



БЪЛГАРО
АМЕРИКАНСКА
КРЕДИТНА
БАНКА

**GENERAL TERMS AND CONDITIONS,
APPLICABLE TO
THE CONTRACTS WITH CLIENTS UNDER TRANSACTIONS, INVOLVING
FINANCIAL INSTRUMENTS**

*Adopted by decision of the Management Board dated 10.05.2018, effective as of 16.06.2018,
amended by decision of the MB of 03.12.2020, effective as of 07.12.2020.*

I. INTRODUCTION

By virtue of the Credit Institutions Act, Markets in Financial Instruments Act (MFIA) and any and all other acts and legal regulations, regulating the operations of investment brokers and the investment activities and services, performed/provided by them, with reference to art. 298 and art. 348 - 360 of the Trade Act, the Management Board of Bulgarian American Credit Bank AD adopted these General Terms and Conditions, applicable to the contracts with clients under transactions, involving Financial Instruments:

1. DETAILS OF BACB AD AND THE INVESTMENT SERVICES AND ACTIVITIES, PROVIDED/PERFORMED BY IT

1.1. Bulgarian American Credit Bank AD (BACB AD) having its headquarters and registered office in Sofia 1000, Sredets district, 2 Slavyanska Str., tel.: 359 2 9658 358; 0700 144 88; e-mail: bacb@bacb.bg; website: <https://www.bacb.bg/bg/produkti/individualni-klienti/investicionno-posrednistvo>, entered in the Commercial Register kept by the Registry Agency, under Unique Identification Number /UIC/ 121246419, was registered as a joint-stock company on 03 December 1996 in Sofia, by decision No. 1 of 03.12.1996, and is the holder of a banking license, with latest update of the license, according to Order No. PД22-2271/16.11.2009 by BNB's Governor, supplemented as per Order No. PД22-0571/20.03.2012 of BNB's Deputy Governor and is entered into the Register of the Financial Supervision Commission (FSC) as an investment broker under No. ПГ-03-0207 with the following line of business:

- public raising of deposits or other repayable funds and granting loans or other financing on its own account and at its own risk;
- provision of payment services within the meaning of the Payment Services and Payment Systems Act;
- issuing and administering other means of payment such as travellers' cheques and letters of credit, in so far as this activity is not covered by paragraph (2) above;
- acceptance of valuables on deposit;
- activity as a depository or trust institution;
- financial leasing;
- guarantee transactions;
- trading for own account or for the account of clients with:
 - (a) money market instruments - cheques, bills of exchange, certificates of deposit and others, not specified in paragraph (9) below;
 - (b) foreign currency and precious metals;
 - (c) financial futures, options, instruments related to exchange rates and interest rates, and other derivative instruments outside the cases referred to in point (9) below;
- trading for own account or on behalf of clients in transferable securities, participation in issues of securities, and other services and activities referred to in art.5, par.2 and 3 of the Markets in Financial Instruments Act;
- money brokerage;
- advising companies on their capital structure, sectoral strategy and related matters, as well as advice and services on corporate transformations and business acquisition transactions;
- acquisition of receivables arising from the supply of goods or services (factoring);
- issuance of electronic money;
- acquisition and management of shareholdings;
- rental of safety deposit boxes;
- collecting, providing information and references on the creditworthiness of clients;
- other similar activities specified by regulation of the Bulgarian National Bank.

1.2. The supervision of the operations of Bulgarian American Credit Bank AD as an investment broker is carried out by the Financial Supervision Commission (FSC), with seat and registered office:

16, Budapest St, 1000 Sofia, telephone exchange: 02 9404 999; e-mail: bg_fsc@fsc.bg; filing complaints and documents: e-mail: delovodstvo@fsc.bg; www.fsc.bg.

1.3. Bulgarian American Credit Bank AD is a member of Bulgarian Stock Exchange Sofia AD (adopted at a meeting of the Board of Directors of Bulgarian Stock Exchange Sofia AD on 30.05.2003) and member of „Central Depository“ AD of 20 March 2003

Languages, in which the client may keep in contact with Bulgarian American Credit Bank AD and receive documents and information from it: Bulgarian, and for foreign persons – English.

Bulgarian American Credit Bank AD as an investment broker warns its clients that investments in Financial Instruments may result both in yield, and in a risk of losses. All Clients must be fully aware of the Risks, related to the Financial Instruments, for which the clients of Bulgarian American Credit Bank AD may file orders, which will be provided, together with these General Terms and Conditions. For further information, or if the Client is not sure that he/she has fully understood the risks, please call our employees at +359 2 8157201/ +359 2 8157202 / +359 2 8157203 and/or write to: treasury@bacb.bg

2. DEFINITIONS

2.1. Within the meaning of these General Terms and Conditions (GTC):

a) **“Client”** is a natural person or legal entity, using services, provided by BACB AD as an investment broker.

- **“Professional Client”** is a client, who has the experience, knowledge and skills to make independent investment decisions and properly assess the risks, related to investments and meeting the criteria, according to the Appendix to the MFIA.
- **“Non-Professional Client”** is a client, who is not defined as a Professional Client or as an eligible counterparty (according to the definition below).
- **„Eligible counterparty”** is an investment broker, credit institution, insurance company, Undertaking for the Collective Investment in Transferable Securities (UCITS), management company, pension fund, pension insurance company, other financial institutions, having a license or being regulated by the legislation of the European Union and its Member States, the national governments, public bodies, managing public debt, central banks and international organizations, as well as such persons from third countries, governed by the requirements, equivalent to the requirements of the EU legislation. eligible counterparties may also be other persons, meeting the requirements, set out in art. 71 of Delegated Regulation (EU) No. 2017/565, including persons from third countries.

b) **„Financial Instruments”** are:

1. transferrable securities - classes of securities, registered on accounts with the central depository of securities within the meaning of art. 2(1)(1) of Regulation (EU) No. 909/2014, which may be traded on the capital market, with the exception of payment instruments, such as:

a) shares in companies and other securities, equivalent to shares in capital companies and other legal entities, as well as depository share receipts;

b) bonds and other types of securitized debt, including depository receipts for such securities;

c) other securities, giving right to the acquisition or sale of such transferrable securities or which result in monetary settlement, determined based on transferrable securities, currencies, interest rates or yield, commodities or other indexes or indicators.

2. money market instruments;

3. stocks of Undertakings for the Collective Investment in Transferable Securities (UCITSs);

4. options, futures, swaps, forward rate agreements and any other derivative agreements, related to securities, currencies (with the exception of those, defined in accordance with art. 10 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Delegated Regulation (EU) No. 2017/565) (OG L 87/1 of 31 March 2017), with interest rates or yield, with emission quotas or other derivative instruments, financial indexes or financial indicators, which are physical delivery or cash settlement;

5. options, futures, swaps, forward agreements and any other derivative agreements, related to commodities, which require cash settlement or which provide the option of a cash settlement at the request of one of the parties, apart from cases of default another reason for termination of the contract;

6. options, futures, swaps and any other derivative agreement, related to commodities, which

provide the option for physical delivery settlement, when traded on a regulated market, multilateral trading facility (MTF) or organised trading facility (OTF), with the exception of wholesale energy products, traded on an OTF with physical delivery, defined in accordance with art. 5 of Delegated Regulation (EU) No. 2017/565;

7. options, futures, swaps, forward agreements and any other derivative agreements, related to commodities, which provide a settlement option of physical delivery, apart from those, specified in item 6, which are not intended for trading and have the characteristics of other derivative Financial Instruments according to art. 7, paragraph 1, 2 and 4 of Delegated Regulation (EU) No. 2017/565;

8. derivative Financial Instruments for credit risk transfer;

9. agreements for fluctuations;

10. options, futures, swaps, forward rate agreements, as well as any other derivative agreements, related to climate change, freight rates or inflation rates or other official economic statistical indicators, which require cash settlement or physical for which cash settlement is possible at the request of one of the parties (apart from cases of default or other grounds for termination of the agreement), as well as any other derivative agreements, related to assets, rights, obligations, indexes and indicators, apart from those, specified in this article, which have the characteristics of other derivative Financial Instruments depending on whether these are traded on a regulated market, MTF or OTF, defined in accordance with art. 7, paragraph 3 and art. 8 of Delegated Regulation (EU) No. 2017/565;

11. investment bills, compensation note and other non-monetary instruments.

c) **“Services”** means BACB AD’s operations as an investment broker for providing one or multiple investment services and/or performing one or more investment activities pursuant to art. 6, para. 2 and para. 3 of the MFIA, including those, related to conducting transactions and trading in publicly or privately traded Financial Instruments, placement of issues of Financial Instruments, as well as the provision of related services, information, advice and recommendations.

d) **“Executing orders for the account of clients”** means performing actions upon signing brokerage service agreements for transactions with Financial Instruments on behalf and for the account of a client, including entering into agreements for the sale of Financial Instruments, issued by the investment broker or a credit institution, at the moment of their issuance.

e) **“Order”** means an order, given by the client to BACB AD for a transaction, involving a financial instrument or any other concluded transaction, performed according to these GTC.

f) **“Dealing on own account”** is trading in Financial Instruments with BACB AD’s own moneys and for its own account.

g) **„Multilateral trading facility”** a multilateral system, organized by an investment broker or market operator, uniting multiple third-party interests in purchasing and selling Financial Instruments – within the facility itself and in accordance with its non-discretionary rules – in a manner, resulting in the conclusion of an agreement in accordance with the provisions of the MFIA.

h) **“Place of performance”** means a regulated market, multilateral trading facility, organised trading facility, systematic player or market maker or another liquidity provider or subject, performing functions in a third-country, similar to the functions, performed by one of the aforesaid subjects.

i) **“Inside information”** is the information pursuant to art. 7 of Regulation (EU) No. 596/2014, being accurate information, which has not entered the public domain, directly or indirectly related to one or more issuers or one or multiple Financial Instruments and which, if it is made public, could have a material impact on the price of such Financial Instruments.

