexity and related risks. The Bank shall take reasonable measures to ensure that the collected information about the Clients and the potential Clients is reliable in accordance with the requirements of Article 54, paragraph 7 of Delegated Regulation 2017/565. In selecting services and instruments for the Client and in making the assessment, including in the cases referred to in Article 54, paragraph 6 of Delegated Regulation 2017/565, the Bank shall follow the policies and procedures of Citibank Europe plc.
26. When the Bank provides portfolio management services involving the replacement of investments by selling an instrument and buying another one, or by exercising the right of change in respect of an existing instrument, the Bank shall collect the necessary information regarding the existing investments of the Client, respectively the recommended new investments, and shall carry out an analysis of the costs and benefits of the substitution in order to be reasonably able to demonstrate that the benefits of the replacement are greater than the costs.
27. When the Bank does not receive the information under items 18-26, it shall not recommend any investment services or financial instruments to the Client or the potential Client.
28. If based on the received information the Bank decides that the investment service or instrument offered will not be suitable, the Bank shall not recommend and shall not decide to trade.
29. When providing investment services other than portfolio management, the Bank shall make an assessment of the appropriateness and it shall require from the Client or the potential Client information about his knowledge and experience in relation to the investment services related to the particular type of product or service being offered or sought, so that the Bank can assess whether the investment service or product is suitable for the Client. Based on that information, the Bank shall decide whether the investment service is suitable for the Client or the potential Client. If on the basis of the information received the Bank determines that the investment service offered is not suitable, it shall warn the Client or the potential Client thereof in writing. If the Client or the potential Client does not provide the information, or where he provides insufficient information to make the judgment whether the investment service offered is suitable for him, the Bank shall notify the Client or the potential Client in writing that it cannot determine whether the investment service offered is appropriate for him. The warnings under this item 29 may be made in a standardized format.

30. The Bank shall be entitled to assume that a professional Client has the necessary experience and knowledge to understand the inherent risks, associated with these particular investment services or transactions, or the types of transactions and products for which the Client was classified as a professional Client.
31. For the information on the experience and knowledge required to assess the appropriateness, item 24 of this Section shall apply.
32. The Bank, when accepting and transmitting orders in respect of financial instruments and executing orders on behalf of Clients, with or without ancillary services (except for the granting of loans or loans not involving existing credit limits on loans, current accounts and overdraft of Clients), shall provide these services without receiving from the Client the information under item 29 of this Section and without performing the assessment of appropriateness when the following conditions are cumulatively present:
 - (i) the following financial instruments are the subject matter of the services:
 - (a) shares admitted to trading on a regulated market or equivalent market of a third country (according to a respective European Commission's decision on equivalence) or in the MTF, where these are company shares, except for shares of undertakings which are not collective investment schemes and shares that include a derivative instrument;
 - (b) bonds or other forms of securitized debt admitted to trading on a regulated market or an equivalent third-country market or in an MTF, with the exception of those bonds or other forms of securitized debt with embedded derivative instrument, or having a structure, due to which it is more difficult for the Client to understand the associated risk;
 - (c) money market instruments, except those with embedded derivative instrument or having a structure due to which it is more difficult for the Client to understand the associated risk;
 - (d) stocks or shares of collective investment schemes, with the exception of structured collective investment undertakings referred to in Article 36, paragraph 1, second subparagraph of Regulation (EU) No. 583/2010;
 - (e) structured deposits with the exception of those with a structure due to which it is more difficult for the Client to understand the risk of return or early exit costs;
 - (f) other simple financial instruments similar to those under the previous paragraphs "a" – "e" in applying the criteria of Article 57 of Delegated Regulation 2017/565;
 - (ii) the provision of the service has been incentivized by the Client or the potential Client;
 - (iii) the Client or the potential Client has been notified in writing that the Bank will not make an assessment of appropriateness, and the notification may be in a standardized format;

- (iv) The Bank shall meet the applicable requirements for taking measures to prevent, detect and manage cases of conflict of interest.

The present item 5 shall not apply in the cases of granting credits or loans under Article 6, paragraph 3, item 2 of the MiFIA, other than existing credit limits for loans, current accounts and overdrafts of Clients.

- 33. The Bank may not encourage its Clients or any potential Clients not to provide the required information for the purposes of assessments of relevance and appropriateness, described in the previous items of this Section. The Bank shall be guided by the information provided by Clients or potential Clients, unless it knows or should have known that the information is incorrect, incomplete or not updated. The requirements for collecting information and making assessments of relevance and appropriateness under the preceding paragraphs of this Section (as well as the requirements of Articles 77 and 82 of the MiFIA) shall not apply to an investment service provided to a consumer in connection with mortgage bonds, which is bonded to a credit agreement for a residential property, granted to that consumer, where the agreement is subject to the provisions on assessment of consumer creditworthiness laid down in Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property, and mortgage bonds shall be issued specifically to guarantee the financing of the credit agreement for residential property and they shall have the same conditions as the credit agreement for the purpose of paying out, refinancing, repurchasing or redeeming the loan.
- 34. In the cases prescribed by applicable law, the Bank shall provide to the Client the accessible information, which is important for the formation of the price of the financial instruments subject to the individual transactions.
- 35. The risk from the transactions in financial instruments shall be borne by the Client, and the Bank shall notify him thereof.
- 36. The Bank shall notify the Client within the legally prescribed time limit of any material change in its organization and activity which may affect adversely the execution of a concluded contract.
- 37. The Bank shall report to the Clients in accordance with the procedure set out in Chapter Three, Section VII of these General Terms.
- 38. Where it is statutorily required that particular information shall be provided to the Client on a durable medium, the Bank shall provide information on paper or electronically, meeting the following conditions:
 - (a) provision of the information by this means shall be appropriate in view of the existing or future relations with the Client;
 - (b) the Client has stated expressly that he prefers this means of providing the information instead of providing it on paper.

39. When the information is provided on the website of the Bank and is not addressed to a specific Client it shall meet the following conditions:
 - (a) provision of the information by this means shall be appropriate in view of the existing or future relations with the Client;
 - (b) the Client has agreed expressly with this means of providing the information;
 - (c) the Client was notified electronically about the website of the Bank and the place on the website where this information is located;
 - (d) the information is up to date;
 - (e) the information is accessible without interruption on the website of the Bank during the period normally necessary for the Clients to get acquainted with it.
40. When providing information to the Client by electronic means of communication, the Bank shall require in advance from the Client to make sure that he has regular access to internet by providing an e-mail address for the purposes of the established relations with the Bank.
41. The Bank shall also require from the Clients and shall provide them with other information stipulated in these General Terms and the applicable legislation.

IV. REPORTING. RECORDS OF TELEPHONE CONVERSATIONS AND ELECTRONIC COMMUNICATION

1. The Bank shall keep day-to-day reporting in accordance with the provisions of the applicable legislation. The Bank, depending on its activities, shall keep the records listed in Annex 1 to Delegated Regulation 2017/565. The Bank shall keep in a special order-book all orders made by its Clients in accordance with the time of their reception and shall perform them without delay, fairly and correctly, in the order they were received. The reporting shall be kept by an authorized person and the entries made shall be valid only if the said person or the person (persons) managing and representing the Bank validate the entry with their signature(s). In case of lost information caused by a technical fault, the Bank shall take immediate actions to remove the fault and recover the information in compliance with the internal rules and procedures for risk management and shall notify the Commission on the actions undertaken and of the result.
2. The rule under the previous item shall also apply to any comparable orders. Comparable shall be the orders which are identical as to the type and manner of execution, the time of execution and the price parameters.
3. The Bank shall register in the order-book, in accordance with the time of their execution, the concluded transactions in financial instruments no later than by the close of the working day. The obligation for reporting set out in the applicable legislation shall be performed immediately after occurrence of the circumstance subject to registration.
4. For every transaction, the names of the persons or company names of the parties thereto, the time of conclusion, as well as any other data set out in the applicable legislation shall be indicated.

5. At request, the Bank shall provide to the Client information and statement of its order-book kept on the transactions in financial instruments of the Client.
6. The Bank shall keep the statutory accounting on paper and or magnetic (electronic) data storage medium in a manner that meets the conditions under Article 72, paragraph 1 of Delegated Regulation 2017/565, as well to store for a period of 5 years the documentation and the information relating to its activity at an accessible and easy to use place, in a manner allowing their preservation on a backup medium or recovery in case of loss due to technical faults. Any documents and information establishing rights and obligations of the Bank or the Client in relation to the services provided or the conditions under which the Bank shall provide services to Clients, shall be stored for the entire period of existing relations with the Client but not less than 5 years.
7. The Bank shall establish, implement and maintain an effective policy regarding the recording of telephone conversations and electronic communications. The policy includes the elements under Article 76 of Delegated Regulation 2017/565. Before the Bank provides investment services or activities related to the acceptance, submission and execution of orders of new and existing Clients, it shall inform the Client that: (a) the conversations and communications are recorded; and (b) a copy of the records of these conversations with the Client and communications with the Client will be available upon request for a period of five years and, if requested by the Deputy Chairman of the FSC, for a period of up to seven years. The Bank shall prepare and maintain records of all phone or electronic calls and messages, relating to the conclusion of transactions for own account or to the acceptance, transmission and execution of Client orders, regardless of whether the transaction was concluded. The records shall be provided to the relevant Client upon request.
8. The Bank shall maintain records of all transactions, services and activities performed by it so as to enable the Commission and its Deputy Chairperson to exercise their supervisory functions under the MiFIA and the statutory instruments for its application to ascertain compliance of the Bank with its obligations in respect of its Clients and potential Clients as provided in the Act and the in the statutory instruments for application of the Act.
9. The Bank shall create a file for each Client in which it shall store the contract with the Client and all documents related to the investment services provided to the Client.
10. The Bank shall comply with all other requirements for keeping of books, reporting and internal organization set out in the MiFIA and the applicable legislation.

V. PROTECTION OF CLIENTS' FINANCIAL INSTRUMENTS AND FUNDS. PORTFOLIO SEGREGATION

1. The Bank shall segregate its portfolio of financial instruments and money from those of its Clients. In addition, the Bank shall segregate the portfolios of financial instruments of its other Clients from those of every individual Client. The Bank shall report and keep accounts of Client assets held in a manner:
 - (a) allowing it to differentiate one Client's assets from the assets of the other Clients of the Bank and from its own assets.

- (b) accurately reflecting the financial instruments and cash held for the Client;
- (c) allowing documentary traceability (audit trail).

The Bank shall equal on a regular basis the reporting and accounts kept by it of Client assets held from those kept by third parties safeguarding Client assets, where the equalling of the monetary funds shall be daily and for the financial instruments - not less than once a week.

