
**GENERAL BUSINESS TERMS APPLICABLE
TO THE CLIENTS' AGREEMENTS OF
INVESTMENT BROKER
"INTERCAPITAL MARKETS" AD**

Chapter I General
Provisions

Art. 1. The present General Business Terms shall regulate the rights and obligations of Investment Broker "Intercapital Markets" AD, called hereinafter "investment broker" and those of its clients in relation to the investment services and activities carried out by the investment broker under Art. 6, para 2 and 3 from the Law on the Markets in Financial Instruments (LMFI) by virtue of its license regarding the services in activities in question.

Art. 2. (1) IB "Intercapital Markets" AD is a joint-stock company having its headquarter at the city of Sofia and its management office at 6 "Dobrudja" St., fl. 3, 1000 Sofia, telephone number: 00359 2 9210510, fax: 00359 2 9210521, e-mail: office@intercapitalmarkets.com.

(2) IB "Intercapital Markets" AD has been registered in the Commercial Register of the Registry Agency, with UIC 131057477.

(3) The investment broker's scope of activity is as follows:

1. Providing investment services and conducting investment activities by occupation on the territory of Bulgaria and abroad as follows:

1.1. reception and transmission of orders in relation to one or more financial securities, including agency for conducting deals with financial securities;

1.2. execution of orders on account of clients;

1.3. management of portfolio;

1.4. provision of individual investment advice to a client;

1.5. offering of securities for initial sale without unconditional and irrevocable obligation for acquiring of the securities for own account.

2. Conducting on the territory of Bulgaria and abroad the following additional services:

2.1. safekeeping and administration of financial instruments for the account of clients, including custodianship (keeping of client securities and funds at a depository institution) and related services such as cash/collateral management;

2.2. granting loans to an investor to allow him to carry out transactions in on or more financial securities, where the firm granting the credit or loan is involved in the transaction on conditions specified in an Ordinance;

2.3. advice to companies on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;

2.4. investment research and financial analysis or other forms of general recommendation relating to transactions in securities;

2.5. services related to the offering of securities for initial sale without unconditional and irrevocable obligation for acquiring of the securities for own account.

(4) IB "Intercapital Markets" AD is licensed to carry out investment firm's activities within the territory of Republic of Bulgaria and abroad by virtue of Resolution № 39 - IP/19.02.2003 by the Public Commission of Securities. IB "Intercapital Markets" AD has received a new license authorizing the company to carry out the investment services and activities, as well as the ancillary activities, included in its scope of activity by virtue of Resolution № 119 - IP/14.02.2006 by the Financial Supervision Commission. IB "Intercapital Markets" AD is recorded in the register of the investment firms at the Financial Supervision Commission under № RG-03-0204/24.02.2006.

(4a) IB "Intercapital Markets" AD has an active branch in the territory of the Republic of Poland, through which the firm provides services under Art. 3, para. 1, p. 1 b. "b" and p.2 b. "a" and b. "d" of these General Terms and Conditions according to a notification letter from the Financial Supervision Commission of Bulgaria with Ex. № RG- 03-204-10/ 26.02.2014, and the transmittal letter to the Financial Supervision Commission of Bulgaria with Ex. № RG- 03-204/5- 17.02.2016.

(5) The monitoring of the activity of IB "Intercapital Markets" AD shall be carried out by the Financial Supervision Commission (FSC), having its seat and address at: the City of Sofia, 1000 "Budapest" St. № 16. The activity of the IB's branch in the Republic of Poland is monitored by the Polish Financial Supervision Authority, with headquarters: Plac Powstańców Warszawy 1, 00-030 Warsaw.

(6) IB "Intercapital Markets" AD is a member of the "Bulgarian Stock Exchange - Sofia AD" (adopted at a meeting of the Board of Directors of the "Bulgarian Stock Exchange - Sofia AD" in March 2003), member of the Warsaw Stock Exchange - GPW (adopted at a meeting of the Board of Directors of the "Warsaw Stock Exchange - GPW" in December 2010) and member of "Central Depository" AD as from 20.03.2003.

Art. 3. (1) IB "Intercapital Markets" AD sets these General Business Terms for the execution of the following services and activities in accordance with Art. 6, para 2 and 3 from the LMFI for account of clients:

1. Investment services and activities:

- a. reception and transmission of orders in relation to one or more financial, including mediation for dealing in securities in relation of securities;
- b. execution of orders on behalf of clients;
- c. portfolio management;
- d. investment advice;
- e. offering of securities for initial sale without unconditional and irrevocable obligation for acquiring of the securities for own account.

2. Additional services:

- a. Safekeeping and administration of financial instruments for the account of clients, including custodianship (keeping of client securities and funds at a depository institution) and related services such as the management of cash inflows and collateral provided, with the exception of centralized securities account keeping in accordance with Section A, point 2 of the Annex to Regulation (EU) No 909/2014;
- b. Granting loans to an investor to allow him to carry out transactions in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
- c. advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
- d. foreign exchange services where these are connected to the investment services provided;
- e. investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;
- f. services related to the services under point 1, letter "e" ;

(2) When carrying out services and activities under point 1, letters "b" and "c" for account of clients, IB "Intercapital Markets" AD may deal in financial instruments on own account (under the circumstances set in Art. 6 from Ordinance № 50 on the Capital Adequacy and the Liquidity of the investment brokerage and the monitoring of their compliance) as a counterparty to a client whose orders are being executed with the deal on account of the IB or whose portfolio is being managed with it.

(3) IB “Intercapital Markets” AD shall provide investment advice or portfolio management to a client only on the occasion that it has an employment contract with an investment consultant.

Art.4 (1) A client is a physical or legal entity that uses investment and/or additional available services of the IB “Intercapital Markets” AD.

(2) Clients of IB “Intercapital Markets” AD are classified as nonprofessional clients, professional clients or acceptable counterparts defined by the terms and criteria, described in the “Rules for client categorization” accepted by the Board of Directors (BOD) of the IB.

Art. 4a. (1) Upon conclusion of a contract under the provisions of Chapter II below the IB provides the customer the general terms and the tariff, as the customer declares that he is familiar with them and accepts them. The agreed terms and tariff are an integral part of the contract between the firm and the client. The investment intermediary creates a record for each client, in which it stores the contract and all documents related to the provided investment services to the client.

(2) The general terms and tariff are displayed on a visible and accessible place in the room in which the firm accepts clients and are published on the website of the IB.

(3) Any amendment and addition of the general terms and/or tariff containing information on the date of their adoption and entry into force shall be published prominently on the website of the firm within a period not less than one month before they put into force.

(4) Upon disagreement with the amendments and the addition to the general terms and/or tariff, the customer has the right to terminate the contract without notice before the date of entry into force of the general conditions and/or tariff, without liability for damages and expenses, with the exception of costs related to the holding of assets.

(5) Upon termination under the preceding paragraph the IB governs its relationship with the customer within seven days of the receipt of the notice of termination in appropriate application of the procedure under Art. 12a para. 2-7 of these general terms.

Art. 4b. When providing investment services other than the provision of investment advice to a new non-professional client, the IB shall provide on paper or on another durable medium information about the fundamental rights and obligations of the client and the IB.

Chapter II Agreement

Art. 5. (1) The investment broker shall provide investment and ancillary services under Art. 3, para 1 for account of the client on a basis of a written agreement with the client.

(2) The client may conclude the agreement under para. 1 through a legal representative or a proxy.

(3) Where the agreement under para 1 is concluded by the client through a legal representative the latter shall provide the investment broker with the documents certifying the authorization by the client for carrying out management or disposing actions in respect of financial instruments of the client. The investment broker shall keep in its archive notarized copies of the documents under the previous sentence. The certification is done by the client/legal representative and the person under Art. 6 para.1 and/or para. 2, which concludes the contract for the firm, with the laying of the words "true with original", date and signature.

(4) The conclusion of the agreement under para. 1 through a proxy shall be acceptable only if the proxy presents a notarized power of attorney which constitutes the authorization for carrying out management or disposing actions in respect of financial instruments, along with a declaration by the proxy that his main activity is not dealing in financial instruments, as well as that he has not concluded such deals within one year prior to the conclusion of the agreement. The investment broker shall keep in its archive the declaration and the original power of attorney or a notarized copy of the latter under the previous sentence. In case the power of attorney constitutes authorization for repeated operations, the investment broker shall keep a copy of it, certified by the proxy and an officer from the Internal Control department of the investment broker.

(5) The investment broker shall keep in its archive a copy of the client's ID, of the representative's ID respectively, certified by them and by the person under Art. 6, who concludes the agreement on behalf of the investment broker, with the text "identical to the original", date and signatures.

Art. 6. (1) The investment broker shall conclude agreement under Art. 5, para. 1 only through natural persons who work with it by virtue of an employment contract and are:

1. brokers, or
2. entities that meet the requirements under Art. 3, para. 1, point 1 - 6 from Ordinance № 7/2003 on the requirements which shall be met by entities dealing directly and by virtue of a contract in financial instruments and providing investment advice in respect of such financial instruments, as well as on the order for acquiring and revocation of the right to exercise these activities (Public Gazette, issue number 101 from 2003) and registered in the register of the investment firms at the CFS under the investment broker's account.

(2) The investment firm may conclude contracts under Art. 5 para.1 and to accept orders from clients and from the managers, the executive members of the governing body, the procurators of the firm.

(3) The client, respectively his representative, shall sign the agreement under Art. 5, para 1 in the presence of a person under para. 1, and/or para. 2 after the client's identity or that of his representative has been ascertained as well as the authorization by the client to his representative in case the agreement is being concluded through such, unless the contract is concluded under the Law on Electronic Document and Electronic Signature (LEDES).

(4) The verification of the identity of the client when a contract is being concluded by exchanging electronic messages signed with a digital signature is carried out under Art. 6a.

(5) The investment broker shall conclude agreements under Art. 5, para. 1 only at the management address, branch or office, registered in the register of the investment firms at the CFS, unless the contract is concluded according to Art. 6a, Art.6b and Art. 6c.

Art. 6a, (1) The contract under art. 5, para 1 could be concluded remotely via the exchange of electronic statements signed by electronic signature pursuant to Art. 13 LEDES.

(2) In the cases under para. 1 the IB verifies the identity of the client or his representative, provided under para. 1:

1. a copy of the identity document for an individual client, and for clients - legal entities - and a copy of the identity document of the client's representative and copies of business registration documents containing information on the existence and representation of the legal entity. For a client - Bulgarian company or non-profit legal entity, the broker is obliged to carry out a check in the respective public register kept by the Registry Agency to determine the current status and representation of the client; and

2. document, containing data including credit and/or debit card issued by a credit institution meeting the requirements of para. 7 and/or a document certifying the charging or payment of service; the documents mentioned in the previous sentence must be distinguished holder of the account, respectively the lot.

(3) Where the contract under para. 1 was signed by qualified electronic signature para. 2 pt. 2 may not apply in which case the electronic signature is verified, it must be valid in accordance with legal requirements.

(4) In order to verify the identity of the client the IB may request additional information and/or documents. The IB is responsible for the proper identification of the customer and to make every reasonable effort to establish the identity of the client. The Client is obliged to notify immediately the Investment broker of any change in the circumstances in which it was initially identified as a Client and the Investment broker shall not be liable for any damages and/ or missed benefits resulting from the Client's failure to fulfill its obligations to identify and update the Identification.

(5) The person under Art. 6 para. 1 and/or para. 2 checks whether the requirements under para. 1-3 are met.

(6) The provision of all necessary information by the customer pursuant to these General Terms and Decree № 38 on the requirements of the IB, as well as the provision of information from the client necessary for the evaluating of the appropriate service can be done by electronic statement signed by the client with a digital signature.