For the purposes of this definition information is considered to be accurate, if it specifies the set of circumstances that exist or which can reasonably be expected to occur, or refers to an event, which has occurred or which may be reasonably expected to occur, when such information is so specific that it allows for the making of a conclusion regarding the possible impact of such set of circumstances or of such event on the prices of the financial instruments. In this respect, in the case of a long process, intended to result or resulting in certain circumstances or a certain event, accurate information may be deemed to be those future circumstances or that future event and intermediate stages of such process, which are related to the achievement of these future circumstances or such future event.

For the purposes of this definition, information, which, if made public, could have a substantial impact on the price of the financial instruments, means information, which a reasonable investor would probably use, as part of the motives for their investment decisions, when investing in Financial Instruments.

As for persons, obeying orders, regarding the Financial Instruments, inside information is also and information, notified by the client, related to submitted, but not yet executed client orders, meeting the criteria of art.7 of Regulation (EU) No. 596/2014, as specified above.

j) **“Durable medium”** means any medium, which meets the requirements pursuant to art.3 of Delegated Regulation (EU) No. 2017/565 and which enables the client to store information, addressed personally to him/her, in a manner, accessible for future use and for a period, corresponding to the objectives, for which the information is provided, as well as which enables the unchanged reproduction of the stored information.

2.2. Any and all words and phrases with legal technical meaning, used in these GTC, which are not defined in item 2.1. or in a specific agreement with the client, shall have the meaning, given to them in the Markets in Financial Instruments Act (MFIA), Commission Delegated Regulation (EU) 2017/565 of 25 April 2016, the Public Offering of Securities Act (POSA), Regulation (EU) No. 596/2014 of 16.04.2014 and Implementation of Measures Against Market Abuse with Financial Instruments Act and their respective implementing regulations.

3. GENERAL PROVISIONS

3.1. These GTC govern the relations between BACB AD and its clients with respect to its activity as an investment broker for providing one or multiple investment services and/or performing one or multiple investment activities pursuant to art. 6, para. 2 and para. 3 of the MFIA with subject matter – Financial Instruments.

3.2. BACB may provide investment services and activities, including additional services, according to art.6 of the MFIA, signing written agreements with clients, to which these GTC apply, with respect to the following transactions with Financial Instruments, which BACB AD carries out within its line of business and according to the legislation in force:

a) performing sales and other for consideration, involving Financial Instruments, with third parties by client's order and for client's account (BACB AD acts as a commission agent on his own behalf or as the proxy-agent on client's behalf, receiving, transmitting and executing orders for the account of clients against remuneration;

b) performing sales and other for consideration, with Financial Instruments from BACB AD's own portfolio (BACB AD is the end-counterparty of its client and enters into the transaction with the client for its own account);

c) trusteeship of Financial Instruments – BACB AD holds (keeps) Financial Instruments and/or funds, obtained or acquired for the account of client with respect to Financial Instruments, in a depository within the meaning of MFIA regarding Financial Instruments, and regarding the funds – to BACB's accounts in its capacity as a licensed credit institution, and carries out management actions, as agreed with the client, regarding the financial instruments;

d) subscribing to emissions of Financial Instruments and/or offering Financial Instruments under the conditions of unconditional and irrevocable obligation for subscription/acquisition of the financial instruments for its own account;

e) offering Financial Instruments for initial sale without unconditional and irrevocable obligation for acquiring the financial instruments for its own account (placement of Financial Instruments);

f) registered agency activities.

3.2.1. The Client may not use a service/s pursuant to art. 3.2. above without having a current account with BACB AD. Should he want to use a package of services, BACB AD shall provide information on the costs and fees separately for each part of the package. When there is a probability that the risks, arising from the provision of the service together with another service or product as part of the package or as a condition under the same contract or package, offered to a Non-Professional Client, differ from the risks, related to the individual parts, BACB AD shall provide an appropriate description of the individual parts and the manner, in which the interaction between them affects risks.

3.3. These General Terms and Conditions also apply as appropriate to the additional services, provided by BACB AD pursuant to art. 6, para. 3 of the MFIA.

3.4. Prior to signing a contract with a client BACB AD shall provide the potential clients with

the opportunity to review the GTC and the tariff, which shall be placed at a prominent and accessible place in the premises, where clients are received and published on BACB AD's website at www.bacb.bg.

3.5. These GTC and the tariff shall become integral parts of the contract with the client, only if the latter confirms in writing that he/she accepts them (as such written confirmation forms a separate clause in the contract) in their parts, relevant or related to the respective services as per item 3.2., and are not in conflict with specific clauses of the contract.

3.6. These GTC bind BACB AD and the client so far as specific contracts, regarding Financial Instruments, are in effect between the parties.

3.7. Prior to signing a contract, and the provision of an investment service and/or activity, BACB AD shall categorize the client according to the provisions of BACB AD's Policy on client categorization, and after that it shall notify the clients of:

a) their status of a Professional or Non-Professional Client, as well as of the circumstances, under which they can be categorized as an eligible counterparty;

b) their right to request a status, different than that, assigned to them, including – a change in the contractual conditions in order to ensure a higher level of protection, in accordance with the requirements of BACB's Policy on client categorization;

c) the limitations of their protection, when categorized differently;

d) their responsibility to notify BACB AD of any change, which may affect their categorization.

3.8. BACB AD specifies in the tariff, displayed at a prominent and accessible location in its office and on its website (www.bacb.bg), its standard commission fee for the various types of transactions with Financial Instruments, as well as the type and size of all the expenditures, fees and other payments of the clients, related to the transactions, which are not included in the payable fee. The remuneration and other expenditures, fees and other payments may be agreed upon in the specific contract on grounds and at amounts, different from the standard ones, with view of the specificities of the service.

3.9. BACB AD publishes prominently on its website each and every amendment and supplement to the GTC and/or the tariff, containing information regarding the date of their adoption and their effective date.

3.10. The publishing of new General Terms and Conditions or amendments and supplements to the General Terms and Conditions shall take place not later than one month prior to the effective date of such amendments and supplements.

3.11. If the client disagrees with the amendments and supplements to the general terms and conditions and/or the tariff, the client may terminate the contract without notice prior to their effective date of the General Terms and Conditions and/or the tariff, without any liability, such as indemnities and expenditures, with the exception of the expenses, related to the assets, owned by the Client.

3.12. Upon termination of the contract pursuant to the preceding paragraph the investment broker shall settle his relations with the client within seven days of receiving the termination notice.

II. PRE-CONTRACTUAL INFORMATION

1. REQUIREMENTS, APPLICABLE TO THE INFORMATION PROVIDED

4.1. In conformity with the requirements of the MFIA, the information, provided by BACB AD to its clients, or distributed in a manner, so that it may reach Non-Professional Clients or potential Non-Professional Clients, including such information, included in advertising materials and public statements, is comprehensible, true, clear and not misleading.

2. NOTICE, REGARDING THE COMPENSATION SYSTEM

5.1. BACB AD notifies its clients of the existing system for compensating the investors in Financial Instruments, including of its scope and the guaranteed amount of the client assets, and upon request – it provides details, regarding the conditions and rules for compensation, including that:

a) the compensation for receivables, arising from BACB AD's inability, acting as an investment broker, to return to the client assets in accordance with the legal and contractual

provisions, is paid by the Fund for Compensating Investors in Financial Instruments (the Fund);

b) The Fund pays compensation to each and every client of an investment broker, up to 90 per-cent of the amount of the receivable, but not more than BGN 40 000;

c) no compensation is paid to the persons, specified in art. 77r, para. 2 of the POSA, including those categorized as professional clients;

d) The Fund does not pay compensation for receivables, falling in the case pursuant to art. 77r, para. 3 of the POSA.