2. The Bank shall not be responsible to its creditors with the financial instruments and funds of its Clients, as well as with underlying securities in respect of depository receipts.
3. The Bank shall deposit the funds, provided by its Clients or received as a result of investment services provided on behalf of Clients, at the Bank, in individual accounts, separately from the funds of the Bank. The Bank shall keep Clients' funds in relation to settlement on government securities operations in its current accounts at the Bulgarian National Bank.
4. The Bank shall keep the financial instruments of its Clients in Client accounts or with another depository institution to the account of the Bank under conditions and procedure set out in the applicable legislation.
5. When opening an account for financial instruments of its Client with a third party, the Bank shall use reasonable standard of care for the interests of the Client in designating that party and assigning the said party to safeguard the financial instruments of the Client. The Bank shall, from time to time, but at least annually, review with the same care the election of that party and the conditions under which it safeguards the financial instruments of the Client. When performing these obligations, the Bank shall take into account the experience and market reputation of the third party, as well as the legal requirements and market practices for holding such financial instruments that could prejudice the rights of the Client.
6. If the Bank envisages safeguarding of a Client's financial instruments by a third party in a country whose legislation provides for a special regulation and supervision regarding the safeguarding of financial instruments on behalf of another person, the Bank shall provide Client financial instruments for safeguarding only with a person from that country which is subject to the regulation and supervision provided for by the local legislation.
7. The Bank shall not safeguard financial instruments of a Client with a third party in a third country whose legislation does not regulate the safeguarding of financial instruments on behalf of a third party.
8. The restriction under item 7 of this Section shall not apply if any of the following conditions is present:
 - (a) the nature of the financial instruments or investment services provided in relation with such instruments requires their safeguarding with a third party in a third country under item 7 of this Section;

- (b) a professional Client requests in writing that his financial instruments are safeguarded with a third party in a third country under item 7 of this Section.
- 9. The Bank shall be responsible to the Client and take appropriate steps for safeguarding of his financial instruments in a manner that ensures identification of Client financial instruments from the financial instruments of the Bank and the third party by keeping separate accounts by the said third party or by applying other measures ensuring the same degree of protection.
- 10. If the legislation applicable to the said third party's activities does not allow compliance of the requirements referred to in item 9 of this Section, the Bank shall take appropriate measures to guarantee the rights of the Client in respect of the financial instruments safeguarded with the third party, including by opening accounts for the financial instruments of its Clients, kept by the third party in the name of the Bank but for other person's account, separately from its own account.
- 11. The Bank shall keep its Clients informed of the balances and operations under the funds and on the financial instruments kept by it, and on the conditions of the contracts for their safekeeping.
- 12. Except in the cases set out in the applicable legislation, the Bank may not use:
 - (a) for its own account, the funds and/or the financial instruments of its Clients;
 - (b) for the account of its Client, funds and/or financial instruments of other Clients;
 - (c) for the account of its Client, its own funds and/or financial instruments.
- 13. The Bank may conclude transactions for securities financing with financial instruments of Clients held by it, or otherwise use such financial instruments for its own account or for the account of another Client, provided that the Client has given his prior express consent for the use of its financial instruments under specific conditions and they shall be used in accordance with these conditions. The consent under the previous sentence shall be given in writing if the Client whose financial instruments are used is a retail Client.
- 14. The Bank may conclude transactions for securities financing with Clients' financial instruments held in an omnibus Client account with a third party, or otherwise use such financial instruments for its account or for the account of another Client, provided that the provisions of item 13 of this Section and at least one of the following conditions are met:
 - (a) all Clients whose financial instruments are held together in an omnibus account have given their prior consent in accordance with item 13 of this Section;
 - (b) the Bank has put in place control systems and mechanisms ensuring that only financial instruments of Clients who have given their prior express consent thereof in accordance with item 13 of this Section are used.
- 15. In the cases of item 14 of this Section, the reporting kept by the Bank shall include information about the Client on whose order the financial instruments are used as well as

about the number and the type of every Client's financial instruments used, for the purpose of correct allocation of any potential losses.

16. Financial instruments issued by the Bank that are held by its Clients may be registered with Client sub-accounts to the account of the Bank with the Central Depository or with another depository institution, if applicable.
17. The government securities issued on the domestic market shall be kept and registered in accordance with the terms and procedure set out in the applicable legislation.
18. The Bank shall notify expressly its Clients or potential Clients when the accounts in which their funds or financial instruments are held are or will be governed by the law of a third country. In such cases the notification shall specify that the Client's rights associated with the financial instruments or the funds may vary because of the governing law of the third country.
19. Any set-off, provision of collateral and other actions in respect of his financial instruments and/or cash, as a result of which a third party acquires the right to dispose of the Client's financial instruments and/or funds in order to satisfy a claim not related to a Client's obligation or to the services provided by the Client's investment intermediaries, shall be invalid against the Client. Sentence one shall not apply when such actions result from the applicable law of a third country where the Client's financial instruments and/or funds are held, in which case the Bank shall promptly provide the Client with sufficient information on the risks to which it is exposed.
20. The Bank shall not conclude with retail clients any financial collateral contracts involving the transfer of ownership of the collateral in order to secure Client's current, future, determined, contingent or expected liabilities. Prior to the conclusion of a financial collateral contract involving transfer of ownership of the collateral, the subject of which being assets of Professional Clients, the Bank shall prepare a written analysis of the appropriateness of the conclusion of such a contract, and the financial collateral contract shall be concluded only if, based on the analysis, the Bank concludes that the contract is appropriate for the Client and after obtaining the Client's explicit consent to the use of his assets. The Bank shall inform the professional Clients and the eligible counterparties about the risks and the effect of the relevant financial collateral arrangement on the Client's financial instruments and funds.

VI. SELF-DEALING

The Bank shall not enter into, or perform a transaction in financial instruments agreed with the Client either with itself, or with another Client on whose behalf it acts, **unless the first Client** has given his written consent for this.

VII. PROHIBITIONS PURSUANT TO THE APPLICABLE LEGISLATION

The Bank shall not:

1. carry out any activity on behalf of a Client if it has not informed the Client in an appropriate manner of the potential cases of conflict of interest where this would not violate an existing confidentiality obligation or threaten the interests of another Client, including the cases where:
 - (a) the Bank has acquired or may acquire financial instruments and recommends to the Client to purchase them or effects transactions in these financial instruments for its own account;
 - (b) a special remuneration for the Bank is provided for if the recommended transaction is effected;
 - (c) a conflict of interest with another Client of the Bank may arise or has arisen.
2. provide untrue information about the price or value of the financial instruments, the issuer or the property obligations resulting from transactions in financial instruments;
3. carry out, for its account or on behalf of other persons, actions with money and financial instruments of the Client for which it was not authorized by the Client, or deviate from the order placed, unless the deviation is in the clear interest of the Client;
4. effect on behalf of a Client in a volume or frequency, at prices or with a specific counterparty, any transactions in respect of which, depending on the circumstances, may be considered to be carried out solely in the interest of the Bank. This prohibition shall not apply to transactions for the execution of which the Client has given express instructions at his initiative;
5. buy for its account financial instruments for which a Client of the Bank has placed an order for purchase, and sell them to the Client at a price higher than the price at which it has purchased them; this ban shall furthermore apply to the members of the management and supervisory bodies of the Bank, to the persons who manage the activity of the Bank, as well as to any persons working for the Bank under contract, and any related parties thereto;
6. make simulative offers to conclude transactions in financial instruments, conclude transactions in financial instruments by which it creates untrue picture of the price or volume of trade in the financial instruments, or transactions that are fake, disseminate untrue rumours and unjustified forecasts, or engage in any other misleading activities in connection with the price or volume of the transactions in financial instruments] This prohibition shall also apply to the members of the management and supervisory bodies of the Bank, to the persons working for the Bank on the basis of a contractq and any related parties thereto;
7. conclude any agreements on prior fixing of prices of financial instruments, including prices contained in orders placed or quotations;

8. enter into transactions for the financing of securities with Clients' financial instruments held by it, or otherwise use for its own account or for the account of another Client such financial instruments without the prior explicit consent of the Client to use his financial instruments under the specified conditions, as well as enter into transactions for the financing of securities with Clients' financial instruments held in an omnibus Client account with a third party, or otherwise using for its own account or for the account of another Client such Clients' financial instruments in deviation of paragraph 14 of Section V of Chapter II of these General Terms;
9. use the Clients' financial instruments and money for purposes not related to the activity carried out by it for their account, including to use for the account of a Client its own or another Client's money or financial instruments, except in accordance with the terms and the procedure of the applicable legislation;
10. pay, and respectively provide and receive any fees, commissions or non-monetary benefits, in violation of the applicable laws, including as set forth in Section I of Chapter IV of these General Terms.
11. participate in the execution of, including as a registration agent, any concealed purchases or sales of financial instruments;
12. receive all the benefit or part thereof if it has entered into or effected the transaction under conditions more favourable than those stipulated by the Client;
13. carry out any activity in violation of any provisions of the applicable legislation, the rules of the Central Depository or any other depository institution and the rules of the regulated markets in financial instruments or any activity which jeopardizes the interests of Clients or the stability of the market in financial instruments.
14. enter into financial collateral contracts with retail clients involving transferring ownership of the collateral in order to secure Client's current, future, determined, contingent or expected liabilities.

VIII. PRODUCT MANAGEMENT REQUIREMENTS

1. Where the Bank manufactures financial instruments for the purpose of selling them to Clients, it shall take action to ensure that:
 - a) the financial instruments were designated to meet the needs of an identified target market within the relevant category of end Clients;
 - b) the strategy for distribution of the financial instruments is compatible with the identified target market;
 - c) the financial instruments are distributed to the identified target group of end Clients.

2. The Bank, when offers or recommends to Clients financial instruments under the preceding item 1, shall:
 - a) understand the nature of the financial instruments offered or recommended;
 - b) assess the compatibility of the financial instruments with the needs of the Clients to whom the Bank provides investment services, taking into account the target group of end Clients;
 - c) ensure that the financial instruments are offered or recommended only when this is in the interest of the Client.
3. The internal organisation and the performance of the requirements as per this Section VIII shall be regulated by the rules and the documents adopted and implemented by CITIBANK EUROPE plc. and the applicable legislation.