(7) The document under par. 2 pt. 2 shall be issued by a credit institution authorized in a member state of the European Union or party to the Agreement on the European Economic Area. A credit institution that issued the document under para. 2, can be also based in a country member of the Financial Action against Money Laundering (FATF), the Asia-Pacific Group on Money Laundering (APG), the Eurasian Group on combating money laundering and financing of terrorism (EAG) or the Committee of experts on the evaluation of the measures against money laundering (MONEYVAL) of the Council of Europe.

(8) When the contract is not concluded by the use of qualified electronic signature, remittances in connection with obtaining and providing investment and ancillary services to the client contract under par. 1 shall be made only to and from a payment account held by a credit institution under par. 7, which the customer holds.

(9) It is not allowed to conclude a contract under this Article by proxy.

Art. 6b. (1) The contract under art. 5 para 1 could be concluded impersonal by the means of exchanging the necessary documents, signed by the parties, under the following condition that the Client holds a bank account, opened in a credit institution and complying with the requirements of art. 6a, para. 7. The Client, or his representative, sends to the IB the signed contract, which is an original document issued by the corresponding credit institution stipulating that the Client holds that bank account, and a verified copy of their identification document, while for legal entities must also send a verified copy of the commercial registration, including information indicating the formation and representation of the entity. Certification is done by applying the text "true to original", date and signature of the client.

(2) The transactions of funds in connection with receiving or providing investment and additional services from the client, according to a concluded contract under para. 1, are executed only through the bank account, opened in a credit institution, specified in art. 6a, para. 7, which the client holds.

(3) It is not allowed the conclusion of a contract under the order of this article through a proxy.

Art. 6c. (1) The contract under art. 5 para 1 could be concluded impersonal through an exchange of the necessary documents, on paper, signed by the parties, where the client puts his signature in the presence of a notary who verifies this condition. The provision of all necessary information from the client according to these General Terms and Ordinance No 38 for the requirements to the IB's, as well as the provision of information from the client, which is necessary for the valuation of the appropriate service, could be done by the client from distance by signing the necessary documents in the presence of a notary.

(2) The client, or their representative, sends the IB the signed with a notarized signature contract, a certified copy of their identity document, and for clients - legal entities - a certified copy of the commercial registration documents containing information on the formation and representation. Confirmation of the identity document and documents for business registration is done by putting the text "true to original", date and signature of the client.

Art. 7. (1) The investment broker shall conclude the agreements under Art. 5, para 1 with its clients along with the present General Business Terms. The agreement may include additional terms or certain clauses that deviate from the general terms only on the occasion that they do not contravene any imperative legal regulations. In case such clauses or terms are incorporated in the agreement, those shall apply in the relations between the investment broker and the client, originating from the agreement and not the corresponding clauses from the general terms they contradict.

(2) At the conclusion of an agreement under Art. 5, para 1 with a nonprofessional client, the investment broker shall, pursuant to Art. 61, provide the latter with information on the essential rights and obligations of the client and the investment broker, the terms of the agreement that shall be concluded, as well as all the other information required under Art. 8, para 1 of Ordinance № 38 on the requirements to the investment firms' activity (Ordinance № 38), by presenting the following documents:

1. the General Business Terms, applicable to all client agreements;
2. a project version of the agreement that shall be concluded, with the contents set in Art. 8;
3. the Internal regulations for classification of clients of the investment broker, containing the requirements and the criteria which shall be used for the classification of clients as nonprofessional, professional and eligible counterparties;
4. information on the Order execution policy - to clients to whom services under Art. 3, para 1, point 1, letters "a", "b" and "c" shall be provided;
5. general description of the conflict of interests policy applied by the investment broker, and at any time that the client requests it, further details of that policy by presenting the relevant extract from the Internal Organization Regulations of the investment broker which contain the conflict of interests policy in question;
6. the investment broker's Tariff for Fees and Charges.

(3) At the conclusion of an agreement with a professional client, the investment broker shall provide the latter, in accordance with the provisions of para 2, with information under points 1, 2, 3, 4 and 6 from the previous para.

(4) In case the clients requests it, the investment broker shall provide him with additional information and explication on the documents under the previous paragraphs.

Art. 8. (1) The minimum contents of the agreement under Art. 5, para 1 shall be the following:

1. full names, personal identification number and address of the client and, respectively, of his representative; where the client is a juridical person - name, headquarter address and management address, tax number, company registration number, respectively unified identity

code (UIC) under art. 23 from the Commercial act and the register of the non-profit legal entities, full names and personal identification number of the representative;

2. full names and personal identification number of the person representing the investment broker and the capacity in which it acts on behalf of the investment broker;
3. date and place of conclusion;
4. the investment broker's general terms and tariffs applicable as to conclusion of the agreement;
5. the range and volume of the authorization rendered to the investment broker;
6. the essential rights and obligations of the client and the investment broker and an indication of the information the intermediary is required to provide.

(2) The agreement shall contain a clause stating that the client has received, pursuant to the provisions of Art. 61, and accept the investment broker's general terms, the tariff specified under Art. 59, the Orderexecution policy, the Internal regulations for classification of clients, summarized information on the conflict of interests policy applied by the investment broker, information on the financial instruments - subject to the services which shall be provided by the investment broker in accordance by virtue of the agreement - and the risks related to them, as well as all the other information due from the investment broker to the client in accordance with the LMFI and Ordinance No. 38, applicable in respect of the type of client and the services which shall be provided to him by the investment broker pursuant to the agreement.

(3) Where the investment broker concludes a portfolio management agreement under Art. 5, para 1 with a nonprofessional client, the agreement shall include the following information, when applicable:

1. information on the method and frequency of valuation of the financial instruments in the client portfolio;
2. details of any delegation of the discretionary management of all or part of the financial instruments or funds in the client portfolio;
3. characteristics and specification of any benchmark against which the performance of the client portfolio will be compared, complied with the investment objectives of the client and the types of financial instruments, included in his client portfolio, in way that the client using the service, is able to assess the execution of the service by the investment broker;
4. the types of financial instrument that may be included in the client portfolio and types of transaction that may be carried out in such instruments, including any limits;
5. the management objectives, the level of risk to be reflected in the manager's exercise of discretion, and any specific constraints on that discretion.

(4) By signing the agreement under Art. 5, para 1 the client (respectively - his representative) gives his consent to the general terms, the tariff and the Order execution policy, applicable to the agreement relations between the investment broker and the client, and accepts them. All other terms and conditions shall be set in the agreement as additional clauses and additional clauses deviating from the general terms, in compliance with Art. 7, para 1.

Art. 9. (1) At the conclusion of the contract under Art. 5, para 1 the investment broker shall require from the clients information in accordance with the Internal regulations for classification of clients, on basis of which information it shall classify each separate client as nonprofessional, professional and eligible counterparty, working on the criteria set in the Internal regulations for classification of clients in compliance with the LMFI.

(2) A client classified as nonprofessional on basis of the information under para 1, provided by him, may request to be reclassified as professional in all or in respect of specific investment services and deals or in respect of a specific type of deals or investment products, provided the relevant criteria and procedure set in the Internal regulations for classification of clients in

compliance with Section II of the Annex to the LMFI, are fulfilled. On the occasion under the previous sentence the particular client shall not be entitled to the regulations providing a higher level of protection for the nonprofessional clients, only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the investment firm, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment resolution and understanding the risks involved.

(3) The client reclassified as professional in accordance with para 2, obliges to notify the investment broker of any variation in the data used for his reclassification under para 2. Should the investment broker become aware however that the client no longer fulfils the initial conditions, which made him eligible for a professional treatment, the investment broker shall immediately begin applying to him the regulations providing a higher level of protection for nonprofessional clients.

(3a) A client categorized as professional under para 1 may request to be reclassified as nonprofessional. On such occasions the investment broker shall apply the higher level of protection when the client enters into a written agreement with the investment firm to the effect that it shall not be treated as a professional for the purposes of the applicable conduct of business regime. Such agreement shall also specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

(4) A client classified as an eligible counterparty under para 1 may request not to be treated as such in whole or for the respective deal from the investment broker and the latter may agree to that request. In such cases the investment broker shall treat the client as professional unless the client has expressly requested to be treated as nonprofessional. Where that eligible counterparty expressly requests treatment as a nonprofessional client, sentence 2 of the previous para shall apply to him.

Art. 10. (1) At conclusion of a portfolio management agreement or an agreement for provision of investment advice, the investment broker shall require the following information from the client or from the potential one:

1. investment objectives of the client including the tolerable level of risk;
2. financial situation of the client;
3. the client's ability to bear the losses;
4. the knowledge and experience of the client regarding the services provided.

(2) At conclusion of an agreement under Art. 5, para 1 for provision of services different from those mentioned in para 1, the investment broker shall require information on the knowledge and experience of the client regarding the services provided.

(3) The information regarding the investment objectives of the client or potential client shall include, where relevant, the following:

1. the length of time for which the client wishes to hold the investment;
2. preferences of the client regarding risk taking and his risk profile;
3. the purposes of the investment.

(4) The information regarding the financial situation of the client or potential client shall include, where relevant:

1. the source and extent of the regular income of the client;
2. the client's assets, including liquid assets, investments and real property;
3. the client's regular financial commitments.

(5) The information regarding a client's or potential client's knowledge and experience in the investment field includes the following, to the extent appropriate to the nature of the client, the

nature and extent of the service to be provided and the type of product or transaction envisaged, including their complexity and the risks:

1. the types of service, transaction and financial instrument with which the client is familiar;
2. the nature, volume, and frequency of the client's transactions in financial instruments and the period over which they have been carried out;
3. the level of education, and profession or relevant former profession of the client or potential client.

(6) The client shall update the information provided in accordance with the previous paragraphs.

(7) The investment broker shall not provide the services under para 1 to a client who has failed to deliver the information under the same paragraph.

(8) The investment broker may decide not to require the information under para 2 when providing services under Art. 3, para 1, point 1, letters "a" and "b", where all the following conditions are met:

1. the above services relate to shares admitted to trading on a regulated market or in an equivalent third country market, if the latter is included in the list of those markets that are to be considered as equivalent, published by The Commission, money market instruments, bonds or other forms of securitized debt (excluding those bonds or securitized debt that embed a derivative), UCITS and other non-complex financial instruments;
2. the service is provided at the initiative of the client or potential client;
3. the client or potential client has been informed in writing that in the provision of this service the investment broker is not required to comply with its obligations under Art. 16, para 4;
4. the investment broker satisfies the requirements for the treatment of conflicts of interests.

(9) The provisions under this article shall not apply at the conclusion of transactions with clients classified as eligible counterparties where carrying out of investment services under Art. 6, para 2, points 4 and 5 from the LMF1, in respect of the particular orders or the ancillary services related to them.

Art. 11. (1) The investment broker shall refuse to enter into the agreement under Art. 5, para 1, if the client or his representative has failed to present or sign all necessary papers, he has presented documents containing clear inaccuracies or insufficient data, contain inaccurate or controversial information or there is another circumstance which invokes doubt for the reliable authorization or representation of the client. The investment broker shall not enter into an agreement with a client if the latter is represented by a proxy who declares dealing in securities as a main activity. This restriction does not apply when the contract is signed by a management company, credit institution, investment firm or other person entitled to operate with financial instruments.

(2) The investment broker shall not conclude the agreement under Art. 5, para 1 in case the conclusion could result in violation of the provisions of the Law on the Measures Against Money Laundering and the enactments related to its application.

Art. 12. (1) Any amendments and supplements of a particular agreement concluded by the investment broker and a client shall be performed only through an additional written agreement and shall enter into force as from being signed by the parties.

(2) The amendments and the supplements of the general terms shall be binding on the client only on condition that he has been duly notified of them in compliance with the provisions of Art. 4a, para. 3 and the client has not declined the amendments under art.4a, para. 4.

(2a) When the customer does not agree with the amendments to the general terms, the customer is entitled to terminate the contract without notice before the date of entry into force of the general terms, without liability for damages and expenses, except for costs associated with the owned by him assets.

(3) A party may transfer rights and obligations originating from the agreement to a third entity only with the written consent of the other party.