5.2. Non-professional clients rely on the highest level of protection.

5.3. BACB AD provides its professional clients with the opportunity to use a higher level of protection, as that, provided to Non-Professional Clients.

5.4. BACB AD provides a high level of protection to a Professional Client at the latter's request, when such client decides that he/she is unable to properly assess and manage the risks, related to investing in Financial Instruments. The higher level of protection gives the client the right not to be considered a Professional Client for the purposes of the applicable regime to BACB AD's operations.

5.5. The rules as per item 5.4. shall not apply, if BACB AD decides that, based on the experience, skills and knowledge of the client, a justified conclusion can be made that, according to the nature of the transactions or services, which the client intends to use or enter into, such client is capable of making independent investment decisions and assessing the risks, 1.

5.6. The higher level of protection is provided based on a written agreement between BACB AD and the professional client.

5.7. In the cases, when in the course of its activity, BACB AD determines that a client, categorized as professional, has ceased to meet the conditions, for his categorization as a Professional Client, BACB AD shall take all necessary measures to apply the higher level of protection with respect to such client, in accordance with BACB's Policy on client categorization.

5.8. When a potential or current client, deemed an eligible counterparty, requests to be treated as such and BACB AD agrees, such client shall be treated as a Professional Client, unless he has expressly requested to be treated as a Non-Professional Client.

5.9. In the cases, when an eligible counterparty has expressly requested from BACB AD to be treated as a Non-Professional Client, art. 89, para. 5 of the MFIA shall apply.

3. DESCRIPTION OF THE FINANCIAL INSTRUMENTS

6.1. BACB AD shall provide the client with a general description of the financial instruments and the risks, related thereto, in accordance with the client type – professional, non-professional or eligible counterparty. The description, according to the requirements of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016, contains a detailed description of the type and characteristics of the particular type of financial instrument and the specific risks, related thereto, in order to enable the client to make an informed investment decision.

6.2. In the cases, when the risks, related to a financial instrument, consisting of two or more different financial instruments or services, may be higher than the risks, related to any of its components, BACB AD shall provide an adequate description of the components of the financial instrument and the relevant risks. The IB shall provide a due description of the legal nature of the financial instrument, the components of such instrument and the ways the interaction between the components affect the risk for the investment

6.3. In the cases, when the financial instruments incorporate a guarantee or protection of the capital, BACB AD shall provide the Non-Professional Client and the potential Non-Professional Client with sufficient data and details on the guarantor and the guarantee, and of such protection of the capital, respectively, which would enable them to make an objective assessment of the guarantee or protection.

6.4. BACB AD shall notify the Non-Professional Client and the potential Non-Professional Client in due course, prior to the provision of the investment services or additional services, where the prospect is available to the public, when the financial instruments are the subject matter of a current public offering, carried out based on a published prospect, in strict compliance with the requirements of Directive 2003/71/EC.

4. RISK WARNING

7.1. BACB AD shall provide the client with a general description of the risks, related to the investing in the financial instruments, in accordance with the type of the client – professional, non-professional or eligible counterparty. In order to enable the client to make an informed investment decision, the description contains a detailed description of the type and characteristics of the particular type of financial instrument and the specific risks, related thereto, as well as the respective elements, as far as these are applicable to the specific type of financial instrument, the status and the level of client's knowledge, i.e.:

a) indicating the risks, related to the particular of financial instrument, including a description, if the financial instrument is traded on leverage and the consequences of such type of trade and the risk to lose the entire investment made, including the risks, arising from the possible bankruptcy of the issuer or any related events, such as loss sharing;

b) the volatility of the price of certain Financial Instruments and any possible limitations in the available market of such instruments;

c) the fact that the investor may undertake additional financial and other additional obligations, resulting from transactions with Financial Instruments, including unforeseen obligations, additional to the investment acquisition costs;

d) information, regarding the obstacles or limitations to the release of the investment, e.g. in case of non-liquid Financial Instruments or Financial Instruments with fixed term of investment, including illustration of the possible ways for early exit from the investment and the consequences from each such exit from the investment, the possible limitations and the expected time, necessary for the sale of the financial instrument and to the moment of recovery of the initial expenditures for the transaction of this type of Financial Instruments;

e) all the margin requirements or similar obligations, applicable to this type of instruments;

7.2. BACB AD warns the interested persons of the risks, related to investments in Financial Instruments, or of the specific investment strategies, i.e.:

Each and every potential investor, when making a decision to trade or enter into transactions with Financial Instruments or a specific product, must first assess the risks, inherent to such instrument, product or strategy, related thereto. The risk assessment must include an assessment of the possible credit risk, market risk, the liquidity risk, the risk, related to the interest rates, the risk, related to exchange rates, business risk, operational risk and risk of insolvency, the risks, related to trading on the unofficial market or outside of a regulated market, including matters, such as "guarantee" of the clearing house, price transparency and the possibility to close positions, the risk, related to provisional obligations and the regulatory and legal risk. Secondly, each and every investor must make sure to be fully aware of all the information in the documentation, related to the instrument, product or strategy, including the conditions of any and all memoranda, public offering prospects or additional risk disclosures etc,

7.3. The Obligations as per item 7.1. and 7.2. are considered fulfilled, when BACB AD provides the non-professional client and the potential Non-Professional Client with the key information on the investors, concerning shares and interests in Collective Investment in Transferable Securities (UCITSs)., according to art. 59 of the Activities of Collective Investment Schemes and other Undertakings for the Collective Investment in Transferable Securities Act.

These obligations shall be considered fulfilled if BACB AD notifies the non-professional client and the potential Non-Professional Client according to art.6.4 above.

7.4. BACB AD shall not provide and undertakes no responsibility to provide investment advice on the advantages or the consequences of investing in a certain financial instrument, product or service or the overall risks, which the client may be exposed to in terms of the financial instrument, product or service.

7.5. The risk, related to the investment and transactions with Financial Instruments, shall be borne by the client, as BACB AD shall notify such client accordingly.

5. APPROPRIATENESS ASSESSMENT

8. When providing investment services to the client, BACB AD shall request information on such clients' knowledge and experience with respect to the respective investment services. Based on this information, BACB AD shall assess the appropriateness of the service, required by the client,

when this is required by art.79 of the MFIA. BACB AD requires from the client to update such information upon the occurrence of any substantial changes to the declared information. BACB AD shall the amount of information, as required to determine the substantial facts, related to the client and providing it with reasonable grounds to believe, taking into consideration the nature and scope of the proposed service, that the client has the necessary experience and knowledge, to understand the risks, related to the transactions with Financial Instruments

8.1. BACB AD shall request from the client or potential client, information regarding his/her experience and knowledge in the area of the investment activity, as follows:

- the type services, transactions and Financial Instruments, familiar to the client;
- the nature, volume and frequency of the transactions with Financial Instruments for the account of client, as well as the period, in which these will be concluded;
- the level of education, profession or relevant previous profession of the client or the potential client.

BACB AD shall rely on the information, provided by the client, unless it knows or should have known that the information is inaccurate, incomplete or outdated.

8.2. BACB AD shall accept the order without obtaining from the client the information for making such assessment and without making an assessment of the appropriateness, when the following cumulative conditions are met:

1. the subject matter of the services are the following Financial Instruments:
 - a) shares, allowed for trading on the regulated market or an equivalent market of a third country, or at the MTF, in the case of corporate shares, with the exception of stocks in undertakings, which are not UCITs, and shares, which include a derivative instrument;
 - b) bonds or other types of securitized debt, allowed for trading on the regulated market or an equivalent market of a third country, or at the MTF, with the exception of bonds or other types of securitized debt with an incorporated derivative instrument or such that have a structure, due to which it is more difficult for the client to understand the related risk;
 - c) money market instruments with the exception of those with an incorporated derivative instrument or which have a structure, making it more difficult for the client to understand the related risk;
 - d) shares or stocks of UCITs with the exception of the structured Undertakings for the Collective Investment in Transferable Securities (UCITs) as per article 36(1)(2) of Regulation (EU) No. 583/2010;
 - e) structured deposits with the exception of those, having a structure, making it more difficult for the client to understand the risk for the return or the expenditures, related to early exit from the investment;
 - f) other non-complex Financial Instruments, similar those, set out in “a”-“e”;
2. service are provided at client’s or potential client’s request;
3. The Client or the potential client has been notified in writing that the investment broker shall not carry out an assessment of the appropriateness, as such notice may also be in a standardized format;
4. the investment broker meets the requirements regarding the avoiding of conflict of interests.