IX. OBLIGATIONS OF THE BANK UNDER THE MEASURES AGAINST MONEY LAUNDERING ACT AND THE MEASURES AGAINST TERRORISM FINANCING ACT

The rights and obligations of the Bank in relation to the application of the Measures against Money Laundering Act, the Measures against Financing of Terrorism Act and the secondary legislation on its application have been stipulated in detail in the Internal Rules of the Bank that regulate the relations arising from the application of the Measures against Money Laundering Act and the secondary legislation on its application, as well as the Measures against Financing of Terrorism Act. When conducting its business the Bank shall observe all statutory requirements, related to the measures against money laundering and financing of terrorism.

X. SPECIAL RULES WITH REGARD TO BUSINESS RELATIONS WITH ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS

4. When concluding and executing transactions in financial instruments and performing activities in accordance with these General Terms, wherein a Client is an eligible counterparty or a professional Client, the Bank shall apply the provisions set out in this Section X.
5. Pursuant to Article 89 paragraphs 2 and 3 of the MiFIA, an “eligible counterparty” shall be:
 - 5.1. an investment intermediary, credit institution, insurance company, collective investment scheme, management company, pension fund, pension insurance fund, other financial institutions, which are licensed or are regulated by the legislation of the EU and of the Member States, the national governments, public bodies that deal with public debt, central banks and international institutions, as well as such entities from third countries to which requirements equivalent to the EU legislation apply.
 - 5.2. other persons who meet the requirements laid down in Art. 71 of Delegated Regulation 2017/565, including persons from third countries, namely Clients to be considered as

Professional Clients in accordance with Items 1 to 3 of Section 1 of the Appendix to paragraph 1, item 10 of the MiFIA (item (3) paragraphs (a), (b) and (c) below).

In the case of an order by a Client who is a person from another jurisdiction, the Bank shall report whether the Client has been classified as an eligible counterparty under the law of the country in which the Client is established.

6. According to Section I of the Appendix to paragraph 1, item 10 of the MiFIA, Clients considered professional Clients in respect of all investment services, investment activities and financial instruments shall be:
 - (a) persons for which granting of license is required for conduct of business on the financial markets or whose activity is regulated otherwise by the national law of a Member State, whether or not in conformity with a directive of the EU , as well as persons which were granted authorization to conduct the said business or regulated otherwise by the national law of a third country shall be as follows:
 - (i) credit institutions;
 - (ii) investment intermediaries;
 - (iii) other financial institutions subject to authorization or regulation otherwise;
 - (iv) insurance companies;
 - (v) collective investment undertakings and their management companies;
 - (vi) pension funds and pension insurance companies;
 - (vii) persons trading in commodities or commodity derivatives as a regular occupation or a business on a professional basis for their own account;
 - (viii) local companies;
 - (ix) other institutional investors.
 - (b) large companies which meet at least two of the following conditions:
 - (i) total assets – the BGN equivalent of EUR 20,000,000 as a minimum;
 - (ii) net turnover - the BGN equivalent of EUR 40,000,000 as a minimum;
 - (iii) own funds - the BGN equivalent of EUR 2,000,000 as a minimum.
 - (c) national and regional government bodies, public bodies charged with or intervening in the management of the public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations;
 - (d) other institutional investors whose primary business is investment in financial instruments, inter alia persons dealing in securitization of assets or other financing transactions.
7. When providing investment services for reception and transmission of orders relating to one or more financial instruments, including intermediation for conclusion of transactions

in financial instruments, execution of orders on behalf of Clients and conclusion of transactions on own account in financial instruments, the Bank shall enter into transactions with eligible counterparties without observing regarding specific transactions or the relevant ancillary service, the requirements of those provisions of the General Terms implementing the requirements of the following MiFIA provisions:

- Under Art. 70, on the general requirements for creating financial instruments and offering and recommending them;
- Under Art. 71, para 1, on the information, which the Bank shall provide to its Clients, including in its advertising materials;
- Under Art. 72, on the obligations when providing an independent investment advice;
- Under Art. 73, on the limitations regarding the receipt of remuneration, commissions and other non-monetary benefits to and from third parties;
- Under Art. 74, on the requirements for the provision of an investment service together with other service or products;
- Under Art. 77, on the knowledge and competence requirements;
- Under Art. 78, on the assessment of appropriateness;
- Under Art. 82, on the written contract, the general terms and the tariff of the Bank;
- Under Art. 84, on execution of orders at the most favorable conditions for the Client;
- Under Art. 85, on disclosure of information, incl. providing Clients with reports on the services provided on a durable medium;
- Under Art. 86, on the written policy for execution of orders of the Clients;
- Under Art. 87, on the rules and procedures for processing Clients' orders.

8. The Bank shall notify the Client on a durable medium of the circumstances under which it may be classified as an eligible counterparty as well as of its right to request to be classified otherwise.. Any Client classified as eligible counterparty under the MiFIA may request explicitly not to be deemed such a party for all or for a specific transaction.

8.1. When a Client identified as an eligible counterparty under paragraph 2.1 of this Section requests to be treated as a professional Client, the Bank shall treat it as such and, if he requests to be treated as a retail Client, the Bank shall consider whether to sign an agreement for such treatment. If the Client has not explicitly stated that he wants to be treated as a retail Client, then the Bank shall treat him as a professional Client.

8.2. When a Client has requested to be classified as an eligible counterparty under item 2.2. of this section, the Bank shall expressly warn him of the risks and limitations related to his protection and shall require his explicit confirmation that he wishes to be treated as an eligible counterparty in whole or for a particular transaction.

9. The Bank shall notify the Client on a durable medium of the circumstances under which he may be classified as a professional Client, as well as of his right to request to be classified otherwise and of his restricted protection when classified otherwise. When providing

investment services to a professional Client within the meaning of the MiFIA, the Bank shall notify the professional Client before the beginning of the provision of investment services that, based on the information received by the Client, he is deemed a professional Client and the rules for professional Clients shall apply in respect of him, unless the Bank and the Client agree otherwise. Any Client classified as a professional Client under MiFIA, may request expressly to be considered a retail Client for all or for a specific transaction.

10. The Bank shall inform the professional Client that he may request a change in the terms of the contract in order to ensure a higher degree of protection for the Client. The higher degree of protection means that the respective Client shall not be considered a professional Client for the purposes of the regime applicable to the activity of the Bank. The Bank shall ensure a higher degree of protection for a professional Client at his request where the Client decides that he cannot adequately assess and manage the risks relating to the investment in financial instruments. The higher degree of protection shall be afforded on the basis of a written agreement between the Bank and the Client, specifying expressly the specific services, activities, transactions, financial instruments or other financial products in respect of which a higher degree of protection will be afforded.
11. Clients which are not professional Clients within the meaning of Section I of the Appendix to paragraph 1 item 10 of the MiFIA, , may request that the rules for carrying out activity by the Bank which ensure higher degree of protection for Clients not to apply to them.
12. The Bank may treat a Client under item 8 of this Section as a professional Client if the identification criteria under Section II, item 1 of the Appendix to paragraph 1 item 10 of the MiFIA are fulfilled and the procedure under Section II, item 2 of the appendix to the MiFIA is complied with as follows:
 - (a) the Client has requested in writing from the Bank to be treated as a professional Client for all or for specific investment services or transactions or specific types of transactions or investment product;
 - (b) the Bank has warned the Client in writing that he will not be afforded the relevant degree of protection in providing services and performing activities by the Bank and shall not enjoy the right of compensation from the Fund for Compensation of Investors in Financial Instruments;
 - (c) the Client has declared in writing in a document separate from the contract that he was notified of the consequences under “b”;
 - (d) Before taking a decision that a Client should be treated as a professional Client, the investment intermediary must take the necessary action to ensure that the Client meets the identification criteria under item 1 of Section II of the Appendix to paragraph 1, item 10 of the MiFIA. The Bank shall not assume that the Client possesses market knowledge and experience comparable to those of the persons under Section I of the Appendix to paragraph 1, item 10 of the MiFIA without performing the necessary assessment. The Bank shall perform an assessment of the knowledge and experience of the Client as to whether the Client can take investment decisions and to take the risks related to the specific measures and services. The assessment

shall be performed in relation to the persons who manage and represent the Client or are authorized to perform the relevant transactions on his behalf and at his account.

13. In its activity the Bank may also apply other simplified procedures, where a Client is a specific type of eligible counterparty or professional Client, provided that the applicable legislation expressly permits application of such rules.
14. The Bank shall classify its Clients in accordance with the requirements of the applicable legislation. Where the Bank has established commercial relations with Clients and has classified them as professional Clients or eligible counterparties prior to the entry into force of the MiFIA, it will verify their categorisation in accordance with the new requirements and will notify the Clients whose categorisation is changed.

XI. CONFLICT OF INTEREST

1. Within the meaning of these General Terms, a conflict of interest is a situation which arises in regard to the provision of investment and/or ancillary services by the Bank and which may prejudice the interest of the Client.
2. When establishing the types of conflict of interest arising as a result of the provision of investment and/or ancillary services and whose existence may prejudice the interest of a Client the Bank shall decide whether it, or any person specified in item 4 paragraph c) of Section I of Chapter Two of these General Terms, falls in any way within the scope of any of the following hypotheses:
 - (a) is capable of realizing financial profit or avoiding financial loss at the expense of the Client;
 - (b) has an interest in the result of the service provided to the Client or the transaction concluded on behalf of the Client, other than the interest of the Client in this result;
 - (c) has a financial or other incentive to prefer the interest of a Client or a group of Clients to the interest of another Client;
 - (d) performs the same economic activity as the Client;
 - (e) receives, or will receive from a person other than the Client, an incentive in regard to a service provided to the Client in the form of monetary or non-monetary benefits and services in violation of Chapter Two, Section VIII, item 1.10. of these General Terms.
3. The Bank shall adopt, implement and maintain an effective policy regarding conflict of interest that shall correspond to the requirements of MiFIA and Delegated Regulation 2017/565, and whose content shall be in compliance with the effective legislation and best international practices.

CHAPTER THREE TRANSACTIONS IN FINANCIAL INSTRUMENTS

I. TYPES OF TRANSACTIONS

The rules set out in this Chapter shall apply to transactions (contracts) in financial instruments specified in Chapter One, Section II of these General Terms. Other terms and conditions, as well as the remuneration of the Bank for the investment services provided and investment activities performed as investment intermediary and the costs for the Client when they are not included in the remuneration, shall be determined by a contract.