Article 12a (1) The contracted relationships are terminated:

1. with the expiration of the contract;
2. earlier by mutual agreement, expressed in a written form;
3. unilaterally, by either party, with a one month's written notice to the other party;
4. in the cases under art. 4a, para. 4;
5. in case of death or disability of the individual client;
6. with the termination of the client entity or the IB;
7. if the customer does not have financial assets in its accounts with the IB for a 12 months and for the same period there were no transactions in financial instruments on behalf and account of the client;
8. on other grounds, stipulated by the law.

(2) Within 14 days from the date of termination or from the date of knowledge of termination of the contract, the IB is obliged to send to the client, via receipt or otherwise certifying document, a written report by the date of contract termination for the availability and transactions of money and financial instruments in the their account for the period following the latest report.

(3) Within a period of 14 days from the date of receiving the report of para 2, the client is obliged to:

1. to repay all fees, commissions and other expenses incurred to the date of termination, and any additional costs incurred as well as for the IB' s termination losses, if any, except in cases of termination under Art. 4a para. 4
2. send a written notification to the IB concerning the bank account through which they want their money to be wired or concerning the date on which they want to receive their money from the cashier desk in the office of the IB.
3. explicitly state the means for transfer of their financial instruments in the depository institution to a sub-account of another person, which is explicitly stated by the client, or to the personal account of the client in the depository institution, Including, by opening a new account:
4. require the conclusion of a new contract with the IB, if the current one is terminated due to expiration or due to fulfillment of its subject.

(4) If the client has repaid all its obligations at the time, within 5 working days of receipt of the order and/or notification under para. 3 The IB shall:

1. submit the monetary funds of the client to the bank account, stipulated in the notification, or to repay them the money at the cashier desk in his office (complying with the ordinance limitations for payment in cash);
2. to fulfil the order of the client under para 3, point 3.

(5) In the event that after the deadline under para. 3 the client has not repaid all its obligations at the time, the IB can automatically deduct them against the outstanding by the customer cash payments, after which the IB is required:

1. submit the monetary funds of the client to the bank account, stipulated in the notification, or to repay them the money at the cashier desk in his office (complying with the ordinance limitations for payment in cash);
2. to fulfil the order of the client under para 3, point 3.

(6) If after the deduction in the preceding paragraph, the customer has outstanding liabilities, the IB is entitled to retain the financial instruments kept in a client's sub-accounts until there is a payment from the customer in full.

(7) In case of no specific orders and notifications under para 3, the IB "Intercapital Markets" AD transfers the financial assets of the client to their personal accounts in the depository institution, after the deduction of the owed of the client commissions, taxes, penalties etc.

Chapter III

Execution of contractual obligations. Rights and obligations of the client and the investment broker

Section I

General Provisions

Art. 13. Where carrying out services and activities under Art. 6, para 2 and 3 from the LMFI in compliance with its license, the investment broker shall act honestly, fairly and professionally in accordance with the best interests of the clients.

(2) The investment broker shall render treatment of equal value to all its clients.

(3) The investment broker shall execute its obligations under Art. 5, para 1 in compliance with the terms of the agreement and the additional instructions from the client, on condition that they meet the requirements under Art. 15, para 2.

Art. 14. (1) The investment broker shall fulfill its obligations under Art. 5, para 1 of the agreement in person.

(2) The investment broker shall be entitled to transmit a particular service to another entity for execution, to authorize, reauthorize or be substituted by another entity only where all the following circumstances are present:

1. the other entity is a licensed investment broker with whom the investment broker has concluded an agreement in compliance with the requirements under Chapter V of Ordinance № 38;

2. the client has empowered the investment broker to authorize, reauthorize or be substituted by another entity.

(3) Exceptions from the requirement under para 2, point 2 shall be acceptable only where they are necessary for protection of the interests of the client. The investment broker shall render an immediate written notification of the authorization, reauthorization or substitution, the reasons for it and the entity authorized, reauthorized or used as substitution for the investment broker.

(4) In case the investment broker has authorized a third entity without the circumstances under para 2 and 3 being met, the investment broker shall be liable for the actions undertaken by the entity as for own. In any other case the investment broker shall be liable for damage incurred by the entity's actions, for reason of its bad choice.

Art. 15. (1) The client shall be entitled to require accurate execution of the contractual obligations of the investment broker.

(2) The client shall be entitled to give additional instructions in relation to the execution of the agreement, in accordance with the law, these general terms and the provisions under Art. 5, para 1 set out in the agreement between the parties. The instructions given by the client to the investment broker in respect of the execution of the agreement under Art. 5, para 1, shall be clear, accurate and detailed.

Art. 16. (1) Where providing investment advices and portfolio management the investment broker shall rely on the information under Art. 10, para 1 based on which it assesses the appropriateness, including to what extent, of the financial instruments subject to the investment advice, are consistent with the client's level of risk and its ability to bear losses. The investment broker shall recommend the conclusion of a transaction or shall conclude a transaction in the course of providing portfolio management only if the information obtained gives it a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the following criteria are met:

1. the transaction meets the investment objectives of the client in question;
2. it is such that the client is able financially to bear any related investment risks consistent with his investment objectives;
3. it is such that the client has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

(2) Where the investment broker provides an investment service under para 1 to a professional client it shall be entitled to assume that, in relation to the products, transactions and services for which it is so classified, the client has the necessary level of experience and knowledge for the purposes of par 1 point 3.

(3) Where that investment service consists in the provision of investment advice to a professional client covered by Section 1 of the Annex the LMFI, the investment broker shall be entitled to assume for the purposes of para 1, point 2 that the client is able financially to bear any related investment risks consistent with the investment objectives of that client.

(4) Where providing investment services different from investment advice and portfolio management, the investment broker shall rely on the information obtained under Art. 10, para 2, on basis of which the investment broker shall assess whether the investment service offered is appropriate for a client by determining whether that client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or investment service offered or demanded.

(5) If, in the case under para 4, the investment broker assesses that the service offered is not appropriate or suitable, it shall warn the client respectively the potential one in writing.

(6) In case the client fails to provide the information under Art. 10, para 2 or the information provided is insufficient for the assessment under para 4, the investment broker shall notify the client in writing of its inability to assess whether the investment service offered is suitable for him.

(7) Where the investment broker provides an investment service under para 4 to a professional client it shall be entitled to assume that, in relation to the products, transactions and services for which it is so classified, the client has the necessary level of experience and knowledge to understand the risks involved.

(8) The investment broker shall be entitled to rely on the information provided by its clients or potential clients unless it is aware or ought to be aware that the information is manifestly out of date, inaccurate or incomplete.

(9) The provisions under this article shall not apply to deals and transactions with eligible counterparties in compliance with Art. 10, para 9.

(10) When granting an investment advice to a non-professional client, prior to the execution of the order - a consequence of the investment advice, the investment intermediary shall provide the client with a notification in accordance with Art. 61 whether the advice meets the preferences, needs and other characteristics of the non-professional client.

(11) The notification under para. 10 may be granted immediately after the conclusion of the transaction only if the following conditions are fulfilled:

1. the transaction is concluded through means of distance communication, which prevents the prior submission of the notification under para. 10;
2. the investment intermediary has given the client the opportunity to postpone the transaction in order to receive the notification of compliance in advance, and
3. the client has given his consent to receive the notification under para. 10 in a timely manner after the conclusion of the transaction.

Art. 17. (1) The investment broker shall not:

1. conclude transactions for account of clients at such volume, frequency, price or with such counterparty, which may be considered concluded exclusively in the investment broker's interest;
2. purchase for own account financial instruments for which a client has placed an order and sell them to the client at a higher price compared to the purchase price;
3. operate for own account or for account of another entity with financial instruments and funds of the client without the client's express authorization for that;
4. sell for own account or for account of another entity financial instruments which it, or its client, does not possess, unless specific provisions of an ordinance allow so;
5. in any way, including as a registration agent, participate in the execution of disguised purchases or sales of financial instruments;
6. receive a part or the whole benefit if the transaction is concluded at better terms compared to those initially set by the client;
7. carry out its activity in another way which threatens the interests of its clients or the integrity of the market in financial instruments.

(2) The prohibition under para 1, point 1 shall not apply to deals for the execution of which the client has given specific instructions at his own initiative.

(3) The prohibition under para 1, point 2 shall also apply to members of the board of directors of the investment broker, management officials, as well as all other entities working with the investment broker by contract and persons related to them.

Art. 18. (1) The investment broker shall not, in relation to the provision of an investment or ancillary service to the client, pay or be paid any fee or commission, or provide or be provided with any nonmonetary benefit, other than the:

1. a fee, commission or non-monetary benefit paid or provided to or by the client or a person on behalf of the client;
2. a fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party, where the following conditions are:
 - a) the existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount, must be clearly disclosed to the client, in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant investment or ancillary service;
 - b) the payment of the fee or commission, or the provision of the non-monetary benefit must be designed to enhance the quality of the relevant service to the client and not impair compliance with the broker's duty to act honestly, correctly, professionally and in the best interests of the client;
3. proper fees which enable or are necessary for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which, by their nature, cannot give rise to conflicts with the firm's duties to act honestly, fairly and professionally in accordance with the best interests of its clients.

(2) For the purposes of para 1, point 2, letter "a" the investment broker shall:

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- a) disclose the essential terms of the arrangements relating to the fee, commission or nonmonetary benefit in summary form;
 - b) disclose further details at the request of the client about the fee, commission or non-monetary benefit; and
 - c) the provision of information under this paragraph is honest, fair and in the client's interest.

(3) in providing independent investment advice or managing a client's portfolio, as well as in transactions with an eligible counterparty, the investment broker shall not be entitled to receive remuneration, commission or other monetary or non-monetary benefits from a third party in connection with the investment service provided, except in the cases of minor non-monetary benefits that improve the quality of the services provided and whose provision does not violate the investment broker's obligation to act honestly, fairly and in a professional way in the best interest of the client.

(4) The payment, provision of remuneration, commission or non-monetary benefit, respectively, is for the purpose of improving the service and does not violate the obligation of the investment broker to act honestly, correctly, professionally and in the best interest of the client when:

1. is justified by the provision of an additional or high value service to the relevant client commensurate with the scope of the incentive received, including in the case of:
 - 1.1. providing 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 parties - suppliers of products not related to the investment firm;
 - 1.2. providing non-independent investment advice, in conjunction with a proposal to the client, once a year, to evaluate whether the financial instruments in which the client has invested are still suitable for him, or with another service likely to benefit the client, giving advice on possible optimal allocation of client assets;
 - 1.3. providing competitively priced access to a wide range of financial instruments that are likely to meet the client's needs, including a sufficient number of instruments offered by third parties - suppliers of non-investment firm related products, combined with the provision value-added tools, such as means of accessing objective information, assisting the client in making investment decisions, or enabling the client to monitor, model and adjust the scope and financial instruments in which the investment was made, or to provide periodic reports on the profitability of financial tools and connected costs and remunerations.
2. does not directly benefit the receiving investment intermediary, its shareholders or employees, without at the same time providing substantial benefits for the respective client;
3. the incentive is justified by the provision of benefits to the customer concerned.

(5) The improved quality of service provided by the investment broker to the clients must be in proportion to the remuneration, commission or non-monetary benefit received from the intermediary. The requirement to improve the quality of the service provided is not fulfilled if, as a result of the remuneration, commission or non-monetary benefit received from the intermediary, the provision of the relevant services to the client is impaired or biased.

(6) Minor non-cash benefits, which represent:

1. information or documentation related to a financial instrument or investment service that is of a general nature or is personalized to reflect the circumstances of an individual client;
2. materials in writing by a third party that have been ordered and paid by a corporate issuer or potential issuer to promote a new issue of the company, or where a contract has been concluded with a third party and it has received payment from the issuer for preparing such materials on an ongoing basis, provided that the relations are clearly disclosed in the materials and that the materials are made available simultaneously to all investment intermediaries wishing to obtain it or to the general public;

3. participation in conferences, seminars and other training events on the benefits and characteristics of a specific financial instrument or investment service;
4. representative expenses with reasonable minimum value, such as expenses for food and drinks for business meetings, conferences, seminars 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 placing an order at a specific trading venue or for executing an order if it thus violates the requirement for managing conflicts of interest, disclosure of customer information, rules to provide independent investment advice, restrictions on commissions and benefits, evaluation of an appropriate service, contract terms, rules for creating and offering financial instruments.