8.3. BACB AD requires such part of the information as per item 8.1, as appropriate with view of the characteristics of the client, the nature and scope of the services, to be provided and the types of products or transactions, expected, including their complexity and the related risks. BACB AD may assume that the Professional Client has all the necessary experience and knowledge, to be able to understand the inherent risks, related to these specific investment services or transactions or types of transactions and products, for which the client has been classified as a Professional Client.

8.4. Based on the obtained information BACB AD decides whether or not the investment service is appropriate for the client. If, based on the information, obtained as per item 8.1. BACB AD decides that the proposed investment service would not be appropriate, it warns the client or the potential client, accordingly in writing.

8.5. If the client, or the potential client, fails to provide the information as per item 8.1. or the information provided is insufficient to make an assessment, BACB AD shall notify the client or the potential client in writing that it is unable to decide whether or not the proposed investment service would be appropriate for him/her.

8.6. The aforesaid rules, as per item 8.1.- 8.5 shall not apply in the cases of granting loans pursuant to art.6, para. 3, item 2 of the MFIA, other than existing credit limits on loans, current

accounts and overdraft of a client.

6. CONFLICT OF INTERESTS

9.1. BACB AD has adopted internal organizational rules, part of which is BACB's Policy for the treatment of conflicts of interests when providing investment services and activities, according to which BACB AD undertakes all necessary actions to identify any and all potential conflict of interests between:

a) itself and any and all persons, employed by it, including those, affiliated to it, through the control of persons, related agents or any person, who is directly or indirectly related to the investment broker through control relations, on one hand and its clients, on another;

b) its individual clients.

9.2. "Conflict of interests" means a situation, occurring with respect to the provision of investment and/or additional services by BACB AD, acting as an investment broker and capable of harming client's interests, including the following situations, when BACB AD:

- is capable of realizing financial profit or avoid financial loss for the account of the client;
- has interest in the outcome of the service, provided to the client or the conclusion of the transaction for the account of the client, which is different from client's interest in such outcome;
- has financial or other incentive to prefer the interest of a client or a group of clients to the interest of another client;
- carries out the same activity as the client;
- receives or will receive from a person, different from the client, benefits with respect to the service, provided to the client, in the form of cash, commodities or services in violation of item 3.9. or differing from the standard remuneration or commission for such service.

9.3. If, despite the application of the BACB's internal organization rules, including the Policy for conflicts of interests, there is still an existing risk for client's interests, BACB AD may not carry out any activity for the account of client, unless it has notified such client of the general nature and/or sources of the potential conflicts of interests. BACB AD shall provide durable medium information in sufficient detail, regarding the conflict of interests, which conforms to the characteristics of the client, so that such client can make an informed decision on the investment or the additional service, with respect to which such conflict of interests occurs.

9.5. Information on the potential conflict of interests, as well as of a conflict of interests with another client, if this would not violate the existing confidentiality obligation or jeopardize the other client, may be provided to clients of BACB AD, acting as an investment broker, subject to their prior written consent, in accordance with BACB's internal organization rules including the Policy for conflict of interests.

9.6. At client's request BACB shall provide additional details on the Policy for the conflict of interests on a durable medium or on BACB AD's website at: www.bacb.bg in accordance with the provisions of section 8 below.

7. POLICY FOR EXECUTING ORDERS

10.1. BACB AD notifies its clients of BACB's Policy for executing client orders, as well as of any significant changes thereto.

10.2. BACB AD executes client's order to client's best interest and in order to achieve the best possible outcome for the client, in accordance with BACB's Policy for executing client orders.

10.3. BACB AD may not execute orders for the account of clients, unless they have given their prior consent to its Policy for executing client orders.

10.5. At client's request BACB AD shall certify that it has executed the order in accordance with the published Policy for executing client orders.

8. COMMUNICATIONS BETWEEN BACB AD AND THE CLIENT AND METHODS FOR PROVIDING INFORMATION

11.1. Any and all communications between BACB AD and the clients shall be in writing, in one of the following forms, as agreed between the parties and expressly acknowledged and accepted by the client in the particular contract:

- a) on paper medium;
- b) on magnetic medium;
- c) through electronic means of communication, using electronic mail (e-mail) to an electronic address, specified in the respective contract;

- d) on BACB AD's website: www.bacb.bg subject to the fulfilment of the following conditions:

- a) the client has regular internet access, as evidenced by the provision by the client of an email address for the needs of client's relations with BACB AD;

- b) the client has expressly agreed to this method of provision of information;

- c) the client has been notified by electronic means of the address of BACB AD's website and the specific section on that website, where such information is located;

- d) the information, provided on BACB AD's website, is up to date;

- e) the information is permanently accessible on BACB AD's website throughout the time, usually necessary for the clients to become familiar with it.

III. GENERAL REQUIREMENTS AND LIMITATIONS, REGARDING BACB AD'S ACTIVITIES AS AN INVESTMENT BROKER

12.1. When providing investment services and activities, as well as additional services for the account of a client, BACB AD shall act honestly, fairly and as a professional, in accordance with its clients' best interests, exercising due diligence with respect to its clients' interests, in the performance of the contract and shall undertake all sufficient steps to enter into the transactions with Financial Instruments for the account of the client under the best possible conditions for the client. When executing an order, issued by a Non-Professional Client, the best performance of the order shall be defined by the total cost of the transaction, including the price of the financial instrument and the expenditures, related to the execution. The expenditures, related to the performance, include all the expenditures, directly related to the execution of the order, including fees for the place of performance, clearing and settlement fees, as well as any other fees and remuneration, paid to any third parties, involved in the execution of the order.

12.2. BACB AD treats equally each and every one of its clients.

12.3. Subject to receiving specific instructions from the client, BACB AD shall execute the order, following such instructions, clearly warning the client in advance, that this may prevent BACB AD from providing the best possible performance for such client.

12.4. BACB AD has fulfilled its obligation to act in order to achieve the best possible outcome for its clients, if it has executed the order or a specific aspect of the order, following client's special instructions.

12.5. If the transaction has taken place under condition, which are more favourable than those, specified by the client, then the entire benefit belongs to the client.

12.6. When BACB AD provides services as per item 3.2. for the account of a third party based on the order by another broker, it may receive the information regarding such third party, collected by the said broker. BACB AD may receive and refer to the recommendations, provided to the third party by the other broker, regarding the services.

12.7. BACB AD shall not be responsible for the completeness and accuracy of the information, provided by the broker, according to whose orders it is acting, as well as for the appropriateness of the recommendations, provided by it to the client. The investment broker as per item 12.6. shall be responsible for the execution of the order, according to which the transaction has been concluded, based on the information and recommendations received.

12.8. BACB AD's rights and obligations with respect to the implementation of the Anti Money Laundering Measures Act, Anti-Terrorism Financing Measures Act and their implementing regulations, are governed by BACB's internal rules on the control and prevention of money laundering, which BACB applies according to art. 101 of the Anti Money Laundering Measures Act.

IV. PROVISION OF INVESTMENT SERVICES AND ACTIVITIES FOR THE ACCOUNT OF CLIENT. CONCLUSION OF A CONTRACT WITH THE CLIENT FOR THE PROVISION OF INVESTMENT AND/OR ADDITIONAL SERVICES AND ACTIVITIES. EXECUTING CLIENT ORDERS FOR TRANSACTIONS WITH FINANCIAL INSTRUMENTS.

1. GENERAL PROVISIONS. RESPONSIBILITIES

13.1. The Client has the right to request accurate performance of the contractual obligations by BACB AD and vice versa.

13.2. BACB AD is obliged to perform its obligations accurately, by concluding and executing for the account of the client the orders, placed by the latter, and to provide brokerage services in the entering into an agreement with Financial Instruments.

13.3. The liability for any failure to perform a contractual obligation, shall be specified in the particular agreement. The non-faulty party shall be entitled to damages, which are not covered by any legal compensation. BACB AD may not propose clauses to the contract with the client, which result in inequality in terms of the compensations and indemnities provided, in case of default in the performance of the contractual obligations.

13.4. The parties shall not be liable for any default in the performance of their obligations, if such default is due to force majeure. If BACB AD or the client have delayed their performance, they cannot claim force majeure.

13.5. The risk, related to investment and the transactions with Financial Instruments, is borne by the client. Each and every individual agreement contains a clause, stipulating that the client has received the information, which BACB AD is obliged to provide, according to the MFIA and the applicable regulations, and that such client is aware of the risks, related to the investment and the transactions with Financial Instruments.

13.6. Prior to entering into a contract BACB AD shall request from the clients the respective information, according to these GTC. If BACB AD enters into a contract with a client, who has refused to provide all the required information or a part thereof, this fact shall be evidenced in writing, with the signatures of both the client and BACB AD.