II. OBLIGATIONS OF THE BANK

1. The Bank shall fulfil its obligations orderly by intermediating, concluding and executing, for the account of the Client, the transactions (contracts) in financial instruments assigned to it by the Client.
2. The Bank shall accept and execute in its activity a policy for implementing the orders of the Clients. This policy shall contain relevant rules on the implementation of the orders that ensure the obtaining of the best fulfilment of the orders of the Clients in accordance with the requirements to achieve the best possible result. The Policy shall comprise as regards each class of financial instruments, information on the venues of executing the Clients' orders, the advantages and deficiencies of each venue (in terms of volume, prices and execution expenses) and the venues where the Bank can achieve the best performance. The policy should include at least the execution venues that would permit the Bank to receive permanently the best possible results for the performance of its Clients' orders.
3. The Bank shall provide its Clients with appropriate information in writing about its policy under the previous item 2. The information shall state clearly, in detail and in a way that is understandable to the Client, the manner in which the Bank will execute the Client's orders, including the information referred to in paragraphs 3 to 9 of Article 66 of Delegated Regulation 2017 / 565. The Bank shall not execute orders on behalf of Clients if it has not obtained their prior consent to the policy. The Bank shall execute Client orders in accordance with the policy and shall promptly inform the Client of any changes thereto. At Client's request, the Bank is required at any time to prove that it has executed its orders in accordance with the policy.
4. Where the order execution policy provides for the possibility that Client orders may be executed outside the trading venue, the orders shall be executed this way only provided the Clients have been informed in advance and have given their express consent thereof – in principle or as regards individual accounts.
5. The Bank shall monitor the effectiveness of the policy subject to Delegated Regulation 2017/565 on the execution of orders, and in cases of deficiencies, it shall correct them.
6. When the transaction is concluded and executed on a stock exchange or another regulated market in financial instruments, the rules of the relevant stock exchange or regulated market shall apply to it, even if the contract between the Bank and the Client stipulates otherwise.

7. The Bank shall not deviate from the placed order unless the deviation is in the clear interest of the Client. If the Bank concludes and executes the transaction under terms that are more favourable than those stipulated by the Client, the whole benefit shall belong to the Client. The Client shall not withdraw from the transaction in respect of which the Bank has deviated from the order, if the Bank states that it will assume the price difference that is unfavourable for the Client.
8. The Bank shall conclude and execute itself the transactions in financial instruments assigned to it. It may assign this to another investment intermediary if authorized by the Client to do so. The Bank shall immediately notify the Client of the replacement. When providing investment services under Art. 6, para. 2 of the MiFIA or ancillary services for the account of a third party by order of another investment intermediary, the Bank shall have the right to receive the information about the third party collected by the said investment intermediary. The investment intermediary on whose order the respective services are provided shall be responsible for the completeness and accuracy of the information provided.
9. The Bank shall be responsible for the execution of the order on which a transaction is concluded based on the information received under the previous item 8 of this Section.
10. The Bank shall not assign execution of investment and ancillary services on behalf of a Client to another investment intermediary, as well as execution of important operational functions to a third party, if by doing so it will prevent the exercise of effective internal control or the ability of the supervisory authority to exercise its supervisory functions. The cases in which the Bank may transfer critical and important operational functions and execution of investment services on behalf of a Client to another investment intermediary shall be set out in Delegated Regulation (EU) 2017/565.
11. The Bank shall execute the additional instructions of the Client if they are placed not later than 24 hours before the conclusion of a transaction agreed between the Client and the Bank and their execution does not cause any damages to the Bank. If any of the above requirements is not fulfilled, the Bank shall notify the Client of its refusal to execute his additional instructions before conclusion of the transaction.
12. The Bank shall refuse to accept an order placed by a Client, if execution of the order would violate mandatory provisions of the applicable legislation or the operating rules of an organized market in financial instruments, of the Central Depository, of another depository institution, or another government body. If, despite the explanations provided by the Bank in this regard, the Client confirms in writing its order, the Bank shall prepare a written refusal to execute the order and shall send it to the Client not later than the close of the working day on which the order is placed, by delivery receipt or by other means certifying receipt. Apart from the above-mentioned cases, the Bank may refuse execution of an order on the grounds prescribed by law and these General Terms. The refusal shall be stated in writing, including sent by fax or e-mail. If the refusal is not valid and the Bank does not promptly notify the Client thereof, it shall owe indemnity for the damages caused by the refusal.

13. When an investment service is provided together with another service or product as part of a package or as a condition under the same contract or package, the Bank shall notify the Client whether it is possible to purchase the separate parts individually and shall provide information to him on the costs and fees for each individual item. Where the risks arising from the provision of the service together with another service or product as part of a package or as a condition of the same contract or package, offered to a retail client, are likely to be different from the risks associated with the individual parts, the Bank shall provide an adequate description of the different parts and ways the interaction between them affects the risks. The practices of cross-selling must comply with the requirements set out in an ordinance.

III. PORTFOLIO MANAGEMENT

1. "Portfolio management" means the management of portfolios containing one or more financial instruments, which is performed by the Client's assignment at the Bank's discretion for each individual Client. When the Client has given a written consent for this in the specific contract with the Bank, these General Terms shall also apply to management of portfolios of tradable securities, with the exception of portfolios of investment companies and pension funds. When managing a portfolio, the Bank shall require from the Client or the potential Client the information under Chapter Two, Section III, items 20 - 24 of these General Terms, in order to assess whether the service is appropriate.
2. By the contract for management of portfolios of tradable securities, the Client shall provide to the Bank tradable securities and money, necessary for the settlement of tradable securities' transactions that are managed by the Bank in accordance with Client's orders.
3. The scope of management and specific transactions and actions which the Bank is authorized to perform shall be stipulated in the specific contract. The standard operations, for which the Client authorizes the Bank, include placement of the money provided by the Client in tradable securities, in relation to which the Client has placed an order, exercise of the rights in the tradable securities, including collection of income, disposal of tradable securities in relation to which the Client has placed an order, unless otherwise agreed in the specific contract, or if not provided otherwise by the investment objectives and strategy.
4. The Bank shall arrange for the Client an individual portfolio of tradable securities which are subject of the fiduciary contract, segregating it from its own portfolio and from the portfolios of the other Clients.
5. The Bank shall keep the tradable securities of the Client's portfolio on a batch opened with it in the name of the Client in compliance with the relevant statutory requirements.
6. The money provided for management or acquired as a result of the management of money shall be kept in a separate account with the Bank in the name of the Client or in a common bank account of the Bank in which only money of its Clients is kept, for which the Client shall give an express written consent.

7. Portfolio management may be carried out both in the name of the Client and in the name of the Bank. In the first case the provisions of Chapter Two, Section I, items 2 and 3 of these General Terms shall apply. Unless agreed otherwise, the Bank shall act in its own name.
8. The Bank shall not make any covenants for any interest or any other fixed positive income, nor for income from the management of the tradable securities that is unreasonably high under the circumstances.
9. The Bank shall not enter into transactions that the Client is not entitled to perform with the money and assets provided to it for management.
10. The money and assets provided shall be managed for the account and at the risk of the Client and the Bank shall notify him thereof upon conclusion of the specific contract.
11. Where the Bank has concluded a contract for management of a portfolio, it shall submit to the Client reports and information under Chapter Three, Section VII of these General Terms.
12. Upon request, the Bank shall attach to the reports under the previous item 11 of this Section copies of the documents it has signed, accepted or transmitted for the account of the Client, as well as those certifying legal actions conducted on behalf of the Client.
13. The Bank shall not be entitled to accept any remuneration, commission or any other monetary or non-monetary benefit from a third party in connection with the management of a portfolio. Exception is allowed for insignificant non-monetary benefits that improve the quality of the services offered to the Client and if the provision thereof does not violate the Bank's obligation to act honestly, fairly and as a professional in the best interest of the Client. The Bank shall disclose information about any minor non-cash benefits received.
14. In providing the portfolio management service, the Bank shall apply the requirements of Items 18 to 28 of Section III of Chapter Two of these General Terms.
15. The specific contract for portfolio management shall be entered into in writing and shall contain: individualizing data about the persons concluding the contract, the capacity of the person representing the Bank, the date and place of conclusion and the General Terms effective at the time of conclusion if the contract is concluded in accordance with general terms, the basic rights and obligations of the parties (as far as they are not contained in, or deviate from those specified in these General Terms if the contract was concluded under general conditions), specification of the information that the Bank must provide to the Client, other statutory information such as stating the fact that the risk shall be borne by the Client and the management of the portfolio shall be carried out on account of the Client, a clause that the Client is familiar with these General Terms and the Tariff of the Bank, that the Client has received the information which the Bank is required to provide to the Client under the applicable legislation, and that the Client is aware of the risks relating to investment in financial instruments and of the manners for reasonable and fair arrangement of disputes. At the parties' discretion, the contract may also contain information about the investment objectives and the limitations of the investment activity, if any, the type of

provided funds and financial instruments, the terms under which they may be transferred, the type of the funds and financial instruments and the terms under which they may be acquired by the Bank on behalf of the Client, the time limits and the manner of reporting and transfer of the rights and obligations from the Bank to the Client, etc.

16. The specific contract for portfolio management may also contain a description of the methods of valuation of the tradable securities in the portfolio. The corporate securities shall be valued on the basis of their stock exchange value, according to the bulletin of the Bulgarian Stock Exchange – Sofia or another regulated market in financial instruments, or by taking into account the price that can be obtained from sale of a specific investment on an active stock exchange market, and the government securities shall be valued in accordance with the data provided in the bulletin of the Bulgarian National Bank at the close of every business day. The other financial instruments shall be valued in accordance with the applicable provisions of the applicable legislation and/or standards of valuation generally established in international practice.

IV. EXECUTION OF CLIENT ORDERS FOR CONCLUSION OF TRANSACTIONS IN FINANCIAL INSTRUMENTS

1. The Bank shall conclude transactions in financial instruments on behalf of Clients, including management of portfolio of the tradable securities and/or money on behalf of Clients, on the grounds of concluded written contracts with them. When concluding a specific contract, the Bank shall open simultaneously an analytic financial account for:
 - (a) financial instruments of the Client;
 - (b) money of the Client.
2. A copy of the identity document of the Client or his representative, certified by him and by a representative of the Bank, shall remain in the records of the Bank. The certification shall be made by inserting a certification “true copy”, date and signature by the person performing the certification. The Bank shall furthermore collect and store the documents certifying actions taken in pursuance of the Measures against Money Laundering Act and the Measures against Terrorism Financing Act.
3. The contract under item 1 shall include the full name, the personal identification number and/or other individualizing data of the persons concluding the contract, the capacity of the person representing the Bank, the date and place of conclusion and the General Terms effective at the time of conclusion, the basic rights and obligations of the parties, and specification of the information that the Bank must provide to the Client.
4. The Bank shall open a sub-account to its account for dematerialized securities with the Central Depository or with the relevant depository institution in compliance with the requirements in the rules and regulations of the Central Depository or of the relevant depository institution.
5. When in pursuance of the contract under item 1 the Client provides dematerialized government securities to the Bank, they shall be recorded in accordance with the legally

prescribed procedure in the registers of the Bulgarian National Bank or a primary dealer of government securities respectively, in the name of the Client or the Bank, in accordance with the agreement of the parties and the provisions of Ordinance No. 5 of 4.10.2007 on the terms and procedure for acquisition, registration, redemption and trade in government securities.

