

GENERAL TERMS AND CONDITIONS APPLICABLE TO CONTRACTS BETWEEN THE INVESTMENT INTERMEDIARY “INTERCAPITAL MARKETS” AD AND THEIR CLIENTS

Chapter One General

Article1. These General Terms and Conditions shall regulate the rights and obligations of the investment Intermediary “Intercapital Markets” AD (hereinafter referred to as the “investment Intermediary” or abbreviated as to “IP”) and its clients in connection with the services and activities provided by the investment Intermediary under Article 6 (2) and (3) of the Markets in financial instruments Act (MiFIA) according to the obtained license.

Article2. (1) The Investment Intermediary is a joint-stock company with headquarters in Sofia and management address at: 6 Dobrudzha str., fl. 3, Sofia 1000, phone: 02/9210510, fax: 02/9210521, email: office@intercapitalmarkets.com.

(2) The Investment intermediary is entered in the Commercial Register at the Registry Agency under UIC 131057477.

(3) The investment Intermediary shall have the following scope of business activity :

1. Provision of investment services and performance of investment activities within its scope on the territory of the Republic of Bulgaria and abroad, as follows:

- 1.1. acceptance and transmission of orders related to one or more financial instruments, including brokerage for transactions in financial instruments;
- 1.2. implementation of orders on behalf of clients;
- 1.3. portfolio management;
- 1.4. provision of investment advice to clients;
- 1.5. offering financial instruments for initial sale without an unconditional and irrevocable obligation to acquire the financial instruments on its own account.

2. Carrying out the following ancillary services on the territory of the Republic of Bulgaria and abroad:

2.1. safekeeping and administration of financial instruments at the expense of clients, including custodian activity (holding of financial instruments and clients' money at a depository institution) and related services such as management of financial receipts / provided collateral;

2.2. granting loans for performing transactions with one or more financial instruments, provided that the person providing such loan shall participate in the transaction under terms and conditions established by an ordinance;

2.3. providing consultations to entities on capital structure, industrial strategy and related issues, as well as advice and services referred to mergers and acquisitions;

2.4. investment research and financial analyses or other forms of general recommendations relating to transactions in financial instruments;

2.5. services in connection with the offering of financial instruments for initial sale

without an unconditional and irrevocable obligation to acquire the securities on its own account.

(4) IP holds a license for carrying out activity as an investment Intermediary both on the territory of the Republic of Bulgaria and abroad pursuant to Decision № 39 - IP / 19.02.2003 of the State Securities Commission. The investment Intermediary has obtained a new license granting it permit to carry out the investment services and activities and the ancillary services included in its scope of business activity as per Decision No. 119-IP/ 14.02.2006 of the Financial Supervision Commission. IP is entered into the Register of Investment Intermediaries, kept by the Financial Supervision Commission under No RG-03-0204 / 24.02.2006.

(4a) IP operates an active branch on the territory of the Republic of Poland where the investment Intermediary provides the services under Article 3(1), item 1 (b) and item 2 (a) and (d) of these General Terms and Conditions according to a notification letter from the Financial Supervision Commission of the Republic of Bulgaria with Ref. No RG-03-204-10 / 26.02.2014 and a notification letter to the Financial Supervision Commission of the Republic of Bulgaria with Ref. No RG-03-204/5 dated February 17, 2016.

(5) The supervision of the activity of the IP as an investment Intermediary shall be carried out by the Financial Supervision Commission (FSC), with headquarters and address: 16 Budapest Street, Sofia 1000. The activity of the investment Intermediary branch in Poland shall be regulated by the Polish Financial Supervision Commission as well, with registered office at: Plac Powstańców Warszawy 1, 00-030 Warsaw.

(6) IP is a member of the Bulgarian Stock Exchange - Sofia AD (approved at a meeting of the Board of Directors of the Bulgarian Stock Exchange - Sofia AD held in March 2003), a member of the Warsaw Stock Exchange (adopted at a meeting of the Board of Directors of the Warsaw Stock Exchange held in December, 2010) and a member of Central Depository AD since March 20, 2003.

Article 3. (1) IP shall establish these General terms and Conditions for the performance of the following services and activities for clients according to Article 6 (2) and (3) of the MiFIA:

1. investment services and activities:

- a. acceptance and transmission of orders in relation to one or more financial instruments, including brokerage for transactions in financial instruments;
- b. implementation of orders on behalf of clients;
- c. portfolio management;
- d. providing investment advice;
- e. offering for initial sale of financial instruments without an unconditional and irrevocable obligation to acquire the financial instruments on its own account (placement of financial instruments);

2. Ancillary services:

- a) safekeeping and administration of financial instruments at the clients' expense, including custodian activity (holding of financial instruments and clients' money at a depository institution) and related services such as management of receipts and collateral provided, with the exception of centralized book-keeping for securities in accordance with Section A, item 2 of the Annex to Regulation (EU) No 909/2014;
- b) granting loans to clients to perform transactions with one or more financial

- instruments, provided that the IP shall be involved in the transaction;
- c) business advice to entities on capital structure, industrial strategy and related issues as well as advice and services related to mergers and acquisition of undertakings;
 - d) provision of services related to foreign payment instruments in so far as they are related to the investment services provided;
 - e) investment research and financial analyses or other forms of general recommendations relating to transactions in financial instruments;
 - f) related to the services under item 1, "e";

(2) Subject to the requirements of Article 6 of Ordinance No. 50 on the Capital Adequacy, Liquidity of Investment intermediaries and Supervision of their compliance, the IP may keep such instruments at its own expense when executing client orders in relation to financial instruments.

(3) IP shall provide investment advice to a client or shall manage a portfolio only upon signing an employment contract with an investment consultant.

Article 4. (1) A client may be a natural or a legal person who uses investment and/or ancillary services provided by the investment Intermediary.

(2) The investment Intermediary's clients shall be defined as retail clients, professional clients or acceptable counterparties on the basis of conditions and criteria set out in the Rules for Categorization of Clients adopted by the investment Intermediary's Board of directors.

Article 4a. (1) When concluding a contract in accordance with the provisions of Chapter Two below, the Investment Intermediary shall provide the client with the General terms and Conditions, as well with the Tariff and the client shall certify that he is aware of the latter and shall accept them. The agreed General terms and Conditions and the Tariff are an integral part of the contract concluded between the investment Intermediary and a client. The investment Intermediary shall create a file for each client where it shall keep the contract and all documents related to the investment services provided to the client.

(2) The General Terms and Conditions and the Tariff shall be displayed in a visible and accessible place in the premises where the investment Intermediary meets clients and shall be published on the investment Intermediary's website.

(3) Any amendment to the General Terms and Conditions and/or the Tariff, containing information about the date of its adoption and the date of entry into force, shall be published in a prominent place on the investment Intermediary's website not less than one month before the entry in force of such changes and amendments.

(4) In the event of disagreement with the General Terms and Conditions and/or the Tariff, the client shall have the right to terminate the contract without notice prior to the date of entry into force of the (new) General Conditions and/or Tariff, without any liability for any penal sanctions or damages, except for the costs associated with their assets.

(5) Upon termination of the contract under the preceding paragraph, the investment Intermediary shall settle its relations with the client within seven days from the receipt of the termination statement, in case of application of the procedure under Article 12a (2)-(7) of these General Terms and Conditions.

Article 4b. When providing investment services other than the provision of investment advice to a new retail client, the investment Intermediary shall provide them with information

on fundamental rights and obligations of the client and the investment Intermediary on paper, on a durable medium¹ or via a website (where this is not a durable medium).

Chapter Two

Contract

Article 5. (1) The investment Intermediary shall provide investment and ancillary services under Article 3 (1) at the expense of the client based on a written contract with the client.

(2) The client may conclude the contract under previous paragraph (1) through a legal representative or proxy.

(3) Upon conclusion of the contract under paragraph (1) through a legal representative he/she shall present to the investment Intermediary documents evidencing the presence of representative authority for conducting management or dispositions with financial instruments for the client. The investment Intermediary shall keep in its archive in the client's file certified copies of the documents mentioned in the previous sentence. The certification shall be performed by the client/legal representative and by the person under Article 6 (1), who shall sign the contract on behalf of the investment Intermediary, with an inscription "true to the original", dated and signed.

(4) Conclusion of the contract under paragraph (1) through a proxy is admissible only upon submitting a duly notarized power of attorney, which contains representative power to perform management or disposal actions with financial instruments. The investment Intermediary shall keep in its records on the client's file the original power of attorney mentioned in the preceding sentence, respectively a notary certified copy thereof. If the power of attorney has multiple effects, the investment Intermediary shall retain a copy of it, certified by the proxy and by the person under Article 6 (1), which concludes the contract for the investment Intermediary. The certification is performed by affixing the inscription "True to the original", date and signature of the persons.

(5) The investment Intermediary shall keep for his/her archive a copy of the client's identification document, respectively of his/her representative, certified by him/her and by the person under Article 6, who shall conclude the contract for the investment Intermediary, with the inscription "true to the original", dated and signed.

Article 6. (1) The investment Intermediary shall conclude contracts under Article 5 (1) only through persons under Article 65 (1) of ordinance No. 38 from 21.05.2020 on the requirements for the investment intermediaries' activity (Ordinance No. 38), as follows:

1. persons offering financial instruments;
2. brokers of financial instruments;
3. investment consultants;
4. the executive members of the Investment intermediary's Board of Directors.

¹ Any means that meets the conditions of Article 3 of Delegated Regulation (EU) No 2017/565 and that allows the customer to safekeep information addressed to him personally in a way that is accessible for future use and for a period corresponding to the purposes for which the information is provided, as well as which allows the unaltered reproduction of the stored information.

(2) Prior to the conclusion of the contract under Article 5 9(1), the client, respectively his representative, shall be identified by the order of the Measures against Money Laundering Act (MMLA) and the regulations for its application.

(3) The verification of the client's identity upon conclusion of a contract by exchange of electronic statements, signed with an electronic signature, shall be carried out in accordance with Article 6a.

(4) The investment Intermediary shall conclude contracts under Article 5 (1) only at an address of management, branch or office entered into the register of the investment intermediaries kept by the FSC, unless the contract shall be concluded under the procedure of Article 6a, Article 6b and Article 6c.

Article 6a. (1) The contract under Article 5 (1) may be concluded remotely by exchanging electronic statements signed with electronic signature/s according to Article 13 of the Electronic Document and Electronic Trust Services Act (EDETSA):

(2) In the cases under paragraph (1) the investment Intermediary shall verify the identity of the client, respectively of his/her representative, by means of checking the provided documents according to paragraph (1):

1. a copy of the client's identity document, who is a natural person, and for clients - legal entities - a copy as well of the identity document of the client's representative and copies of documents evidencing the commercial registration and containing data on the existence and representation of the legal entity. For a client - a Bulgarian business company or a non-profit legal entity, the IP shall be obliged to perform a check in the relevant public register, kept by the Registry Agency, to establish the status and representation of the client; and

2. a document, including data from a credit and/or debit card, issued by a credit institution meeting the requirements of paragraph (7), and/or a document certifying the charging (an invoice) or a receipt from a payment of any utility service; the account holder or batch should be visible from the documents under the preceding sentence.

(3) Where the contract under paragraph (1) is concluded through a qualified electronic signature, paragraph (2), item 2 may not be applied, in which case an electronic signature check shall be carried out, and it shall be valid in accordance with the legal requirements thereof.