(8) The investment intermediary shall not provide remuneration and evaluate the performance of its employees in a way that is contrary to its obligation to act in the best interests of its clients. An investment broker may not provide incentives to its employees to recommend to a non-professional client a specific financial instrument when the investment broker may offer another financial instrument that more closely meets the client's needs.

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

(10) The investment broker shall inform the client of the order and the manner in which the client will receive a fee, commission, monetary or non-monetary benefit when the investment broker has received this in connection with an investment or additional service for the client. The investment broker informs the clients about the remunerations, commissions and cash benefits that have been transferred to them, through periodic inquiries or by other means on a durable medium.

Art. 18a (1) Prior to the provision of portfolio management services or other investment or ancillary services, the investment firm may commission third parties to carry out research. The study received shall not be considered as an incentive if it is received against:

1. direct payments with the 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 research fee, charged to the client and which the intermediary controls and bears responsibility, provided that the requirements of art. 37, para. 2, Art. 38, para. 1 and Art. 39, para. 1 of Ordinance No. 58.

(2) The investment broker shall determine the study budget and shall regularly review the budget. The total amount of study fees received may not exceed the study budget.

(3) The study fee under para. 1, item 2 shall meet the requirements of Art. 40-44 of Ordinance No. 58, as:

1. depends solely on the study budget set by the investment firm in order to identify the need for a third party survey to be conducted with respect to the investment services provided to its clients, and
2. it is not related to the volume and/ or value of the transactions performed on behalf of the clients;
3. can be collected separately or together with the commission for the transaction, but it must be clearly distinguishable from the commission.

(4) The investment broker shall negotiate the research fee in the contract with the clients under Art. 82 of the MiFID, as provided for in the study budget, and the frequency with which it will be withheld from the client's funds during the year.

Art. 19. (1) The information addressed to clients as well as to potential clients, including in the advertising materials, should be fair, clear and not misleading.

(2) All information addressed to, or disseminated in such a way that it is likely to be received by, nonprofessional clients or potential nonprofessional clients, including marketing communications, shall satisfy the following conditions:

1. includes the name of the investment broker;
2. it shall be accurate and in particular shall not emphasize any potential benefits of an investment service or financial instrument without also giving a fair and prominent indication of any relevant risks;
3. it shall be sufficient for, and presented in a way that is likely to be understood by, the average member of the group to whom it is directed, or by whom it is likely to be received;
4. it shall not disguise, diminish or obscure important items, statements or warnings.

(3) Where the information under para 2 compares investment or ancillary services, financial instruments, or persons providing investment or ancillary services, the following conditions shall be satisfied:

1. the comparison must be meaningful and presented in a fair and balanced way;
2. the sources of the information used for the comparison must be specified;
3. the key facts and assumptions used to make the comparison must be included.

(4) Where the information under para 2 contains an indication of past performance of a financial instrument, a financial index or an investment service, the following conditions shall be satisfied:

1. that indication must not be the most prominent feature of the communication;
2. the information must include appropriate performance information which covers the immediately preceding 5 years, or the whole period for which the financial instrument has been offered, the financial index has been established, or the investment service has been provided if less than five years, or such longer period as the firm may decide, and in every case that performance information must be based on complete 12-month periods;
3. the reference period and the source of information must be clearly;
4. the information must contain a prominent warning that the figures refer to the past and that past performance is not a reliable indicator of future results;
5. where the indication relies on figures denominated in a currency other than that of the Member State in which the nonprofessional client or potential nonprofessional client is resident, the currency must be clearly stated, together with a warning that the return may increase or decrease as a result of currency fluctuations;
6. where the indication is based on gross performance, the effect of commissions, fees or other charges must be disclosed.

(5) Where the information under para 2 includes or refers to simulated past performance, it must relate to a financial instrument or a financial index, and the following conditions shall be satisfied:

1. it shall refer to a financial instrument or financial indices;
2. the simulated past performance must be based on the actual past performance of one or more financial instruments or financial indices which are the same as, or underlie, the financial instrument concerned;
3. in respect of the actual past performance the requirements under para 4, points 1-3, 5-6 shall be complied with;
4. the information must contain a prominent warning that the figures refer to simulated past performance and that past performance is not a reliable indicator of future performance.

(6) Where the information under para 2 contains information on future performance, the following conditions shall be satisfied:

1. the information must not be based on or refer to simulated past;

2. it must be based on reasonable assumptions supported by objective data;
3. where the information is based on gross performance, the effect of commissions, fees or other charges must be disclosed;
4. it must contain a prominent warning that such forecasts are not a reliable indicator of future performance.

(7) Where the information under para 2 refers to a particular tax treatment, it shall prominently state that the tax treatment depends on the individual circumstances of each client and may be subject to change in the future.

(8) The information under para 2 shall not use the name of the Commission or another competent authority in such a way that would indicate or suggest endorsement or approval by that authority of the products or services of the investment broker.

(9) The investment broker's promotional material should be clearly identified as advertising material.

(10) The investment broker shall promptly, appropriately and in compliance with the requirements of para. 1 provide its customers or potential clients with the following information:

1. information about the investment intermediary and the services provided by it, including whether it conducts business or deals in financial instruments on its own account;
2. the financial instruments that are the subject of the services provided by the intermediary and the proposed investment strategies;
3. the places for execution of the transactions;
4. the types of costs and charges for the client and their amount.

(11) The investment broker informs the client in sufficient time before the investment advice is provided:

1. whether the advice is independent;
2. whether the advice is based on a broad or limited analysis of the different types of financial instruments, and in particular whether the scope is limited to financial instruments issued or offered by investment firms or other legal entities, economic or contractual relations with the investment firm resulting in the risk that the advice provided will not be independent.
3. whether the investment intermediary will provide the client with a periodic assessment of the extent to which its recommended financial instruments continue to meet the client's needs.

(12) Information on financial instruments and investment strategies offered includes appropriate guidance and warnings on the risks associated with investing in those instruments or with regard to specific investment strategies, and whether the financial instrument is intended for non-professional or professional clients, the designated target group of end customers according to Art. 70, para. 2 and 3 of the LMFI.

(13) The cost and charge information includes:

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

(14) The investment broker shall provide the client once a year in aggregate form the information under para. 13, including costs and charges related to the investment service and financial instrument, which do not arise from the occurrence of market risk for the underlying market so that the client understands the common costs and their overall effect on the return on investment. The investment firm informs the client of the possibility, at his request, to provide him with a detailed breakdown of the costs of the items.

(15) The information above and under Art. 73, para. 3 of the LMFI is provided in a way that allows clients or potential clients to understand the nature of the investment service, the type and characteristics of the particular type of financial instrument and the specific risks associated with it, in order to make informed investment decisions. The investment broker may provide the information referred to in sentence one and in a standardized format.

(16) The provisions above may not apply where the investment service is offered as part of a financial product governed by European Union law or by common European standards in relation to credit institutions or consumer credit for risk assessment for customers and/ or information requirements.

Art. 20. (1) The investment broker shall provide to the client a general description of the financial instruments in relation to which the investment broker provides investment or ancillary services for account of the client, and the risks involved with them. When providing the description the investment broker shall take into account the client's categorization as either a nonprofessional client or a professional client and the following requirements shall be complied with:

1. the description must explain the nature of the specific type of instrument concerned, as well as the risks particular to that specific type of instrument in sufficient detail;
2. the information under point 1 shall enable the client to take investment resolution on an informed basis.

(2) The description of risks shall include, where relevant to the specific type of instrument concerned and the status and level of knowledge of the client, the following elements:

1. the risks associated with that type of financial instrument including an explanation of leverage and its effects and the risk of losing the entire investment;
2. the volatility of the price of such instruments and any limitations on the available market for such instruments;
3. the fact that a client might assume, as a result of transactions in such instruments, financial commitments and other additional obligations, including contingent liabilities, additional to the cost of acquiring the instruments;
4. any margin requirements or similar obligations, applicable to instruments of that type.

(3) Where the financial instruments are the subject of a current offer to the public, the investment broker shall inform the nonprofessional client where that prospectus is made available to the public.

(4) Where the risks associated with a financial instrument composed of two or more different financial instruments or services are likely to be greater than the risks associated with any of the components, the investment broker shall provide an adequate description of the components of that instrument and the way in which its interaction increases the risks.

(5) In the case of financial instruments that incorporate a guarantee by a third party, the investment broker provides a nonprofessional client with the information about the guarantee shall include sufficient detail about the guarantor and the guarantee to enable the nonprofessional client to make a fair assessment of the guarantee.

(6) The previous paragraphs shall not apply in respect of shares and shares in collective investment schemes where the investment broker has provided the information included in the prospectus of the collective investment scheme, prepared in accordance with Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

Art. 21. (1) The investment broker shall provide to its nonprofessional clients information on costs and associated charges that includes such of the following elements as are relevant:

1. the total price to be paid by the client in connection with the financial instrument or the investment service or ancillary service, including all related fees, commissions, charges and expenses, and all taxes payable via the investment broker or, if an exact price cannot be indicated, the basis for the calculation of the total price so that the client can verify it; the commissions of the investment broker shall be specified on every particular occasion;
2. where any part of the total price referred to in point 1 is to be paid in or represents an amount of foreign currency, an indication of the currency involved and the applicable currency conversion rates and costs;
3. notice of the possibility that other costs, including taxes, related to transactions in connection with the financial instrument or the investment service may arise for the client that are not paid via the investment broker or imposed by it;
4. the arrangements for payment or other performance.

(2) The obligation under para. 1 shall not apply in respect of shares and shares in collective investment schemes where the investment broker has provided the information included in the prospectus of the collective investment scheme in accordance with art. 69 of the Directive 2009/65/EC.

Art. 22. (1) Where carrying out services and activities under Art. 6, para 2 and 3, the investment broker shall take all reasonable steps to identify, and prevent or manage the potential conflicts of interests between:

1. the investment broker, members of its board of directors, any other persons working with the investment broker by virtue of contract and persons linked by control to it, on one part, and the clients – on the other;
2. the different clients.

(2) Where a conflict of interests is identified in accordance with para 1, the investment broker shall take all reasonable steps to avoid it or its management, pursuant to the conflict of interests policy, set out in the Internal regulations of the investment broker.

(3) Where, despite the measures under para 2, there still exists a risk for the interests of the client, the investment broker shall, prior to carrying out any activity involving unavoidable conflict of interest for account of a client, provide the client with information on the conflict of interests, in compliance with the provisions of Art. 61. The information shall take into consideration the characteristics of the client and therefore be enough sufficient so that the latter is able to understand the general source and nature of the conflict of interests aroused and the possible consequences from it, and on the basis of this to take an informed decision in respect of the investment or ancillary service giving rise to the conflict. The investment broker shall not carry out activities for account of a client before providing the information under this para and before the client has decided in favor of the relative service on basis of that information.

Art. 23. (1) When carrying out its activity, the investment broker shall keep the professional sector of its client, as well as their market reputation.

(2) The Members of the board of directors of the investment broker and the persons working with it by virtue of a contract shall not disclose, unless authorized, and benefit or allow others to benefit from facts and circumstances concerning the amounts and operations in the client fund and financial instrument accounts with the investment broker, as well as from any other facts and circumstances constituting professional secret which they have become known to them in the course of the execution of their working and professional obligations.