6. The money of the Clients shall be kept in individual bank accounts opened in their name and managed by the Bank by virtue of specific authorization.
7. The Clients cash received shall be deposited in the relevant bank accounts under the previous item 6 not later than the close of the next working day.
8. The Bank shall not sign a contract and exchange confirmations with a Client who has failed to produce the required documents, or has produced incorrect documents or documents containing clearly inaccurate, incomplete or inconsistent data.
9. The Bank shall not request for registration with the Central Depository or another depository institution any transfer of dematerialized financial instruments from a personal account of the Client in a client sub-account with the Bank if the Client has not submitted a proper document certifying the financial instruments or if any other circumstance exists which raises doubts for improper capacity or representative power.
10. The Bank shall store in its records the certification documents under the previous item 9 and shall deliver them to the Central Depository or the relevant depository institution in accordance with a procedure in line with the applicable legislation and the rules of the Central Depository or of the relevant depository institution.
11. The Bank shall not enter Client's orders for execution on a regulated market in financial instruments before it has opened a sub-account of the Client to its own account for dematerialized financial instruments with the Central Depository or with the relevant depository institution, if the opening of such account is required in accordance with the Rules of the Central Depository or of the relevant depository institution.
12. For the purpose of effecting transactions in financial instruments, the Clients of the Bank shall place orders (requests) for execution of transactions in financial instruments. The minimum content of client orders, the document circulation, the procedure and manner of placing orders, including the possibility for using remote means of communication with Clients, are set out in accordance with the applicable legislation.. The placing of an order for conclusion of transactions in financial instruments at the account of Clients may be performed only by a person authorized to transact on behalf and at the account of the Client pursuant to its commercial registration or by virtue of a notary certified power of attorney, which contains the representation powers for carrying out management and disposal actions in financial instruments (the "Persons Authorized by the Client"). Prior to the submission of the order for conclusion of transactions, the Client must have provided the Bank following documents in a form acceptable for the Bank: specimen of the signatures of the Persons Authorized by the Client; their e-mails which they will use to contact the Bank, as well as any other information that would enable the identification of the Persons Authorized by the

Client when they contact the Bank, including for submission of orders, declarations, confirmations etc. When placing an order for conclusion of a transaction, the Person Authorized by the Client must provide the declarations required by the applicable law.— . Orders may be placed by the Client or the Persons Authorized by the Client: (i) via the phone through use of phone numbers coordinated by the Parties; (ii) via the systems and platforms for e-commerce (including but not limited to: Reuters, Bloomberg, Telerate); (iii) via the online statements by the Bank and/or systems for real time transacting; or (iv) via a different manner in writing (including telex, SWIFT, fax or other electronic means from which a paper copy may be created). The Parties explicitly agree to be legally bound by the terms of each transaction as of the moment when the Parties reach an agreement in relation to such transaction (either verbally or otherwise).

13. The Bank shall check with the Central Depository or with the relevant depository institution whether the financial instruments which the order for sale refers to are available in the Client's sub-account and whether a pledge is established or an attachment order is imposed.
14. The Bank shall not be empowered to perform an order of the Client where the Client or his representative refuses to declare the circumstances required under applicable legislation, or declares that the transaction subject of the order constitutes a concealed purchase or sale of financial instruments. The refusal under the previous sentence shall be certified by a separate document, signed by the Client.
15. The Bank shall not be entitled to carry out an order if it has been declared, or if it is ascertained that the financial instruments subject to the sale order are not available in the Client's account, or have been blocked at a depository institution, as well as if a pledge over these financial instruments has been created, or an attachment order has been imposed.
16. The prohibition under item 15 in relation to pledged financial instruments shall not apply in the following cases:
 - (a) the transferee is notified of the established pledge and has given his express consent to acquire the pledged financial instruments, there is an express consent of the pledge creditor for the cases envisaged by where the Special Pledges Act requires so.
 - (b) the pledge has been created over a bundle within the meaning of the Special Pledges Act.
17. The prohibition under item 15 in relation to an order for sale of financial instruments which are not available with the Client's account shall not be applied in the event where the Bank has otherwise ensured that the financial instruments subject of the sale shall be delivered on the transaction settlement day, as well as in other cases as per the applicable regulations. The Bank shall not verify with the depository institution whether the financial instruments to be sold pursuant to a selling order are available in the sub-account of the Client, whether they are blocked, pledged or an attachment order has been imposed in the cases where the Bank is able to ensure otherwise that the financial instruments in question will be delivered on the settlement day, as well as in other cases as specified in an ordinance.

18. The Bank shall refuse to enter into a specific transaction, or execute an order of a Client respectively, if this would result in a failure to fulfil its obligations relating to the measures against money laundering and terrorism financing, and shall notify the relevant authorities thereof in accordance with the established procedure. Furthermore, the Bank shall also refuse to execute the Client's order where the Client fails to provide proper documents within seven days from receipt of a notification from the Bank that the documents provided are inconsistent, or that the data contained therein are incorrect, incomplete or contradictory.
19. The Bank shall require from a Client who places an order for purchase of financial instruments to deliver to it the money necessary for payment on the transaction, which is the subject of the order, upon placement of the order, unless the Client verifies that he will perform his obligation for payment within the period for standard settlement, as well as in other cases set out in an ordinance. If the rules of the venue where the transaction will be entered into and the applicable legislation allow a transaction to be effected whereon payment of the financial instruments is not made simultaneously with their transfer, the Bank may not require from the buyer payment of the financial documents if there is an express written consent of the seller. This provision shall also apply in other transactions for transfer of financial instruments.
20. The Bank shall execute Client orders under the following terms:
 - (a) prompt and accurate registration and distribution of the execution orders;
 - (b) prompt execution of comparable client orders according in the order of their receipt unless the characteristics of the order or prevailing market conditions make this impossible or the interests of the Client require otherwise;
 - (c) the Bank shall inform the retail Client of the existing objective difficulties impeding the proper execution of the orders, immediately after becoming aware of them.
21. In the cases where the Bank has assumed an obligation to organize or monitor the settlement of an order executed by it on behalf of a Client, it shall take the required actions to ensure that all client financial instruments or money received at the settlement are promptly and properly transferred to accounts of the relevant Client.
22. In case a Client has placed a limited order relating to shares admitted to trading on a regulated market which is not executed promptly in accordance with the current market conditions, the Bank shall, unless the Client gives expressly other instructions, take measures for the fastest possible execution of the placed order by disclosing it publicly in the order of art. 4 of Regulation 600/2014. This obligation shall be considered fulfilled by the Bank upon transmission of the limited order on a regulated market and/or multilateral trading facility, or when the order has been published by a service provider for reporting of data, who is established in a Member State and can be easily performed as soon as the market conditions allow it.
23. The Bank is not obligated to fulfil the obligation under item 22 of this Section if the volume of the order does not conform to the normal market volume specified in Art. 4 of

Regulation 600/2014, provided that such a possibility is laid down expressly in an ordinance and in accordance with the conditions envisaged in such ordinance.

24. The Bank may execute an order of a Client or a transaction on its own account by aggregating them with other client orders, only provided that the following conditions are met:
 - (a) It is unlikely that the aggregation of the orders and transactions as a whole would damage any of the Clients whose orders are aggregated;
 - (b) the Bank has explained to each Client whose order has been aggregated that the aggregation may be to the disadvantage of the Client regarding the specific order;
 - (c) the Bank has adopted and applies effectively a policy of order segregation which contains sufficiently detailed, clear terms for fair segregation of aggregated orders and transactions, including specification of the way the volume and price of the orders determine their segregation and settlement of the cases of partial execution.
25. Where the Bank aggregates an order of a Client with one or more orders of other Clients and the aggregated order is executed partially, the Bank shall distribute the related transactions resulting from the order execution in accordance with the policy on order segregation adopted by it.
26. When aggregating a transaction on its account with one or more orders of Clients, the Bank shall not segregate the transactions to the disadvantage of the Client.
27. The Bank shall apply a procedure for avoiding redistribution of transactions on its account executed jointly with Client orders when this is to the disadvantage of the Client. This procedure is part of the policy on order segregation under item 24, paragraph “c” of this Section.
28. In the cases where the Bank aggregates a Client order with a transaction on its account, and the aggregated order is executed partially, it shall distribute the transactions on account of the Client with priority. If the Bank can prove reasonably that without the aggregation it cannot execute the Client’s order under such conditions that are favourable for him, or that it cannot execute it at all, the Bank may distribute the concluded transaction proportionally between itself and the Client in accordance with its policy under item 27 of this Section.

V. SPECIAL REQUIREMENTS FOR CONCLUDING TRANSACTIONS OUTSIDE REGULATED MARKETS IN FINANCIAL INSTRUMENTS

1. Where the Bank enters into transactions outside a stock exchange or another regulated market in financial instruments, it shall observe the rules of trading on the relevant venues for execution of the transactions and the provisions of the applicable legislation, and shall provide its Clients with the information laid down by law.
2. The Bank may conclude transactions in financial instruments without relevant payment subject to an express written consent of the transferor of the financial instruments, provided that the rules of the execution venue where the transaction will be concluded allows

conclusion of a transaction where payment of financial instruments is not made simultaneously with their transfer. This provision shall also apply to other transactions for transfer of financial instruments.

3. If, in pursuance of a contract with the Bank, the Client provides to the Bank materialized securities, the contract shall stipulate the venue and manner of their safekeeping.