(4) To verify the client's identity, the investment Intermediary may also request additional data and/or documents. The investment Intermediary shall be responsible for the proper identification of the client and shall take all reasonable steps to establish the identity of any client. The client is required to promptly notify the IP of any change in the circumstances of its initial identification as a client and the IP shall not be responsible for any damages and/or lost profits by the client arising from non-performance of its obligations related to its identification and updating of identification details.

(5) The person under Article 6 (1) shall verify if the requirements of paragraph 1 - 3 are all met.

(6) The provision of all necessary information by the client in accordance with these General Terms and Conditions and Ordinance No. 38 on the requirements for the activity of investment intermediaries and the provision of information from the client required for the evaluation of a suitable service can be performed by an electronic statement.

(7) The document under paragraph (2), point 2 shall be issued by a credit institution licensed in a member state of the European Union or a state within the European Economic Area Agreement. The credit institution that has issued the document under paragraph (2), may also be headquartered in a member state of the Financial Action Task Force (FATF) against money laundry, the Asia/Pacific Group on Money Laundering (APG), the Eurasian Group on combating money laundering and financing of terrorism (EAG) or Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) to the Council of Europe.

(8) Where the contract is not concluded by using a qualified electronic signature, the transfers of funds in connection with the receipt and provision of investment and ancillary services to the client under a signed contract under paragraph (1) shall be made only from and to a payment account held by the client, maintained by a credit institution under paragraph (7).

(9) No contract may be concluded under the terms of this Article through a proxy.

Article 6b. (1) The contract under Article 5 (1) may be concluded in absentia by exchanging the necessary documents signed by the parties, provided that the client is the holder of a bank account opened at a credit institution meeting the requirements of Article 6a (7). The client, respectively his/her representative, shall send to the investment Intermediary the signed contract, a document in original, issued by the respective credit institution, that that client is the holder of a bank account and a certified copy of his/her identity document, and for clients – legal entities – a certified copy of the commercial registration documents containing the data on establishment and representation. The authentication shall be done by affixing the inscription “True to the original”, date and signature of the client.

(2) The transfers of funds in connection with receiving and providing of investment and additional services by the client under a signed contract under paragraph (1) above shall be made only from and to a payment account, held by the client and maintained by a credit institution under Article 6a (7).

(3) No contract may be concluded under the terms of this Article through a proxy.

Article 6c. (1) The contract under Article 5 (1) may be concluded in absentia, by an exchange of the necessary paper documents signed by the parties, where the client shall sign in the presence of a notary who shall certify this circumstance. The provision of all necessary information by the client in accordance with these General Terms and Conditions and Ordinance No. 38 on the requirements to the activity of investment intermediaries and the provision of information from the client needed for the assessment of an appropriate service can be done by the client remotely by signing the necessary documents before a notary.

(2) The client, respectively his/her representative, shall send to the investment Intermediary the signed contract with a notarization of the signature, a certified copy of his identity document, and for clients – legal persons – also a certified copy of the commercial registration documents containing data on its establishment and representation. The validation of the identity document and the commercial registration documents shall be done by affixing the inscription "True to the original", date and signature of the client.

Article 7. (1) The investment Intermediary shall conclude the contracts under Article 5 (1) with its clients under these General terms and Conditions. The contract may also include additional or individual clauses, which may derogate from its general terms only if they do not

contradict to mandatory provisions of the law. Upon inclusion in the contract of clauses under the preceding sentence in the relations between the investment Intermediary and the client under this contract, these clauses shall be applied, and not the contradictory clauses of the General terms and Conditions.

(2) Prior to the conclusion of a contract under Article 5 (1) with a retail client, according to the order referred to in Article 61, the investment Intermediary shall provide him/her with Information on the fundamental rights and obligations of the client and the investment Intermediary, information on the conditions of the contract to be concluded, as well as the other information required under MiFIA, Ordinance No.38 and Delegated Regulation (EU) 2017/565, by submitting the following documents:

1. the General terms and Conditions applicable to client contracts;
2. a draft of the contract to be concluded with the contents under Article 8;
3. The investment Intermediary rules of categorization containing the terms and criteria according to which clients are defined as professional or non-professional, as well as the circumstances in which a client may be designated as an acceptable counterparty;
4. information on the Policy of orders' implementation – for clients to whom services will be provided under Article 3 (1), item 1, bullets a), b) and c);
5. information on the policy for addressing conflicts of interest applied by the investment Intermediary – in a summarized form and upon request by the client – by providing a relevant excerpt of the Internal Rules of the investment Intermediary containing the treatment policy applied by the investment Intermediary in a case of conflicts of interest;
6. the tariff of the investment Intermediary

(3) Upon conclusion of a contract with a professional client, the investment Intermediary shall provide it under the terms and conditions of paragraph (2) the information under items 1, 2, 3, 4 and 6 of the preceding paragraph.

(4) Upon a request by the client, the investment Intermediary shall provide him with additional information and clarifications on the documents under the preceding paragraphs.

Article 8. (1) As stipulated in Article 5 (1) the following particulars shall be entered into the contract, as a minimum:

1. the full names, the personal identification number and the client's address and the address of his/her's representative respectively; in the case of a client – a legal entity – shall be indicated the name, headquarters, management address, tax number, unified identification company code under BULSTAT, respectively unified identification code under Article 23 of the Commercial Register Act and the Register of Non-Profit Legal Entities, the full names and the personal identification number of the representative;

2. the full names and the personal identification number of the person representing the investment Intermediary and the quality in which he/she shall be acting;

3. date and place of conclusion/signing;

4. the general conditions and tariffs of the investment Intermediary in force at the time of contract signing;

5. the volume of the representative power of the investment Intermediary;

6. the fundamental rights and obligations of the investment Intermediary and the client and specifying the information the Intermediary is obliged to provide;

(2) The contract shall contain a clause that the client has received according to the procedure established by Article 61 and accepts the General terms and Conditions of the investment Intermediary, the announced tariff under Article 59, the order implementation policy, the investment Intermediary categorization Rules, information on the policy on addressing conflicts of interest applied by the investment Intermediary, information on the financial instruments – subject of the services that the investment Intermediary will provide on the grounds of the concluded contract and the associated risks, as well as other information that the investment Intermediary is required to provide to the client under the MiFIA and Ordinance No 38, which is applicable according to the client type and the services that the investment Intermediary will provide to them based on the contract

(3) Where the investment Intermediary enters into an agreement with a retail client, i.e. a contract under Article 5 (1) for portfolio management, the following information shall also be included in the contract, where applicable:

1. information on the method and periodicity of valuation of the financial instruments in the client's portfolio;

2. data on each delegation of the management of all or a part of the financial instruments and/or money in the client's portfolio;

3. characteristics and references for each benchmark according to which the portfolio management results will be compared to the client's investment goals and the types of financial instruments included in the client's portfolio in such a way that the client using the service can assess the performance of the service rendered by the investment Intermediary;

4. the types of financial instruments that may be included in the client's portfolio and the types of transactions, which may be concluded with those, including any restrictions;

5. the objectives of the management, the level of risk contained in the portfolio's assessment, and any specific limitations of such assessment;

(4) By signing the contract under Article 5 (1) the client (his/her representative) agrees with the applicability of the General terms and Conditions, the Tariff and the policy for implementation of orders, to the contractual relations between the investment Intermediary and the client and accepts those. The contract shall also specify any other terms and conditions and may include additional clauses or clauses in derogation from the General terms and Conditions, in accordance with Article 7 (1).

Article 9. (1) Upon conclusion of a contract under Article 5 (1), the Investment Intermediary shall require information from its clients in accordance with the Investment Intermediary's Rules for Classification of Clients, based on which it defines each individual client as a non-professional, professional or acceptable counterparty, based on the criteria set out in the Clients' Categorization Rules as stipulated by the MiFIA.

(2) A client, classified as retail client according to the information presented by him

under paragraph (1) may request to be re-categorized and treated as a professional client in general or in relation to specific investment services and transactions or to a particular type of transactions, or an investment product subject to the relevant terms and procedure set out in the Clients' Categorization Rules in accordance with section Intermediary of the Annex to the MIFIA. In the case mentioned in the preceding sentence, these rules shall not apply to such client, providing a higher degree of protection to retail clients only if, based on the client's experience, skills and knowledge, the Investment Intermediary can reasonably decide that, depending on the nature of the transactions and services – subject to the contract that the client intends to conclude or use – the client may make independent investment decisions and to assess the risks associated with those.

(3) A client, classified as a professional under paragraph (2), shall be obliged to inform the investment Intermediary about any change in the data, which served as grounds for carrying out their reclassification under paragraph (2). Where an Investment Intermediary establishes, based on a notification in terms of the preceding sentence or otherwise, in the performance of an activity on behalf of that client that he/they no longer may be qualified as a professional, the Investment Intermediary shall apply to the latter the rules providing a higher level of protection for retail clients.

(4) A client classified as a professional under paragraph (1), may request to be reclassified and treated as a retail client. In the case referred to in the preceding sentence, the Investment Intermediary shall apply the rules explicitly specified in a written agreement with the client to provide a higher level of protection for non-professional clients in relation to specific services, activities, transactions, financial instruments, or other financial products.

(5) A client designated as an acceptable counterparty under paragraph (1) may request not to be treated as such in whole or for a particular transaction if the Investment Intermediary agrees so. In the case mentioned in the preceding sentence, such client shall be treated as a professional unless they explicitly request to be treated as unprofessional. Where the client expressly requests treatment as a retail client, the second sentence of the preceding paragraph shall apply to them.

Article 10. (1) Upon conclusion of a contract under Article 5 (1) for carrying out portfolio management or providing investment advice, the Investment Intermediary shall request from the client, respectively a potential client, the following information:

1. Client's investment objectives, including the permissible level of risk;
2. Client's financial position;
3. Client's ability to bear losses;
4. Client's experience and knowledge of the services provided.

(2) Upon conclusion of a contract under Article 5 (1) for the provision of services other than those referred to in paragraph (1), the Investment Intermediary shall require information about the experience and knowledge of the client regarding the service provided.

(3) Information about the client's investment objectives shall include, where applicable, the following:

1. the period of time the client is willing to hold the investment;

2. client's preferences regarding the client's risk and risk profile;
3. objectives of the investment.

(4) Information on client's financial position shall include, where applicable, the following:

1. the sources and the amount of the client's fixed income;
2. client's assets, including liquid assets, investments and real property;
3. client's regular financial obligations.

(5) Depending on the characteristics of a client, the nature and scope of the services to be provided and the types of products or transactions envisaged, including their complexity and the related risks, the information regarding client's experience and knowledge in the field of investment activity shall, include the following:

1. the type of services, transactions and financial instruments with which the client is acquainted;
2. the nature, volume and frequency of transactions in financial instruments on the account of a client, as well as the period during which those will be concluded;
3. the level of education, profession or relevant previous profession of the client or a potential client

(6) The Client shall be obliged to update the information provided under the preceding paragraphs.

(7) The investment Intermediary shall not be entitled to perform the services under paragraph (1) for a client that has not provided the information referred to in that paragraph.

(8) The investment Intermediary may not require the information under paragraph (2) while providing services under Article 3 (1), item 1, bullets a) and b) if the following conditions are met:

1. the subject of the services includes shares admitted to trading on a regulated market or an equivalent third-country market, according to a European Commission list, bonds or other debt securities, except for those bonds or other debt securities, which are securitized by a derivative instrument, money market instruments, shares of collective investment schemes and other non-complex financial instruments;
2. the service shall be provided at the initiative of a client or a potential client;
3. the client or the potential client has been informed in writing that the investment Intermediary will not comply with the obligations under Article 16 (4);
4. the investment Intermediary shall comply with the requirements for the handling of conflicts of interest.