2. CONTRACT CONCLUSION.

14.1. For the provision of the services as per item 3.2. BACB AD concludes written contracts with the clients. BACB AD concludes a written contract with the client after his/her registration with BACB AD's system and his/her identification, in accordance with the requirements of the legislation in force. The conclusion of a contract between BACB AD and the client takes place in strict compliance with the respective requirements of the applicable regulations.

BACB AD creates a file for each and every client, where it keeps the signed contract and all documents related to the investment services, provided to the client.

14.2. Upon concluding the contract, the client may be represented before BACB AD by a proxy with a notarized power of attorney, containing authorization for the performance of management and/or disposal activities with Financial Instruments. A contract may be concluded with a proxy, as mentioned in sentence one, provided only that the proxy declares that he/she does not carry out professional transactions with Financial Instruments, as well as that he/she has not carried out such transactions for one year prior to the conclusion of the contract. BACB AD keeps in its file the declaration and original power of attorney as per sentence one, or a notarized copy thereof, respectively. If the power of attorney has been issued for multiple use, BACB AD shall keep a copy thereof, endorsed by the proxy and the person, concluding the investment broker contract. The endorsement shall consist of the inscription "True copy of the original", and shall be dated and signed by the endorser.

14.3. BACB AD may conclude transactions with eligible counterparties, without being obliged to meet the requirements as per item 8.1 - 8.5; item 10.1 – 10.5. and 15.8 of these GTC with respect to the specific transactions or the respective additional service, directly related to these transactions. This shall not be applicable, if the client, categorized as an eligible counterparty, expressly requests not to

be considered as such fully or for a specific transaction only.

14.4. BACB AD shall refuse to conclude the contract for the provision of the services as per item 3.2, as well as to execute client's order for a transaction with Financial Instruments, if:

- the client or his/her representative has failed to sign all necessary documents according to the requirements of the applicable legislation, has submitted documents with clear irregularities or the relevant data thereon are incomplete, there are inaccuracies or contradictions, or there is another fact, casting doubts as to the proper identification or representative power;

- the counterparty is represented by a proxy, who declares the professional execution of transactions with Financial Instruments. This restriction shall not apply, when the contract is signed by a management company, credit institution, investment broker or another person, entitled to carry out activities with Financial Instruments;

- this would result in a default in the meeting of the requirements of the Anti Money Laundering Measures Act and its implementing regulations, and it shall immediately notify the respective authorities;

- BACB AD does not provide service, and thus it does not accept an order for a transaction, resulting in the obligation for the submission of a report for a transaction, pursuant to Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, concluded on behalf of a client, prior to receiving a LEI code for the client - legal entity.

3. EXECUTING ORDERS.

15.1. For the performance of transactions with Financial Instruments BACB AD's clients submit orders for performing transactions with Financial Instruments, which are submitted in writing, based on a template, prepared by BACB AD in accordance with the legislation in force. Together with the orders the client must also submit the declarations and other documents, required by the MFIA and the legislation in force. Orders may only be submitted through a proxy, subject to the submission of a notarized express power of attorney and a declaration, according to item 14.2. of these GTC.

15.2. Upon accepting an order, BACB AD requests from the client, or from his/her representative, respectively, to declare, whether:

- a) he/she has inside information regarding the financial instruments, to which the order refers, and regarding their issuer, if the financial instruments, to which the order refers or based on which the financial instruments-subject matter of the order, have been issued, are traded on the regulated market;

- b) the financial instruments-subject matter of the order for sale or exchange, are blocked in the depository, where these are kept, whether or not any pledge or attachment has been imposed on them;

- c) the transaction - subject matter of the order, is a disguised purchase or sale of Financial Instruments.

15.3. The additional client orders are also submitted in accordance with the provisions of item 15.1. BACB AD accepts and executes additional orders, unless these are incompatible with an already commenced order execution. If the additional order substantially changes a given order and this gives rise to risks for the client, of which he/she has not been warned, BACB AD warns such client thereof in writing or by a telephone call. If the client fails to withdraw such additional order immediately after such notice, he/she shall be considered to have wilfully undertaken the full size of the risk. In case of an objective impossibility to warn the client or if BACB AD does not receive an answer to its question with respect to the additional order within 24 hours, BACB AD may deviate from such order, if the deviation is in the evident interest of the client.

15.4. BACB AD executes client's order outside the regulated market or multilateral trading facility, only if the client has been notified in advance and has given his/her express consent to that effect, as well as only if this is possible, according to the legislation in force and BACB AD's Policy for executing client orders.

15.5. BACB AD may accept client orders by an electronic trading system, which ensures compliance with the regulatory requirements and provides the client with access to a certain place of performance.

15.6. The acceptance and initiation by BACB AD of telephone calls and messages or of calls

and messages through electronic communication media, related to the acceptance, transmission and execution of client orders shall be recorded. The records shall be made available to the respective client at request. The request for the provision of copies of the phone call/electronic communication records is submitted by the client through the data protection officer of BACB AD. The request must clearly specify a period/specific transactions/types of Financial Instruments, orders, which have been the subject matter of the discussions between the client and a competent employee of BACB AD. In case of filing excessively frequent requests/requests for the provision of records with excessively large volume, BACB AD is entitled to collect a one-off administrative fee for such provision of information, as the amount of the fee, as well as the criteria for its collection, shall be included in BACB AD's Tariff.

15.7. Whenever BACB AD carries out activities for the acceptance and transmission of orders with respect to one or more Financial Instruments, brokerage for the conclusion of transactions with Financial Instruments, including cases of transmission to other persons of its clients' orders for execution, it shall act to the best interest of the client and in accordance with the adopted BACB Policy for executing client orders.

15.8. BACB AD is obliged to execute immediately, honestly and accurately any and all accepted client orders, including to observe the order of receiving identical orders. Identical are those orders, which are the same in terms of their type, method and term of execution and price parameters.

15.9. BACB AD shall file in the order of receiving, any and all orders of its clients in a special register, kept on paper and magnetic media and containing data, in accordance with the requirements of the legislation in force.

15.10. BACB AD shall execute as soon as practicable any and all orders of its clients, unless this would be clearly unfavourable to the clients.

15.11. When executing client orders, BACB AD shall extend all reasonable efforts to achieve the best possible outcome for the client, strictly observing the BACB AD's Policy for executing client orders and according to the following requirements:

- a) immediate and accurate recording and allocation of the orders for execution;
- b) immediate execution in the order of receiving them, of identical client orders, unless the characteristics of the order or the predominant market conditions would render that unpracticable or client's interests required otherwise;
- c) informing the non-professional client of each and every substantial difficulty, related to the proper execution of orders, immediately upon becoming aware thereof.

15.12. In the case of a limited order, submitted by a client for shares, allowed for trading on the regulated market, which is not executed immediately under the current market conditions, BACB AD shall take measures, unless expressly ordered otherwise by the client, for the execution of such order as soon as practicable. The obligation shall be considered fulfilled by BACB AD with the transmission of the limited order to a regulated market and/or multilateral trading facility or, when the order is published by a data reporting service provider, established in a member state, and can be easily executed as soon as the market conditions permit so. *Limited order* is an order for the purchase or sale of Financial Instruments with a specified volume and at a specified or better price. BACB AD may not observe the obligation if the order volume does not correspond to the regular market volume, under conditions, set out in the legislation in force.

17.1. BACB AD may not execute client's order or transactions for its own account, combining them with other client orders, unless:

- a) the combining of the orders and the transactions is not likely to be detrimental to any of the clients, whose orders are being combined;
- b) BACB AD has clarified to each client, whose order is being combined, that such combining could be unfavourable for the client with respect to the specific order.

18.1. BACB AD refuses to accept a submitted client order for a transaction, if the execution of the order would be in violation of the imperative provisions of the legislation in force or of the operational rules of an organized Financial Instruments market, of a Central Depository, of another depository or another governmental body. If, despite the clarifications to that effect, provided by BACB AD, the client confirms his/her order in writing, BACB AD shall prepare a written refusal to execute the order and send it to the client not later than the end of the business day, when the order was submitted, with return receipt or otherwise, evidencing the receipt.

18.2. BACB AD shall refuse to conclude a contract with a client, as well as to execute client's

order for a transaction with Financial Instruments, if it would otherwise violate the Anti Money Laundering Measures Act and its implementing regulations, as it shall notify the respective authorities accordingly.

18.3. If the client has caused BACB AD material damages, it shall be entitled to discontinue the execution of an already adopted order and refuse the acceptance of new orders until the material relations with the client are settled.