(3) The investment broker shall disclose information under para 2 to the CFS, the Vice-chairman and authorized persons from the CFS administration, the regulated market where the investment broker is a member, only for the purposes of the supervision function, within the requirements of the inspection order, and:

1. upon client consent;
2. under Title Two, Chapter Sixteen, Section IIIa, of the Tax and Social Insurance Procedure Code;
3. by a court resolution issued in compliance with Art. 91, para 2 and 3 from the LMFI;
4. on the occasions and at the terms under Art. 91, para 4 and 6 from the LMFI.

Art. 24. At the provision of investment activity for account of a client by virtue of a broker services agreement under Art. 3, para 1, point 1, letters “a” , “b” or “c” , the provisions of the corresponding section of this chapter, which regulate the relations between the investment broker and the client in accordance with the nature of the service provided, shall apply along with the provisions of this section.

Section II Order Execution

Art. 25. (1) For the conclusion of transactions in financial instruments for account of a client, which is not done in execution of a portfolio management agreement, the clients of the investment broker shall place orders pursuant to the agreement under Art. 5, para 1.

(2) The orders under the previous paragraph have the following minimum contents:

1. names (company names) and client number and his representative, and if such have not yet been acquired - the relevant identification data under Art. 66 from Ordinance № 38;
2. type, issuer, unique issue code or name of the instrument, respectively - characteristics of the derivative financial instrument and number of the financial instruments subject of the order;
3. type of the order;
4. nature of the order (buy, sell, trade etc.);
5. unit price and total price of the order;
6. term and validity of the order;
7. execution venue where the order shall be executed, if the client wishes to determine one;
8. quantity execution of the order (partial, full execution);
9. way of payment;
10. the date, exact time and venue of placement of the order;
11. other specific instructions by the client.
12. indication whether the order was filed as a result of investment advice;
13. way of giving the order.

(2a) Para. 2 shall not apply where the order is submitted through an e-commerce platform, when the details of the orders are not determined by the investment broker.

(3) The investment broker shall specify a unique number for every order received.

(4) When submitting orders under para. 2 in entered in the register under Art. 30 para. 1 pt. 2 FSCA address, branch or office of the firm, if after an inspection of the customer's identity is established that there is a change in personal data and/or a new identity document has been issued, Art. 5 para. 3 will be applied.

(5) The investment broker may receive orders for transactions in financial instruments by phone or through another method for distant communication from clients, if that is agreed in the agreement under Art.5, para 1. When orders are made through telephone, the investment broker is obliged to record the conversation with the client. When orders are made through

other distant means, the IB is obliged to save on an electronic device the information provided by the client in connection with the order. Messages received through fax must be saved on paper.

(6) Para 5 shall not apply to an order placed through a representative who has failed to present to the investment broker the documents under Art. 5, para 3-5.

(7) Para. 5 shall not apply to transfer of dematerialized financial instruments from personal account to client subaccount to the firm in the Central Depository.

(8) The investment broker shall receive client orders under para 1 through and electronic trade system which guarantees the observation of the legal requirements and provides access for the client to a particular execution venue. The access to the system within the previous sentence and the placement of orders by the client shall be performed via web, computer and/or mobile applications that provide reliable customer identification.

(9) The investment broker shall provide the client with a signed copy of the order placed in accordance with para. 2, unless it is placed in compliance with art.5 and 8.

(10) When there are additional legal requirements in respect of the procedure and form of client orders besides the requirements under the previous para, the former shall apply at the placement of orders by clients.

(11) The investment broker shall ensure that the reception and initiation of telephone calls and electronic communication will not be effected by technical means and / or apparatus other than those specified for the purpose by the investment intermediary in the internal rules, in these general terms and / or in the client's contract.

(12) The investment broker shall prepare and keep records of all telephone conversations and messages or conversations and communications by electronic means of communication, accepted or initiated by the investment broker, which relate to the conclusion of transactions on its own account or with the receipt, transmission and execution of customer orders. The investment broker is obliged to inform its clients that the telephone calls and electronic communication with them under the previous sentence will be recorded.

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

(14) At the latest within the business day following the day on which the client's order was executed, the investment intermediary shall inform the client of the place where the order was executed.

Art. 26. Orders under Art. 25, para 1 shall be placed through a proxy only on condition that the latter presents a notarized power of attorney constituting the authorization for disposal of financial instruments and a declaration under Art. 5, para 4 for a twelve-month period prior to the placement of the order. Art. 5, para 3-5 shall apply respectively.

Art. 27. (1) The investment broker shall receive the orders under Art. 25 only through persons under Art. 6, para 1. and/or para. 2.

(2) when accepting an order, the person accepting it shall check the identity of the client or his representative respectively, depending on the manner of placing the order, the identification of the client and his representative, if any, shall be performed as follows:

1. upon presenting the orders - by means of a valid identity document of the client or his representative and official supporting documents on the existence, absence of restrictions on the client's legal capacity and representative power - a legal entity that is not registered in a public register kept by the Bulgarian Registry Agency, as a client - Bulgarian company or non-profit legal entity, the II is obliged to carry out a check in the relevant register kept by the Registry Agency) to determine the existence, current status and representation of this client;
2. when submitting orders electronically and signed with a qualified electronic signature - by verifying the electronic signature, the same must be valid and issued in the name of a client – physical person, or of the respective legal representative of the client (personal signature of the representative or signature issued in his / her capacity as representing the client), and for a client - Bulgarian commercial company or non-profit legal entity, the investment broker is obliged to check in the relevant register kept by the Registry Agency for establishing the existence, current status and representation of this client;
3. when submitting an order by telephone, fax or electronic means (e-mail or messaging applications), except in the cases under item 2 - by means of a pre-established identification code between the II and the client, fax messages should be filed by a number previously specified by the customer; when using e-mail, orders should be submitted from a pre-specified e-mail address and, when using other electronic means of communication, from a user registration associated with the client according to pre-supplied information. The information necessary to identify the customer shall be provided at the time of the conclusion of the contract or subsequent communication whereby the identity of the client and his representative, if any, has been established in accordance with this paragraph.

(3) The investment broker receives orders and documents under Art. 25 and 26 only at a management address, branch or office, recorded in the register of the investment firms kept by the FSC, or through e-commerce system under art.25, para. 8 from the General terms.

Art. 28. The investment broker may refuse to accept an order which doesn't meet the requirements under Art. 25, para 2 or which is placed by a representative and the requirements under Art. 26 are not being met.

Art. 29. (1) At the placement of an order the investment broker shall demand that the client, his representative respectively, declare whether:

1. he has internal information on the financial instruments subject to the order, their issuer – if the financial instruments concerning the order or serving as a basis for the issuing of the financial instruments – subject of the order, are admitted for trading on a regulated market;
2. the financial instruments – subject of the buy or trade order, are blocked in the depository institution where they are kept, whether any pledge or distraint have been previously established over them;
3. the deal – subject of the order represents a disguised purchase or sale of financial instruments.

Art. 30. The investment broker shall refuse to undertake any steps in execution of a client order in case the client, his representative respectively, refuses to present the declaration under Art 29, para 1, or to declare that the deal, subject to the order, constitutes a disguised purchase or sale of financial instruments. The refusal under sentence 1 of this para shall be certified within a separate document, signed by the client.

(2) The investment broker shall refuse to undertake any steps in execution of an order if it has been declared or if the broker finds that the financial instruments – subject of the sale order – are not available in the client's account or have been blocked at a depository institution, as well as if they are distrained or pledged.

(3) The prohibition under Art. 2 in respect of pledged financial instruments shall not apply on the following occasions:

1. the buyer has been notified of the pledge and has given his express consent to acquire the pledged financial instruments, the express consent of the pledge creditor shall also be present on the occasions specified in the Law on the Registered Pledges (LRP);
2. the pledge has been established as an aggregation within the meaning of the LRP.

(4) The prohibition under para 2 in respect of sale orders in financial instruments, not available in the account of the client, shall not apply on occasions when the firm otherwise provided that the financial instruments, subject of the sale, will be delivered at the day of settlement of the transaction, and in other cases determined by ordinance.

(5) The investment broker shall refuse to take any steps in execution of a client order for transactions in financial instruments if that would result in violation of the LMFI, the Law on the Market Misuse of Financial Instruments, the Law on the Companies with a Special Investment Objective and the current legislation.

(6) Apart from the occasions under the previous paragraphs, the investment broker shall refuse to act upon the execution of a client order if the order is placed in violation of the terms and conditions of the agreement between the two parties.

(7) Wherever the investment broker refuses to act upon the execution of an order under the previous paragraphs, it shall notify the client of the refusal immediately after establishing the grounds for the refusal.

Art. 31. (1) The client is entitled to place an additional order or to withdraw a placed order no later than the conclusion of the transaction in execution of the order to be placed first.

(2) The requirements of Art. 25 and 26 shall apply in respect of the form and procedure for placing additional orders and withdrawing orders respectively.

(3) The investment broker shall receive the additional orders and the orders for withdrawal of orders already placed, which satisfy the requirements under para. 1 and 2.

(4) The Client shall be obliged to pay all fees, commissions, other expenses and damages accrued and/ or incurred on his account up to now or as a result of the change or withdrawal of the order under para. 1.

Art. 32. (1) A client placing an order for purchase a financial instruments is obliges to provide the investment broker with the funds necessary for payment of the transaction – subject of the order, when placing the order, unless the client certifies that he shall satisfy his obligation for payment until the settlement of the order.

(2) If the regulations of the execution venue in which the transaction shall be concluded allow that a certain transaction could be carried out without immediate payment upon transmission of the financial instruments – subject to the transaction, the requirement for provision of funds under the previous para shall not apply where express written consent of the seller has been deposited. The previous regulation shall apply accordingly at the conclusion of other transmission deals in financial instruments.

(3) In case the customer is late to fulfill its obligation to deposit the necessary cash and/or delivery of relevant financial instruments relating to executed orders in cases where the client does not have the cash/financial instruments in the client account at the time of the order, the investment firm has the right to:

1. In case of an order by the customer for purchase, to acquire financial instruments in accordance with the order for its own account in accordance with Art. 6 of Ordinance № 50 on capital adequacy, liquidity of investment firms and supervising compliance. For this purpose,

the firm, immediately after the decision to acquire the financial instruments on its own account, request the deputy chairman of the FSC under Art. 6 para. 2 of Ordinance № 50 for authorization for the acquisition, resulting in a delay in the settlement of the transaction could be reduced to 1 day. The investment intermediary undertakes to use its best efforts to sell the acquired financial instruments to the day of the initial settlement of the transaction. In the event that the closure of such a position of the IB, the sales price of financial instruments is lower than the acquisition value, according given by the client, the IB has the right of collateral and lien on the assets of the respective client stored at the IB to the extent of the difference between the acquisition cost, according given by the client, and the sale value of financial instruments upon closing the position.

2. in the case of an order by the customer for the sale, to acquire the necessary financial instruments for its own account in accordance with Art. 6 of Ordinance № 50 on capital adequacy, liquidity of investment firms and supervising compliance with them, and deliver them for the purpose of settlement of the sale initiated by the customer. For this purpose, the firm immediately after the decision to acquire the financial instruments on their own account and their delivery transaction initiated by client requests to the deputy chairman of the FSC under Art. 6 para. 2 of Decree № 50 authorization for the acquisition, resulting in a delay in the settlement of the transaction initiated by the customer, could be reduced to 1 business day. In this case, provided that the settlement of the transaction for the sale of financial instruments initiated by the customer is not delayed and the fault is in the other party, the firm will hold the acquired financial instruments for their own account. In the event that the closure of such a position of the IB, the sales price of the financial instruments under given by the client is less than the cost of acquisition, the IB the right of collateral and lien on the assets of the respective client stored at the IB, in the amount of the difference between the acquisition cost of financial instruments and purchase price under the given customer order.

(4) The requirements under para. 1 are also not applied in other cases, provided for in an ordinance. orders:

Art. 33. (1) The investment broker shall satisfy the following conditions when carrying out client

1. orders executed on behalf of clients are promptly and accurately recorded and allocated;
2. otherwise comparable client orders shall be carried out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

(2) The investment broker shall inform a nonprofessional client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

(3) Where the investment broker is responsible for overseeing or arranging the settlement of an executed order, it shall take all reasonable steps to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client.