(9) The provisions of this Article shall not apply to the conclusion of transactions with clients designated as acceptable counterparties, when performing investment services under Article 6 (2), points 4 and 5 of the MiFIA, in respect of specific orders or ancillary services directly related to them.

Article 11. (1) The investment intermediary shall refuse to conclude a contract under Article 5 (1), if an identification of the client has not been performed and if the client or his representative had not submitted and signed the required documents, has submitted documents with obvious irregularities or the data in them are incomplete, have inaccuracies or

contradictions or there is another circumstance that raises the suspicion of improper identification or representation.

(2) The investment Intermediary shall refuse to conclude the contract under Article 5 (1) as well, if it would lead to non-fulfillment of the requirements of the on Measures against Money Laundering Act and acts related to its implementation.

Article 12. (1) All amendments and supplements to a specific contract concluded between the Investment Intermediary and its client may be made only with an additional written agreement and shall enter into force as of the date of its signing by the parties.

(2) Amendments and supplements to the General terms and Conditions shall have force for the client if the client has been notified thereof according to Article 4a (3) and if he has not objected to those in accordance with Article 4a (4).

(2a) When a client does not agree with the amendments and supplements to the General terms and Conditions, that client shall be entitled to terminate the contract without notice prior to the date of entry into force of the General Terms and Conditions, without being responsible for any penalties and costs, except for the costs related to its own assets.

(3) A Contracting Party may transfer its rights and obligations to a third party only with the express written consent of the other Party.

Article 12a (1) The contractual relations shall be terminated:

1. upon expiration of the duration of the specific contract;
2. prior to the expiry date, by mutual agreement of the parties, expressed in writing;
3. unilaterally, by either party with one month written notice to the other party;
4. in the cases under Article 4a (4);
5. in case of death or disability of a client-natural person;
6. upon termination of a client - legal entity or of the investment Intermediary;
7. in the event that a client does not hold financial assets in his/its accounts with the Intermediary for a period of 12 months and for that period no transactions in financial instruments have been carried in the name and on behalf of that client;
8. on other grounds provided by the law.

(2) Within 14 days from the date of termination or the date of knowledge of contract termination the IP shall be obliged to send to the client with a return receipt or in another way, evidencing the receipt, a written report as of the date of the contract's termination for the stocks and transactions in the client's accounts for cash and financial instruments for the period following the last report.

(3) Within 14 days from the receipt of such report under paragraph (2) the client shall be obliged:

1. to pay off all fees, commissions and other expenses accumulated up to the date of termination, as well as any additional expenditures, and losses for the Investment Intermediary arising from the termination, if any, except in the cases of termination under Article 4a (4);
2. to submit/send to the IP a written notification about the bank account where the client wishes their money to be transferred or about the date on which they wish to receive the same at a cash desk in the Intermediary's office;

3. to explicitly indicate the manner of transferring its financial instruments to a depository institution, in a client's sub-account with another person, explicitly specified by the client or on a personal account of the client at the depository institution, including by opening a new account;

4. to request conclusion of a new contract with the Investment Intermediary if the present contract shall be terminated due to expiration of its duration or implementation of its subject.

(4) If a client has repaid all their obligations at the respective time, within 5 working days of receiving the order and/or the notification under paragraph (3) the Intermediary shall be obliged to:

1. to transfer the client's cash to the bank account specified in the notification or arrange payment at a cash-desk in its office (subject to statutory cash payment limitations);

2. to execute the order of the client under paragraph (3), item 3.

(5) If after the expiry of the duration under paragraph (3) the client has not repaid all their obligations as of the respective moment, the Investment Intermediary may automatically offset those against cash payments due to the client, after which the IP shall be obliged to:

1. transfer the client's cash to the bank account specified in the notification or pay it at a cash-desk in its office (subject to statutory cash payment limitations);

2. to execute the order of the client under paragraph (3), point 3.

(6) If and after performing the offset under the preceding paragraph, the client has outstanding liabilities, the investment Intermediary shall be entitled to retain the financial instruments kept on the client's sub-account until the client makes payment in full.

(7) In the absence of explicit orders and notifications under paragraph (3), the IP shall transfer the financial assets to the client's personal account at the depository institution, after deducting the fees, commissions, penalties, etc. due by that client.

Chapter Three

Implementation of contractual obligations. Rights and obligations of the client and of the investment Intermediary

Section I General

Article 13. (1) In carrying out the services and activities under Article 6 (2) and (3) of the MiFIA according to the issued license, the investment Intermediary shall be obliged to act honestly, fairly, as a professional in line with the best interests of its clients.

(2) The investment Intermediary shall treat its clients equally.

(3) The investment Intermediary shall be obliged to fulfill its obligations as per the contract under Article 5 (1) in accordance with the contract clauses and the additional

instructions of the client if they meet the conditions under Article 15 (2).

Article 14. (1) The investment Intermediary shall be personally obliged to fulfill its obligations as stipulated in the contract under Article 5 (1).

(2) The investment Intermediary may delegate the performance of a certain service to another person, to authorize, re-assign or substitute with another person only if the following prerequisites are present:

1. the other person is a licensed investment Intermediary, and the investment Intermediary has concluded a contract;

2. the client has empowered the investment Intermediary to authorize, re-authorize or substitute with another person.

(3) An exception to the requirement under paragraph (2), item 2 shall be allowed only in cases where this is necessary for the preservation of the client's interests. The investment Intermediary shall immediately notify the client in writing about any authorization, re-authorization or substitution, the reasons for it and the person whom the investment Intermediary has authorized, re-authorized or has replaced.

(4) In case the investment Intermediary has authorized a third person without the prerequisites under paragraphs (2) and (3), the investment Intermediary shall be responsible for the actions of such person as its own. In all other cases, the investment Intermediary shall be responsible for damages incurred by the client due to its bad choice of such third party.

Article 15. (1) The Client has right to request the exact implementation of the contractual obligations by the investment Intermediary.

(2) The Client has right to give additional instructions in connection with the implementation of the contract, in accordance with the law, these general conditions and the clauses in the contract under Article 5 (1). The instructions, which the client may give to the investment Intermediary regarding the implementation of the contract concluded between them under Article 5 (1) should be clear, accurate and comprehensive.

Article 16. (1) When providing investment advice and performing portfolio management, the investment Intermediary shall be guided by the information received under Article 10 (1) on the basis of which it assesses the appropriateness, including the extent to which the financial instruments subject to the investment advice shall be in line with the level of risk and loss-making ability of the client. The investment Intermediary shall recommend conclusion of a transaction or a portfolio management transaction if, depending on the information received, and considering the nature and scope of the service provided, it can justifiably assume that the following requirements are met:

1. the transaction meets the investment objectives of the client;

2. the client has the financial ability to bear all relevant investment risks consistent with his investment objectives;

3. the client has the necessary experience and knowledge to understand the risks associated with the deal or the management of his portfolio.

(2) When rendering an investment service under paragraph (1) to a professional client, the Investment Intermediary may assume that, in respect of the products, transactions and services, according to which it has been designated as a professional client, it has the necessary experience and knowledge for the purposes of paragraph (1), item 3.

(3) When providing an investment advice to a professional client, the investment Intermediary may assume for the purposes of paragraph (1), item 2, that this client has the financial ability to bear all the associated investment risks compatible with its investment objectives.

(4) When providing investment services other than investment advice and performing portfolio management, the investment Intermediary shall be guided by the information received under Article 10 (2) based on which the investment Intermediary assesses whether the proposed investment service is appropriate for the client by establishing whether the client has the necessary experience and knowledge to understand the risks associated with that service.

(5) If in the case under paragraph (4) the investment Intermediary considers that the offered investment service will not be appropriate, it shall warn the client in writing, respectively the potential client.

(6) If the client does not provide the information under Article 10 (2) or the information provided is insufficient for carrying out the assessment under paragraph (4), the investment Intermediary shall inform in writing the client, respectively the potential client, that it cannot determine whether the investment service offered is suitable for that client.

(7) When providing investment services under paragraph (4) the Investment Intermediary may assume that the professional client has the necessary experience and knowledge to understand the risks associated with the particular investment service, transaction, or product on the grounds of which the client has been classified as professional.

(8) The Investment Intermediary shall be guided by the information provided by its clients unless it knows or ought to have known that the information is inaccurate, incomplete, or out of date.

(9) The provisions of this Article shall not apply to transactions with acceptable counterparties under the conditions of Article 10 (9).

(10) In the provision of an investment advice to a retail client, before implementing an order – because of the investment advice, the investment Intermediary shall provide the client with a notification under Article 61 whether the advice corresponds to the preferences, needs and other characteristics of the retail client.

(11) The notification under paragraph (10) may be provided immediately after the transaction finalization only if the following conditions are met:

1. the transaction is concluded by means of remote communication, which prevents preliminary submission of the notification under paragraph (10);
2. the investment Intermediary has given the client the opportunity to postpone the transaction to receive the notification of compliance first, and
3. the client has given his/her consent to receive the notification under paragraph (10) in due time after the conclusion of the transaction.

Article 17. (1) The investment Intermediary may not:

1. carry out transactions on behalf of clients in volume or with frequency, at prices or with a certain counterparty, which, considering the circumstances, can be assumed to have been performed exclusively in the interest of the investment Intermediary;

2. buy at its own expense financial instruments for which a client has submitted a purchase order and to sell those to such client at a price higher than the purchase price;

3. perform actions with money and financial instruments of the client for which it has not been authorized by the client;

4. sell, on its own account or on someone else's account, financial instruments that the investment Intermediary or its client does not own, except under the terms and procedure of an ordinance;

5. participate in the implementation, including as a registration agent, of covert purchases or sales of financial instruments;

6. receive a part or all the benefit if the investment Intermediary has concluded and performed the transaction on terms more favorable than those established by the client;

7. perform activities in another way that may endanger the interests of its clients or the stability of the financial instruments market.

(2) The prohibition under paragraph (1), item 1 shall not apply to transactions, for the implementation of which the client has given explicit instructions on their own initiative.

(3) The prohibition under paragraph (1), item 2 shall also apply to the members of the Investment Intermediary's Board of directors, to persons who govern its activity, as well as to all persons working under a contract for it and to persons related to them.

Article 18. (1) In relation to the provision of investment or ancillary services to a client, the investment Intermediary shall not have the right to pay, respectively to provide and receive, remuneration, commission or non-monetary benefit (incentives) except:

1. remuneration, commission or non-monetary benefit paid or provided by or to the client or their representative;

2. a remuneration, commission or non-monetary benefit paid or made available by or to a third party or their representative, if the following conditions are met:

a) the existence, nature and amount of the remuneration, commission or non-monetary benefit are clearly indicated to the client in an accessible manner, accurately and comprehensibly prior to the provision of the relevant investment or ancillary service, and where the amount cannot be determined, the calculation operations shall be specified;

b) the payment, respectively the provision of remuneration, commission or non-monetary benefit aims at improving the quality of the service and does not violate the obligation of the investment Intermediary to act honestly, correctly, professionally and in the best interests of the client;

3. Inherent fees that ensure or are necessary for the provision of investment services such as custodian fees, settlement and currency exchange fees, legal fees, and public fees and which by their nature do not give rise to a conflict of interest with the obligation of the investment Intermediary to act honestly, fairly and professionally in the best interests of the client.

(2) The investment Intermediary has fulfilled its obligation under paragraph (1), item 2, bullet a) when:

a) presents the essential terms of contracts related to remuneration, commission or

non-monetary benefit in aggregate form;

b) provides detailed information on remuneration, commission, or non-monetary benefits at the request of the client; and

c) the provision of information under this paragraph is honest, fair, and in the best client's interest.