VI. SAFEGUARDING AND ADMINISTRATION OF FINANCIAL INSTRUMENTS. ACTING AS A REGISTRATION AGENT

1. The Bank shall carry out safeguarding and administration of financial instruments of Clients (holding of financial instruments and money of Clients at a depository institution) and the related services, such as management of the money received/collateral provided in accordance with these General Terms.
2. The Bank shall act as a registration agent when, on the basis of a written contract with the Client, it submits to the relevant depository institutions data and documents for registration of:
 - (a) transactions in financial instruments concluded in advance directly between the parties;
 - (b) transfer of dematerialized financial instruments upon donation and inheritance;
 - (c) change of data about the holders of dematerialized financial instruments, correction of incorrect data, issue of transcripts of certification documents and other actions set out in the rules of the relevant depository institution, and in such cases the persons or their representatives shall sign the required documents in the presence of a person authorised as per the requirements of the applicable legislation subject to verification of their identity.
3. A person from the Bank's internal control department shall check whether the contract under item 2 of this Section meets the requirements of the MiFIA, the statutory instruments for its application and the internal acts of the Bank. In such case the person from the internal control department shall draw up by the end of the business day a document certifying the check.
4. The Bank shall keep in its records a copy of the identity document of the persons or their representatives, as the case may be, certified by them and by the authorised by the Bank person, who signs the contract for the Bank under the requirements of the applicable legislation, and in the cases of registration of transactions in financial instruments concluded in advance directly between the parties, a declaration by the parties to the transaction or their representatives, that they do not carry out and have not carried out any transactions in financial instruments as a regular occupation or on a professional basis one year before the conclusion of the contract, as well as other declarations required by the applicable legislation.
5. The transferor and transferee of the financial instruments in the cases referred to in Art. 56, para 1 of Ordinance No. 38 may be represented before the Bank, which acts as a

registration agent, by persons expressly authorized by notary certified power of attorney subject to the provisions of the applicable legislation.

6. When acting as a registration agent, the Bank shall refuse to sign a contract with the Client and accept documents for registration under item 2 of this Section if:
 - (a) the required data and documents are not in place, the documents provided contain clear irregularities or the data contain inaccuracies and contradictions;
 - (b) a party to the transaction declares that it has inside information about the financial instruments relating to the transaction, if they are traded on a regulated market, or about their issuer;
 - (c) a circumstance exists which gives rise to a suspicion of inappropriate capacity or representation;
 - (d) the party to the transaction or its representative declares conduct of transactions in financial instruments in professional capacity in the cases of Art. 56, para. 1 of Ordinance No. 38;
 - (e) the party to the transaction or its representative declares that the transaction constitutes a concealed purchase or sale of financial instruments.
7. At the request of the seller and upon consent of the buyer in a purchase and sale of dematerialized financial instruments under Art. 56, para. 1 item 1 of Ordinance No. 38, the amount comprising the sale price under the transaction shall be deposited with the Bank acting as a registration agent until the transaction is registered with the Central Depository. The Bank shall notify the parties to the transaction of this possibility.
8. The Bank shall disclose information about the transactions under Art. 56, para 1, item 1 of Ordinance No. 38 in accordance with the procedure for disclosure of transactions concluded by the Bank as set out in Commission Regulation (EC) No 1287/2006.
9. With respect to the persons using the services of the Bank just as a registration agent only the requirements of this Section VI of the present General Terms and the imperative requirements of the applicable legislation shall apply.

VII. CURRENT AND PERIODIC INFORMATION TO CLIENTS

1. The Bank shall provide to its Client timely, accurate and complete information about the investment services provided. The Bank must notify the Client of order execution and the other acts performed by it in accordance with the terms of the applicable law.
2. Every negotiated and concluded transaction shall subsequently be certified through a written confirmation. Following the conclusion of each transaction, the Bank shall immediately provide the confirmation to the Client: (i) on paper (in original or via fax), (ii) via e-mail, or (iii) generated by the Bank's system for conclusion of transactions. The Client shall sign off and return the confirmation to the Bank promptly, but not later than five (5) Business Days as of its reception, or shall submit within the same term its objections as to the content of the confirmation. The signed confirmation shall be deemed

true and accurate (unless proven otherwise), with the exception of obvious mistakes. Only the Persons Authorized by the Client shall be authorized to sign on behalf of the Client. A confirmation that has not been certified by an Authorized person's signature shall be deemed not submitted. The authorization of the Persons Authorized by the Client, as well as the specimens of their signatures, shall remain effective until they are cancelled or amended by the Client by a notification in writing which shall become effective within two (2) Business Days as of its reception by the Bank. The cancellation or amendment shall not prejudice the confirmations signed prior to the Bank receiving the notification for cancellation or amendment.

3. Where the Bank enters into a transaction on account of a Client, it shall send on a durable medium, at first opportunity but not later than the first business day following the conclusion of the transaction, a confirmation of the concluded transaction. If the confirmation is received by the Bank through a third party, the Client shall be notified not later than the first business day following the day on which the Bank received the confirmation from the third party. As regards transactions, concluded at the account of a professional Client, the Bank shall immediately provide it with the essential information on the concluded transaction.
4. The confirmation under item 3 of this Section shall contain such part of the information described below which is relevant to the specific transaction by applying table 1 of Appendix 1 of Regulation (EC) No 1287/2006:
 - (a) identification of the Bank providing the information;
 - (b) the name or another form of Client identification;
 - (c) date and time of transaction conclusion;
 - (d) type of the placed order;
 - (e) essence of the order (buy, sell etc.);
 - (f) venue of order execution;
 - (g) identification of the financial instruments;
 - (h) buy/sell indicator;
 - (i) quantity;
 - (j) unit price;
 - (k) total value of the transaction;
 - (l) total amount of commissions and expenses at the account of the Client and at Client request, breakdown of expenses; or a detailed breakdown including, when applicable, each imposed increase or decrease, if the transaction has been performed by an investment intermediary when selling at his/her own expense and the investment intermediary owes best performance to the Client.
 - (m) obligations of the Client for the settlement of the transaction, including the deadline for payment or delivery and data about the account to which transfer shall be made where such details have not been communicated to the Client earlier;

- (n) a notice that a counterparty to the transaction with the Client is the Bank, another person from the Bank group or another Client of the Bank, except for the cases where the order is executed through a trading system which allows anonymous trade.
 - (o) the exchange rate received in case the transaction also includes currency exchange.
5. In the event of partial order execution, the Bank may provide to the Client information under item 4, paragraph “k” of this Section about the price of every transaction or an average price; where an average price is provided, the Bank shall also provide, at the request of a retail Client, information about the price of each individual transaction.
 6. The procedure under item 3 of this Section shall not apply if the confirmation contains the same information as the information sent promptly to the Client by another person.
 7. If no settlement is performed on the stipulated date, or another change occurs in the information contained in the confirmation, the Bank shall notify the Client in an appropriate manner, by the close of the working day on which it became aware of the change.
 8. Upon request, the Bank shall provide to the Client information about the status of the order and its execution.
 9. The rules under items 3 and 7 of this Section shall not apply to orders of Clients relating to bonds for financing mortgage loan agreements to which such Clients are a party, if the confirmation of the transaction is to be made simultaneously with the notification of the mortgage loan terms but not later than one month after the execution of the order.
 10. The Bank may provide the information under item 4 of this Section using standard codes, provided that it presents to the Client explanations of the codes used.
 11. Where a retail Client has placed orders relating to stock or shares in collective investment enterprises which are executed periodically, the Bank shall take actions under item 3 of this Section, or shall provide to the Client at least semi-annually the information under item 4 of this Section in relation to the above-mentioned transactions.
 12. The Bank may provide to the Client through an electronic trading system the confirmation under item 2 of this Section or the information under items 5 - 7 of this Section where the Client’s access to the electronic system and the entry of client orders is effected through an electronic certificate issued in the name of the Client.
 13. When managing a portfolio, the Bank shall provide on a durable medium to each Client a periodic report on the portfolio management activities carried out for the account of the Client, unless such report is provided to the Client by a third party. The report shall contain the following information, where applicable:
 - (a) the name of the Bank;
 - (b) the name or another indication of the Client’s account;
 - (c) data about the portfolio content and assessment, including detailed information on each financial instrument included in it, market price of every financial instrument or

the fair price if the market price cannot be determined, the cash balance at the beginning and at the end of the reporting period as well as the activities and results relating to the portfolio management in the relevant period;

- (d) the total amount of fees and charges paid in the reporting period specifying at least the total amount of the management fee and the general costs for the execution; where applicable, it shall specify that a more detailed report on expenses will be provided upon request;
 - (e) comparison of the portfolio management activities and results in the reporting period against a benchmark, if any, specified as agreed between the parties;
 - (f) the total amount of the dividends, interest and the other payments received by the Bank, relating to the management of the Client portfolio in the reporting period;
 - (g) information about other corporate actions affording specific rights relating to the financial instruments in the portfolio;
 - (h) the information under item 3 “c” – “l” of this Section shall be provided about any transaction concluded in the reporting period, when applicable; the requirement shall not apply when the Client has opted to receive notifications after each concluded transaction under item 16 of this Section.
14. The periodic report under item 13 of this Section shall be provided to the Clients quarterly.
15. The periodic report under item 13 shall not be provided quarterly in the following cases:
- (a) when the Bank provides to its clients access to an online system corresponding to the criteria for a durable medium, in case the current assessments of the Client’s portfolio are available and if the Client has an easy access to the information required by art. 63, paragraph 2 of Delegated Regulation No. 2017/565 and the Bank has the relevant evidence that the Client has performed the relevant access to the assessment of his portfolio at least once during the relevant quarter.
 - (b) when the Client chooses to receive the information on the concluded transactions on an individualized base, the regular report shall be presented once every 12 months, except in the cases of transactions in financial instruments providing the right of acquisition or sale of such tradable securities or leading to cash settlement defined on the base of tradable securities, currencies, interest rates or profitability, commodities or other indexes or measures as well as transactions in financial instruments under art. 4 items 4 -11 of MiFIA.
 - (c) in the cases when the agreement between the Bank and the Client for portfolio management permits the portfolio to be financed by debts, the periodic report shall be presented monthly.
16. The Client has the right to opt to receive a report on each concluded portfolio management transaction after its conclusion. In such cases the Bank shall provide to the Client the essential information about the transactions on a durable medium immediately after their conclusion. The Bank shall send him a confirmation of the transaction containing the information under item 4 of this Section not later than the first working day following the

conclusion of the transaction, and if the Bank has received the confirmation through a third party - not later than the first working day following the receipt of the confirmation. The previous sentence "three" shall not apply if the confirmation contains the same information as that contained in the confirmation sent immediately to the Client by another person.