(4) The investment broker shall not misuse information relating to pending client orders, and shall take all reasonable steps to prevent the misuse of such information by any of its relevant persons.

Art. 34. (1) The investment broker shall deal in financial instruments on account of its clients at the best possible terms and taking all reasonable steps to achieve best execution according to the order placed by the client and in compliance with the Best execution policy of the investment broker.

(2) The investment broker has satisfied the obligation to execute the client order in the client's best possible interest if it has taken all reasonable steps to obtain the best possible price for the client according to the terms of the order, costs, likelihood, as well as all other

circumstances related to the execution of the order, as the relevant importance of these factors shall be determined in respect of the following criteria:

1. the characteristics of the client including the categorization of the client as nonprofessional or professional;
2. the characteristics of the client order;
3. the characteristics of financial instruments that are the subject of that order;
4. the characteristics of the execution venues to which that order can be directed.

(3) Where the investment broker executes an order on behalf of a nonprofessional client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution. The execution costs include all costs directly related to the execution of the order, including venue fees, clearing and settlement fees, and other fees and charges paid to third parties involved in the execution of the order.

(4) For the purposes of delivering best execution result where there is more than one competing venue to execute an order for a financial instrument, in order to assess and compare the results for the client that would be achieved by executing the order on each of the execution venues listed in the investment broker's order execution policy and suitable for the execution of the order, the commissions of the investment broker and costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment.

(5) The investment broker shall not execute orders on account of clients if they have not deposited their prior consent to the policy implemented by the investment broker.

(6) Where the order execution policy provides for the possibility that client orders may be executed outside a regulated market or an MTF, the investment broker shall, in particular, inform its clients about this possibility and obtain the prior express consent of their clients before proceeding to execute their orders outside a regulated market or an MTF.

(7) The investment broker obliges to execute client orders in accordance with its Order execution policy implemented and to inform the clients in due time on any material changes in that policy.

(8) Where a client requests so, the investment broker shall be able to provide sufficient evidence that it has executed the client order in compliance with the policy announced.

(9) When the investment broker executes an order following specific instructions from the client, it should be treated as having satisfied its best execution obligations. The investment broker has best execution obligations when it has executed the order or a specific aspect of the order to which the client instructions relate, following those instructions. The client agrees that any specific instructions may prevent the investment broker from obtaining the best possible result for that client in accordance with the order execution policy in respect of the part or aspect of the order to which the client instructions relate.

(10) The provisions of this article shall not apply to deals and transactions with eligible counterparties in accordance with Art. 10, para 9.

Art. 35. (1) (Amended with a resolution by the Board from 22.04.2016) The investment broker shall carry out a client order or a transaction for own account in aggregation with another client order in accordance with its Order allocation policy, an integral part of its Order execution policy, where the following conditions are met:

1. the aggregation of orders and transactions shall not work to the disadvantage of any client whose order is to be aggregated;
2. the investment broker has disclosed to each client whose order is to be aggregated that the

effect of aggregation may work to its disadvantage in relation to a particular order.

(2) Where the investment broker aggregates an order with one or more other client orders and the aggregated order is partially executed, it allocates the related trades in accordance with its order allocation policy.

(3) Where the investment broker has aggregated transactions for own account with one or more client orders it shall not allocate the related trades in a way that is detrimental to a client.

(4) (Amended with a resolution by the Board from 22.04.2016) The investment broker shall put in place procedures designed to prevent the reallocation, in a way that is detrimental to the client, of transactions for own account, concluded in compliance with the applicable regulations event, which are executed in combination with client orders. The procedures referred to in the previous sentence shall be included in the Order allocation policy under para 1.

(5) (Amended with a resolution by the Board from 22.04.2016) Where the investment broker aggregates a client order with a transaction for own account and the aggregated order is partially executed, it allocates the related trades to the client in priority to the broker. If the investment broker is able to demonstrate on reasonable grounds that without the combination it would not have been able to carry out the order on such advantageous terms, or at all, it may allocate the transaction for own account proportionally, in accordance with its order allocation policy.

Art. 36. Where the investment broker has concluded the transaction at more favorable terms compared to the terms set out by the client, the latter shall be entitled to the whole benefit.

Art. 37. The investment broker shall be entitled to conclude and execute a transaction on account of a client as a counterparty or behalf of the counterparty.

Art. 38. Where the transaction is concluded on a regulated market in financial instruments, on an MTF or organized trading system, the respective regulations of the regulated market or the MTF shall apply in respect of the conclusion and the execution of the transaction.

Art. 39. (1) Where the investment broker has concluded a transaction in execution of an order on account of a nonprofessional client, it shall send the client a notice containing the information under Art. 45 of Ordinance № 38, confirming execution of the order in compliance with the provisions of Art. 61, para 1, as soon as possible and no later than the first business day following execution. If the confirmation is received by the investment broker from a third party, no later than the first business day following receipt of the confirmation from the third party.

(2) Para 1 shall not apply where the confirmation would contain the same information as a confirmation that is to be promptly dispatched to the client by another person.

(3) When the investment broker has concluded a transaction on account of a professional client it must promptly provide the client, in compliance with the provisions of Art. 61, para 1, with the essential information concerning the execution of that order.

(4) If the settlement is not completed on the date specified or any other change occur in the information of the confirmation, the investment broker shall notify the client in an appropriate way by the end of the business day in which it became aware of the change.

(5) The investment broker shall supply the client, on request, with information about the status of his order.

(6) Paragraphs 1 and 3 shall not apply where orders executed on behalf of clients relate to bonds funding mortgage loan agreements with the said clients, in which case the report on the transaction shall be made at the same time as the terms of the mortgage loan are communicated, but no later than one month after the execution of the order.

(7) In the case of orders for a nonprofessional clients relating to units or shares in a collective investment undertaking which are executed periodically, the investment broker shall either take the action specified in para 1 or provide the nonprofessional client, at least once every six months, with the information included in the confirmation in respect of those transactions .

(8) (Amended with a resolution by the Board from 23.02.2016) In the case under Art. 25, para 8 the confirmation referred to in para 1, the information referred to in para 3 accordingly, shall be provided to the client through the electronic system.

Art. 40. Confirmations for concluded transactions sent by the investment broker to the client shall be conclusive and binding on the client unless there is a manifest error.

Art. 41. (1) Where the investment broker acts on behalf of the client, the rights and obligations shall occur for the client upon conclusion of the deal or transaction.

(2) Where the investment broker acts on own account the rights and obligations originating from the deal shall occur for the client upon their transfer by the broker.

Art. 42. (1) The requirements under Art. 25 – 33, 39 and 40 shall apply accordingly in respect of the relations between the investment broker and the client originating from the provision of services agreements referred to in Art. 3, para 1, point 1, letter “a”.

(2) When, upon provision of services under para 1 the investment broker transmits client orders to other entities for execution, it shall act in accordance with the best interest of the client observing the respective and applicable to this activity regulations – part of the Order execution policy of the investment broker.

Section III Portfolio Management

Art. 43. (1) When executing a portfolio management agreement under Art. 5, para 1, the investment broker shall deal in financial instruments for account of the client at its own initiative, without receiving orders from the client, observing the terms of the agreement and in accordance with Art. 16.

(2) Upon signing the particular agreement the client gives his prior confirmation of every operation or transaction concluded by the investment broker pursuant to the agreement.

(3) The client financial instruments and funds shall be managed entirely at his own risk and for his account. When managing a client portfolio the investment broker shall only be liable for the dutiful and competent execution of the contractual relations and not for the conclusive financial result obtained.

Art. 44. When providing the service of portfolio management, the investment broker shall establish an appropriate method of evaluation and comparison such as a meaningful benchmark, based on the investment objectives of the client and the types of financial instruments included in the client portfolio, so as to enable the client for whom the service is provided to assess the investment broker's performance.

Art. 45. (1) When executing portfolio management the investment broker shall deal in financial instruments on account of clients at the best terms and making all reasonable effort for achieving best execution result in accordance with the Order execution policy of the investment broker and by applying the provisions of Art. 34 respectively.

(2) Where executing portfolio management, the investment broker shall, when placing orders with other entities for execution that result from decisions by the investment broker to deal in financial instruments on behalf of its client, act in accordance with the best interests of their clients, complying with the respective regulations from the Order execution policy, applicable to this activity.

Art. 46. (1) When executing portfolio management the investment broker shall provide the client with a periodic statement in a durable medium of the portfolio management activities carried out on behalf of that client unless such a statement is provided by another person.

(2) For the nonprofessional clients, the periodic statement referred to in paragraph 1 shall be provided once every six months and shall contain an updated statement and justification of how the investment meets the preferences, needs and other characteristics of the nonprofessional client, as well as information and under Art. 46, para 2 of Ordinance № 38. Where the client so requests, the periodic statement must be provided every three months. Where the agreement between an investment broker and a nonprofessional client for a portfolio management service authorizes a leveraged portfolio, the periodic statement must be provided at least once a month. The periodic statement must be provided at least once every 12 months where the client requests to receive a confirmation for every transaction in accordance with Art. 39, para 1 and 2. In the case under the previous sentence the periodic statement shall be provided at least once every six months if the portfolio management includes transactions in financial instruments referred to in Art. 4, point 4-10 of LMFI.

(3) In the case of professional clients the periodic statement referred to in para 1 shall be provided at least once every six months. The statement shall be delivered at least once every twelve months in cases where the client elects to receive confirmations containing the essential information for executed transactions immediately after the conclusion of each transaction in compliance with Art. 61, para 1.

(4) The investment broker shall, where executing portfolio management on account of a nonprofessional client, inform the latter on uncovered open positions in contingent liability transactions.

(5) Where the investment broker concludes transactions in relation to portfolio management for account of nonprofessionals client or keeps accounts for such clients which include uncovered open positions in contingent transactions or transfers, the investment broker shall report to the nonprofessional client any losses exceeding any predetermined threshold, agreed between the broker and the client, no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

(6) The investment intermediary may inform the client that it will carry out periodic evaluation also outside the cases of provision of portfolio management services. In this case, the periodic report shall contain an updated statement and justification of how the investment meets the preferences, needs and other characteristics of the nonprofessional client.

Art. 47. Articles 37, 40 and 41 shall apply accordingly at the execution of portfolio management.

Section IV
Portfolio Management

Art. 47a. (1) During the contract the customer can, at any time, give orders to withdraw cash and transfer of financial instruments from his accounts opened in the firm. For this purpose, the client submits/sends to the IB respectively:

1. written notification of the bank account, to which the cash can be transferred, or the date on which the clients wants to get the amount at the office of investment broker;
2. explicitly indicate methods to transfer its financial instruments in a depository institution, in a client's subaccount in another person, otherwise specified by the customer or to a personal account of the client with the depository institution, including via opening a new account;
3. to repay all fees, commissions and other expenses incurred to the date of the request for withdrawal of cash, or the transfer of financial instruments, if this is the last client assets in its account with the firm, and all additional costs such as bank commissions and fees for transfer is in connection with the withdrawal of funds or transfer of financial instruments.

(2) Except in cases as provided in para. 1, pt. 3 IB is obliged immediately, but not later than the next working day and according to the instructions of the client:

1. to transfer excess cash to the customer's bank account specified in the notification or to pay them in cash in his office (subject to regulatory restrictions on cash payment);
2. fulfill the client's order under par. 1a, pt. 2 .

(3) In the cases under par. 1 pt. 3 the client should repay their obligations within 3 working days from the date of notification under para. 1, pt. 1, respectively the order under para. 1 pt. 2, for which the investment broker explicitly informs the client.

(4) In the event that after the deadline under para. 3 the client has not repaid all its obligations at the time, the investment broker can automatically deduct them against outstanding customer cash payments, after which the IB is required:

1. to transfer the client's funds in the bank account specified in the notification or to pay them in cash in his office (subject to regulatory restrictions on cash payment);
2. to fulfill the client's order under para. 3 pt. 3 .