(3) When providing an independent investment advice or portfolio management to a client as well as in transactions with an acceptable counterparty, the investment Intermediary shall not be entitled to accept remuneration, commission or other monetary or non-monetary benefit from a third party in connection with the provided investment service, except in the cases of insignificant non-cash benefits that improve the quality of the services offered to the client and the provision of which does not violate the investment Intermediary's obligation to act honestly, fairly and in a professional manner in the best interests of the client.

(4) Payment, respectively, providing of remuneration, commission or the non-monetary benefit is to the effect to improve the quality of the service and does not violate the obligation of the investment Intermediary to act honestly, correctly, professionally and in the best interests of the client when:

1. it is justified by the provision of an additional service or service of high value to the respective client that is commensurate with the scope of the incentive received, including:

1.1. provision of non-independent investment advice on a wide range of appropriate financial instruments as well as access to the same set of instruments, including a sufficient number of instruments offered by third party – suppliers of products that are not related to the Investment Intermediary;

1.2. providing non-independent investment advice in a combination with a proposal to the client once a year to make an assessment whether the financial instruments in which the client has invested are still appropriate to it or with another service likely to benefit the client, as advice on possible optimal allocation of client's assets;

1.3. Granting access at a competitive prices to a wide range of financial instruments that are likely to meet client's needs, including a sufficient number of instruments offered by third party – suppliers of products that are not related persons to the Investment Intermediary, together with the provision of value added funds, as means of accessing objective information, helping the client in making investment decisions or enabling the client to observe, model and adjust the scope of financial instruments in which the investment was made, or to provide periodic reports on the profitability of financial instruments and the associated costs and benefits.

2. It does not directly benefit the receiving investment Intermediary, its shareholders, or employees, without at the same time providing a substantial benefit to the respective client;

3. the incentive is related to granted benefit to the respective client;

(5) The improved quality of the service provided by the investment Intermediary to clients should be proportional to the remuneration, commission or non-monetary benefit received by the Intermediary. The requirement to improve the quality of the service provided shall not be fulfilled if, as a result of the remuneration received by the Investment Intermediary, a commission or a non-cash benefit, the provision of the relevant services to the client is violated

or biased.

(6) Insignificant non-monetary benefits are considered eligible, including:

1. Information or documentation relating to a financial instrument or an investment service that is of a general nature or is personalized to reflect the circumstances of an individual client;

2. Materials in writing from a third party that are ordered and paid by a corporate issuer or a potential issuer to promote a new issue of the company or when a third party has signed a contract and has received a payment from the issuer to prepare such materials on a current basis, provided that the relationship is clearly disclosed in the materials and that the materials are provided simultaneously to all investment intermediaries willing to receive such or to the general public;

3. Participation in conferences, workshops and other training events on the benefits and characteristics of a specific financial instrument or investment service;

4. Representative costs of reasonable minimum value, such as food and drink costs for business meetings, conferences, workshops, or other training events referred to in item 3.

(7) The investment Intermediary shall not be entitled to receive remuneration, discount or non-monetary benefit for transmitting an order to a specific place of trading or implementation of an order, if this violates the requirements for conflicts of interest management, disclosing client's information, the rules for providing independent investment advice, the limitations on receipt of commissions and benefits, assessment of an appropriate service, the clauses of the contract, rules for creating and offering financial instruments.

(8) The investment Intermediary does not provide remuneration and does not assess the performance of its employees in a way that contradicts to its obligation to act in the best interests of its clients. The Investment Intermediary cannot provide incentives to its employees to recommend to a specific financial instrument to a retail client when the Investment Intermediary can offer another financial instrument that is more responsive to that client's needs.

(9) The investment Intermediary shall be obliged to disclose information about all insignificant non-cash benefits received under paragraph (6) before providing clients with the relevant investment or ancillary services.

(10) The investment Intermediary shall inform the client about the order and manner in which the client will receive a fee, commission, monetary or non-monetary benefit when the investment Intermediary has received it in connection with an investment or ancillary service for the client. The Investment Intermediary shall inform clients of the fees, commissions or cash benefits transferred to them, through periodic reports or otherwise on a durable medium.

Article 18a. (1) When providing portfolio management services or other investment or ancillary services, the investment Intermediary may assign to third parties to make a survey. The survey is not considered to be an incentive if it is obtained against:

1. Direct payments with funds of the investment Intermediary; or

2. Payments from a separate account of the investment Intermediary for payment for research, which is financed by a special survey fee charged to the client and which the Intermediary controls and is responsible for, provided that the requirements of Article 37 (2),

Article 38 (1) and Article 39 (1) of Ordinance No. 58 have complied.

(2) The investment Intermediary shall set a research budget and shall carry out a regular review of the budget. The total amount of survey fees received may not exceed the research budget.

(3) The survey fee under paragraph (1), item 2 shall meet the requirements of Article 40 - 44 of Ordinance No. 58, such as:

1. to be solely dependent on the research budget set by the Investment Intermediary to determine the need for a third party to investigate the investment services provided to its clients; and

2. not to be related to the volume and/or value of transactions performed on behalf of clients;

3. may be collected separately or together with the commission for a transaction but must be clearly distinguishable from the commission.

(4) The investment Intermediary shall negotiate the investigation fee in the contract with the clients under Article 82 of the MiFIA, as foreseen in the research budget, and the frequency of deductions from the client's funds throughout the year.

Article 19. The investment intermediary shall ensure that all information addressed to or disseminated in such a way that it is likely to be received by retail or professional clients or potential retail or professional clients, including marketing communications, meets the conditions set out in Article 44 (2)-(8) of the Commission Delegated Regulation (EU) 2017/565 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Regulation EU) 2017/565).

Article 20. (1) IP shall notify in an appropriately manner new clients and existing clients which it has re-categorized in accordance with the requirements of Directive 2014/65 / EU and MiFIA of their categorization as a retail client, professional client or eligible counterparty in accordance with the Investment intermediary's Rules for clients' categorization.

(2) The Investment Intermediary on its own initiative or at the request of the respective client may treat the client as follows:

1. to define as a professional or retail, a client who according to the Rules for categorization of clients would be categorized as an eligible counterparty;

2. to define as a retail, a client who is deemed to be professional client within the meaning of the Rules for categorization of clients;

(3) When a client, designated as an eligible counterparty request not to be treated as such and the Investment intermediary agrees, that client shall be treated as a professional client, unless he has explicitly requested to be treated as a retail client.

Article 21. (1) The IP is obliged to provide in due time to a client or potential client, before the client is bound by an agreement (contract) for the provision of investment or additional services or before the provision of these services, whichever occurs first, the following information:

1. the terms of this agreement;

2. information according to para. 2, bullet a) about the investment intermediary and its

services to clients and potential clients.

(2) The IP is obliged to provide the following information in a timely manner before the provision of investment or ancillary services to clients or potential clients, with content in accordance with Articles 47 to 50 of Regulation (EU) /2017 / 565, namely:

- a) information about the Investment intermediary and its services intended for clients and potential clients;
- b) information on financial instruments and the risks associated with them;
- c) information on the protection of financial instruments or clients' funds;
- d) information on costs and related fees.

(3) The information under para. 1 and 2 shall be provided on a durable medium or through a website (when this is not a durable medium), provided that the conditions set out in Article 61, para. 2. are fulfilled.

(4) The investment Intermediary shall notify its clients in a timely manner of any significant change in the information under paragraph 2, which is related to the service provided by the investment intermediary to this client. The notification shall be given on a durable medium if the information to which it relates is given on a durable medium.

Article 22. When performing services and activities under Article 6, paragraphs 2 and 3 of MiFIA investment intermediary shall take all necessary actions to identify and prevent or manage potential conflicts of interest in accordance with the conflict-of-interest policy established in the Investment Intermediary's Internal Rules.

Article 23. (1) In carrying out its activity, the investment Intermediary shall be obliged to keep the trade secret of its clients as well as their commercial prestige.

(2) The members of the Board of directors of the investment Intermediary and the employees hired under a contract for it may not disclose, unless they are authorized to do so, and not use for their own benefit or other persons, facts and circumstances concerning stocks and operations on the accounts of financial instruments and for clients' money of the investment Intermediary, as well as all other facts and circumstances, representing a trade secret, of which they have become aware in the course of their official and professional duties.

(3) Besides to the FSC, the Deputy Chairperson and authorized officials from the FSC administration or on the regulated market of which it is a member, for the purposes of their control activity and within the framework of the verification order, the investment Intermediary may provide information under paragraph (2) only:

1. with the consent of its client;
2. by the order of the Second section, Chapter sixteen, Section IIIa of the Tax and Social Insurance Procedure Code;
3. in implementation of a court order, issued under the conditions and by the order of Article 91 (2) and (3) of the MiFIA;
4. in the cases and under the conditions of Article 91 (4) and (6) of the MiFIA.

Article 24. In performing an activity on behalf of a client under a contract for provision of services under Article 3 (1), item 1, bullet a), b) or c), in addition to the requirements of this section, the provisions of the relevant section of this chapter governing the relations between the

investment Intermediary and the client according to the nature of the service provided under the contract shall apply.

Section II Implementation of orders

Article 25. (1) In order to perform transactions with financial instruments on behalf of a client which are not in the implementation of a portfolio management contract, the clients of the investment Intermediary shall submit orders on the basis of the concluded contract under Article 5 (1).

(2) The orders under paragraph (1) shall have the following minimum content:

1. names (designation) and a unique client's number of the client;
2. type, issuer, unique issue code or instrument name, respectively characteristics of the derivative financial instrument and number of financial instruments to which the order relates;
3. type of the order;
4. nature of the order (purchase, sale, exchange, etc.);
5. unit price and total value of the order;
6. term of validity of the order;
7. place of implementation where the order shall be executed if the client determines such;
8. quantitative implementation of the order (partially, completely);
9. method of payment;
10. date, time and place of submission of the order;
11. other specific instructions given by the client

(2a) Paragraph (2) shall not apply where the order has been submitted via an electronic trading platform when the requisites of the orders are not determined by the Investment Intermediary.

(3) The investment Intermediary shall assign a unique serial number to each received order, and it shall be entered in it.

(4) Upon submission of the orders under paragraph (2) to an entered into the register under Article 30 (1), item 2 of the Financial Supervision Commission Act, address of management, branch or office of the investment Intermediary, if in case of verification of the identity of the client it is established that there is a change in the personal data and/or a new identity document has been issued, the provisions of Article 5 (3) shall apply.

(5) The investment Intermediary may accept orders for transactions with financial instruments, submitted by telephone or by another remote means of communication by clients, if it is stipulated in the concluded contract under Article 5 (1). When orders are submitted by phone, the investment Intermediary shall be obliged to record the conversation with the client. When the orders are submitted in another remote means, the investment Intermediary is obliged to store in electronic form the data provided by the client in relation to the orders.

(6) Paragraph (5) shall not apply to an order submitted by a representative who has not submitted in advance the documents under Article 5, para 3-5 to the investment Intermediary.

(7) Paragraph (5) shall not apply to a transfer of dematerialized financial instruments from a personal account to a client's sub-account to the investment Intermediary of the Central Depository.

(8) The investment Intermediary may accept orders of clients under paragraph (1) through an electronic trading system that ensures regulatory compliance and provides an access to clients to a specific place of performance. The access to the system under the previous sentence and the introduction of orders by the client is carried through the web, computer and/or mobile applications that provide reliable identification of the client.

(9) The investment Intermediary shall provide to the client a signed copy of the accepted order under paragraph (2) unless it is filed pursuant to paragraphs (5) and (8).