18.4. BACB shall refuse or postpone the execution of the client's order for a transaction with Financial Instruments, if it has been declared or it is determined that the financial instruments, subject matter of the order for sale, are not available on client's account or have been blocked in a depository, as well as if a pledge has been established or an attachment has been imposed thereon. Any refusal/postponement can be cancelled subject to the provisions of the legislation in force.

19.1. BACB AD shall require from a client, submitting an order for purchasing Financial Instruments, to provide funds, required for the payment under the transaction - subject matter of the order, when executing the order, unless the client certifies that he/she would fulfil his/her payment obligations, as well as in other cases, provided for in a regulation.

19.2. The provisions of item 19.1. shall not apply if the rules of the place of performance, where the transaction would be concluded, permit the conclusion of transactions, where the payment of the financial instruments does not take place simultaneously with their transfer and subject to the presence of an express written consent by the seller. The exception is applied respectively in case of other transfer transactions, involving Financial Instruments.

20. Whenever the transaction is concluded and executed on a stock exchange or another regulated market of Financial Instruments, the rules of the respective stock exchange or regulated market shall apply, even if agreed otherwise in the specific contract between BACB AD and the client.

21. BACB AD shall file for registration with the Central Depository or another depository the transfer of non-materialized Financial Instruments from the own account of the client to a client subaccount with BACB AD, if the client has provided a reliable confirmation document for the financial instruments and if there are no circumstances, casting doubts as to the reliable identification or representative power. BACB AD shall retain for its file, the evidencing documents and/or transfer them, where necessary, to the Central Depository or the respective depository in a manner, set out in the legislation in force and in the rules of the Central Depository or the respective depository.

22. Client orders shall also be executed outside of the regulated market or multilateral trading facility, only if clients have been notified in advance and have given their express consent to that effect, as well as only if it is possible, according to the legislation in force and BACB AD's Policy for executing client orders.

4. RIGHTS AND OBLIGATIONS OF THE CLIENT WITH RESPECT TO THE SUBMISSION OF ORDERS

23. Regularly submitted orders may be withdrawn by the client by signing an order withdrawal. Orders may be withdrawn, before a transaction with financial instruments is concluded. In case of a partial execution of a submitted order, the order withdrawal shall only apply to the part that has not yet been executed. In case of partial execution of client's order, the client shall pay BACB AD the brokerage fee and any and all relevant expenditures according to the tariff and the signed contract.

24.1. If BACB AD deviates from the order, the client shall not be required to recognize the transaction as executed for his/her account and may request an indemnity, unless such deviation has been made to such client's clear interest.

24.2. Whenever BACB AD announces that it shall cover the difference in the price, the client may not withdraw from the transaction.

25. The Client shall be required to accept the outcome of the executed transaction.

26. The Client shall submit and sign the declarations and other documents, related to the transactions with Financial Instruments, which BACB AD presents to him/her in compliance with the requirements of the legislation in force.

27. The Client may not give orders regarding Financial Instruments and compensatory instruments, for which he/she has inside information, or regarding Financial Instruments and compensatory instruments, which are blocked in the Central Depository, a pledge has been established or an attachment imposed on them, as well as to give orders regarding transactions, being a disguised purchase or sale of Financial Instruments and compensatory instruments.

28.1. When giving orders for the sale of exchange of Financial Instruments, the Client shall transfer to the possession of BACB AD the entire quantity of Financial Instruments, which must be in a condition (including legally), permitting the lawful execution of the order.

28.2. If the financial instruments fail to meet the condition as per item 28.1, the client must replace them with compliant Financial Instruments within the time frame, specified by BACB AD or withdraw the respective order. In the case of withdrawal, the relations between the parties shall be regulated, as a culpable default under the transaction. In the case of execution of an order for the sale or exchange of Financial Instruments, which do not meet the condition of item 28.1, the client shall be responsible for the material damages, suffered by BACB AD during and with respect to the execution of such order.

5. CONFIRMATIONS AND REPORTING

29.1. In the cases, when BACB AD concludes a transaction for the account of a Non-Professional Client, BACB AD shall immediately send the main information regarding the execution of the such order, as well as a notice on durable medium (confirmation), regarding the execution of the order as soon as possible, but not later than the first business day after the execution. If the confirmation has been accepted by BACB AD through a third party, the notification of the client shall take place not later than the first business day, following the day, when BACB AD has received the confirmation from the third party. BACB AD shall notify the client of the place, where the order has been executed.

29.2. BACB AD shall have no obligations as per item 29.1., if the confirmation contains the same information, as the confirmation, which has been immediately sent to the client by another person.

29.3. The confirmation shall contain information, which is appropriate, where applicable, in accordance with the regulatory technical standard regarding the reporting obligations, accepted in accordance with Article 26 of Regulation (EU) No. 600/2014. When providing the information BACB AD may use standard codes, provided that it provides the client with explanations of the codes used.

30. In the cases, when BACB AD concludes transactions for the account of a Professional Client or eligible counterparty, BACB AD shall provide them on a durable medium with the significant information on the concluded transaction immediately, and not later than the first business day after the execution.

31.1. If the settlement does not take place on the specified date or in the case of another change to the information, contained in the confirmation, BACB AD shall notify the client in an appropriate manner, by the end of the business day, when BACB AD has found out of the change.

31.2. BACB AD shall provide the client, at request, information on the status of the order and its execution. Within 3 business days of the written request BACB AD shall notify the client of the date of introduction of the order on the market and of the number of the transaction on the regulated market and provide additional information regarding the execution of the order.

31.3. In the cases of orders, submitted for a Non-Professional Client regarding interests or shares in Undertakings for the Collective Investment in Transferable Securities (UCITSs), executed on a regular basis, BACB AD shall undertake the actions as per item 29.1. or shall provide the client with a confirmation, regarding these transactions, at least once every 6 months.

32.1. When BACB holds Financial Instruments and/or funds of a client, at least one per annum BACB AD shall provide on a durable medium, in the manner, agreed in the respective contract, an aggregate report of the available funds, the transactions and other operations in the previous period with financial, money or other material rights, provided or acquired by BACB AD for the account of its clients. BACB AD shall provide the report as of 31 December of the respective

year, as well as at client's request under the conditions and according to the rules, set out in the contract.

32.2. BACB AD shall provide the client with reports on the services provided on a durable medium according to Delegated Regulation (EU) No. 2017/565. The reports shall include information, corresponding to the type and complexity of the respective Financial Instruments and the nature of the service provided, as well as information on the expenditures, related to the transactions and services, provided and performed for the account of the client.

32.3. The Client may object to the confirmations and reports as per item 29.1. within three days of receiving them, and to the reports as per item 32.1. - within seven days. BACB AD shall keep a register of complaints and objections, where details of the received objections shall be recorded.

32.4. The confirmations and reports shall be considered accepted by the client, if he/she does not object within the time frame as per 32.3.

32.5. (1) Reports on client's financial instruments and/or funds. BACB AD shall send on a quarterly basis to each and every client, for whom it holds Financial Instruments or funds, a report on a durable medium, regarding such Financial Instruments or funds, unless such information has been provided in another regular report. At client's request BACB AD shall provide such report more often, against payment, determined on a commercial basis.

(2) Paragraph one shall not apply to deposits within the meaning of Directive 2000/12/EC of the European Parliament and of the Council, held by BACB AD.

(3) The report on client's assets as per para. 1 shall contain the following information:

a) details on all Financial Instruments or funds, held by BACB AD for the client at the end of the period, covered by the report;

b) the degree, to which each financial instrument or funds of the client have been the subject matter of transactions for financing with securities;

c) the amount of each and every benefit, achieved for the client as a result of a participation in transactions for funding with, as well as the basis, on which such benefits have been achieved.

d) express specification of the assets or funds, governed by the rules of Directive 2014/65/EC and the measures for its application, and those, which are not, e.g. which are governed by a contract for a financial security by the transfer of rights;

e) express specification of the assets, which are affected by certain specificities, concerning the ownership rights, i.e. which are subject to a security interest;

f) the market or evaluated value, if the market value is not available, of the financial instruments, included in the report, expressly specifying the fact that the absence of a market price may be indicative of a lack of liquidity. The evaluated value is determined by BACB AD based on the principle of making maximum efforts.

(4) The regular report on client's assets as per para. 1 shall not be provided, when BACB AD provides its clients with access to an online system, meeting the criteria of a durable medium, if current reports on client's financial instruments or funds are easily accessible by the client and BACB AD has evidences that the client has exercised access to this report at least once during the respective quarter.

6. REMUNERATION AND EXPENDITURES

33.1. The remuneration for the services, provided by BACB AD, as well as the payment of the incurred expenses, required for the provision of the services, are specified in the respective contract in terms of their type, term and payment method.

34.2. If the remuneration or the expenses under the contract deviate from the Tariff, published by BACB AD and the deviation is not to client's interest, the contract shall contain a statement by the client, confirming that he/she is aware of the Tariff and agrees to the deviation.