17. The requirements on reporting under art. 49 and 59 of Delegated Regulation 2017/565 applicable to retail and professional Clients shall also apply to the eligible counterparties except if the Bank has concluded arrangements with them to define the contents and the time limits of the reports.
18. Where the Bank effects services relating to portfolio management, it shall inform the Client if the total value of the portfolio estimated at the beginning of each reporting period is devalued by 10%, and consequently by values multiplied by 10%, not later than the close of the working day when this threshold has been passed, or if the threshold has been passed on a non working day – by the close of next working day.
19. When the Bank keeps an account of a retail Client, including positions in financial instruments financed with debts, or transactions with conditional obligations, shall inform the Client when the initial value of each instrument is devaluated by 10%, and consequently by values multiplied by 10%. The reporting shall be performed for each individual instrument except if agreed otherwise with the Client, and by the close of the working day when this threshold has been passed, or, if the threshold has been passed on a non-working day – by the close of the next working day.
20. The Bank shall notify the Client under the terms and procedure set out in a contract where an obligation arises for the Client to disclose shareholding under Art. 145 of the Public Offering of Securities Act as a result of concluded transactions in financial instruments on his behalf, including in case of management of an individual portfolio of financial instruments and/or money.
21. When holding money and financial instruments of a Client, the Bank shall provide to him on a durable medium at least once quarterly a report with the following content, unless the content of this report is not included in another periodic report to the Client:
 - (a) data about the financial instruments or money held by the Bank on behalf of the Client at the end of the reporting period;
 - (b) the amount up to which the Client financial instruments or money have been subject of a transaction of securities financing;
 - (c) the amount of the received dividends or other payments to the Client for his participation in a securities financing transaction, as well as the basis of their determination.
 - (d) explicit statement of the assets or the means that are subject of the rules of Directive 2014/65/EU and the measures related to its implementation and those that are not – for example those subject of a financial collateral agreement by transfer of rights
 - (e) explicit statement of the assets affected by certain specifics regarding the ownership rights, such as those subject to security interest.

- (f) the market value, or the estimated value if the market value is not available, of the financial instruments included in the report, with explicit statement of the fact that the absence of market price could be indicative for the lack of liquidity. The assessed value shall be defined by the Bank based on the principle of making the best efforts.

The requirement under this item shall not apply to client deposits.

- 22. If one or more transactions in the Client's portfolio are concluded but the settlement thereunder is not completed yet, the information under item 21 of this Section may be specified as of the date of transaction conclusion or the settlement date, and the selected approach shall apply to the provision of information about all such transactions in the report under item 21 of this Section.
- 23. The Bank shall furthermore report to the Client in all other cases set out in the MiFIA, the Public Offering of Securities Act, the secondary legislation for their application and applicable legislation, and shall include in the relevant reports and in the information provided data about all mandatory circumstances set out in a statutory instrument.
- 24. The Bank must provide to the Client access for conducting checks without impeding the Bank's operational autonomy.
- 25. If the Bank acts on behalf of the Client, the rights and obligations on the transaction shall arise directly in the legal domain of the Client upon the conclusion of the transaction.
- 26. Where the Bank acts on its own behalf and on account of the Client, the rights and obligations under the transaction shall be generated directly in the legal domain of the Client after they are transferred by the Bank in accordance with the procedure set out by law and the specific contract. The rights in the registered shares shall be transferred by endorsement in force for the joint-stock company after it is registered in the Book of Registered Shareholders. Bearer securities shall be transferred upon their delivery. Issuance and disposal of dematerialized financial instruments shall be effective as of their registration with the Central Depository or another statutory registry in accordance with the procedure and terms set out in the Public Offering of Securities Act and the other statutory instruments. The money shall be transferred to a Client's bank account. In such cases the Bank shall report to the Client on the transactions concluded and the transfer of the rights for the benefit of the Client under the terms and procedure set out in this Section and in the specific contract. The rights shall be transferred to the Client within the shortest term possible, but not later than 7 days from the date of their acquisition by the Bank, unless the transfer of rights requires action on the part of government institutions and/or third parties and/or cooperation of the Client and observance of the time limit is impossible due to actions and/or omissions of such government institutions and/or third parties and/or non-cooperation by the Client, for which the Bank shall not be responsible. In the latter case, the Bank shall use reasonable efforts and shall, within the aforementioned time limit, undertake the necessary action so as to duly request from the government institutions and/or the third parties and/or the Client to ensure the transfer the rights to the benefit of the Client.

VIII. RIGHTS AND OBLIGATIONS OF THE CLIENT

1. The Client shall be entitled to demand specific performance of the obligations of the Bank, and provide it with the necessary assistance, including by giving clear, complete and accurate instructions in writing, during the working hours of the Bank, on the specific transactions in financial instruments, by submitting regular documents and valid securities to the Bank, etc. The Client shall be responsible for the validity of the financial instruments and documents submitted to the Bank. The parties to the specific transaction (contract) shall agree on terms and conditions for replacement of any irregular financial instruments and documents.
2. The submission of the instructions under the foregoing item, their content and execution are provided in Chapter Three, Section IV of these General Terms.
3. The Client shall be entitled to withdraw his instructions. The withdrawal shall be made in writing not later than 24 hours prior to the deadline for execution of the order. Where an order of a Client for registration of a transfer of financial instruments is sent to the electronic system for trade in financial instruments, he shall not withdraw his order after the deadline stipulated in the operational rules of such system.
4. The Client shall not be entitled to place orders with regard to financial instruments, compensatory instruments or investment vouchers, for which he holds insider information, or with regard to financial instruments, compensatory instruments or investment vouchers blocked with the Central Depository or with another depository institution, or to place orders with regard to transactions constituting cases of concealed purchase or sale of financial instruments, compensatory instruments or investment vouchers.
5. The Client shall provide the Bank with the money needed for payment under the transaction, subject to the order, upon placement of the order, unless he certifies that he will fulfill his obligation for payment within the period of standard settlement, as well as in the cases laid down in an ordinance.

CHAPTER FOUR REMUNERATION, INCENTIVES AND COSTS

I. REMUNERATION AND INCENTIVES

1. The Client shall pay the Bank remuneration for each order concluded and executed on a specific transaction under the terms and conditions agreed therein.
2. The Bank is not entitled, in connection with the presentation of an investment or an additional service to a Client, to pay, respectively to provide and receive a remuneration, a commission or a non-monetary benefit, except in the cases of items 3 and 4 below. The payment, respectively, the provision of the remuneration, the commission or the non-monetary benefit shall be in order to improve the quality of the service and shall not violate the Bank's obligation to act honestly, correctly, professionally and in the best interest of the Client when:
 - (a) it is justified by the provision to the Client of an additional service or a service of a high value that is commensurate with the scope of the incentive received;

- (b) it does not directly favour the Bank, its shareholders or employees without at the same time providing a substantial benefit for the Client;
 - (c) the incentive is justified by the provision of a benefit to the Client.
- 3. In relation to the provision of investment or ancillary services to the Client, the Bank shall be entitled to pay, respectively to provide and receive, the following fees, commissions or non-cash benefits:
 - (a) (a) remuneration, commission or non-monetary benefit paid or made available by or to the Client or his representative;
 - (b) remuneration, commission or non-monetary benefit paid or made available by or to a third party or his agent if the following conditions are met:
 - the payment, respectively, the remuneration, the commission or the non-monetary benefit, is aimed at improving the quality of the service and does not violate the Bank's obligation to act honestly, correctly, professionally and in the best interest of the Client;
 - the existence, nature and amount of the remuneration, commission or non-monetary benefit are clearly stated to the Client in an accessible, accurate and understandable manner prior to the provision of the relevant investment or ancillary service, and where the amount cannot be determined, the method for its calculation is stated;
 - (c) inherent fees which ensure or are necessary to provide the investment services as custodian fees, settlement and currency exchange charges, legal fees and public charges, and which by their nature do not give rise to a conflict with the Bank's duty to act honestly, fairly, professionally and in the best interests of the Client.
- 4. In case of portfolio management, the Bank shall not be entitled to accept any remuneration, commission or other monetary or non-monetary benefit from a third party in connection with the provision of this investment service to the Client. The exception is allowed for insignificant non-monetary benefits that improve the quality of the services offered to the Client and their provision does not violate the Bank's duty to act honestly, fairly and as a professional in the best interest of the Client, and which meet the requirements set forth by an ordinance. The Bank shall disclose information about any minor non-cash benefits received.
- 5. The Bank shall adopt and enforce a policy to ensure that all fees, commissions or cash benefits provided or received by a third party, or a person acting on behalf of a third party, in connection with portfolio management shall be allocated and transferred to the Client as soon as possible after receipt, but no later than five working days after receipt.
- 6. Where the amount of the remuneration has not been agreed upon, the remuneration specified in the Tariff of the Bank under item 3 of this Section shall be paid.
- 7. The Bank shall announce in its Tariff its standard commission fee by type of investment services and activities provided, as well as the type and amount of the costs for the Clients,

where they are not included in the remuneration. The Tariff shall be displayed at a visible and accessible place on the premises where the Bank operates with clients and is published on the Bank's website. Upon signing a contract, the Bank shall provide the Client with the tariff, and the Client shall certify that he is familiar with it and accepts it. The tariff accepted is an integral part of the contract. The Bank shall publish at a visible place on its website any amendment to the tariff containing information on the date of its adoption and the date of its entry into force. The publication of the amendments to the Tariff under the preceding sentence shall be made not less than one month before their entry into force. In case of disagreement with the amendments and supplements to the tariff, the Client has the right to terminate the contract without notice prior to the date of their entry into force, without being responsible for any damages and expenses, except for the expenses related to the assets owned by him, and the Bank shall settle its relations with the Client within 7 days of receipt of the statement of termination.

8. Where the Bank undertakes to be personally liable for the fulfilment of the obligations under the concluded transaction, it shall also be entitled to a separate remuneration to be agreed in writing.
9. The Bank shall be entitled to remuneration for the amounts it has collected for the Client, which shall be agreed separately.
10. In the case of intermediation, the Bank shall be entitled to remuneration from both parties to the transaction.
11. The remuneration shall be paid within three days of the carrying out of the transaction, unless the parties agree otherwise.
12. Any non-cash payment shall be deemed effected as of the time of crediting the Bank's bank account.
13. The Bank's remuneration and the costs for the Client, where they are not included in the remuneration, shall be laid down in the contract with the Client.
14. The Bank shall keep evidence that all fees, commissions or non-cash benefits provided or received by it are intended to improve the quality of the relevant service to the Client by keeping a record of all fees, commissions or non-monetary benefits received from a third party in connection with the provision of investment or ancillary services.

II. INFORMATION ON REMUNERATIONS AND INCENTIVES

1. Through the contract and the tariff or in any other appropriate manner, the Bank shall fulfill its obligation in due time before the investment or the additional service is provided and subject to the requirements, the information it provides to its Clients to be true, clear and not misleading, to provide the Client or potential Client also information on the types of costs and fees for the Client and their amount. Cost and fee information shall include:
 - (a) all costs and charges for investment and ancillary services;

- (b) the costs relating to the financial instrument recommended, offered or sold to the Client;
 - (c) the method of payment of costs and fees;
 - (d) all payments to third parties.
2. The Bank shall provide the Client once a year summary information under paragraphs (a) to (d) of the preceding item 1, including the costs and charges in respect of the investment service and the financial instrument that do not arise from the occurrence of the market risk for the underlying market, so that the Client understands the total costs and their overall effect on the return on investment. At the Client's request, the Bank will provide him with a detailed breakdown of the cost of the items.
 3. The information under items 1 and 2 above shall not be provided when the investment service is offered as part of a financial product regulated by the European Union law or by common European standards in relation to credit institutions or consumer credit on valuation of customer risk and or the requirements to provide information.
 4. The Bank shall inform the Client of the fees, commissions or cash benefits transferred to it in accordance with paragraph 5 of the preceding Section I through periodic reports or otherwise on a durable medium.