(5) If, after making the compensation under the preceding paragraph, the customer has outstanding liabilities, the investment broker is entitled to retain the financial instruments kept in a client's account until payment from the customer in full.

Chapter IV
Safekeeping of client assets

Art. 48. (1) The investment broker shall maintain accountability and keep records of the granted, respectively acquired in the execution of the contract under Art. 5, para. 1, client financial instruments, cash and other assets.

(2) The investment broker shall separate its own financial instruments and funds from those of its clients.

(3) The investment broker shall not be liable to his creditors with financial instruments and funds belonging to its clients.

Art. 49. (1) The investment broker shall deposit the client financial instruments at a depository institution into client accounts with the investment broker or into accounts with a third party.

(2) The investment broker shall open a client account with its own account at a depository

institution pursuant to the agreement under Art. 5, para 1 and in compliance with the conditions envisaged in it.

(3) The investment broker, when opening an account for a client's financial instruments with a third party, must take due care of the client's interests in identifying that person and, in defining the terms of the contract with him, to store the client's financial instruments, as well as periodically, where necessary, but at least annually, review with the same care the choice of that person and the conditions under which he or she retains the client's financial instruments. In fulfilling these obligations, the investment broker shall take into account the experience and market reputation of the third party, as well as any legal requirements or market practices relating to the holding of the relevant financial instruments which may adversely affect the rights of the clients.

(4) The investment broker shall deposit financial instruments of clients only in persons under para. 2 in jurisdictions in which such persons and the storage of financial instruments for the account of a third party are subject to special regulation and supervision. If the safekeeping of financial instruments for the account of another person is subject to specific regulation and supervision in a jurisdiction where an investment broker proposes to deposit client financial instruments with a third party, the investment firm does not deposit those financial instruments in that jurisdiction with a third party which is not subject to such regulation and supervision. The investment broker shall not deposit financial instruments held on behalf of clients with a third party under art. 2 in a third country that does not regulate the holding and safekeeping of financial instruments for the account of another person unless one of the following conditions is met:

1. the nature of the financial instruments or of the investment services connected with those instruments requires them to be deposited with a third party in that third country;
2. where the financial instruments are held on behalf of a professional client, that client requests the broker in writing to deposit them with a third party in that third country.

(5) The requirements of para. 4 shall also be applied upon assignment by the person under para. 2 of important operational functions related to the holding and storage of financial instruments of a third party. The investment broker must take the necessary steps to ensure that any client financial instruments deposited with a third party are identifiable separately from the financial instruments belonging to the investment firm and from financial instruments belonging to that third party, by means of differently titled accounts on the books of the third party or other equivalent measures that achieve the same level of protection. If the applicable law of the jurisdiction in respect of the third party's activity prevents the investment broker from complying with the requirements referred to in the previous sentence, the investment broker shall undertake all necessary measures to guarantee the rights of the client in relation to his client financial instruments held with the third party, including opening client accounts for financial instruments, separate from its own account, which shall be kept by the third party on behalf of the investment broker but for account of another person.

Art. 50. If, in execution of the agreement referred to in Art. 5, para 1, the client provides to the investment broker book entry public securities, issued by the Ministry of Finance, they shall be enlisted in the registers at the Bulgarian National Bank, respectively at an original dealer of public, in the name of the client or the investment broker in accordance with the provisions of the agreement and in observation of the legal requirements governing the national debt.

Art. 51. (1) The investment broker accepts payments in cash from clients for delivering of investment and/or additional services, as well as financial means necessary for the payment of a deal with financial instruments. Correspondingly, the investment broker makes payments to clients by complying with the requirements of the Act for limiting the payments in cash.

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

(3) The investment intermediary shall consider the need for diversification of clients' funds held with a person in order to protect clients' rights. The investment intermediary may deposit the funds of its clients with the persons under para. 2, with whom he or she is related, only if the clients have given their written consent.

(4) In case the client's funds are deposited in a credit institution, they are stored in individual accounts of clients or in client accounts with an investment broker account.

(5) The investment intermediary who deposits the funds of his client in a person under para. 1, shall take due care of the interests of the client in determining that person and the terms of the concluded contracts for storage of the client's funds in it, as well as periodically, but at least once a year, to review with the same care the choice of that person, a credit institution, a suitably qualified money market fund, and the conditions under which it holds the client's funds. In fulfillment of these obligations, the investment broker shall take into account the experience and market reputation of the person under para. 2 with a view to ensuring the protection of clients' rights, as well as any legal and regulatory requirements or practices related to the holding of 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 money market fund only if the client explicitly agrees in writing to such storage of the funds provided by him after having been notified in writing by the investment intermediary that its funds will not be kept in compliance with the requirements for protection of clients' funds under Ordinance No. 58 and the LMFI.

(7) The investment intermediary shall take the necessary actions to ensure that all the deposited pursuant to para. 2 clients' funds are kept on individual accounts or clients' accounts, separately from the funds of the investment intermediary. In the contract concluded between the investment intermediary and the person under Art. 93, para. 1 of the LMFI, it is explicitly stated that the client's account funds are stored in the open account and that these funds are not subject to attachment for the obligations of the investment intermediary. If the applicable law to the activity of the person to whom the money is deposited does not allow the requirements of the preceding sentences to be met, 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 client's account that this person holds in the name of the investment firm but for a foreign account.

Art. 52. (1) Except on occasions specified in an ordinance 58, the investment firm shall not use:

1. for own account client funds and financial instruments;
2. for account of a client funds and financial instruments of other clients;
3. for account of a client its own funds and financial instruments.

(2) The investment broker shall not enter into arrangements for securities financing transactions in respect of financial instruments held by it on behalf of a client, or otherwise use such financial instruments for its own account or the account of another client unless the client has given his prior express consent to the use of the instruments on specified terms, and the use of the financial instruments is carried out at these specific terms. The consent referred to in the previous sentence shall be given in writing and to be kept on a durable.

(3) The investment broker shall not enter into arrangements for securities financing transactions in respect of financial instruments which are held on behalf of a client in an omnibus account maintained by a third party, or otherwise use financial instruments held in such an account for their own account or for the account of another client. The prohibition under the previous sentence shall not apply unless, in addition to the conditions set out in para 2, at least one of the following conditions is met:

1. each client whose financial instruments are held together in an omnibus account must have given prior express consent in accordance with para 2;
2. the investment broker must have in place systems which ensure that only financial instruments belonging to clients who have given prior express consent in accordance with para 2 are so used, as well as mechanisms for control for satisfying of this requirement.

(4) In the cases under para 3 the records of the investment broker shall include details of the client on whose instructions the use of the financial instruments has been effected, as well as the number and the type of financial instruments used belonging to each client who has given his consent, so as to enable the correct allocation of any loss.

Art. 53. (1) The investment intermediary maintains accountability and keeps accounts of clients' financial instruments and cash in a way that:

1. allows him to immediately distinguish assets held by one client from the assets of other clients, as well as from the investment broker' own assets;
2. accurately reflects the financial instruments and cash held to clients;
3. it may be possible for the accounts to be documented (audit trail).

(2) The investment intermediary shall regularly equal the accounts and records under para. 1, led by him, with those led by third parties under Art. 49, para. 1 or Art. 51, para. 2, in which the assets of the intermediary and its clients are kept, the reconciliation for cash is daily, and for financial instruments it is regular, but not less than once a week, and is carried out in the a manner determined in the internal rules of the investment broker.

Art. 54. (1) The investment broker shall notify its nonprofessional clients or the potential nonprofessional ones by which third party and where the client funds and/or financial instruments, provided to the investment broker, may be kept. The notification referred to in the previous sentence shall also indicate the responsibility of the investment broker under the applicable national law for any acts or omissions of the third party and the consequences for the client of the insolvency of the third party.

(2) The investment broker shall notify its nonprofessional clients or the potential nonprofessional ones about the fact that their financial instruments may, if permitted by national law, be held in an omnibus account by a third party. The investment broker shall inform its nonprofessional clients where it is not possible under national law for client financial instruments held with a third party to be separately identifiable from the proprietary financial instruments of that third party or of the investment broker. The notifications shall also provide a prominent warning of the resulting risks for the client, originating from the circumstances under the previous sentences.

(3) The investment broker shall inform the client or the potential ones where accounts that contain financial instruments or funds belonging to that client are or will be subject to the law of a jurisdiction other than that of a Member State and shall indicate that the rights of the client relating to those financial instruments or funds may differ accordingly.

(4) The investment broker shall explicitly inform the client about:

1. the existence of any security interest or lien which the firm has or may have over the client's financial instruments or funds and the terms at which such right occurs or may occur;
2. the existence of a right of set-off for the investment broker in relation to the client's financial

instruments or funds and the terms at which such right occurs or may occur;

3. where applicable - the fact that a depository may have a security interest or lien over, or right of set-off in relation to those instruments or funds.

4. the possibility depository institution's collateral, lien or interception on the client's financial instruments or cash, as applicable .

(5) The investment broker, before entering into securities financing transactions in relation to financial instruments held by it on behalf of a nonprofessional client, or before otherwise using such financial instruments for its own account or the account of another client, shall in good time before the use of those instruments and in accordance with Art. 61, para 1, provide the nonprofessional client with clear, full and accurate information on the obligations and responsibilities of the investment broker with respect to the use of those financial instruments, including the terms for their restitution, and on the risks involved.

(6) In the event of hearing the applicable law to the activity of the person to whom the client's funds are deposited, it does not exclude the possibility of taking actions for offsetting, securing, as well as other actions in respect of its financial instruments and / or funds means whereby a third party acquires the right to dispose of the client's financial instruments and / or funds in order to satisfy a claim which is not related to the client's obligation or to the services provided by the client, the client's investment intermediary, the investment intermediary shall provide the client with sufficient information in due time for the existence of such risk.

Art. 55. (1) Where the investment broker holds client funds or financial instruments, it shall provide the client, in accordance with the provisions of Art. 61, para 1, at least once every twelve months with a statement containing the information under Art. 49, paragraphs 1 and 2 of Ordinance № 38, except if the contents of this statement have already been covered in another periodic statement to the client.

(2) Where the investment broker holds client funds and financial instruments and provides portfolio management, it may include the statement referred to in para 1 into the contents of the statement under Art. 46, para 1.

Art. 56. The investment broker shall inform its client in accordance with the provisions of Art. 61, para 1 where on obligation occurs for the client pursuant to Art. 145 of the Law on the Public Offering of Securities no later than the end of the first business day following the day in which a circumstance under Art. 145, para 1 of the LPOS has occurred in relation to financial instruments of the client held by the investment broker as a result of transactions with the client financial instruments executed by the investment broker, including in the case of portfolio management.

Art. 57. (1) Client assets held, operated or managed by the investment broker on account of the clients, shall be guaranteed by the „Compensation Fund for Investors in Financial Instruments” in case of inability of the investment broker to refund the assets for reasons, directly related to its financial state, on the following occasions:

1. an insolvency procedure has been initiated against the investment broker;

2. The FSC has revoked the investment broker's license on grounds of permanently deteriorated financial state and inability of the investment broker to satisfy its obligations.

3. The FSC has established by a decision under Art. 77b, para. 2 of the POSA, that the following conditions exist simultaneously:

3.1. the financial instruments and/ or funds held by the investment firm at the expense of its clients are not available on the relevant accounts for reasons other than the performance of contractual relations with the clients; and

3.2. at the discretion of the commission, the investment intermediary is at this point unable for reasons directly related to its financial condition to repay the clients' money, 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 a compensation, calculated as of the moment of the occurrence of the event under para 1, to the amount of 90 per cent of the total amount of the receivable, but it shall not exceed BGN 40 000 (until 31.12.2007- BGN 24 000. From 01.01.2008 to 31.12.2009 – BGN 30 000). Compensations shall not be paid to certain categories of clients, specified in Art. 77d, para 2 of the LPOS, including the professional clients. Compensations shall not be paid also for receivables originating from and/or related to deals and transactions constituting “money laundering”, the perpetrator of which has been sentenced and the sentence has taken effect.

(3) Upon conclusion of the agreement under Art. 5, para 1 the investment broker shall inform the client about the existing system for compensation of investors in financial instruments, as well as about its extent and the amount of guaranteed assets, and provides the client with information on the conditions and the procedures for compensation of client assets from the „Compensation Fund for Investors in Financial Instruments”.

(4) The investment broker shall provide the client with additional information within the range under para 3 when the client so requests.

Art. 57a (1) The investment intermediary may not conclude financial collateral contracts with non-professional clients by transferring the ownership of the collateral in order to secure current, future, determined, contingent or expected obligations of the client.

(2) The investment intermediary shall have the right to conclude a financial collateral contract with the transfer of ownership of the collateral with a professional client in the case of the client's obligations to the intermediary, where the client's assets are subject to the collateral only if, on the basis of the analysis under para. 3 concluded that this contract was appropriate for the client, and the client had given his explicit consent in advance for the use of his assets.

(3) The investment firm shall prepare a written analysis of the appropriateness of concluding such a contract, taking into account the following factors and including:

1. whether the relationship between the client's obligation to the intermediary and the use of the financial collateral agreement by transferring ownership of the security is weak, including whether the probability of the client's obligation to the intermediary is low or negligible;
2. whether the amount of funds or financial instruments of the client, subject to the contract for financial collateral with transfer of ownership of the collateral, significantly exceeds the client's obligation or is unlimited, including whether such security is allowed without the client being obliged to the intermediary, and
3. whether the financial instruments or funds of all clients are subject to financial collateral arrangements with the transfer of ownership of the security no matter what the obligation of each client to the intermediary;
4. whether the contract for financial security with transfer of ownership of the security is suitable for the client;
5. what are the risks and the effect on the client's financial instruments and funds from the conclusion of such a contract.

(4) The investment intermediary shall notify the professional clients and the eligible counterparties of the risks and the effect on the client's financial instruments and funds from the respective financial collateral agreement with the transfer of ownership of the security.

Chapter V
Activity as Registration Agent

Art. 58. (1) The investment broker shall act as a registration agent by virtue of a written agreement with the client, in the cases when it files at the corresponding agencies data and documents for the registration of:

1. deals in financial instruments concluded beforehand, directly between the parties;
2. transfer of book entry financial instruments in the event of endowment and succession;
3. variation in the information about the owners of book entry financial instruments, correction of inaccurate data, issuance of duplicates of certifying documents, and other activities set out in the Internal regulations of the respective depository institution.

(2) In the cases referred to in para. 1, the entities or their representatives respectively, shall sign the necessary papers in the presence of a person under Art. 6, para 1 and/or para. 2, after their identity has been duly ascertained.

(4) A copy of the ID's of the persons or of their representatives respectively, certified by them and by the person under Art. 6, para 1 and/or para. 2, who concludes the agreement on behalf of the investment broker, following the procedures set out in Art. 5, para 5, and in the cases under para 1, point 1 - a declaration by the parties in the deal or by their proxies, that they do not deal or haven't concluded deals in financial instruments as a main activity within twelve months prior to conclusion of the agreement, and a declaration under Art. 29, para 1, shall remain in the investment broker's archive.

(5) The contract under para. 1 may be concluded pursuant to Art. 6a - 6c.

(6) The seller and the buyer of the financial instruments may be represented before the investment broker, acting as a registration agent, by entities, expressly authorized with a notarized power of attorney as the provisions of Art. 5, para 4 shall be observed.

(7) The investment broker shall refuse to enter into the agreement referred to in para 1 on grounds set out in Art. 58 of Ordinance № 38.

(8) Upon request of the seller and consent by the buyer, in the case of sale of book entry financial instruments referred to in para 1, point 1, the amount constituting the sale price in the transaction shall be deposited by the investment broker - registration agent by registration of the deal at the Cetnral Depository Institution. The investment broker shall inform the parties about this option.

Chapter VI Commission

Art. 59. (1) The investment broker shall quote its standard commission in respect of client agreements in a tariff, as well as the type and amount of the costs and charges for the client if they are not included in the commission. Variations and supplements in the tariff shall be binding on the client if he has been duly notified of them under Art.61, in good time and has not made a written statement to the effect of denying them.

(2) The client obliges to pay to the investment broker the due commission for every transaction executed, in accordance with the tariff referred to in para 1 and the terms and procedures negotiated by the parties in their agreement.

(3) Where the investment broker has taken the responsibility for the execution of the obligations of a third party under a deal, concluded to the interest of the client, it is entitled to additional remuneration which shall be negotiated by the parties in writing.

(4) The investment broker is entitled to additional remuneration, which shall be negotiated in writing, for amounts collected by it, belonging to the client.

(5) In the case of intermediation, the investment broker shall be entitled to remuneration from both the parties in the deal.

(6) The costs for the client not included in the commission of the investment broker according to the tariff under para 1 shall be set out in every particular agreement.

(7) The due commission shall be paid within 3 (three) days as from execution of the transaction unless the parties have arranged that in a different way.

(8) The non-cash payment shall be considered completed as of the moment in which the bank account of the investment broker is attested.

(9) In the case of material inability of the client to execute a certain transaction, he shall be obliged to refund the costs made by the investment broker and to pay a remuneration proportional to the extent of execution by the broker.

Chapter VII
Exchange of information
between the parties. Language

Art. 60. (1) The Bulgarian language shall be the language in which the investment broker shall communicate, deliver documents, provide notifications, and transfer any other information to its clients.

(2) In every particular agreement under Art. 5, para 1, the parties may specify one or more other languages in which exchange of information between them may be carried out.

(3) Regarding the relations of the branch of the IB in Poland with clients, local regulatory and supervisory authorities, exchange of information under para. 1 can be performed in Polish.

(4) Where there are no special requirements under any enactments, these general terms or the agreement concluded by the parties, the latter shall exchange information in written or oral form. The investment broker shall keep the information received or sent in writing, as well as records of the telephone conversations with the client and the electronic correspondence between the parties in relation to the execution of the agreement under Art. 5, para 1 in the record of the client.

(5) The investment broker shall provide to the client once a year in summary form information on the costs and charges according to Art. 71, para. 6 of the LMFI, which includes:

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

(6) The information under para. 5 is presented in such a way that the client understands the total costs as well as their overall effect on the return on investment, including the ability to request a detailed breakdown of the costs of the items.

(7) The investment firm shall provide the client with reports on the services provided in a durable medium pursuant to Delegated Regulation (EU) No 2017/565. The reports include information that is appropriate to the type and complexity of the financial instruments involved and the nature of the service provided, as well as information about the costs connected with the transactions and services performed at the client's expense.

Art. 61. (1) At the execution of the obligation of provision of information, set in these general terms, the investment broker shall deliver it on paper or in a medium other than on paper, provided that the latter meets the following criteria:

1. the provision of information in that medium is appropriate to the context in which the business

between the broker and the client is, or shall be, carried on;

2. the client, when offered the choice between information on paper or in that other durable medium, specifically chooses the provision of information in that other medium.

(2) Where the investment broker provides information to a client by means of a website and that information is not addressed personally to the client, it shall satisfy the following requirements:

1. the provision of information in that medium is appropriate to the context in which the business

between the broker and the client is, or shall be, carried on;

2. the client must specifically consent to the provision of the information in that form;

3. the client must be notified electronically of the address of the website and the place on the website where the information can be accessed;

4. the information must be up to date;

5. the information must be accessible continuously by means of that website for such period of time as the client may reasonably need to inspect it.

(3) The provision of information by means of electronic communications shall be treated as appropriate to the context in which the business between the broker and the client is, or shall be, carried on if there is evidence that the client has regular access to the internet. The provision by the client of an e-mail address for the purposes of carrying on of that business shall be treated as such evidence.

Chapter VIII Liability

Art. 62 (1) The liability of the parties for the non-fulfillment of their contractual obligations is determined by the specific contract and the investment broker will not be responsible for the final financial result achieved by the client.

(2) The investment broker shall not be liable for any damages and/ or loss of profit received by a client as a result of delay or inability to execute its order as a result of intentional or involuntary action of the client or a third party.

(3) The Client consciously and fully assumes the risk associated with any transaction in financial instruments that the II has performed in execution of a client's order, or in managing a client's portfolio, respectively, the II could be liable for damages suffered by the client only when they are caused by the misconduct or gross negligence of their employees.

Chapter IX Settlement of disputes and procedures for handling customer complaints

Art. 63. Any disputes occurred between the parties in relation to the interpretation and the execution of these general terms and the particular agreement shall be settled through mutual consent, and in the cases where such cannot be accomplished, the dispute shall be brought to a competent court for resolution.

Art. 63a. (1) Customers can submit complain to the firm in connection with services offered in person or through an authorized representative with a notarized power of attorney.

(2) The complaints are adopted in writing or by e-mail every working day from 9 am to 17 pm., as follows:

- at the registered address of the Intercapital Markets: Sofia, PO Box 1000, 6 "Dobrudzha" street, fl. 3;
- at the address of the branch of the broker in the Republic of Poland: Warsaw, PO Box 00-697, 61 "Al.Yerozolimskie" street;
- electronically: office@intercapitalmarkets.com .

(3) The client can explicitly specify the preferred form of response, however, when no such form is provided by the client, the form of the response is determined by the IB in the manner of receipt of the complaint.

(4) The complaint must contain data allowing to determine the identity of the client or his representative (name and surname of the person, account number), full description of the event, remarks by the customer and his specific requests.

(5) The investment firm ask the customer for further clarification of the circumstances or to supplement unclearly provided information, by informing the client that if the information is not been presented it would impede the proper handling of the complaint.

Art. 63b. (1) a filed complaint is considered by the firm under Part I, Chapter II, Section II of the Rules on internal organization of "Intercapital Markets" AD.

(2) The appeal shall be considered within 10 working days of receiving it, respectively from the provision of additional information pursuant to Art. 63a para. 5 of the General Terms. In factual and legal complexity the deadline for consideration is 15 working days.

(3) After examining the complaint a written reply is sent to the sender, describing measures taken.

Chapter X Non-regulated matters

Art.. 64. (1) Any terms and conditions, not set out in these general terms, as well as the commission of the investment broker and the costs and charges for the client, not included in the commission and not specified according to the tariff referred to in Art. 59, shall be set out in the agreement under Art. 5, para 1.

(2) For any matters not regulated in these general terms and in the agreement under Art. 5, para 1, the current Bulgarian legislation shall apply, while in the case of contracts from the branch of the firm in the Republic of Poland - and the current Polish legislation shall apply.

Final Provisions

§ 1 These General Business Terms were executed in accordance with the requirements of the LMFI and Ordinance № 38.

§ 2 These General Business Terms were adopted by the Board of Directors of "Intercapital Markets" AD at a meeting held on 17.05.2018 and are supplemented and amended with a resolution of the Board of Directors of "Intercapital Markets" AD taken on a meeting on 01.10.2007, 14.02.2012, 23.02.2016 and 22.04.2016.

§ 3 (1) After the approval of FSC, these General Business Terms shall apply to agreements between “Intercapital Markets” AD and clients, concluded as from 17.06.2018.

(2) These General Business Terms shall also apply to agreements with clients, concluded before 17.06.2018, if customers under these contracts were notified by posting prominently on the website of the firm within a period not less than one month before the entry into force of the amendments (Art. 4a para. 3) and if the customers did object to them before their entry into force (Art. 4a para. 4).

(3) In the event that customers under contracts concluded before 17.06.2018 disagree with the changes to these General Terms, they must object in writing to the Investment Broker before the deadline under the preceding paragraph as a result of which contracts are terminated in accordance with the procedure under Art. 4a para. 5 of these General Terms, and the client will not be liable for damages and expenses, excluding expenses related to holding of assets.