35. When the client pays for the amounts, related to the sales of Financial Instruments, BACB AD shall be entitled to deduct for its account, the amount, payable by the client for covering the expenses and the remuneration.

36. BACB AD shall also be entitled to receive payment of the remuneration and the incurred expenses, in the cases, when its execution of the order becomes impossible, without BACB AD's fault.

37.1. BACB AD may exercise its right of lien, with respect to the Financial Instruments and/or funds, acquired as a result of the execution of client's order, if the client is in delay of the payment of the amounts due for covering expenses and remuneration.

37.2. BACB AD shall provide preliminary and subsequent information to the client regarding the expenditures and the related fees according to art.50 of Delegated Regulation (EU) 2017/565.

7. STORING CLIENT ASSETS

38.1. BACB AD shall carry out activity, related to keeping (holding clients' Financial Instruments and/or cash) and administration of clients' Financial Instruments and the related services such as management of the received funds/provided security.

38.2. BACB AD as a trustee, agrees to:

a) hold clients' Financial Instruments and/or funds with the Central Depository, bank and/or another person, according to the applicable provisions of MFIA, including in its premises, and non-materialized government securities - in the registers of the Bulgarian National Bank or of sub-depositaries of government securities. BACB AD shall keep its clients' financial instruments in a depository, on their own client accounts to Bank's depository accounts.

b) provide brokerage services with respect to the opening and keeping of accounts, the registration, administration of transactions with Financial Instruments and other services, related to the activity of the Central Depository or another depository;

c) carry out the management actions, agreed with clients, related to the financial instruments, such as exercising the rights under securities, allocation of dividends, interests, principals, rights, free-of-charge securities, making and controlling payments with respect to securities, distribution of reports and information regarding general assemblies and other actions, related to the above.

39. Any and all actions in or with respect to disposal – transfer or pledge transactions – of the Financial Instruments and/or funds, provided in accordance with the trusteeship, shall be carried out by BACB AD upon express written order, or another relevant instruction by the client. Any and all fees for keeping and transfers are specified in BACB AD's Tariff.

V. SPECIFIC CONDITIONS FOR SUBSCRIBING TO SHARES FROM ISSUES IN CASE OF CAPITAL INCREASE

40. When a client submits an order to BACB AD for subscribing to shares against rights, BACB AD shall immediately submit an order on client's behalf to the Central Depository and/or the respective depository for subscribing to shares according to the procedures of the Central Depository and notify the investment broker, responsible for the issue, of the received order. The notification as per the preceding sentence shall be carried out by phone or another remote method of communication, and a document is then prepared by the end of the business day, evidencing such notification, which shall then be endorsed by a person in the compliance unit.

41.1. If BACB AD, as an investment broker, is responsible for the issue, when receiving the notice as per item 40, it shall immediately submit a counter request on behalf of the issuer to the Central Depository according to the procedures of the Central Depository.

41.2. If BACB AD, acting as an investment broker is responsible for the issue, upon the submission of a request for subscribing to shares against rights by a client of BACB AD, it shall submit a request on client's behalf and a request on behalf of the issuer to the Central Depository, according to the procedures of the Central Depository.

42.1. The requests for subscribing to shares shall contain, as a minimum, data on:

- the names and unique client number of the person and his/her proxy/representative, and if no such numbers have been assigned - the respective identification data, such as: full name, personal number, place of residence and permanent address, nationality, or name, identification code BULSTAT/UIC, tax number, city and address of the client, valid LEI code, respectively, and if the client is a foreign person – the equivalent identification details;

- the issuer, ISIN code of the issue and the number of shares, for which the request applies;
- data, time and place of submission of the request;
- signature of the person, submitting the request.

VI. SPECIFIC CONDITIONS WHEN TRADING THROUGH AN ELECTRONIC SYSTEM

43.1. If it becomes a subscriber of an electronic system for placing Financial Instruments purchase or sale orders, approved by the regulated market, BACB AD may conclude contracts with clients and enter orders using that system.

43.2. The access to the system and the entering of client orders shall take place, based on an electronic certificate, issued to his name and in strict compliance with the requirements, established in the internal rules of the regulated market for working with the respective electronic system.

43.3. If the client is going to enter orders through a proxy, the certificate is issued to the name of the proxy. In the certificate it should be specified that the respective person acts as a proxy and for the account of the respective client.

43.4. Orders, submitted through an electronic system, shall be considered submitted at client's request.

44.1. If the electronic system does not permit the conclusion of transactions with blocked, attached or pledged Financial Instruments or with Financial Instruments, which are not available in the respective account, BACB AD shall not carry out inspections of the depository.

44.2. The payment under a transaction, concluded in conformity with an order, submitted, using an electronic system, shall only be made in a cashless manner.

44.3. The confirmation of the concluded transaction shall be provided to the client through the electronic system.

VII. ASSIGNING THE EXECUTION TO A THIRD PARTY

45.1. BACB AD may assign the execution of critical or important operational functions or of investment services and activities to a third party. "Critical or important operational functions" regarding its activity as an investment broker, means those functions, where any defect or mistake in the performance may substantially affect the fulfilment of the conditions and obligations, related to its license or other obligations as per Directive 2014/65/EC, or the compliance with the other legal requirements, or affect its financial condition, the stability or continuity of the investment services and activities, provided or performed by BACB AD.

The following functions shall not be considered critical and important for the activity of the investment broker:

a) the provision of consulting services to the investment broker, as well as the provision of other services, which are not investment activity or service, provided on behalf of an investment broker, including the provision of legal advice to the investment broker or training of its employees or services, related to invoicing, as well as to the security of the premises and personnel of the broker;

b) the obtaining of standardized services, including such, related to the provision of marker price information.

45.2. Assignment is carried out based on a written contract between BACB AD and the third party, which exhaustively and clearly allocate the respective rights and obligations of the investment broker and the service provider. In particular BACB AD guarantees its right to issue instructions and terminate the contract, its right to obtain information, as well as its right to carry out inspections and the right to access the accounting documentation and the premises. The contract ensures that the services provider may only carry out assignments to third parties with BACB AD's written consent.

45.3. When assigning critical and important operational functions, as well as investment services and activities, BACB AD shall continue to be fully responsible for the fulfilment of its obligations as per Directive 2014/65/EC and shall comply with the following conditions:

a) when making assignments to external contractors, the senior management shall not delegate its responsibility;

b) the relations and obligations of the investment broker to its clients according to Directive 2014/65/EC shall not change;

c) the conditions, which the investment broker must meet, in order to obtain and keep a license in accordance with Article 5 of Directive 2014/65/EO, have not been breached;

d) none of the conditions, under which the investment broker license has been issued, is revoked or changed.

45.4. BACB AD acts with due diligence in concluding, performing and terminating any and

all contracts as per item 47.2. BACB AD undertakes all necessary actions, to ensure the compliance with the regulatory requirements and the requirements of art. 31 et seq. of Delegated Regulation (EU) 2017/565 regarding the activity of the third party, including effective control measures regarding the assigned functions and the management of the risks, related to such assignment.

VIII. RULES, APPLICABLE TO THE PERFORMANCE OF ACTIVITIES AS A REGISTRATION AGENT

46.1. BACB AD carries out registration agent activities in strict compliance with the requirements of the applicable legislation by virtue of a written contract, concluded with the client, submitting to the respective depositories, any and all necessary data and documents for the registration of:

1. transactions with Financial Instruments, previously concluded directly between the parties;
2. transfer of non-materialized Financial Instruments in the case of donation and inheritance;
3. change of the data regarding the holders of non-materialized Financial Instruments, corrections of data mistakes, issuing duplicates of evidencing documents and other actions, provided for in the rules of the respective depository.

46.2. Clients must prepare, submit and sign any and all necessary documents, required for the registration of the transactions as per item 46.1.

47. The transferor and transferee of the financial instruments may be represented before BACB AD, when it acts as a registration agent, by individuals, expressly authorized by a notarized power of attorney subject to the provisions of art. 14.2. of these General Terms and Conditions.

48. BACB AD refuses to sign a contract with the client and accept documents for performing registration transactions, if:

1. not all necessary data and documents are present, the submitted documents contain obvious irregularities or the data contain inaccuracies and contradictions;
2. a party to the transaction declares that it has inside information regarding the financial instruments – subject matter of the transaction, if traded on the regulated market, or regarding their issuer;
3. there is a fact, casting doubts as to the proper identification or representative power;
4. the party to the transaction, or its proxy, respectively, declares the professional performance of transactions with Financial Instruments;
5. the party to the transaction, or its proxy, respectively, declares that the transaction is a concealed purchase or sale of Financial Instruments.