III. COSTS, INTEREST AND DAMAGES

The Client shall provide the Bank, upon request, with the funds needed for carrying out of the transaction or activity, and shall pay the costs, together with the interest and damages it incurred in connection with the carrying out of the transaction or activity, provided the latter amounts have not been included in the agreed remuneration.

CHAPTER FIVE RISK, FORCE MAJEURE AND LIABILITY

I. RISK AND FORCE MAJEURE

The risk of force majeure in the carrying out of the specific transaction (contract) and order shall be borne by the Client. Where the fulfilment of the Bank's obligations becomes impossible in whole or in part for reasons beyond the control of the Bank, the Client shall pay the Bank the costs incurred by it and a remuneration in proportion to the work done.

II. LIABILITY

1. Where the Bank assigns the order or operation to another investment intermediary, without being entitled to replace it, the Bank shall be liable for the actions of the replacement as for its own actions.

2. Where the Bank assigns the order or operation to another investment intermediary, while being entitled to replace it, the Bank shall be liable for the completeness and accuracy of the information about the Client that it provides to its replacement and that the recommendations made by it to the Client are appropriate.
3. The Bank shall bear full and unconditional liability for any action or omission by a bound agent when the agent is acting on behalf of the Bank on the basis of a written contract. The Bank shall control the activity of the agent which it has entered into a contract with, in order to ensure compliance with the requirements of the MiFIA and the acts for its implementation in the performance of the activity of the bound agent.
4. In case of full wilful non-compliance with the terms and conditions of a particular contract, the defaulting party shall owe to the non-defaulting party a penalty of 20 percent of the value of the non-performed obligation, unless agreed otherwise.
5. In case of delayed performance under a specific contract, the defaulting party shall pay a penalty of 1 percent for each day of delay but not more than 20 percent of the value of the non-performed obligation, unless agreed otherwise.
6. The Bank and the individuals, who are managers of the Bank, as well as its employees, shall be liable under the terms and conditions laid down in the MiFIA and the Public Offering of Securities Act for any breach of the statutory rules in the conclusion and carrying out of transactions in financial instruments.
7. The Bank shall not be responsible in case of delayed settlement under a transaction in financial instruments for a reason for which the counterparty to the transaction or the Bank's Client himself is responsible.
8. The Bank shall be responsible before any individual or company for any losses, claims, damages, fees or expenses arising out of, or in connection with performance or non-performance of the Bank's obligations under the contracts with clients for the investment services and activities provided by the Bank, caused by a gross negligence or wilful default on its part.
9. The Client shall pay or reimburse to the Bank any penalty or default payment made by it, that was imposed by an organized market in financial instruments, by the Central Depository or another depository institution in relation to delayed settlement of transactions in financial instruments, or any other non-performance of obligations associated with transactions in financial instruments, or actions relating to administration or safekeeping of financial instruments, for reasons for which the Client is responsible. The Client shall be also liable to the Bank for any direct and indirect damages caused to the Bank as well as for damaging its reputation as a result of non-performance of his contractual obligations.

CHAPTER SIX
AMENDMENTS AND SUPPLEMENTS TO, REPLACEMENT AND TERMINATION OF
THE GENERAL TERMS AND SPECIFIC TRANSACTIONS (CONTRACTS)

1. Any amendment and supplement to, or replacement of these General Terms and the tariff of the Bank shall be effective for the Client under an existing contract, if they have been duly communicated to him, by publishing them on the website of the Bank, and the Client has not objected before the date of entry into force of the General Terms and the Tariff. The publication of the amendments and supplements to the General Terms, including the date of their adoption and the date of their entry into force, shall be made on a visible place on the Bank's website not less than one month before their entry into force.
2. The specific transactions (contracts) may be terminated by mutual consent or by either party by sending a one-month notice in writing.
3. The Client may withdraw a transaction or authorization, respectively, on a specific transaction in financial instruments not later than 24 hours prior to its carrying out. Nevertheless, the provision of Chapter Three, Section VIII, item 3 of these General Terms shall apply as well.
4. The Bank may reject in writing (including through SWIFT, encrypted telex, telefax or by email message) an order placed not later than 24 hours prior to its fulfilment. The Bank shall be entitled to reject an order placed, where the Client fails to provide the necessary assistance to the Bank, including in the cases he has not provided clear, complete and accurate instructions on the specific transactions in financial instruments, or has not provided the Bank with regular documents and valid securities and others. Where the refusal is not grounded and the Bank fails to communicate it to the Client in due course, the Bank shall owe damages as a result of the refusal.
5. Where a specific transaction (contract) is terminated, each party shall report to the other one within seven days and deliver to it everything received in connection with the contract.
6. Neither party may assign its rights under a specific transaction (contract) to a third party without the consent of the other party given in writing.

CHAPTER SEVEN

SUBSIDIARY APPLICATION OF THE GENERAL TERMS FOR ANCILLARY SERVICES UNDER ART. 6, PARA. 3 OF THE MARKETS IN FINANCIAL INSTRUMENTS ACT

1. These General Terms shall have subsidiary application also to the written contracts concluded between the Bank and its Clients, where the subject matter is one or more of the ancillary services set out in Art. 5, para. 3 of the MiFIA.
2. The Bank may engage in activities for holding and administration of financial instruments on behalf of clients, including custody (holding of client financial instruments and money with a depository institution) and the related services such as management of the money received/ collateral provided in accordance with the provisions of Chapter Three, Section VI of these General Terms.

3. The Bank may also provide its Clients with cash for the purchase of securities and/or money market instruments under terms and procedures laid down in the applicable law.

CHAPTER EIGHT FINAL PROVISIONS

I. NOTICES

1. All notices shall be communicated between the parties in writing to the addresses of the Client and the Bank specified in the specific contract. They shall be deemed given in writing also when communicated by mail, SWIFT, encrypted telex, telefax or email message, on the website of the Bank or by any other means agreed with the Client. Oral notices shall be confirmed in writing. This notification procedure shall apply where the existing laws do not provide for any special procedure to communicate information. Where such a special procedure to communicate information has been provided for, the notices shall be communicated between the parties in strict compliance with the relevant provisions. Any notices communicated in deviation from the prescribed form, manner and procedure and/or not sent to the address specified by the Client shall be invalid.
2. Where the current legislation or these General Terms provide that certain information shall be provided on a "durable medium", a durable medium shall be any means which meets the conditions of Art. 3 of Regulation (EU) No 2017/565 and allows the Client to store information addressed to him personally in a way that is accessible for future use and for a period of time consistent with the purposes for which the information is provided, and permitting the unchanged reproduction of the stored information. The Bank may provide such information on a durable medium other than paper only if:
 - (a) the provision of such information in such a medium is appropriate to the context in which the business activity between the Bank and the Client is performed or is to be performed; and
 - (b) the Client, in the event of a proposal to choose between paper or other durable medium, explicitly chooses the information to be provided on such other medium.
3. Where, in accordance with an applicable legislation or these General Terms, the Bank provides the Client with information other than the General Terms and the Tariff through the Bank's website, and such information is not addressed personally to the Client, the Bank shall warrant the performance of the following conditions:
 - (a) the provision of such information on such medium is appropriate to the context in which the business activity between the Bank and the Client is performed or is to be performed, such as the provision by the Client to the Bank of an e-mail address for the purposes of such activity, shall be considered as proof that the Client has regular Internet access and that the provision of information by electronic mail is appropriate;
 - (b) the Client has explicitly consented to the provision of such information in such form;
 - (c) the Client was notified electronically about the website address and location where the information can be accessed;

- (d) the information is up to date;
 - (e) the information is continuously accessible through the specified website for a period within which the Client may have a valid reason to verify it.
4. By accepting these conditions the clients which are classified as professional clients or eligible counterparties explicitly provide their consent with receipt of information as per the rules of preceding it. 3 and declare that this method for delivery of information is appropriate pursuant to it. 3 (a). The provision by the Customer to the Bank of an e-mail address will be considered as additional evidence that the Customer has regular access to the Internet and that the provision of information by e-mail is appropriate.

II. DISPUTES RESOLUTION

1. Notwithstanding the provisions of the applicable Bank procedures for portfolios reconciliation and dispute resolution, the Parties shall resolve any disputes arising between them by mutual consent. In case of a dispute, the Bank shall discuss with the Client the nature of the dispute not later than 3 working days after occurrence of the dispute. During the discussion of the dispute, the Bank shall provide to the Client any documents relating to the dispute and all the available information on the case. Where necessary, the Bank shall ensure the presence of persons with expertise in the relevant field who shall provide the Client with any necessary explanations. In case the Client disagrees with the explanations provided to him, he may refer the case to the Financial Supervision Commission. Notwithstanding the options specified, the parties may exercise all statutory rights to safeguard their legal interests.
2. In the event of failure to reach an agreement, the dispute shall be settled by the competent court in Sofia, Republic of Bulgaria. The Parties may agree otherwise in the contract between the Client and the Bank.

III. APPLICABILITY OF THE PROCEDURES FOR PORTFOLIOS' RECONCILIATION AND DISPUTE RESOLUTION

The Parties agree that in relation to these General Terms and the written contracts and transactions concluded thereto, the Bank's procedures for portfolios reconciliation and dispute resolution shall apply. By signing this contract, the Client declares that he is acquainted with the terms of these procedures, accepts them and has been provided with a copy thereof.

IV. GOVERNING LAW AND ABBREVIATIONS

1. The existing legislation of the Republic of Bulgaria shall apply to any matters that have not been laid down in these General Terms. A different governing law may be stipulated in the contract between the Client and the Bank, in which case the present General Terms shall not apply.

2. Abbreviations used in the present Terms and Conditions: **MiFID** – the Markets in Financial Instruments Act; **Directive 2014/65/** - Directive 2014/65/EU of the European Parliament and of the Council as regards the organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive; **Delegated Regulation 2017/565** - Delegated Commission Regulation 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive; **Regulation 600/2014** - Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012; **Ordinance No. 38** - Ordinance No. 38 of the FSC on the requirements on the activity of the investment firms; **FSC** – the Financial Supervision Commission.