(10) In the presence of additional regulatory requirements regarding the order and format of clients' orders other than those under the preceding paragraph, the same shall apply to the issue of orders by clients.

(11) The investment Intermediary shall ensure that the receipt and initiation of telephone conversations and electronic communication shall not take place through technical means and/or equipment different from those specified for the purpose by the investment Intermediary in its internal rules in these General terms and Conditions and/or in the contract with the client.

(12) The investment Intermediary shall prepare and store records of all telephone conversations and messages or conversations and communications via electronic means of communication received or initiated by the investment Intermediary relating to the conclusion of own-account transactions or the acceptance, transmission and performance of clients' orders. The investment Intermediary shall be obliged to inform its clients that telephone conversations and the electronic communication with them under the previous sentence will be recorded.

(13) The documents and the records prepared pursuant to paragraph (12) shall be stored on a durable medium (paper or electronic) for a period of not less than 5 years from their creation and shall be provided to the client upon request.

(14) At the latest within the working day following the day on which the client's order is executed, the Investment Intermediary shall inform the client of the place where the order was performed.

Article 26. Submission of orders under Article 25 (1) through a proxy shall be performed only upon submission of a notarized power of attorney, which contains representative power for carrying out dispositions with financial instruments. Article 5 (3) – (5) shall apply accordingly.

Article 27. (1) The investment Intermediary shall accept orders under Article 25 only through persons under Article 6 (1).

(2) Upon acceptance of an order, the person accepting it shall verify the identity of the client or their representative, depending on the manner of submission of the order and the identification of the client and their representative, if any, shall be made as follows:

1. in the case orders' submission in person – by means of a valid identity document of the client or their representative and official supporting documents regarding the existence, the lack of restrictions on the legal capacity and the representative power of a client – a legal entity not registered in a public register kept by the Bulgarian Registry Agency, as a client – a Bulgarian commercial company or a non-profit legal entity, the Investment Intermediary shall be obliged

to perform a check in the records of the relevant register kept by the Registry Agency, to establish the existence, current status and representation of that client;

2. when submitting orders electronically and which are signed with a qualified electronic signature – by checking the electronic signature, which must be valid and issued in the name of a natural person – client or of the respective legal representative of the client (personal signature of the representative or a signature issued in the capacity of a representative of the client), and for a client – a Bulgarian commercial company or a non-profit legal entity, the Investment Intermediary shall be obliged to perform an inspection in the relevant register, kept by the Registry Agency, to establish the existence, the current status and representation of that client;

3. when submitting orders by telephone or by electronic means (e-mails or messaging apps) outside the cases under point 2 – the employee accepting the order shall be obliged to verify the identity of the client submitting the order; when using e-mail, orders should be submitted from a client's pre-specified email address and, when using other electronic means of communication – from a user registration associated with the client according to information previously provided by the client. The information required for client identification shall be provided upon conclusion of the contract or during subsequent communication in which the identity of the client and their representative, if any, has been established.

(3) The investment Intermediary shall accept orders and documents under Article 25 and Article 26 only from entered in the register of investment intermediaries, kept by the FSC, address of management, branch or office or through an electronic trading system under Article 25 (8) of these Terms and Conditions.

Article 28. An Investment Intermediary shall refuse to accept an order that does not meet the requirements of Article 25 (2) or has been filed by a representative, without complying with the requirements of Article 26.

Article 29. *repealed.*

Article 30. (1) The investment Intermediary shall refuse to execute an order if it found that the financial instruments - subject to the order for sale, are not available on the client's account or are blocked in a depository institution, or if a pledge has been established or a lien has been imposed.

(2) The prohibition under paragraph (1) in respect of pledged financial instruments shall not apply in the following cases:

1. the acquirer has been informed about the established pledge and has explicitly agreed to acquire the financial instruments pledged, there is an explicit consent of the pledge creditor in the cases provided for by the Special Pledges Act;

2. the pledge is set up on an aggregate within the meaning of the Special Pledges Act.

(3) The prohibition under paragraph (1) in respect of an order for the sale of financial instruments that are not available on the client's account shall not apply in cases where the investment Intermediary otherwise provides that the financial instruments subject to the sale will be delivered on the settlement date of the transaction.

(4) Except as provided for in the preceding paragraphs, the investment intermediary shall refuse to execute a client's order if it has been submitted in violation of the contractual conditions or legal requirements.

(5) In all cases of refusal of the investment Intermediary to implement an order under the preceding paragraphs, the investment Intermediary shall immediately inform the client of the refusal when establishing ground/s for a refusal.

Article 31. (1) The client may submit an additional order or withdraw a submitted order at the latest prior to the conclusion of a transaction in implementation of a previously submitted order.

(2) The order and the form for submission of additional orders and respectively for withdrawal of submitted orders shall be subject to the requirements of Articles 25 and 26.

(3) The investment Intermediary shall be obliged to accept the additional orders, respectively the orders for withdrawal of submitted orders, which meet the requirements under paragraphs (1) and (2).

(4) The Client shall be liable for the payment of all fees, commissions, other expenses, and damages accumulated and/or incurred by the Intermediary on their account to the moment or as a result of a change or withdrawal of the order under paragraph (1).

Article 32. (1) A client who submits an order for purchasing financial instruments shall be obliged to provide the investment Intermediary with the funds needed for the payment of the transaction subject to the order upon submission of the order unless they prove in indisputable manner that they will make the payment prior to the transaction settlement date.

(2) If the rules of the place of performance where the transaction shall be concluded allow for the conclusion of a transaction in which the payment for the financial instruments does not take place simultaneously with their transfer, the requirement to provide cash under the preceding paragraph shall not apply if there is an explicit written consent of the seller. This shall also apply to other cases with transferrable transactions with financial instruments.

(3) If the client is in delay to fulfill their obligation to deposit the necessary cash and/or to deliver the relevant financial instruments in connection with an implemented order in the hypothesis that the client does not have the cash/financial instruments in their account at the time of submitting the order, the investment Intermediary shall be entitled to:

1. In the case of a client's order for purchase, to acquire the financial instruments according to the order on its own account under the provisions of Article 6 of Ordinance No. 50 on Capital Adequacy, Liquidity of Investment intermediaries and Supervision of their compliance. To this end, the investment Intermediary immediately after deciding to acquire the financial instruments on its own account shall make a request to the Deputy Chairperson of the FSC pursuant to Article 6 (2) of Ordinance No. 50 on the issuance of a permit for an acquisition, as a result of which the delay of the transaction settlement could be reduced to 1 working day. The investment Intermediary shall be obliged to make maximum efforts to sell the acquired financial instruments by the day of the initial settlement of the transaction. In the hypothesis that, upon closure of such a position by the IP, the selling price of the financial instruments may be lower than the acquisition cost, according to the received client's order, the investment Intermediary shall be entitled to collateral and the right of retention of assets of the respective client, up to the amount of the difference between the cost of that acquisition, as instructed by the client, and the sale value of the financial instruments upon closing the position.

2. In the case of an order by the client for sale, to acquire the necessary financial instruments on its own account under the order of Article 6 of Ordinance No. 50 on Capital

Adequacy, Liquidity of Investment intermediaries and Supervision of their compliance, and to deliver them for the purposes of settlement of the sale initiated by the client. To this end, the investment Intermediary, immediately after taking a decision to acquire the financial instruments on its own account and to deliver those in the transaction, initiated by the client, shall request the Deputy Chairperson of the FSC according to Article 6 (2) of Ordinance No 50 to issue a permit for the acquisition, as a result of which the delay of settlement of the transaction initiated by the client could be reduced to 1 working day. In this case, and provided that the settlement of the transaction on the sale of the financial instruments initiated by the client shall not be delayed and by default of the counterparty, the investment Intermediary will not hold the acquired financial instruments in its own account. In the hypothesis that if the closing price of the financial instruments according to the order given by the client is lower than the value of their acquisition, the investment Intermediary shall have the right to a collateral and a right of custody retention of assets of the respective client, stored by the Intermediary, up to the amount of the difference between the cost of the acquisition of the financial instruments and the selling price according to the client's order.

(4) The requirements of paragraph (1) shall not apply in other cases provided for in an ordinance.

Article 33. (1) The investment Intermediary shall fulfil clients' orders under the following conditions:

1. immediate and accurate registration and distribution of received orders for implementation;
2. immediate implementation in the order of receiving identical clients' orders, except where the characteristics of an order or prevailing market conditions make this impossible or the interests of a client require otherwise.

(2) The investment Intermediary shall inform a retail client about any objective difficulties that may have arisen and preventing the correct implementation of orders immediately after finding out thereof.

(3) In the cases where the investment Intermediary has undertaken to organize or monitor the settlement of an order implemented by it on behalf of a client, it shall take the necessary steps to ensure that all client's financial instruments or money received in the settlement immediately and accurately shall be transferred to the accounts of the respective client.

(4) The investment Intermediary shall not have the right to misuse information about outstanding client's orders and shall take all necessary measures to prevent such abuse by any person working under a contract for the investment Intermediary.

Article 34. (1) The investment Intermediary shall perform transactions with financial instruments on the accounts of clients under the best conditions and shall strive to achieve the best result in accordance with an order submitted by a client in accordance with the Investment Intermediary's policy of orders implementation.

(2) The investment Intermediary has fulfilled the obligation to implement an order in the best interest of a client if it has taken sufficient steps to establish the best price for a specific client according to the terms of the order, the amount of the expenses, the speed of the order implementation and settlement, size/volume, nature, as well as any other circumstances

relevant to the implementation of an order, the relative importance of these factors being determined according to the following criteria:

1. the characteristics of the client, including whether being a retail or professional client;
2. the characteristics of the client's order;
3. the characteristics of the financial instruments subject to the order;
4. the characteristics of the implementation venues to which the order may be directed for implementation.

(3) When implementing an order submitted 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 associated with the implementation. Expenditures related to implementation include all costs directly related to the fulfilment of the order, including venue fees, clearing and settlement fees, and other fees and charges paid to third parties involved in the implementation of the order.

(4) In order to achieve the best possible result, where there are more than one competing venues for implementing an order in relation to financial instruments, and in assessing and comparing the results that can be achieved for a retail client while fulfilling an order at any of the implementation venues specified in the Intermediary policy on order implementation that is appropriate for its implementation, the commission of the intermediary and the costs for the execution of the order at each of the possible places for execution shall be taken into account.

(5) The investment Intermediary may not implement orders on behalf of clients if they have not given their prior consent to the policy followed by the Intermediary.

(6) Where an order's implementation policy provides for a possibility clients' orders to be executed also outside a regulated market, a multilateral trading facility or an organized trading system, such orders may be executed only if the Intermediary's clients are informed in advance and have submitted their express consent to this.

(7) The investment Intermediary shall be obliged to execute clients' orders in compliance with the adopted implementation policy.

(8) At the request of a client, the investment Intermediary shall be obliged to prove that it has implemented the orders according to the announced policy.

(9) Upon providing specific instructions by the client, the Investment Intermediary should fulfil the order following these instructions. The Investment Intermediary shall be considered to have fulfilled its obligation to act to achieve the best result for its clients if it has implemented the order or a specific aspect of the order following special instructions from a client. The client shall agree that any special instructions may prevent an Intermediary to take the necessary action to achieve the best result in completing clients' orders in accordance with the order implementation policy for that part of an order to which the special instructions refer.

(10) The provisions of this Article shall not apply to transactions with acceptable counterparties under the conditions of Article 10 (9).

Article 35. (1) The investment Intermediary may execute a client's order or a transaction on its own account, concluded in the cases permitted by the applicable regulations, by combining it with other clients' orders, subject to the policy of separation of orders, part of the Policy of

orders' implementation of the investment intermediary under the following conditions:

1. the aggregation of orders and transactions will not be prejudicial to any of the clients whose orders shall be merged;

2. the investment Intermediary has clarified to each client whose order shall be combined that the merger may be disadvantageous to the client in respect of the specific order.

(2) In cases where the investment intermediary combines a client's order with one or more other client's orders and the combined order is partially executed, it distributes the related transactions - the result of the order's execution, according to the adopted policy for separation of orders.

(3) An investment Intermediary that has merged a transaction on its own account concluded in the cases permitted by the applicable regulations with one or more clients' orders shall not have the right to separate the concluded transactions in a manner which is detrimental to the client.

(4) The investment Intermediary shall apply a procedure for avoidance of reallocation of own-account transactions concluded in the cases permitted by the applicable regulations implemented jointly with clients' orders when this is to a detriment of a client. The procedure under sentence one is part of the policy for the distribution of orders under paragraph (1).

(5) In cases where the investment Intermediary combines a client's order with an own-account transaction concluded in the cases permitted by the applicable regulations and the combined order is partially executed, it shall distribute the transactions on the account of such a client with priority. If the Investment Intermediary can reasonably prove that without the merger it would not be able to fulfil the client's order under such favorable terms or that it could not fulfill it at all, it may allocate the transaction in proportion to itself and the client according to its policy to divide orders.

Article 36. If the investment Intermediary concludes a transaction on terms more favorable than those established by the client, the entire benefit shall belong to the client.

Article 37. The Investment Intermediary may conclude and implement a transaction on the account of a client, negotiating with itself (as a counterparty or as a representative of a counterparty).

Article 38. When a transaction is concluded on a regulated market of financial instruments, a multilateral trading facility or an organized trading system, the rules of the relevant regulated market or multilateral trading facility shall be applied to the conclusion and implementation.

Article 39. (1) The investment Intermediary shall send by the order of Article 61 (1) to a non-professional client for the implementation of whose order it has concluded a transaction, as soon as possible but not later than the first business day following the conclusion of the transaction, a confirmation of the concluded transaction. If the confirmation is accepted by the investment Intermediary through a third party, the notification to the client shall be made not later than the first business day following the day on which the investment Intermediary received the confirmation from the third party.

(2) Paragraph (1) shall not apply if the confirmation contains the same information as the confirmation, which is immediately sent to the client by another person.

(3) Where the transaction is concluded on the account of a professional client, the

investment Intermediary shall immediately submit to it the essential information about the transaction under the procedure of Article 61 (1).

(4) If the settlement is not performed on the specified date or another change occurs in the information contained in the confirmation, the investment Intermediary shall notify the client in an appropriate manner by the end of the business day on which the Intermediary has learnt of such a change.

(5) The investment Intermediary shall provide the client upon request with information about the status of the order and its implementation.

(6) Paragraphs (1) and (3) do not apply to clients' orders for bonds to financing of mortgage lending agreements to which those clients act as a party and the confirmation of the transaction will be made at the same time as information on the conditions under the mortgage loan is being sent, but not later than one month from the implementation of the order.

(7) In the case of orders placed for a non-professional client for shares or stocks of collective investment undertakings, which are carried out periodically, the investment Intermediary shall undertake the actions under paragraph (1) or provide information to the client at least once every 6 months containing the confirmation in connection with these transactions.

(8) In the case under Article 25 (8) the confirmation under paragraph (1), respectively the information under paragraph (3), shall be provided to the client via the electronic system.

Article 40. The confirmation of a concluded transaction that the Investment Intermediary sends to a client is final and binds the client to the transaction, except when there is a clear factual error.

Article 41. (1) In case the investment Intermediary acts on behalf of a client, the rights and obligations arise in the legal sphere of the client upon conclusion of the transaction.

(2) In the event that the investment Intermediary acts on its own behalf, the rights and obligations under the concluded transaction shall arise in the legal sphere of the client upon their transfer.

Article 42. (1) The requirements of Articles 25 to 33, 39 and 40 shall apply respectively in the relations between the investment Intermediary and the client under a contract for providing services under Article 3 (1), point 1, "a".

(2) While performing services under paragraph (1) the investment Intermediary, when transmitting clients' orders to other persons for implementation, shall act in accordance with the best interests of the client, subject to the relevant rules applicable to such activity, part of the Investment Intermediary's implementation policy.

Section III Portfolio management

Article 43. (1) While implementing a contract under Article 5 (1) for portfolio management, the investment Intermediary shall conclude transactions with financial instruments at the expense of the client on its own initiative, without client's orders, in compliance with the clauses of the contract and according to Article 16.

(2) By signing a specific contract, the client shall give their confirmation in advance of any operation or transaction performed by the investment Intermediary under the contract.

(3) The client's financial instruments and money/funds shall be managed entirely at their own expense and risk. In portfolio managing, the investment Intermediary is responsible only for the good faith and competent performance of the contractual obligations, but not for the final financial result achieved for the client.

Article 44. When managing a client's portfolio, the Intermediary applies an appropriate method of valuation and comparison as a common benchmark depending on the client's investment objectives and the types of financial instruments included in the client's portfolio in such a way that the client using the service can assess the implementation of the service rendered by the investment Intermediary.

Article 45. (1) In managing a portfolio, the investment Intermediary shall execute transactions with financial instruments at the expense of clients under the best conditions and shall strive to achieve the best result for the client in conformity with the Investment intermediary policy of order fulfilment and in accordance with the provisions of Article 34.

(2) In case of portfolio management, when the investment Intermediary submits orders for implementation to another person on decisions taken by it for concluding transactions with financial instruments on behalf of a client, it shall act in accordance with the best interest of the client, subject to the respective rules applicable to such activity, part of the Investment intermediary policy of order fulfilment.

Article 46. (1) In the case of portfolio management, the investment Intermediary shall provide on a durable medium a periodic report on the portfolio management activities performed on behalf of the client, unless the same is provided to the client by a third party.

(2) The periodic statement under paragraph 1 shall provide a fair and balanced review of the activities undertaken and of the performance of the portfolio during the reporting period and shall include, where relevant the information under Commission Delegated Regulation (EU) 2017/565.

(3) The periodic statement under paragraph 1 shall be provided once every three months or in another term, specified in the individual contract of the client or in the presence of other regulatory circumstances, which require the provision of information at a shorter term. The IP shall inform the client if the total value of the portfolio, valued at the beginning of each reporting period, is depreciated by 10% and subsequently by multiples of 10% of the value, no later than the end of the business day in which this threshold is exceeded, or if the threshold is exceeded on a non-working day - by the end of the next working day.

(4) The investment Intermediary shall notify the retail client while managing a portfolio on their account when there are uncovered open positions on conditional transactions.

(5) In cases where the IP performs transactions related to portfolio management at the expense of a retail client, including positions in debt-financed financial instruments or transactions with contingent liabilities, the client shall be informed when the initial value of each instrument is depreciated by 10% and subsequently by multiples of 10% values. Reporting shall be performed for each individual instrument, unless otherwise agreed with the client, and by the end of the business day on which this threshold is exceeded, or if the threshold is exceeded on a non-business day - by the end of the next business day.

(6) The investment Intermediary may inform the client that it will perform a periodic valuation beyond the cases of the provision of portfolio management services. In this case, the

periodic report shall contain an up-to-date statement and justification of the way the investment meets the preferences, needs and other characteristics of the non-professional client.

Article 47. In case of portfolio management, the provisions of Articles 37, 40 and 41 shall apply.

Section IV
Clients' orders related to payment of funds and/or transfer of financial instruments

Article 47a. (1) During the term of the contract, the client may at any time issue orders for withdrawal of funds and transfer of financial instruments from their accounts opened with the investment Intermediary. For this purpose, the client shall submit/send to the investment Intermediary respectively:

1. a written notification of the bank account to which the funds are to be transferred or determining the date when they wish to receive the funds at a cash desk in the Intermediary's office;

2. to explicitly indicate the way of transferring their financial instruments to a depository institution, to a client's sub-account with another person, explicitly specified by the client or to a personal account of the client at the depository institution, including by opening a new account;

3. to repay all fees, commissions and other expenses accumulated up to the date of the request/order for withdrawal, respectively transfer of the financial instruments, if these are the last assets of the client in their account with the investment Intermediary, as well as all additional costs such as bank commissions and transfer fees in connection with money/funds withdrawals, respectively transfers of financial instruments.

1. Except for the cases under paragraph (1), item 3, the investment Intermediary shall be obliged, immediately but not later than the following business day and according to the client's instructions to:

2. transfer the client's free cash to the bank account specified in the notification or pay it at a cashier at its office (subject to statutory cash limitations);

(2) implement the client's order under paragraph (1), item 2.

(3) In the cases under paragraph (1), item 3 the client should repay their obligations within 3 working days from the date of the notification under paragraph (1), item 1, respectively the order under paragraph (1), item 2, for which the Investment Intermediary shall explicitly inform the client.

(4) If after the expiration of the term under paragraph (3) the client has not repaid all their obligations at the relevant moment, the IP may automatically offset those against the cash payments due to the client, after which the investment Intermediary shall be obliged to:

1. transfer the client's cash/funds to the bank account specified in the notification or pay it at a cashier desk in its office (subject to statutory cash limitations);

2. to fulfill the order of the client under paragraph (3), item 3.

(5) If, after the offsetting under the preceding paragraph, the client still has

outstanding liabilities, the investment Intermediary shall have the right to retain the financial instruments kept on the client's sub-account until the client pays their duties in full.

Chapter Four Safekeeping of client's assets

Article 48. (1) The investment Intermediary shall maintain accountability and keep accounts for client's financial instruments, funds and other assets provided, respectively acquired in pursuance of the contract under Article 5 (1).

(2) The investment Intermediary shall separate its financial instruments and money from those of its clients.

(3) The investment Intermediary shall not be liable to its creditors with the financial instruments and funds of its clients.

Article 49. (1) The investment Intermediary shall keep the financial instruments of its clients at a depository institution under clients' accounts to the account of the investment Intermediary or to accounts opened with the account of a third party.

(2) The investment Intermediary shall open a sub-account in a depository institution for a client based on the contract under Article 5 (1) and in accordance with the conditions laid down therein.

(3) When opening an account for a client's financial instruments with a third party, the investment Intermediary must take due care of the client's interests in determining that person and while defining the terms and conditions of the contract with them the Intermediary shall keep the client's financial instruments as and periodically, if necessary, but at least once a year, review with the same care the choice of that person and the conditions under which it keeps the financial instruments of the client. In fulfillment of these obligations, the Investment Intermediary shall consider the experience and market reputation of the third party as well as any legislative requirements or market practices related to holding of the relevant financial instruments that may adversely affect the rights of the clients.

(4) The investment Intermediary shall deposit the financial instruments of clients only in persons under paragraph (2) in jurisdictions in which these persons and the activity of storing financial instruments on the account of a third party are subject to special regulation and supervision. Where the Investment Intermediary provides for the storage of financial instruments of a client with a third party in a country where legislation provides for special regulation and supervision of holding financial instruments on behalf of another person, the Investment Intermediary may not submit client's financial instruments for storage with a person in that country which is not subject to the regulations and supervision provided for by local legislation. The investment Intermediary shall not be entitled to deposit financial instruments of a client with a third party under paragraph (2) in a third country where legislation does not regulate holding and safekeeping of financial instruments on behalf of a third party. The restriction under the preceding sentence shall not apply if any of the following conditions are met:

1. the nature of the financial instruments or of the investment services provided in

connection with those instruments requires that they be held with such third party in a third country;

2. a professional client has requested in writing that its financial instruments be held with such third party in a third country.

(5) The requirements under paragraph (4) shall also apply to the assignment on behalf of the person under paragraph (2) of important operational functions related to the holding and safekeeping of financial instruments, to a third party. The Investment Intermediary shall undertake the necessary actions to ensure that the storage of financial instruments of its clients with a third party is conducted in a manner that ensures that the client's financial instruments shall be identified separately from the financial instruments of the investment Intermediary and the third party by keeping accounts with a different denomination in the accounts of that third party or by the application of other equivalent measures providing the same level of protection. In the event that the law applicable to the activity of such third person does not allow that party to comply with the requirements of the preceding sentence, the Investment Intermediary shall undertake appropriate measures to safeguard the client's rights in relation to the financial instruments held with the third party, including by opening separate accounts, other than its own account, clients' accounts for financial instruments that the third party maintains in the name of the investment intermediary, but on behalf of another.

Article 50. If, pursuant to the contract under Article 5 (1) the client provides the investment Intermediary with dematerialized government bonds/securities issued by the Ministry of Finance, they shall be kept in the registers of the Bulgarian National Bank, respectively of a primary dealer of government securities, in the name of the client or of the investment Intermediary as stipulated in the contract and in compliance with the requirements of the statutory instruments regulating government debt.

Article 51. (1) The investment Intermediary shall accept payments in cash from clients for the provision of investment and/or additional services, as well as funds needed for payment for a transaction in financial instruments, respectively make payments to clients, while observing the requirements for limiting of cash payments.

(2) The investment Intermediary shall deposit money/funds provided by clients or received as a result of investment services carried out on their behalf at a central bank, a credit institution licensed to operate under the Credit Institutions Act respectively according to the requirements of Directive 2013/36/EU; or in a third country, or a qualified money market fund at the latest by the end of the next business day.

(3) The investment Intermediary shall consider the need for diversification of the clients' funds, stored with a person under paragraph (2), and where appropriate, shall deposit them in more than one person to protect clients' rights. The investment Intermediary may deposit the cash resources of its clients in the persons under paragraph (2) which is a related person to the Intermediary only if the clients have given a written consent for this.

(4) If the client's funds are deposited with a credit institution, the same shall be kept on individual accounts of the clients or on clients' accounts to an account of the Intermediary.

(5) The investment Intermediary that deposits client's funds in a person under paragraph (1), must take due care of the client's interests when choosing such a person and

determining the conditions under the contracts concluded for safekeeping client's funds, and periodically, but at least once a year, shall review with the same care the choice of such a credit institution, respectively a qualified money market fund, and the conditions under which it shall hold the client's money. In fulfillment of these obligations, the Intermediary shall consider the experience and market reputation of that person under paragraph (2) to ensure the protection of the client's rights as well as any legal or regulatory requirements or practices related to keeping financial funds that may adversely affect the rights of clients.

(6) The investment Intermediary shall have the right to deposit the client's funds in a qualified fund in the money market only if the client expressly agrees in a written form on such means of safekeeping the money provided by them after having been informed in writing by the investment Intermediary, that their funds will not be kept in accordance with the requirements for protection of clients' cash under Ordinance No. 58 and the MiFIA.

(7) The investment Intermediary shall undertake the necessary actions to ensure that clients' funds deposited pursuant to paragraph (2) shall be kept on individual accounts or account of clients, apart from the investment Intermediary's funds. In the contract concluded between the investment Intermediary and the person under Article 93 (1) of the MiFIA, it is explicitly stated that client's funds shall be kept in an opened account and that these funds shall not be subject to attachment for obligations of the investment Intermediary. In case the applicable legislation to the activity of the person where funds are deposited shall not allow compliance with the requirements of the preceding sentences, the investment Intermediary shall take appropriate measures to guarantee the rights of the client in relation to the deposited funds, including by opening a common account for clients' money, which such a person shall keep in the name of the investment Intermediary but on a someone else's account.

Article 52. (1) Except in the cases specified by Ordinance No. 58, the investment Intermediary shall not have the right to use:

1. at its own expense the cash and financial instruments of its clients;
2. on the account of its client, funds or financial instruments of other clients;
3. on the account of a client its own cash or financial instruments.

(2) The investment Intermediary shall not have right to enter transactions for securities financing with financial instruments held by clients or otherwise to use such financial instruments on its own account or on behalf of another client unless that client has given their consent for the use of their financial instruments under certain conditions, and the use of financial instruments shall be subject to these conditions. The consent under the preceding sentence must be given in writing and kept on a durable medium.

(3) The investment Intermediary shall not have right to conclude transactions for the financing of securities with financial instruments of clients held in a joint clients' account (omnibus) with a third party, or otherwise to use for its own account or for the account of another client such financial instruments. The prohibition under sentence one shall not apply in the case of compliance with the requirements of paragraph (2) and at least one of the following conditions:

1. all clients whose financial instruments are kept together in an omnibus account have given their consent in advance for this purpose in accordance with paragraph (2);

2. the investment Intermediary has established procedures ensuring that only financial instruments of clients that have previously explicitly agreed to do so in accordance with paragraph (2) as well as control mechanisms for compliance with this requirement.

(4) In the cases under paragraph (3) in the accounting records kept by the investment Intermediary shall be included information about the client on whose orders the financial instruments were used, as well as the number and type of financial instruments used by each client with a view to a correct allocation of possible losses.

Article 53. (1) The investment Intermediary shall keep accounts and records of financial instruments and money funds of clients in a way that:

1. allows at any time to immediately distinguish the assets held for a client from the assets of the other clients of the investment Intermediary as well as from the investment Intermediary's own assets;
2. accurately reflects the financial instruments and cash held for clients;
3. to be possible the accounts to be documentary traceable (audit trail).

(2) The investment Intermediary shall regularly balance its accounts and records under paragraph (1), with those, kept by third persons under Article 49 (1) or Article 51 (2), where the assets of the Investment Intermediary and its clients shall be held, whereas for the money the balance shall be done daily and for the financial instruments shall be on regular basis but not less than once a week and shall be done in the order and the manner defined in the internal rules of the Investment Intermediary.

Article 54. (1) The investment Intermediary shall notify its retail clients or potential retail clients by which third party and where the money and/or financial instruments provided to the IP may be stored. The notification under sentence one also shall include an indication of the investment Intermediary's liability under national law for any act or omission by the person holding the client's money and/or financial instruments and the consequences for the client in case of insolvency of such person.

(2) The investment Intermediary shall notify its retail clients or potential retail clients of the possibility that their financial instruments may be held in a joint account with a third party where national law allows for such possibility. The Investment Intermediary shall notify its non-professional clients or potential non-professional clients of cases where national law does not allow for client's financial instruments held by a third party to be separated from the financial instruments of that third party or the Investment Intermediary. The notices must also contain an explicit indication of the risks to the client arising from the circumstances under the preceding sentences.

(3) The investment Intermediary shall explicitly notify a client or a potential client where the accounts containing their money and financial instruments are or will be subject to the law of a non-member state. The notification must indicate that the client's rights related to financial instruments or cash may differ due to applicability of the law of a third country.

(4) The investment Intermediary shall explicitly notify the client of:

1. the existence of a right to security/collateral or lien on client's money or financial instruments for the Investment Intermediary and the conditions under which such right arises

or may arise;

2. the existence of a right to set-off client's money or financial instruments for the investment Intermediary and the conditions under which such right arises or may arise;

3. the existence and terms and conditions under which the Investment Intermediary has or may have a set-off in respect of client's financial instruments or money;

4. the possibility for the depository institution to be entitled to collateral, a right of retention or set-off of client's financial instruments or money, where applicable.

(5) Before entering into a transaction for financing securities in order to deal in financial instruments held on the account of a non-professional client or before using these financial instruments in any other way for its own account or for the account of another client, the investment Intermediary shall provide to the unprofessional client under the procedure of Article 61 (1) and within a reasonable time before using the financial instruments, clear, complete and accurate information about the Intermediary's obligations and responsibilities regarding the use of the financial instruments, including the conditions for their return and the associated risks.

(6) In case the applicable law to the activity of the person holding the deposited client's funds, does not exclude the possibility to take actions including offsetting, providing collateral as well as other actions in respect of its financial instruments and/or cash means that a third party acquires the right to dispose of the client's financial instruments and/or cash to satisfy a claim that is not linked to the client's obligation or the services provided by Investment Intermediary to the client, the Intermediary shall provide clients in a timely manner with sufficient information about the existence of such a risk.

Article 55. (1) Where the Investment Intermediary holds money or financial instruments of a client, it shall provide them pursuant to Article 61, paragraph 1 quarterly, a statement under Article 63 of Delegated Regulation (EU) N^o 2017/565, unless the content of this statement is reflected in another periodic statement to the client. At the request of the client, the Investment Intermediary shall provide this statement more often for a fee determined on a commercial basis.

(2) An investment Intermediary that holds financial instruments or funds to clients and provides service of portfolio management may include the report under paragraph (1) in the content of the report under Article 46 (1).

Article 56. The investment Intermediary shall notify its client, where an obligation arises pursuant to Article 145 of the Public Offering of Securities Act at the latest by the end of the first business day following the day on which, in respect of the client's financial instruments held by the investment Intermediary, a circumstance under Article 145 (1) of the same law has occurred as a result of transactions carried out by the investment Intermediary with financial instruments for the account of the client, portfolio management.

Article 57. (1) The assets of clients that the investment Intermediary holds, administrates or manages for their account shall be guaranteed by the Investor Compensation Fund against the impossibility for the investment Intermediary to return the assets for reasons directly related to its financial position in the following cases:

1. Insolvency proceedings have been opened against the investment Intermediary;

2. The FSC has withdrawn the license of the investment Intermediary on the grounds of permanently degraded financial position and inability of the investment Intermediary to perform its obligations.
3. The FSC has established by decision pursuant to Article 77b (2) of the POSA that the following conditions are simultaneously met:
 - 3.1 the financial instruments and/or the funds held by the investment Intermediary for the account of its clients are not available in the relevant accounts for reasons other than the performance of contractual relations with clients; and
 - 3.2 in the opinion of the commission at this time the investment intermediary is unable for reasons directly related to its financial position to repay money to clients, respectively to recover the financial instruments and will not be able to do so in the short term.

(2) The client shall be entitled to compensation amounting to 90 per cent of the value of the receivable, determined on the date of occurrence of the circumstance under paragraph (1), but not more than BGN 40 000 (BGN 24 000 until 31.12.2007, from 01.01.2008 to 31.12.2009 - BGN 30 000). For defined in Article 77d (2) of the Public Offering of Securities Act categories of clients, including professional clients, no compensation shall be paid. No compensation shall be payable as well for receivables arising from and/or related to money laundering transactions and actions for which the perpetrator has been convicted by a judgment which has the force of *res judicata*.

(3) Upon conclusion of the contract under Article 5 (1), the investment Intermediary shall notify the client of the existing system for compensating investors in financial instruments, including its scope and the guaranteed amount of the client's assets, and shall also provide them with data on the terms and procedure for compensation of client's assets by the Investor Compensation Fund.

(4) The investment Intermediary shall also provide additional information within the scope under paragraph (3) upon request by the client

Article 57a. (1) The investment Intermediary shall not enter into financial collateral contracts with retail clients with a transfer of property rights on collateral in order to secure present, future, defined, contingent or expected obligations of the client.

(2) The investment Intermediary shall have the right to enter into a financial collateral agreement with the transfer of ownership of the collateral with a professional client in the cases of client's obligations to the Investment Intermediary where the subject of the collateral is the client's assets only if, based on the analysis under paragraph (3) the conclusion is that this agreement is appropriate for the client and the client has given his explicit consent in advance for the use of their assets.

(3) The investment Intermediary shall prepare a written analysis of the feasibility of such a contract considering the following factors and that analysis shall include:

1. whether the relationship between the client's obligation towards the Intermediary and the use of the financial collateral arrangement by transferring ownership rights of the collateral is weak, including whether the probability of a client's liability to the Intermediary may be low

or insignificant;

2. whether the amount of money resources or financial instruments of the client subject to the financial collateral agreement with the transfer of ownership rights of the collateral significantly exceeds the client's obligation or is unlimited, including whether such collateral is provided without the client having an obligation to the Intermediary, and

3. whether the financial instruments or funds of all clients are subject to financial collateral agreements with the transfer of ownership rights of the collateral regardless of what obligation each client has to the Intermediary;

4. whether the financial collateral agreement with the transfer of ownership of the collateral is appropriate for the client;

5. What are the risks and the effect on the client's financial instruments and money from the conclusion of such an agreement.

(4) The investment Intermediary shall inform the professional clients and the acceptable counterparties about the risks and the effect on the client's financial instruments and money resources from the respective agreement for financial collateral by transferring ownership rights of the collateral.

Chapter Five

The activity of a registration agent

Article 58. (1) The investment Intermediary shall act as a registration agent on the basis of a written contract with a client when submitting to the respective depository institutions data and documents for registration of:

1. transactions in financial instruments, concluded in advance between the parties;

2. transfer of dematerialized financial instruments upon donation and inheritance;

3. change of data for holders of dematerialized financial instruments, correction of incorrect data, issuance of duplicates of supporting documents and other actions provided for in the rules of the respective depository institution

(2) In the cases under paragraph 1, the persons, respectively their representatives, shall sign the necessary documents in the presence of a person under Article 6 (1) after their identity has been verified by the order of the Measures Against Money Laundering Act and the regulations for its application.

(4) The investment intermediary may perform an inspection in a central securities depository for the financial instruments held by a person, with which no contract has been concluded under Article 58 (1), based on a written request in respective application of Article 58 (2).

(5) The contract under paragraph (1) may be concluded in accordance with of Article 6a - 6c.

(6) The transferor and the acquirer of the financial instruments may be represented before the investment Intermediary acting as a registration agent by persons explicitly authorized by means of a notarized power of attorney, observing the requirements under Article 5 (4).

(7) The investment Intermediary shall refuse to conclude a contract under paragraph (1), if:

1. not all the necessary data and documents are available, the submitted documents contain obvious irregularities or there are inaccuracies and inconsistencies in the data;
2. there is a suspicion of improper identification or representation.

(8) At the request of the seller and with the consent of the buyer in the purchase and sale of dematerialized financial instruments under paragraph (1), item 1, the amount representing the sale price of the transaction shall be deposited with the investment Intermediary – a registration agent until the registration of the transaction with the Central Depository by applying the rules for safekeeping of client funds, respectively. The investment Intermediary shall notify the parties of the transaction of this opportunity.

Chapter six Remuneration

Article 59. (1) The investment Intermediary shall announce in its tariff the standard commission under the contracts with clients as well as the type and amount of the expenses for the clients if they are not included in the remuneration. The amendments and supplements to the tariff shall enter into force for the client if the latter has been notified thereof according to Article 61 and within a given sufficient time, the client did not state in writing that he rejected them.

(2) The client shall be obliged to pay to the investment Intermediary remuneration for each executed transaction according to the tariff under paragraph (1) and in accordance with the terms and conditions agreed in the particular contract between the parties.

(3) Where the investment Intermediary undertakes to be personally responsible for the fulfillment of the obligations of a third party in a transaction concluded in the interest of the client, it shall also have the right to additional remuneration, which shall be agreed in writing between the parties.

(4) The investment Intermediary shall have the right to an extra remuneration, which shall be agreed in writing, for the amounts collected by him to the client.

(5) In case of mediation, the investment Intermediary shall be entitled to remuneration by both parties to the transaction.

(6) The expenses of the client, which are not included in the remuneration of the investment Intermediary according to the tariff under paragraph (1), shall be determined by the specific contract or by an Annex to it.

(7) The due remuneration from the clients is collected and accounted for with the settlement date on a daily basis.

(8) The non-cash payment shall be deemed to have been made at the moment when the investment Intermediary's bank account has been credited.

(9) In case of an objective impossibility to implement a separate transaction, the client shall owe the expenses and remuneration incurred by the investment Intermediary, respectively

the work completed by it.

Chapter Seven

Exchange of information between the parties. Language

Article 60. (1) In its relations with clients, the investment Intermediary establishes the Bulgarian language as a language for conducting correspondence, providing documents, making notifications, and any other type of information exchange.

(2) In the specific contracts under Article 5 (1), one or more other languages may be established as well to be used for information to be exchanged between the Parties.

(3) In the relations of the Investment Intermediary's branch in Poland with clients, local regulatory and supervisory bodies, the exchange of information under paragraph (1) may be carried out in Polish.

(4) In the absence of special requirements in a legal act, these general conditions or the contract concluded between the parties, the parties may exchange information in written or oral form. The investment Intermediary shall store the received and sent written information as well as the records of telephone conversations with a client and electronic correspondence between the parties in connection with the implementation of the contract under Article 5 (1).

(5) The Intermediary shall provide the client once a year with a summarized information on the expenses and the fees according to Article 71 (6) of the MiFIA, which shall include:

1. all costs and charges for investment and ancillary services, including investment advice;
2. costs related to the financial instrument recommended, offered or sold to the client;
3. the way of payment of the expenses and the fees;
4. all payments to third parties.

(6) The information under paragraph (5) shall be presented in such a way that the client shall understand the general costs as well as their overall effect on return on investment, including the possibility of requesting a detailed breakdown of expenditure by types.

(7) The investment Intermediary shall provide the client with reports on the services rendered on a durable medium pursuant to Delegated Regulation (EU) No 2017/565. The reports shall include information that is consistent with the type and complexity of the financial instruments concerned and the nature of the service provided, as well as information on the costs associated with the transactions and services performed on behalf of the client.

Article 61. (1) In fulfillment of an obligation under the General terms and Conditions of the investment Intermediary to provide information, it shall be provided on a durable medium – on paper form or in another way, for which the following requirements shall be met:

1. providing information in this way shall be appropriate in view of existing or forthcoming relationships with a client;
2. the client has explicitly opted for this way of providing information delivered on paper.

(2) Where information is provided to clients through the Intermediary's website and is not addressed to a particular client, it should meet the following conditions:

1. the provision of information in this way is appropriate in view of existing or forthcoming relationships with a client;
2. the client has expressly agreed to this way of provision of the information;
3. the client is informed by electronic means of the address of the Intermediary's website and the place where the information is to be found;
4. the information is up to date;
5. the information is continuously available on the Intermediary's website for the time it is usually necessary for clients to become acquainted with it.

(3) The provision of information by electronic means of communication is considered appropriate in view of existing or forthcoming relations with a client if there is evidence that the client has regular access to the Internet. It is considered that the client has regular access to the Internet if he provides an e-mail address for the needs of established relations with the investment Intermediary.

Chapter Eight Responsibility

Article 62. (1) The liability of the parties for non-performance of their contractual obligations shall be determined by the specific contract and the Investment Intermediary shall not be liable for the final financial result achieved by the client.

(2) The IP shall not be liable for damages and/or lost profits from a client as a result of delay or impossibility to implement their order, as a result of intentional or involuntary action of the client or a third party.

(3) The client shall conscientiously take the full and complete risk related to any transaction in financial instruments that the Intermediary has fulfilled or is in the implementation of a client's order or in the management of the client's portfolio, respectively the Intermediary could be liable for damages suffered by the client, only when those are caused by wrongdoing or gross negligence on behalf of its employees.

Chapter Nine Settlement of disputes and order for handling clients' complaints

Article 63. Disputes arising between the parties concerning the interpretation and implementation of these General terms and Conditions and the specific contract shall be settled by mutual agreement and, if that is not achieved, the dispute shall be settled by the competent court.

Article 63a. (1) Clients may lodge complaints to the investment Intermediary in connection with the services provided, either in person or through an authorized

representative with an explicit power of attorney certified by a notary.

(2) Complaints shall be received in writing or by e-mail every working day from 9 am to 5 pm, as follows:

- at the address of management of the investment Intermediary: 6 Dobrudzha Street, floor 3, Sofia 1000;
- at the address of the branch of the investment Intermediary in the Republic of Poland: Warsaw, PC 00-697, "Al. Hierosolimskie" 61;
- electronically: office@intercapitalmarkets.com.

(3) The client may explicitly specify the preferred form of reply, or else the form of the answer shall be determined by the investment Intermediary according to the way the complaint is received.

(4) The complaint shall contain data allowing the identification of the client or their representative (name, second name and surname and person's quality to act as, account number), full description of the event, client's remarks, and specific requests.

(5) The investment Intermediary may contact the client to further clarify the circumstances or supplement unclear information, informing the client that if the information is not submitted, this could hinder the proper handling of the complaint.

Article 63b. (1) The submitted complaint shall be considered by the investment intermediary according to the Section "Procedure for consideration of received complaints" of the Investment Intermediary's Rules for internal organization.

(2) The complaint shall be considered within 10 working days of its due receipt, respectively from the provision of the additional information according to Article 63a (5) of the General terms and Conditions. In the case of factual and legal complexity, the review period shall be 15 working days.

(3) After the examination of the complaint, a written response shall be sent to the sender describing the measures undertaken.

Chapter Ten Unsettled matters

Article 64. (1) Other terms and conditions not specified in these General conditions, as well as the remuneration of the investment Intermediary and the costs for the client, not included in the remuneration, when not determined in accordance with the tariff under Article 59, shall be determined by the contract under Article 5 (1).

(2) For any issues unsettled in the present General terms and Conditions and the specific contract with the client under Article 5 (1) the current Bulgarian legislation shall apply, and in the case of contracts concluded by the branch of the Intermediary in the Republic of Poland – and the current Polish legislation in force.

Final provisions

§ 1 The General terms and Conditions are drawn up in accordance with the requirements of the Markets in Financial Instruments Act and Ordinance No 38 on the Requirements to Activities of Investment Intermediaries.

§ 2 The General Terms and Conditions were adopted at a meeting of the Board of Directors of the Investment Intermediary "Intercapital Markets" AD held on 19.11.2021 and repeal the existing ones, currently in force, which were adopted on 17.05.2018 and have been applied since June 17, 2018.

§ 3 (1) After their approval by the FSC, the General terms and Conditions shall apply to contracts with clients concluded from 23.12.2021 onwards.

(2) The General conditions shall also apply to contracts with clients concluded before 23.12.2021, if the clients under these contracts have been notified by posting prominently on the investment Intermediary's website not less than one month before the date of entry into force (Article 4a (3)) and if the clients have not objected to them before the date of their entry into force (Article 4a (4)).

(3) In the event that the clients under contracts concluded before 23.12.2021 disagree with the changes to these General terms and Conditions, within the period referred to in the preceding paragraph they have to object in writing to the Investment Intermediary, as a result of which the concluded contracts shall be terminated in accordance with the procedure under Article 4a (5) of these General terms and Conditions and the client shall not be liable for any damages and expenses, except for the expenses related to the assets owned by them.