49.1. The Bank shall keep a register of its activity as a registration agent and disclose information on the transactions as per item 46.1. in accordance with the applicable rules (Set out in Regulation EC 600/2014).

49.2. When BACB AD, as an investment broker, only acts as a registration agent, its obligations to the client are limited to the compliance with the applicable legal requirements and the careful inspection of the documents according to the applicable legislation.

IX. AMENDMENTS AND TERMINATION OF CONTRACTS

50. Each and every change to the contract between BACB AD and its client shall take place with the express written consent of the parties in the form of an additional agreement and shall become effective as of the moment it is signed by both parties, unless agreed otherwise.

51.1. The contract between BACB AD and its client, concluded, based on these GTC, may be terminated:

- a) earlier, by mutual consent, based on a signed annex to the contract;
- b) upon the expiration of the contract;
- c) unilaterally by the client, in case of disagreement with an announced amendment and supplement to the General Terms and Conditions and/or the tariff, without notice prior to their effective date of the respective documents;
- d) unilaterally, by either party, by means of a one-month written notice to the other party;
- e) with the death or legal incapacitation of the client – natural person;

- f) upon termination of the legal entity of the client;
- g) if the BNB revokes BACB AD's license;
- h) other reasons, provided for in the contract and the law.

51.2. Upon termination of the contractual relations and provided that the financial instruments of the client are kept in a client sub-account to BACB AD's account with the Central Depository AD or another depository, BACB AD shall – within 7 days of the termination date or of the date of finding out about the termination of the contract:

- send to the client, in a manner, ensuring its proper delivery, a written report as of the date of termination of the contract regarding the balances and operations on client's accounts for funds and Financial Instruments for the period, following the latest report;
- deduct the fees, commissions, indemnities, etc. payable by the client, if any;
- exercise the lien of the financial instruments, kept in client's subaccount, until the payment of all the fees, commissions, indemnities, etc., payable by the client.

Within 7 days of receiving the report, the client shall:

- expressly specify the method of transfer of his/her Financial Instruments in the depository – to client's sub-account with another person, expressly specified by the client or to client's personal account with the depository, including by opening a new account;

Within 7 business days of receiving the order and/or notice by the client BACB AD shall execute the client's order regarding the transfer of client's financial instruments, according to the latter's instructions.

In the absence of express orders and notices by the client, BACB AD shall transfer the financial assets to client's personal account with the depository, after deducting the payable fees, commissions, indemnities, payable by the client.

In the case of unilateral termination of the contract by the client, due to disagreement with the amendments and supplements to the general terms and conditions and/or the tariff, published by BACB AD, the latter shall settle its relations with the client within seven days of receiving the termination notice.

BACB AD shall request and/or deduct from the client a payment of all fees, commissions and other expenses, accrued prior to the termination date, as well as any and all additional expenditures, and direct losses, incurred by the Bank, as a result of the termination, if any. Subject only to the repayment of all the client's liabilities as of the respective moment, BACB AD shall transfer the financial instruments and funds to accounts, according to client's instructions.

X. KEEPING THE COMMERCIAL SECRET

52. In performing its activity as an investment broker, BACB AD shall always keep confidential clients' commercial secrets, as well as their commercial prestige. Apart from the cases, set out in MFIA or to other authorized bodies, BACB AD may not disclose any information related to the keeping confidential of its clients' commercial secret and prestige.

XI. CONDITIONS AND RULES ON THE AMENDMENT AND SUPPLEMENTING THE GENERAL TERMS AND CONDITIONS AND THE TARIFF

53.1. BACB AD may amend the documents, applicable to the contracts with clients of BACB AD, acting as an investment broker, including, but not limited to the General Terms and Conditions, the tariff, the policy for executing client orders, by notifying the client of the amendment through a publication on BACB AD's website. BACB AD publishes prominently on its website each and every amendment and supplement to the general terms and conditions and/or the tariff, containing information regarding the date of their adoption and their effective date.

53.2. The publishing of amended and/or supplemented General Terms and Conditions and/or tariff, shall take place not later than one month prior to the effective date of such amendments and supplements. If the client disagrees with the amendments and supplements to the general terms and conditions and/or the tariff, the client may terminate the contract without notice prior to their effective date of the General Terms and Conditions and/or the tariff, without any liability, such as

indemnities and expenditures, with the exception of the expenses, related to the assets, owned by the Client. If the client fails to expressly oppose in writing to the new documents, by the expiration of the aforesaid period of time, these documents shall become effective with respect to such client, without the need of any additional statement of intent on his/her part for their acceptance.

If the client refuses to accept the amended General Terms and Conditions and/or the tariff, BACB AD shall be entitled not to accept client's orders, to request termination of the contract with such client and to discontinue the execution of the already submitted, but still not executed orders by such client.

53.3. With respect to the amendments to the other documents, applicable to the contracts with clients, if within 5 (five) business days of the publication of the notice on such amendment, the client fails to expressly oppose in writing to the new documents, these shall become effective and be binding with respect to such client, without the need of an additional statement of intent for their acceptance by the client.

XII. DISPUTE SETTLEMENT

54.1. In the event of any contradictions between BACB AD and any of its clients with respect to the interpretation and performance of the contract for brokerage services for transactions with Financial Instruments, these shall always be settled according to the principle of good faith. The parties shall settle any and all disputes between them through negotiations, as BACB AD is obliged to discuss with the client the nature of any such dispute.

54.2. If no agreement can be reached between the parties, the respective disputes shall be referred for final settlement according to the Bulgarian law, to the Stock Exchange Arbitration Court, if the transaction takes place on the stock exchange, and to the competent court or arbitration tribunal, as chosen by the parties.

XIII. DATA PROTECTION

55. The personal data, provided by clients to BACB AD and collected and processed by BACB AD in the process of providing services regarding transactions with Financial Instruments, shall be processed and kept by BACB AD in accordance with (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation). Such information regarding data, identifying BACB AD as a data controller and the contact details with the data protection officer, the objectives and legal ground for the processing of the personal data, including the cases, when processing is required to protect BACB AD's legitimate interest; the categories of data recipients; BACB AD's intention to transmit personal data to a third country or international organization (*only as applicable*); the term of storing the personal data; the data subjects' rights with respect to the processing of the personal data by BACB AD, as well as information on the methods of exercising such rights; as well as any other information, which the General Data Protection Regulation requires to be provided to the clients, shall be contained in the Personal Data Protection Policy of BACB AD and in the Personal Data Protection Notice of BACB to its clients, published on BACB AD's website – www.bacb.bg and available in BACB AD's physical offices.

FINAL PROVISIONS

§1. Each and every document, which is required to be in a written form, may be prepared as an electronic document, signed according to the Electronic Document and Electronic Signature Act, provided that due compliance with any and all other regulatory requirements has been ensured.

§2. Any and all matters and issues, not settled in these General Terms and Conditions and the specific contract, shall be governed by the MFIA, Delegated Regulation (EU) 2017/565, the Anti Market Abuse of Financial Instruments Act, the POSA and their respective implementing regulations and the provisions of the legislation in force in the Republic of Bulgaria. If the written contract

contains provisions, in conflict with these General Terms and Conditions, the clauses of the respective contract shall prevail.

§3. These General Terms and Conditions, applicable to the contracts with clients under transactions, involving Financial Instruments were adopted by decision of the Management Board of Bulgarian American Credit Bank AD of 10.05.2018, effective as of 16.06.2018, amended by decision of the MB of 03.12.2020, effective as of 07.12.2020.

When these General Terms and Conditions become effective, they shall revoke the General Terms and Conditions, applicable to the contracts with clients under transactions, involving Financial Instruments, adopted by decision of the Management Board of Bulgarian American Credit Bank AD of 26.11.2007, amended and supplemented by decision of the Management Board of 20.08.2008, by decision of the Management Board of 15.11.2012 and by decision of the Management Board of 12.05.2016.

§4. Starting from their effective date, 16.06.2018, these General Terms and Conditions shall apply to any and all clients. With respect to clients, with whom BACB AD has concluded still effective contracts for transactions with Financial Instruments, prior to 16.06.2018, it shall be deemed that the clients have accepted and are bound by these General Terms and Conditions, unless they notify the Bank in writing before 16.06.2018 that they do not accept the new General Terms and Conditions.

Client orders, submitted by current clients of BACB AD, as an investment broker, accepted, but not yet executed as of the effective date of these General Terms and Conditions, shall be executed according to the general terms and conditions, effective as of the date of submission of such orders.

The undersigned, Personal No....., acting as the party or the legal representative/proxy of a party to a contract with BACB AD, concluded under these General Terms and Conditions, hereby declare that I am aware of and accept these General Terms and Conditions, and I have received a copy of the document on durable medium.

Date:

Signature: