*Translation from Bulgarian*



**GENERAL TERMS AND CONDITIONS**

**FOR TRANSACTIONS IN FINANCIAL INSTRUMENTS APPLICABLE TO THE AGREEMENTS WITH THE CLIENTS OF INVESTBANK JSC IN ITS CAPACITY OF AN INVESTMENT FIRM**

**I. BASIC PRINCIPLES**

**Art.** **1.** Details of the investment firm.

**INVESTBANK JSC**, with seat and registered office at 85 Bulgaria Blvd., Sofia, UIC 831663282, **licensed INVESTMENT FIRM** and registered with the Financial Supervision Commission (FSC) under No. RG-03-0127 of 20 August 1997 with Decision No. 364 of 1 December 1994 of the Bulgarian National Bank (BNB), updated in compliance with the Credit Institutions Act (CIA) by Order No. RD-22-2261 of 16 November 2009 of the BNB, and a member of Central Depository AD, shall regulate the business relations and the parameters of the specific agreements with its clients in compliance with the Markets in Financial Instruments Act (MFIA) and the subordinate regulations issued thereto, Ordinance No. 38 of FSC on the requirements for the activity of investment firms (Ordinance No. 38), Directive 2014/65/EU of the European Regulation and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II), Commission Delegated Regulation (EU) 2017/565 of 25 April 2014 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 2017/565).

**Art.** **2.** **(1)** The scope of business operations of **INVESTBANK JSC** covers the following banking transactions:

**1.** Public acceptance of deposits or other repayable funds and provision of loans and other financing for its own account and at its own risk;

**2.** Provision of payment services within the scope of the Payment Services and Payment Systems Act;

**3.** Issuance and administration of other means of payment (traveller’s cheques and letters of credit) in so far as these activities do not fall under the scope of para. 2;

**4.** Acceptance of valuables on deposit;

**5.** Depository and custodian activities;

**6.** Financial lease;

**7.** Guarantee transactions;

**8.** Trade for its own account or for clients’ account in foreign currency and precious metals other than derivative financial instruments on foreign currency and precious metals;

**9.** Provision of services and/or performance of activities referred to in Art. 6 (2) and (3) of the Markets in Financial Instruments Act (MFIA);

**10.** Monetary brokerage;

**11.** Acquisition of receivables on loans and other forms of financing (factoring, forfeiting, etc.);

**12.** Electronic money issuance;

**13.** Equity acquisition and management;

**14.** Lease of bank safe boxes;

**15.** Collection and distribution of information and references on clients’ creditworthiness;

**16.** Other similar activities defined by an ordinance of the Bulgarian National Bank (BNB).

**(2)** The Bank may not professionally engage in any other activities other than those set forth in para. 1 herein, unless where it is necessary in connection with the implementation of its activities or in the process of collection of its receivables on the loans provided.

**Art.** **3.** The relations between **INVESTBANK JSC** and the respective client, in regard to the execution of a banking transaction, transaction in financial instruments and/or the use of a specific financial service, shall be settled in compliance with the provisions of laws and subordinate regulations effective in the Republic of Bulgaria. as well as consistent with the effective internal rules of the Bank.

**Art.** **4.** The **main principles** on which the relations between the parties are based shall be mutual trust and mutual financial benefit.

**Art.** **5.** The **guiding principle** in the relations shall be the principle of "good execution".

**II. RESTRICTIONS AND REQUIREMENTS TO THE ACTIVITY OF INVESTBANK JSC IN COMPLIANCE WITH THE PROVISIONS OF THE MARKETS IN FINANCIAL INSTRUMENTS ACT, DELEGATED REGULATION 2017/565 AND ORDINANCE 38 OF THE FSC ON THE REQUIREMENTS FOR THE ACTIVITY OF INVESTMENT FIRMS**

**Art.** **6.** Pursuant to the provisions of MFIA (Art. 70-76), Delegated Regulation 2017/565 and Ordinance No. 38 of the FSC on the requirements for the activity of investment firms (**Ordinance No. 38**), in carrying out its operations as an investment firm, **INVESTBANK JSC** shall be bound and agrees to comply with the following requirements:

**(1)** When performing the services and activities referred to in Art. 6 MFIA, to act honestly, fairly, as a professional in accordance with the best interests of the client and by ensuring equal and fair treatment of clients, to notify clients and potential clients of the risks from investing in financial instruments subject to an individual agreement. The Bank must take due care to protect the interests of its clients which take precedence over its own interests.

**(2) 1.** The information that the Bank, acting as an investment firm, provides to its clients and potential clients, including in its advertising materials and public statements, shall be understandable, true, clear, not misleading, meaningful and sufficient.

**2.** The information describing certain financial instruments or services provided by the Bank as an investment firm in connection with its business may not emphasize the potential benefits of those financial instruments or services without at the same time indicating the risk associated with them. The information should include whether the financial instrument is intended for retail or professional clients, taking into account the defined target group of end clients according to Art. 70(2) and (3) MFIA.

2.1. The Bank shall provide information to its clients on the costs and fees, which includes:

1. all costs and fees for investment and additional services, including advice;

2. the costs related to the financial instrument recommended, offered or sold to the client;

3. the method of payment of the costs and fees;

4. all payments to third parties.

**2.2.** The Bank shall provide to the client once a year summarized information under clause 2.1. (2), including the costs and fees related to the investment service and the financial instrument other than those resulting from market risk events for the base market, so that the client will be able to understand the total costs and their overall effect on the return on investment. The Bank shall notify the clients of the option, at their request, to provide them with a detailed breakdown of the costs by item.

**3.** The information provided by the investment firm to its clients and potential clients must be presented in a form that sufficiently emphasizes the essential elements of its content, does not undermine, conceal or omit essential facts, messages, statements or warnings.

**3.1.** When the information contains data on the profitability of certain financial instruments or services in the past or a forecast is made for their profitability in the future, the source of these data shall be indicated. Where the information contains an indication of **previous profitability** of a financial instrument, financial index or investment service, it must meet the following conditions:

1. the indication of the previous profitability should not be the most essential part of the communication;
2. the information should include appropriate profitability data for the previous 5 years; where the period during which the financial instrument has been offered, respectively the financial index has been formed or the investment service has been offered is shorter or longer than 5 years, data on the profitability for this period shall be provided; in all cases, the data on the profitability shall be based on a full period of 12 months;
3. the period to which the information relates and its source should be indicated;
4. an explicit warning should be included stating that the data refer to a past period and are not a reliable indicator of future results;
5. if the indication contains data and values in a currency other than the currency of the Member State where the client is domiciled or resident, the currency must be clearly marked and containing an explicit warning that the profitability may be reduced or increased by any change in foreign exchange rates;
6. where the profitability is stated in general, the amount of commissions, fees and other costs for the clients should be specified.

**3.2.** Where the information contains or relates to simulated past profitability, it must meet the following requirements:

1. it should refer to a financial instrument or a financial index;
2. the simulated past profitability should be based on the actual past profitability of one or more financial instruments or indices that are the same as or are the underlying asset for the financial instruments for which the simulated profitability refers. The actual past profitability should comply with the requirements referred to in para. 3.1;
3. an explicit warning should be included stating that the data are based on simulated profitability and it is not a reliable indicator of future profitability.

**3.3.** Where the information contains information on future profitability, it must meet the following requirements:

1. it should not be based on or refer to a simulated previous profitability;
2. it should be based on reasonable assumptions supported by objective data and facts;
3. where the information is based on total profitability, the amount of commissions, fees and other costs for clients should be indicated;
4. an explicit warning should be included stating that these forecasts are not a reliable indicator of future profitability.

**(3)** The bank should notify its clients about the existing system for compensation of investors in financial instruments, including its scope and the guaranteed amount of clients’ assets, and upon request it should provide data on the terms and conditions for compensation.

**(4)** Depending on the type of the service offered and to the extent to which an individual agreement for its provision has been concluded, the Bank in its capacity of investment firm must request from its clients information about their knowledge and experience regarding the respective service, together with other information under Art. 78 and 79 MFIA and Art. 54 - 56 of Delegated Regulation 2017/565 which will allow it to assess whether the service is appropriate or, respectively, suitable for that client, whereby the Bank shall collect such information in order to be able to act in the best interest of its clients. Where, based on the information received, the Bank determines that the product or service is inappropriate, it shall warn in writing the client or the potential client.

**(5)** The Bank shall provide its clients or potential clients in a timely manner prior to the provision of investment services or additional services to its clients or potential clients with a general description of the nature and risk of the financial instruments, taking into account, in particular, the client's categorization as a retail client, professional client or eligible counterparty. That description shall explain the nature of the specific type of instrument, the function and the results from the functioning of the financial instrument under different conditions, including favourable and unfavourable conditions, as well as the risks specific to that particular type of instrument, with sufficient detail to allow the client to take investment decisions on an informed basis. Pursuant to the requirements of Art. 45 of Delegated Regulation 2017/565, the Bank shall notify its clients of their categorization as retail, professional clients or eligible counterparties in compliance with the MFIA and the applicable Internal Rules of the Bank.

5.1. Where the risks are related to the specific type of the respective instrument and to the status and level of knowledge of the client, the description of the risks referred to in (5) shall include the following elements:

1. the risks associated with this type of financial instruments, including an explanation of leverage and its consequences, and the risk of losing the entire investment, including the risks arising from possible insolvency of the issuer or related events, such as loss sharing;
2. the volatility of the price of such instruments and the possible restrictions on the available market for such instruments;
3. information on the obstacles or restrictions to the withdrawal of the investment, the possible restrictions and the expected terms for the sale of the financial instrument until the reimbursement of the initial transaction costs for this type of financial instruments;
4. all margin requirements, if any, applicable to instruments of this type.

**(6)** The members of the management and control bodies of the investment firm, its employees and all other persons working for the investment firm shall not be allowed to disclose, unless they are authorized to do so, and use for the benefit of themselves or other persons any facts and circumstances concerning the balances and the operations on the investment firm’s clients’ accounts for financial instruments and money, as well as any other facts and circumstances, representing trade secrets, which they have learned in while performing their official and professional duties, whereby:

**1.** The prohibition shall also apply to the cases where the indicated persons are not holding office or their activity has been suspended.

**2.** The prohibition shall not apply to:

1. the provision of information to the FSC, to the Deputy Chairperson and to authorized officials of the FSC administration and the stock exchange for the purposes of their control activity and within the scope of the inspection order;
2. the disclosure of information on the basis of a court decision or at the request of a legitimate body of power explicitly indicated in the law, pursuant to Art. 91(2)-(6) MFIA;
3. information for the disclosure of which the client has given consent.

**(7)** Where the transactions in financial instruments are carried out on regulated markets of financial instruments – to comply with the rules of the respective market /stock exchange or over-the-counter market/. Where the transactions in financial instruments are carried out on unregulated markets – to comply with the rules / conditions for registration of the respective transactions with the depository institution. The Bank, as an investment firm, shall execute client orders for concluding transactions as follows:

**(8) (a)** On Bulgarian regulated markets (BSE and OTC on the BSE) – directly, using a unified electronic trading system;

**(b**) On Bulgarian and foreign non-regulated markets – by ordering transfer actions with the respective Depository Institution directly or through an intermediary safe-keeping the securities (custodian);

**(c)** On a multilateral facility for trading in financial instruments, the conclusion and execution of transactions shall be consistent with the rules of the respective regulated market or the relevant multilateral trading facility, respectively.

**(d)** On external regulated markets – directly (in case of direct access to the respective markets) or through an intermediary (broker) – information is available in Appendix 1 to the Client Order Execution Policy.

**(9)** All the orders placed by its clients, including the identical orders, should be kept in a special log chronologically according to their receipt, and should be executed observing this chronological structure. Identical orders shall be considered the orders that are identical in terms of the type and method of execution, the term of execution and the price parameters.

**(10)** The concluded transactions in financial instruments should be registered in the log by the order of their execution, not later than the end of the relevant business day.

**(11)** Each transaction should be indicated with the parties to it, specifying the name (for natural persons) or the firm (for legal entities), respectively; date and time of the conclusion of the transaction, as well as all requirements set by the MFIA and its implementing regulations.

**(12)** The Bank shall keep for 5 years all the documentation and information provided for in Delegated Regulation 2017/565 and Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) 648/2012 (MiFIR), including keeping a paper and magnetic logbook for a period of five years, starting from the date of its closing.

**(13)** A clients' complaint log should be kept, containing data about each complaint received by the Bank regarding financial instruments, transactions in them and the results of the relevant investigations.

**(14)** The Bank shall execute the client's orders with priority over the transactions for its own account.

**(15)** The Bank may aggregate orders of clients or transactions for own account only if it is not to the detriment of the client and in compliance with the other requirements of the regulatory framework governing investment intermediation. It should separate its financial instruments, other instruments and cash from those of its clients. The Bank shall not be liable to its creditors with the financial instruments and cash of its clients, as well as with the financial instruments that are considered underlying according to depository receipts.

**(16)** It may register, on clients’ sub-accounts to the Bank's account with the Central Depository, any financial instruments issued by the Bank and held by its clients.

**(17)** It should regularly notify its clients about the balances and operations on the accounts for cash and financial instruments, which it keeps for their account, and about the terms and conditions of the agreements for their storage, whereby the Bank shall take measures for protection of the clients' property rights over these assets in compliance with the requirements of MFIA and its implementing regulations.

**(18)** Except in the cases provided for in the current legislation, the Bank in its capacity as an investment firm may not use:

1. the cash and financial instruments of its clients on its own behalf;

2. the cash or financial instruments of a client on behalf of another client;

3. its own cash or financial instruments on behalf of a client.

**III. GENERAL RULES ON CONTRACTUAL RELATIONS**

**Art.** **7.** **(1) INVESTBANK JSC**, while acting as an investment firm and registration agent, shall conclude framework agreements with its clients under and in compliance with these General Terms and Conditions and registration agent agreements. The Bank may also enter into agreements for one-time transactions.

**(2)** For negotiating individual conditions (tariff, etc.), as well as for submitting orders through an electronic trading system on the BSE or remotely, addenda to the agreement shall be signed.

**Art.** **8.** **The subject** of these agreements and the General Terms and Conditions shall be:

**(1)** Framework agreements for transactions in financial instruments

**1.** Receiving and transmitting orders relating to one or more financial instruments, including intermediation for transacting in financial instruments;

**2.** Executing orders on behalf of clients;

**3.** Safe-keeping financial instruments for the account of clients;

**(2)** Registration agency agreements, submitting to the relevant depository institutions data and documents for the registration of:

**1.** Transactions in financial instruments, concluded in advance directly by and between the parties;

**1.1.** order for the transfer of dematerialized financial instruments in case of donation and inheritance;

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

**2.** The agreement referred to in (2) may be concluded according to the procedure referred to in Ordinance No.38 and the MFIA.

**3.** The **CLIENTS** or their representatives, respectively, shall sign the required documents in the presence of a person as provided for in Ordinance No. 38, after their identity has been verified. **INVESTBANK JSC** shall keep in its archive:

**3.1.** A copy of **CLIENT**’s identity document (or the client's representative, respectively) certified by the client and by the signatory of **INVESTBANK JSC** as specified under Art. 65(1). The certification shall be performed in accordance with Ordinance No. 38.

**3.2.** When submitting data and documents for registration of transactions in financial instruments previously concluded directly by and between the parties – a declaration by the parties to the transaction or by their attorneys, respectively, stating that they do not perform and have not performed professionally transactions in financial instruments within one year before the execution of the agreement, as well as a declaration under Ordinance No. 38.

**3.3.** The transferor and the transferee of the financial instruments may be represented before **INVESTBANK JSC** by persons explicitly authorized by a notarized power of attorney, demonstrating their representative authority to perform management or administrative actions with financial instruments. In addition to a notarized power of attorney, a declaration of the attorney should be submitted, representing that the attorney is not professionally engaged in transactions in financial instruments and has not performed such transactions within one year before the execution of the agreement.

**4.** **INVESTBANK JSC** shall refuse to enter into an agreement with the **CLIENT** and to accept documents for registration under (2), if:

**4.1.** The client has not been identified and if the client or the client's representative has not submitted and signed the required documents, has submitted documents containing apparent irregularities or incomplete data, inaccuracies or contradictions or in case of other circumstance that gives rise to a suspicion of inappropriate legitimation or representation;

**4.2.** A party to the transaction declares that it has inside information about the financial instruments covered by the transaction, if they are traded on a regulated market, or a multilateral trading system, respectively, or about their issuer;

**4.3.** There is a circumstance that gives rise to a suspicion of inappropriate legitimation or representation;

**4.4.** A party to the transaction or its attorney, respectively, declares professional engagement in transactions in financial instruments in the cases under para. 1 (2);

**4.5.** A party to the transaction or its attorney, respectively, declares that the transaction is a concealed purchase or sale of financial instruments;

**5.** Other transactions, subject of an agreement.

**Art.** **9.** **INVESTBANK JSC** shall conclude and execute transactions **in financial instruments** on behalf of the client and/or on its own behalf within the scope of Art. 6 MFIA, the Compensatory Instruments Act, the Transformation and Privatization of State and Municipal Enterprises Act, such as:

1. Shares in companies and other securities equivalent to shares in capital companies, partnerships and other legal entities, as well as depository receipts for shares;

2. Bonds and other debt securities, including depository receipts for such securities;

3. Options, futures, swaps, forward interest rate agreements and any other derivative agreements related to securities, with currencies (other than those defined under 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 2017/565) (OJ, L 87/1 of 31 March 2017), with interest rates or yields, emission allowances or other derivative instruments, financial indices or financial indicators for which physical delivery or cash settlement may be performed;

4. Money market instruments;

5. Compensatory instruments – compensatory notes and residential compensatory notes (under the Compensation for Owners of Nationalized Property Act), including under §9 of the Final Provisions of the Settlement of Housing Issues of Citizens with Long-Term Housing Savings Deposits Act; registered compensatory bonds (under the Ownership and Use of Agricultural Land Act and the Restitution of the Ownership of Forests and Lands of the Forestry Fund Act).

6. Options, futures, swaps, forward agreements and any other derivative agreements relating to commodities for which cash settlement is required or for which cash settlement may be performed at the request of either party for reasons other than default or other event giving right to termination;

7. Options, futures, swaps and any other derivative agreement relating to commodities that can be settled by physical delivery when traded on a regulated market, a multilateral trading facility (MTF) or an organized trading facility (OTF), except for wholesale energy products traded on OTF for which physical delivery settlement is required, determined pursuant to Art. 5 of Delegated Regulation (EU) 2017/565;

8. Options, futures, swaps, forward agreements and any other derivative agreements relating to commodities that can be settled by physical delivery, other than those referred to in (6), which are not intended for commercial purposes and have the characteristics of other derivative financial instruments pursuant to Art. 7(1), (2) and (4) of Delegated Regulation (EU) 2017/565;

9. Derivative financial instruments for the transfer of credit risk;

10. Financial contracts for differences;

11. Options, futures, swaps, forward interest rate agreements, as well as any other derivative agreements relating to climate change, freight rates or inflation rates or other official economic statistics for which cash settlement is required or may be performed at the request of one of the parties (other than the cases of default or other grounds for termination of the agreement), as well as any other derivative agreements related to assets, rights, obligations, indices and indicators other than those referred to in this Article, which have the characteristics of other derivative financial instruments depending on whether they are traded on a regulated market, MTF or OTF, determined in compliance with Art. 7 (3) and Art. 8 of Delegated Regulation (EU) No. 2017/565;

12. Emission allowances consisting of any units recognized as complying with the requirements of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (Emissions Trading Scheme) (Directive 2003/87/EC).

**Art.** **10.** **(1)** The agreement shall be concluded after the client has got acquainted with the effective **General Terms and Conditions, the Bank's Client Order Execution Policy** and the Tariff of Terms, Fees and Commissions Applied by **INVESTBANK JSC** for Financial Instrument Transactions (Tariff for Transactions in Financial Instruments) and has represented in the agreement that it accepts them.

(2) The agreement should contain a clause that the client has received the information under the MFIA and its implementing regulations, as well as Delegated Regulation (EU) 2017/565, and that the client is aware of the risks associated with investing in financial instruments.

**Art.** **11.** **(1)** The conditions, terms and guarantees for the execution of the transactions shall be determined in the agreements entered into by and between the client and the investment firm.

**(2)** The parameters of each specific transaction, as well as the remuneration of the investment firm and the costs for the client, if they are not included in the remuneration, shall be defined by an order, an integral part of the agreement, containing all the required requisites pursuant to Delegated Regulation (EU) 2017/565 and Ordinance No. 38 and meeting the requirements of the Rules of Procedure of the Central Depository and the BSE and the Bulgarian legislation, except in the cases of concluding agreements for one-time transactions with a client.

**(3)** The volume of the representative power of the investment firm, provided by the client, shall be determined by each specific agreement.

**Art.** **12.** The investment firm may also conclude other commercial transactions related to the subject of these General Terms and Conditions, as long as it is not in contradiction with its core business and is not detriment to the interest of the clients.

**Art.** **13.** **(1)** The conclusion of the agreement and the acceptance of the documents thereto shall be carried out at the address of the Head Office or of the Financial Center registered with the FSC register.

**(2)** The agreement is allowed to be concluded **through an attorney** only if:

**1.** a notarized power of attorney is provided, expressly stating the representative power for management and/or administrative actions with financial instruments and a declaration by the attorney stating that the attorney does not professionally perform transactions in financial instruments and has not performed such transactions for one year before the conclusion of the agreement. The original of the declaration and the original/notarized transcript of the power of attorney shall be kept for the archives of the Bank. If the power of attorney has multiple effect, the investment firm shall keep a copy of it, validated by the attorney and by the signatory of the investment firm as specified under Art. 65(1). The validation shall be made by affixing the inscription "True Copy", dated and signed by the persons.

**2.** the attorney may only represent a client with an already opened client file and a current bank account with the Bank.

**3.** The representative power of the proxy under the agreement shall be valid until a written notification of the change is received from the authorizer. IF Investbank JSC shall not be liable to monitor the registration with the commercial register.

**(3)** Agreements may be concluded **in absentia** or by remote means only if the following conditions are met:

**(a)** the client has a client file with the Bank;

**(b)** the client is a holder of a bank account (current account) opened with the Bank;

**(4)** The agreement may be concluded by exchange of electronic statements, **signed with a qualified electronic signature**. In this case:

**4.1.** The client or the client's representative, respectively, shall send to the Investment Firm a copy of their identity documents signed in compliance of the requirements under the preceding sentence, and for clients who are legal entities – copy of the commercial registration documents containing data on its incorporation and representation.

**4.2.** The person representing the Investment Firm under the agreement shall verify the identity of the client or the client’s representative, respectively, by verifying the data available in the electronic signature and certify the compliance with these requirements by signing a declaration under Ordinance No. 38, unless the verification finds that there is a discrepancy in the identity of the person indicated in the electronic statement and the holder of the qualified electronic signature or a discrepancy between the holder of the qualified electronic signature and the person who may represent the legal entity from which the electronic statement originates, in which case the agreement shall not be considered concluded. In the latter case, the investment firm shall immediately notify the holder of the electronic signature and the author of the electronic statement through the respective certification service provider of the circumstance under the preceding sentence.

**4.3.** The provision of all the necessary information by the client pursuant to the requirements of the effective legislation, as well as the provision of client's information necessary for the assessment of service suitability, can be made by electronic statement, signed by the client using a qualified electronic signature.

**4.4.** To the extent that the holder wants to sign the agreement through an attorney holding a qualified electronic signature, the following conditions must be met:

**(a)** the holder has personally deposited in advance with the Bank the power of attorney under para. 2 (1) above;

**(b)** the attorney is registered in the client's file with the Bank’s Banking Information System (BIS) at least as a counterparty.

**(5)** The agreement may be concluded in absentia and by exchange of the necessary paper documents signed by the parties, whereby the client shall be required **to affix their signature in the presence a notary public** who certifies this fact. It is not allowed to conclude a agreement in absentia with notarization of the signature of the client's attorney.

**1.** The provision of all the necessary information by the client in connection with the execution and performance of the agreement, as well as the provision by the client of the information necessary for the assessment of the service suitability can be made by the client by signing the necessary documents before a notary public.

**2.** The client or the client’s representative, respectively, shall send to the investment firm the agreement signed with notarization of the signature, together with a certified copy of the client’s identity document of the client or the original or notarized copy of the power of attorney and the identity document of the client’s representative, respectively, and for clients who are legal entities – certified copy of their commercial registration documents containing data on their incorporation and representation. The validation of the identity document and the commercial registration documents shall be made by the inscription "True Copy", dated and signed by the client.

**Art.** **14.** If the he Investment firm acts on behalf of the client, the rights and obligations under the transaction shall directly arise for the latter as from the time of the conclusion of the transaction. The financial instruments registered with the Central Depository shall be transferred by the investment firm in the client sub-account to the global account of **INVESTBANK JSC** with the Central Depository.

**Art.** **15.** (1) The rights on the registered shares shall be transferred by endorsement effective for the joint-stock company issued the shares after its registration with the book of registered shareholders. The bearer’s financial instruments shall be transferred through their submission.

(2) The investment firm shall transfer the funds to a bank account specified by the client or shall pay them in cash at the cash desks of **INVESTBANK JSC** in compliance with the requirements of the Rules of procedure of Central Depository AD.

**Art.** **16.** **(1) INVESTBANK JSC** shall execute transactions in financial instruments and other actions related to financial instruments for the account of the clients, taking **due care** to protect their interests.

**(2) INVESTBANK JSC** shall treat its clients equally and fairly.

**(3) INVESTBANK JSC** shall conclude transactions in financial instruments for the account of clients under the best conditions, making reasonable efforts to establish the best price for the client according to the terms of the order and conclude a transaction at this price. In case the investment firm executes the order assigned to it under conditions more favourable than those established in the agreement, the entire benefit shall belong to the client.

**(4)** The investment firm shall, as soon as possible, execute the orders of its clients, unless this would be obviously unprofitable for the clients.

**Art.** **17.** The investment firm shall **keep**:

**1.** The funds provided by the client for the execution of an assigned order for the purchase of financial instruments – on a current account specified by the client, opened and maintained with **INVESTBANK JSC** in the client’s name.

**1.1.** When submitting a purchase order for financial instruments, the amounts due on the transaction shall be blocked on the client's account and upon the conclusion of the transaction the funds shall be transferred to the current account of **INVESTBANK JSC** for funds under transactions in financial instruments (correspondent's account) with value date being the date of the transaction settlement.

**1.2.** The funds received by the investment firm for the execution of any assigned orders for selling client’s financial instruments shall be transferred immediately to the client's current account or paid at the cash desk in compliance with the terms and conditions under para. 1.3 of this section of these General Terms and Conditions.

**1.3.** For transactions involving sale of financial instruments by a client worth up to BGN 5,000, cash payment is allowed without opening a client's account.

**2.** Financial instruments held by the clients with **INVESTBANK JSC** – the financial instruments held by the client shall be kept registered by issues.

**2.1.** **INVESTBANK JSC**, in its capacity of sub-depositary of government securities, shall keep government securities issued by the Minister of Finance on the domestic market to clients on individual accounts.

**2.2.** In the Depository Institutions, the financial instruments held by clients of **INVESTBANK JSC** shall be reported respectively:

**2.2.1.** Bulgarian corporate securities – on a client sub-account to the account of **INVESTBANK JSC** for financial instruments with the Central Depository or another depository institution.

**2.2.2.** Government securities – in the register of **INVESTBANK JSC** with the BNB, in compliance with Ordinance No. 5 of the BNB on the terms and conditions and the procedure of the acquisition, registration, repayment and trading in government securities, classified by issues total for the clients of **INVESTBANK JSC**.

**2.2.3.** Financial instruments issued and listed in dematerialized form on the markets of Member States or on the markets of third countries shall be held in the relevant depository institutions for dematerialized financial instruments: (a) on client accounts to the account of the investment firm;

(b) on accounts kept by issues total for clients of the investment firm;

(c) on client accounts opened to the account of a third party.

**3.** Other property – in the cash desk of the investment firm according to a handover record signed by the parties.

**Art.** **18.** The Investment Firm may not submit an application to the Central Depository for a transfer of financial instruments from a personal account to a client's sub-account with the Investment Firm if the client or the client's attorney has not submitted the authorization document (depository receipt) for the financial instruments or there is another circumstance that gives rise to a suspicion of inappropriate legitimation or representation.

**Art.** **19.** In connection with the safe-keeping and administration of financial instruments for the account of clients, including custody operations, **INVESTBANK JSC** may accept money from clients for the provision of services such as: management of the received funds, the provided collaterals, etc.

**Art.** **20.** Neither party may transfer its rights under a particular agreement to third parties, unless the other party has given its written consent.

**Art.** **21.** The specific agreement between the client and the investment firm may only be amended and supplemented by mutual agreement between the parties, expressed in writing.

**Art.** **22.** **(1)** The specific agreement between the client and the investment firm may be terminated:

**1.** By mutual agreement of the parties;

**2.** With the expiry of the agreement;

**3.** With the completion of the subject of the agreement;

**4.** In case the subject of the agreement is impossible to be performed, depending on the specific terms and conditions under it;

**5.** The investment firm shall be entitled to unilaterally terminate the agreement with the client in case a fact is established or there is a suspicion of money laundering, of which it shall immediately inform the competent authorities in the country. In this case, the investment firm shall not have to pay any compensation or penalty;

**6.** With a written notice sent to the other party, with a notice period of 10 (ten) days or another term specified in the agreement, as of the time the notice is served to the other party;

**7.** In case of disagreement with the amendments and supplements to the general terms and conditions and/or the tariff, the client shall be entitled to terminate the agreement without notice before the effective date of the general terms and conditions and/or the tariff, without liability for damages and expenses except for the expenses associated with the assets held by the client. In this case the investment firm shall settle its relations with the client within seven days of the receipt of the termination statement.

**8.** Each party may terminate the agreement pursuant to Art. 87 of the Obligations and Contracts Act in case of default of any contractual obligation by the other party. It shall be required to give the other party an appropriate deadline for performance with a warning that after the expiration of the deadline the agreement shall be considered terminated.

The warning must be made in writing.

**(2)** Settlement of the relations with the client after the termination of contractual relations.

**1.** Within 7 (seven) business days before the expiration of the agreement or within the notice period for early termination, the client shall be bound to give instructions to the investment firm for the transfer of financial instruments.

**2.** In the absence of explicit orders under the preceding paragraph, the investment firm shall transfer ex officio the financial instruments to the client's personal account with the depository institution, in the cases where there is a statutory possibility to do so, otherwise it shall be required to keep the client's assets until receiving an order by the latter.

**Art.** **23.** The withdrawal of powers shall be carried out in compliance with the provisions of the Obligations and Contracts Act.

**IV. RIGHTS AND OBLIGATIONS OF THE CONTRACTUAL PARTIES**

**RIGHTS AND OBLIGATIONS OF INVESTBANK JSC AS AN INVESTMENT FIRM**

**Art.** **24.** **INVESTBANK JSC**, as an investment firm, shall be entitled:

**24.1.** To receive from the client **remuneration** for the banking or financial service performed in the form, amount, term and manner indicated in the specific order, and in case the client fails to implement this contractual commitment, the investment firm shall be entitled to proceed to the penalty clauses.

**24.2.** To receive remuneration by both parties to the transaction, in case of mediation.

**24.3.** When receiving a client’s order at the cash desk for the purchase of financial instruments, to impose a distraint on the client's account at the time of the submission of the order for the amount of the order and the due commissions.

**24.4.** To demand from the client **the payment of all expenses** incurred in the course of or in regard to the execution of the assigned order.

**24.5.** To refuse or suspend the execution of the banking transaction or financial service, as well as to unilaterally terminate an agreement with a client, to the extent it would lead to non-compliance with the requirements of the Measures against Money Laundering Act and its implementing regulations, notifying the relevant authorities at the latest within 3 days. In this case, the investment firm shall not have to pay any compensation or penalty.

**24.8.** In the cases where the Bank acts as an attorney of a client, to re-authorize third parties - investment firms, but only if it is explicitly authorized to do so or the protection of the client's interests requires it. In these cases, the provisions of the OCA regarding the authorization and re-authorization shall apply.

**24.9.** To deviate from the order only if the deviation is in the obvious interest of the client. In case of deviation from the order, in order to protect the interests of the client, it shall be considered that the latter has agreed if not objected in writing within 3 (three) days from the notification.

**24.10.** To refuse to execute a client’s order if:

1. it is not submitted in the form prescribed by law;
2. it does not meet the requirements set out in the agreement concluded with that client;
3. its implementation is objectively impossible;
4. it contradicts the legislation in force in the country.

The refusal of the investment firm shall be given in writing or in another form with equivalent probative value, according to the law.

**24.11.** In cases where the Bank acts as an attorney or as an investment firm without authorization, to negotiate with itself or with a third party also represented by it, only if the client has given their consent. The client may declare their consent by signing the agreement with the investment firm and afterwards in writing or in another form with equivalent probative value (phone, email, etc.)

**24.12.** When concluding transactions off a regulated market of financial instruments, to execute transactions **without respective payment**, with the express written consent of the transferor and the transferee of the financial instruments.

**24.13.** To execute orders of clients for concluding transactions in financial instruments against counter orders of other clients or the Bank, if this is necessary for the implementation of the rule under Art. 6 (11) of these General Terms and Conditions.

**Art.** **25.** **INVESTBANK JSC**, as an investment firm, shall be required:

**25.1.** **To execute the orders** of its clients with due care to protect their interests. The investment firm shall be required to conclude transactions for the account of clients under the best conditions. It shall be considered to have implemented this obligation if it has made reasonable efforts to establish the best price for the client according to the terms and conditions of the agreement and has concluded the transaction at that price.

**25.2.** **To execute the obligation assumed in person to the client**, and it may be substituted by another person - investment firm, only if has been authorized by the client to do so or if it is necessary to protect the interests of the client and if the failure to do so shall not cause any damage to the client. In this case, the investment firm shall be required to immediately notify its client of the substitution, providing the client with comprehensive information about the substituting person. Within 3 (three) days of its notification, the client shall be bound to communicate to the investment firm its opinion on the choice of the substitute. If it fails to do so, the choice of a substitute shall be deemed to have been approved by the client.

**25.3.** **To keep** with due cares the financial instruments, cash and other property received from the client in connection with the order or acquired in the course of the execution of the transaction assigned to it by the client, separating from its own portfolio the cash and financial instruments owned by the client.

**25.4.** To execute the additional orders of its client for the execution of its order, only if these additional orders are given in writing or in another appropriate form (by e-mail, signed with a qualified electronic signature, internet banking, telephone), certifying their issuance. These additional orders shall be binding on the investment firm only if they have been received before the latter has proceeded with the execution of the order, i.e. before the start of the trading session.

**25.5.** **To immediately notify its client** in an appropriate manner in the event that new circumstances occur or are likely to occur that are essential or could be essential for the correct execution of the assigned order.

**25.6.** To indicate in the agreement the three names and the personal numbers of the persons concluding it, the capacity in which each of the persons representing the investment firm acts, the date and place of conclusion and the then effective general terms and conditions and the tariff for transactions in financial instruments of the investment firm.

**25.7.** To keep the trade secrets and the commercial prestige of the client, as well as to implement appropriately its contractual obligations.

**25.8.** To treat its clients equally and fairly, requiring them to provide information about their financial capabilities, investment goals, experience and risk appetite and to conform its advice and recommendations with the information received.

**25.9.** To notify the client of the obvious risks related to the transaction to which the order relates, as well as of the types of transaction costs and their amount under the terms and conditions and according to the procedure of Ordinance No. 53 of the FSC and Ordinance No. 38.

**25.10.** When concluding an agreement with a client, to request from the client and to keep in its archive a copy of the client’s identity document, certified by the client and by the person who has concluded the agreement with the client.

**25.11.** Where the client is represented by an attorney, to request from the latter and to keep in its archive the following documents:

**(a)** the declaration and the original power of attorney or a notarized transcript thereof, respectively, under Art. 28(3) of these General Terms and Conditions. If the power of attorney has a multiple effect, it shall keep a copy of it, certified by the attorney and by the person carrying out the internal control operations.

**(b)** a copy of the identity document of the attorney, certified by the latter and by the person who has concluded the agreement with the client.

**25.12.** When accepting an order (additional instructions) for transactions in financial instruments submitted by telephone or other remote means of communication, to perform the following actions:

**(a)** when the orders are given by telephone – to make recording of the conversation with the client, and in case of another remote means – to store on electronic media the data provided by the client in connection with the orders; fax messages shall be stored on paper;

**(b)** to require from the client, within 3 (three) business days, to present to the client the order and the required declarations in written or other form with equivalent probative value according to the law (scanned copy of the signed order by e-mail, signed with a qualified electronic signature or through internet banking).

**25.13.** To require the client or the client's attorney, respectively, to declare whether:

**(a)** they have inside information on the financial instruments to which the order relates and on their issuer if the financial instruments are traded on a regulated market;

**(b)** the financial instruments covered by the order for sale or exchange are blocked in the Central Depository;

**(c)** the transaction covered by the order is not a concealed purchase or sale of financial instruments.

**25.14.** To check with the depository institution whether the financial instruments to which the order relates are blocked, pledged or seized, and if the instruments are held by a custodian – to request this information from the custodian, having previously requested and received the client’s explicit consent for the inspection with the custodian. The investment firm shall keep in its archive all the information or its correspondence with the custodian, respectively, if the custodian is unable to carry out such an inspection. No inspection may be carried out if the investment firm otherwise ensures that the financial instruments subject to sale will be delivered on the day of the settlement of the transaction, as well as in other cases, as determined by an ordinance of the FSC.

**25.15.** To require from the client who submits an order for purchasing financial instruments to secure the amount of money together with the commissions due at the time of the submission of the order to the account, except in the cases under Art. 24(9) of these General Terms and Conditions or if the clients certify that they will implement their payment obligation within the settlement period, as well as in other cases as provided for under the relevant ordinance.

**25.16.** To notify in due time its clients with whom it has concluded agreements under Art. 11 of any change and amendments to these General Terms and Conditions and/or the Tariff of Terms, Fees and Commissions Applied by **INVESTBANK JSC** for Financial Instrument Transactions (Tariff for Transactions in Financial Instruments), the Client Order Execution Policy, containing information about the date of their adoption and the date of their entry into force, by publishing them on the official website of the investment firm:  [www.ibank.bg.](http://www.ibank.bg/) The publication of the General Terms and Conditions shall be made within a period not less than one month before the amendment or supplement becomes effective. In case of disagreement with the amendments and supplements to the General Terms and Conditions and/or the Tariff for Transactions in Financial Instruments, the client shall be entitled to terminate the agreement with **INVESTBANK JSC** without notice before the entry into force of the new General Terms and Conditions and/or the Tariff for Transactions in Financial Instruments, without bearing any liability for damages and expenses except for the expenses associated with the assets held by the client. In the event that within one month from the publication of the amendments and supplements to the General Terms and Conditions and/or the Tariff for Transactions in Financial Instruments the client notifies **INVESTBANK JSC** by posting on the official website of the investment firm [www.ibank.bg](http://www.ibank.bg) an explicit written notice stating that that client does not agree with the amendments and supplements, the contractual relations between the parties concluded under these General Terms and Conditions shall be considered terminated as from the date of the receipt by **INVESTBANK JSC** of the notification of disagreement. In this case **INVESTBANK JSC** shall settle its relations with the client within seven days of the receipt of the termination statement. In the event that within the one-month period in which the General Terms and Conditions and/or the Tariff have been published on the official website [www.ibank.bg](http://www.ibank.bg) the client does not terminate the agreement with **INVESTBANK JSC** under the terms and conditions of the preceding sentences, as well as if within this period the client does not state explicit written disagreement with the amendments to the General Terms and Conditions and/or the Tariff for Transactions in Financial Instruments, the latter shall be considered to accept them.

**25.17.** Upon written request from the client, the investment firm shall, within 3 (three) business days, notify the client of the date of entry of the order on the market, the number of the transaction on the regulated market and provide the client with other additional information regarding the execution of the order.

**25.18.** To provide the clients with information on a durable medium in compliance with Ordinance No. 38, where applicable.

**25.19.** To require the clients to identify themselves with identity documents when accepting orders, and the person accepting the orders shall draw up the relevant declaration for verification of the client identity.

**25.20.** To provide the client with a signed copy of the accepted order for the relevant transaction in financial instruments.

**25.21.** To refuse to accept an order that does not meet the requirements of Ordinance No. 38 or an order that has been submitted by an attorney without complying with the requirements of Ordinance No. 38. In this case, the investment firm shall draw up a rejection statement to be provided to the client against signature.

**25.22.** To conclude agreements under Ordinance No. 38 and to accept client orders only through natural persons who work under agreements for it in the capacity of:

1. brokers, or

2. persons who meet the requirements of Ordinance No. 7 of the FSC on the requirements to be met by natural persons who, under contracts, directly perform transactions in financial instruments and provide investment advice regarding financial instruments, as well as the procedure for acquiring and revoking the right to exercise such activities and are registered with the register under Art. 30(1)(2) of the Financial Supervision Commission Act.

3. Executive directors or procurators representing the Bank.

**Art.** **26.** **INVESTBANK JSC**, as an investment firm, shall not be entitled:

**1.** To operate for the account of a client, if it has not notified the client of the potential conflicts of interest, as well as of the specific conflicts of interest with another client, if this will not violate an existing confidentiality obligation or threaten the interests of another client, including in cases where:

**(a)** the investment firm or its broker has acquired or may acquire financial instruments, the purchase of which it recommends to the client, or when it carries out transactions in them for its own account;

**(b)** a special remuneration is provided for the investment firm or the broker if the recommended transaction is carried out;

**(c)** a conflict may arise or has arisen with the interest of another client of the investment firm.

**2.** To provide false information, including about:

**(a)** the price or value of the financial instruments;

**(b)** the issuer of the financial instruments;

**(c)** property liabilities resulting from transactions in financial instruments.

**3.** To aggregate the submitted order of the client with other clients’ orders or transactions for own account, unless:

**(a)** it is unlikely that the aggregation of orders and transactions will work to the disadvantage of any of the clients whose orders are to be aggregated;

**(b)** the investment firm has disclosed to each client whose order is to be aggregated that the effect of the aggregation may work to the disadvantage of that client in relation to a particular order;

**(c)** the investment firm has adopted and effectively implements an order segregation policy that contains sufficiently detailed and clear conditions for the appropriate separation of the aggregated orders and transactions, including indicating how the volume and price of orders determine their separation and the settlement in the cases of partial execution. To carry out transactions for the account of the clients in volume or with frequency which, according to the circumstances, can be considered to be carried out in the interest of the investment firm only, unless the client has given an explicit order on its own initiative.

**4.** To buy on its own account financial instruments for which a client has made a purchase order and sell them to that client at a price higher than the price at which they have been bought. This prohibition shall not apply when the client has given prior written consent and is an institutional investor, another investment firm or a person whose investment portfolio is managed by a management company.

**5.** To make simulative proposals for concluding transactions, to conclude transactions that create a false impression of the price or volume of trade in financial instruments or fictitious transactions, to distribute untrue rumours or unfounded estimates, and conduct other misleading actions in relation to the price or volume of the transactions.

**6.** To lend money or otherwise provide lending for the purchase of financial instruments, as well as to sell for its own or another's account a financial instrument which the investment firm or its client, respectively, does not own, except under conditions and in accordance with a procedure specified in the relevant ordinance.

**7.** To conclude agreements for advance fixing of prices of financial instruments, including the prices contained in submitted orders or quotations.

**8.** To conclude an agreement with the client if:

**(a)** the client or the client’s attorney has failed to submit and sign all the necessary documents under Ordinance No. 38 and MFIA;

**(b)** the client has submitted documents containing apparent irregularities or incomplete data, inaccuracies or contradictions or in case of other circumstance that gives rise to a suspicion of inappropriate legitimation or representation;

**(c)** the client is represented by an attorney who declares the professional execution of transactions in financial instruments.

**9.** To pay commissions or other fees for accepting orders for transactions in financial instruments, requests for opening client sub-accounts for financial instruments or documents for registration with the Central Depository of transactions in financial instruments concluded off a regulated market directly between natural persons, to persons other than those under Ordinance No. 38. The prohibition shall not apply to the fees that the investment firm pays to the Central Depository and to the regulated markets in financial instruments.

**10.** To use the information received from clients to their detriment, for their own benefit or for the benefit of third parties.

**11.** To give recommendations motivated solely by the desire to receive benefits.

**12.** To introduce orders for purchase or sale of financial instruments on a regulated market with the knowledge that a counter-order will be introduced for the same type, quantity and price of financial instruments.

**13.** To execute orders to buy, sell or exchange financial instruments off the regulated market where they are admitted to trading, unless the order execution policy provides for the possibility for clients' orders to be executed off a regulated market or a multilateral trading facility. The orders can only be executed in this way if the client has been notified in advance and has explicitly consented to it. This prohibition shall not apply to transactions concluded as a result of acceptance of a tender offer under Chapter 11, Section II of the Public Offering of Securities Act (POSA).

**14.** To participate in the execution of concealed purchases or sales of financial instruments.

**15.** To conclude a specific agreement with a retail client the content of which deviates from the General Terms and Conditions, unless the deviation is in the obvious interest of the client.

**16.** To negotiate and/or enter into agreements for the purchase and sale, exchange or lending financial instruments, as well as to provide information on financial instruments, using false favourable data or concealing unfavourable data that are essential for making decisions to acquire or dispose of financial instruments.

**17.** Without the consent of its client or without the permission of the court, to provide information on facts and circumstances concerning the balances and operations on the accounts for financial instruments or of its client, as well as on all other facts and circumstances constituting trade secret, except to the FSC for the purposes of its control activity.

**18.** To execute a client’s order, if the client or the client’s attorney, respectively, refuses to declare or declares that they possess inside information or declares that the transaction covered by the order is a concealed purchase or sale of financial instruments. The refusal should be certified by a separate document signed by the client.

**19.** To execute an order on a regulated market if it is declared or establishes that the financial instruments covered by the order are blocked in the Central Depository and if there is a pledge established or a distraint imposed thereon.

**20.** To execute the order on or off a regulated market if it is declared or established that the financial instruments covered by the sale order are blocked in the Central Depository or seized, unless the investment firm otherwise ensures that the financial instruments covered by the sale order will be delivered on the day of the settlement of the transaction, as well as in other cases as determined by an ordinance of the FSC.

**21.** To accept orders under the provisions of Art. 25 (11) of these General Terms and Conditions in the following cases:

**(a)** if the order is submitted by an attorney and that attorney has not submitted in advance the documents under Art. 25(11) of these General Terms and Conditions;

**(b)** upon the transfer of dematerialized financial instruments from a personal account to a client's sub-account of the investment firm held with the Central Depository.

**22.** To perform investment consultations within the meaning of § (3) and (4) of the Supplementary Provisions of MFIA or to manage individual portfolios of financial instruments at its discretion, without special orders from the client, if it has not concluded an agreement with an investment consultant.

**23.** To use the clients’ financial instruments and funds for purposes that are not related to the activity it performs for their account, including to use for the account of a client its own or another client’s funds or financial instruments, except under the terms and conditions and according to a procedure as provided for in Ordinance No. 16 of the FSC.

**B. RIGHTS AND OBLIGATIONS OF THE CLIENT**

**Art.** **27.** The client **shall be entitled**:

1. To require exact execution by the investment firm of the order covered by the respective agreement.

2. To receive accurate and comprehensive information on a timely manner about the transactions performed, whereby the notification is made in written or other form with equivalent probative value according to the law (fax, scanned copy of a signed notification by e-mail, etc.)

3. To change or withdraw orders in person or through a duly authorized attorney only if the statement for change or withdrawal has been submitted before the execution of the order has started.

The orders for change or withdrawal of orders shall be executed in writing or another form with equivalent probative value according to the law.

4. To receive in writing the information referred to in Art. 26(1) of these General Terms and Conditions.

**Art.** **28.** The client **shall be bound**:

**1.** To give precise, clear and comprehensive instructions and orders related to the implementation of the contractual relations. The orders shall be executed in writing or other form with equivalent probative value according to the law (fax, signed with an electronic signature or a scanned signed copy of the order by e-mail). To submit to the investment firm regular documents, valid financial instruments, etc.

**2.** When the investment firm has provided the information referred to in Art. 26(1) of these General Terms and Conditions by telephone or other remote means of communication, the client shall be bound to certify in writing as soon as possible the receipt of that information.

**3.** In the cases where the client is represented by an attorney, the client shall be bound to authorize that attorney with an explicit power of attorney. The attorney shall be bound to present a notarized power of attorney stating the representative authority to perform management and administrative actions with financial instruments and a declaration that that attorney is not professionally engaged in transactions in financial instruments.

**4.** To accept the reports of the investment firm. The reports shall be submitted and received by the client depending on the provisions of the specific agreement – at the cash desks of **INVESTBANK JSC** or by other means attesting the receipt (by mail, fax, scanned copy of a signed notification by e-mail). It shall be considered that the report is accepted if the client does not file written objections within 7 (seven) days.

**5.** To pay the agreed remuneration due to the investment firm for each concluded and executed transaction according to the Tariff for Transactions in Financial Instruments.

**6.** To pay to the investment firm all incurred expenses, together with the interest and damages, which the latter has suffered in connection with the execution of the transaction.

**7.** If the execution of a separate transaction becomes impossible due to reasons beyond the control of the investment firm, such as force majeure, illegal client’s behaviour, change in regulations, etc., the client shall be bound to pay the costs incurred and remuneration corresponding to the work performed.

**8.** To perform in good faith the client’s obligations under the agreement. The client shall be responsible for the reliability and regularity of the financial instruments and collateral provided by the latter for the sale, as well as for the reliability of the documents deposited by the latter with the investment firm which must correspond to the required form. If irregularities are found in the documents or the financial instruments, they should be replaced with new ones within a period specified by the investment firm.

**9.** The client shall bear all risks of transactions in financial instruments subject to the specific agreements.

**10.** To immediately notify **INVESTBANK JSC** and submit the relevant documents regarding:

**(a)** any registration changes that have taken place in the legal personality of the legal entity represented by the client, including any change of the seat and registered office, change in the mode of representation or of the persons having representative authority;

**(b)** any change in the identity documents of the natural persons, the address for correspondence and messages.

**11.** If the client refuses to provide all or part of the information under Ordinance No. 38, to certify it in writing and with his signature.

**12.** To provide the funds on an account or at the cash desk with the Bank at the time of filing an order for purchase of financial instruments.

**12.1.** Exceptionally, a client’s order is allowed to be accepted without compliance with the requirement under para. 12. In this case, the client is required to provide a declaration for the provision of the funds necessary for the execution of the order not later than the usual settlement period.

**Art.** **29.** The client **shall not be entitled** to submit orders for concluding transactions in financial instruments if:

**1.** that client has inside information about them or their issuer;

**2.** there is information that they are blocked in the Central Depository;

**3.** the transactions represent a concealed purchase or sale.

**V. REQUIREMENTS FOR CONCLUDING TRANSACTIONS FOR THE PURCHASE OR SALE OF FINANCIAL INSTRUMENTS THROUGH AN ELECTRONIC SYSTEM APPROVED BY THE REGULATED MARKET**

**Art.** **30.** **INVESTBANK JS**C, as an investment firm, may execute an addendum to the agreements with its clients for submitting orders for purchase or sale of financial instruments or through an electronic system, as a subscriber of an electronic system approved by the relevant regulated market.

**Art.** **31.** **(1)** The access to the system and the registration of clients’ orders shall be carried out through an electronic certificate issued in the name of the client and subject to the requirements established in the internal rules of the regulated market for the use of the respective electronic system. In the event that the client intends to register the orders through an attorney, the certificate shall be issued in the name of the attorney. The certificate should contain information that the attorney shall act in the capacity of an attorney and for the account of the respective client.

**(2)** The order submitted through an electronic system shall be considered submitted at the initiative of the client and should contain all the details required under Ordinance No. 38. The circumstances under Art. 25(13) of these General Terms and Conditions shall also be declared with the order pursuant to Ordinance No.38.

**(3)** The investment firm shall perform the inspection under Art. 25(14) of these General Terms and Condition and no inspection shall be performed if the electronic system provides at any time up-to-date information and prevents the conclusion of transactions in blocked, seized and pledged financial instruments.

**Art.** **32.** The order shall be introduced for execution on the regulated market by the investment firm. The confirmation of concluded transaction shall be made through the electronic system.

**Art.** **33.** The payment on a transaction concluded in the course of the implementation of an order placed through an electronic system shall be made only in a non-cash manner.

**Art.** **34.** The provisions of this section shall apply accordingly in cases of concluding transactions in financial instruments abroad through an electronic trading system.

**VI. SPECIAL RIGHTS AND OBLIGATIONS OF THE INVESTMENT FIRM IN CASE OF REGISTERED PLEDGE OF FINANCIAL INSTRUMENTS**

**Art.** **35.** **(1)** In case of a registered pledge of financial instruments, the investment firm with which the pledgor’s client sub-account of financial instruments is opened shall be required to implement the creditor's request for their sale, as stipulated in the agreement of the investment firm with the pledgor and the pledgee. The investment firm shall transfer the amount from the sale of the financial instruments to the bank account of the depositary, in compliance with the Registered Pledge Act.

**(2)** Other than in the case referred to in para. 1 and in compliance with the provisions of Art. 35 of the Registered Pledge Act, the investment firm shall, at the written request of the enforcement officer, submit the required data to the Central Depository for the transfer of the financial instruments held by the pledgor from the pledgor’s personal account or client sub-account with the investment firm to the client sub-account of the pledgee.

**Art.** **36.** **(1)** In the cases of enforcement proceedings and insolvency proceedings, the investment firm shall perform the written request of the enforcement officer or the administrator, respectively, for the sale of the debtor's financial instruments subject to the respective application of Ordinance No.38.

**(2)** The Investment firm shall not be entitled to execute an order if it is declared or established that the financial instruments – subject of the sales order – are not available on the client's account or are blocked by a depositary institution, and if there is a pledge established or a distraint imposed on them.

**(3)** The prohibition under para. 2 with regard to pledged financial instruments shall not apply in the following cases:

1. The transferee has been informed about the established pledge and has explicitly agreed to acquire the financial instruments pledged, there is an explicit consent of the pledgee in the cases provided for by the Registered Pledge Act;

2. The pledge has been established on an aggregate within the meaning of the Registered Pledge Act.

**(4)** The prohibition under para. 2 with regard to a sales order for financial instruments which are not available on the client's account shall not apply in the cases provided for in a separate ordinance.

**VII. ONGOING AND PERIODIC PROVISION OF INFORMATION TO THE CLIENT**

**Art.** **37.** **(1)** By the first business day after concluding a transaction for the account of a client, the investment firm shall send that client, on a durable medium, a written confirmation of the concluded transaction, containing at least the information provided for in Ordinance No. 38. If the confirmation is accepted by the Bank through a third party, the notification to the client shall be made by the first business day following the day on which the Bank has received the confirmation sent by the third party.

**(2)** If the settlement is not executed on the specified date or another change occurs in the information contained in the confirmation, the investment firm shall notify the client by the end of the business day on which the investment firm has become aware of the change.

**(3)** Upon written request from the client, the investment firm shall, within 3 (three) business days, notify the client of the date of entry of the order on the market, the number of the transaction on the regulated market and provide the client with other additional information regarding the execution of the order.

**(4)** The investment firm, including when acting as a custodian only, that has concluded an agreement for performing margin purchases or an agreement for performing short sales in compliance with the ordinance, shall be required, at least at the end of each month and if no transactions have been concluded – at the end of each quarter, to provide a written report to the client on the balances and operations by accounts pursuant to Ordinance No. 38.

**(5)** The investment firm shall also submit the report under para, 4 upon receiving a written request sent by the client.

**(6)** Apart from the cases under para. 4, the investment firm shall present to the client the report under para. 4 as of 31 December of the respective year, under the terms and conditions and according to the procedure specified in the agreement. If the total balance of financial instruments and cash on the client's accounts does not exceed BGN 250, the investment firm shall be required to submit the report at the request of the client only.

**(7)** The investment firm which holds financial instruments of clients or clients' funds, shall send, once a quarter to each client for whom it holds financial instruments or funds, a statement on a durable medium for these financial instruments or funds, unless such statement is provided in another periodic report. The statement of the client's assets referred to in paragraph 1 shall contain the following information:

1. details of all financial instruments or funds held by the investment firm for the client at the end of the period covered by the statement;
2. the extent to which each client’s financial instrument or funds have been the subject of securities financing transactions;
3. the amount of any benefit accrued to the client as a result of participation in any securities financing transactions, and the basis on which that benefit has accrued;
4. specific indication of assets or funds which are subject to the rules of Directive 2014/65/EU and its implementing measures and those that are not subject, such as those that are subject to a title transfer collateral agreement;
5. specific indication of assets that are affected by some peculiarities in the ownership status, such as those subject to security interest;
6. the market or estimated value, if the market value is not available, of the financial instruments included in the statement, with an explicit indication of the fact that the absence of a market price may be indicative of a lack of liquidity. The estimated value is to be determined by the investment firm on the basis of the principle of maximum effort.

**(8)** The investment firm shall be required to notify its client under the terms and conditions and according to a procedure determined in the agreement, when an obligation occurs for the client to disclose the share participation pursuant to Art. 145 POSA as a result of transactions in financial instruments executed for the account of that client.

**(9)** **INVESTBANK JSC** shall be required within 3 (three) business days to notify its clients of any significant changes in its organization and operations which may affect the implementation of a concluded agreement.

The obligation for notification under para. 8 shall not apply to clients who only place small irregular orders for concluding transactions in financial instruments, except for the notification in case of change in the name, the seat and registered office or the correspondence address of the investment firm.

**VIII. SPECIMENS**

**Art.** **38.** The client shall submit to the investment firm a specimen of its signature and/or notarized specimens of the signatures of the persons who may represent that client. **INVESTBANK JSC** shall not be required to execute orders given by persons for whom the client has not submitted specimens.

**IX. LIABILITY**

**Art.** **39.** The investment firm shall not be liable if the impossibility for execution is due to a reason not attributed to its fault, such as force majeure, accidental event, etc.

**Art.** **40.** If the investment firm assigns the conclusion and execution of a transaction in financial instruments to another entity without being entitled to do so, it shall be liable for the actions of the substituting entity as if these were its own actions, including the damages caused to the client by it.

**Art.** **41.** The liability for any default of contractual obligations shall be determined in the individual agreement signed between the parties. In case of complete culpable default or delay, the defaulting party shall have to pay compensation to the non-defaulting party for the damages and lost profits agreed in the individual agreement in compliance with the provisions of the OCA.

**Art.** **42.** In case of withdrawal of the client’s order in violation of the requirements of Art. 27(3) of these General Terms and Conditions, the client shall be liable and required to reimburse the investment firm the costs incurred by the latter, the damages suffered and the agreed remuneration. The actions carried out by the investment firm to execute the order, while not being aware and not being able to be aware of its withdrawal, shall be binding on the client.

**Art.** **43.** **INVESTBANK JSC** may cancel a separate transaction not later than 24 hours before its conclusion. If the cancellation is unfounded and the investment firm fails to notify the client in a timely manner, it shall have to pay compensation for the damages caused by the cancellation.

**Art.** **44.** For non-compliance with the provisions of MFIA, the defaulting party shall bear administrative-penal liability pursuant to Art. 290 of MFIA.

**Х. COMPENSATION OF INVESTORS**

**Art.** **45.** In cases where the investment firm is unable to implement its obligations to the clients due to reasons directly related to its financial condition, the clients of the investment firm shall be compensated from the Financial Instrument Investor Compensation Fund under the terms and conditions and according to the procedure referred to in the POSA.

**Art.** **46.** The Fund shall pay compensation in cases where:

1. by decision of the respective district court, insolvency proceedings have been opened for the investment firm, including where the insolvency proceedings have been terminated on the grounds of Art. 632 of the Commerce Act;

2. the license has been revoked in the cases under Art. 36 (2) of the Credit Institutions Act.

**Art.** **47.** **(1)** The Fund shall pay **compensation** to each client of an investment firm in the amount of 90 percent of the value of the **receivable** arising from the inability of the investment firm to pay back the client's assets in compliance with the legal and contractual terms, but not more than BGN 40,000.

**(2) 1.** The value of the receivable under para. 1 shall be determined by aggregating all the receivables of the respective client to the investment firm, regardless of the number of accounts and the place where they are opened.

**2.** The amount of the receivable under para. 1 shall be determined as at the date of the issuance of the decision under Art. 77b (1) POSA in compliance with the legal and contractual terms and conditions, whereby the measurement of the client's assets shall be carried out under the terms and conditions and in accordance with the procedure defined in an ordinance.

**(3)** 1. Clients' assets subject to compensation shall be financial instruments and other assets of the investment firm's clients held, administered or managed by the investment firm on the clients' behalf in connection with the services provided by the investment firm under Art. 6 of the Markets in Financial Instruments Act, including interest, dividends and other similar payments. The client assets shall be exclusive of the deposits within the context of §1 (1) of the Supplementary Provisions of the Bank Deposit Guarantee Act.

2. In the cases where the client's assets are in foreign currency or in financial instruments, the client shall be paid the BGN equivalent of the client’s receivables under Art. 77B (1) POSA.

3. In the cases where the client’s assets are held by more than one person, the portion of each of them shall be considered when establishing the total amount of the client’s receivables from the investment firm. Unless otherwise stated, the holdings of the clients shall be assumed to be equal.

4. In the cases where the client of the investment firm has acted for the account of a third party, the compensation shall be paid to the third party for the account of which that client has acted, provided that this third party is or can be established before the date of the decision under Art. 77B (1) POSA. If the client of the investment firm has acted for the account of two or more third parties, the provisions of para. 3 shall apply.

5. Client assets on which encumbrances are imposed or which serve as collateral shall be included in determining the amount of compensation, and the relevant part of the compensation attributable to client’s assets shall not be paid to the client - holder until the encumbrance or collateral is released. To the extent that the client's assets referred to in the first sentence are subject to a final instrument issued by a judicial authority, the Fund shall pay the compensation due for the client's assets to the person indicated in the act as entitled to receive the compensation for the client's assets.

**(4)** The Fund shall not have to pay interest on the guaranteed amounts.

**Art.** **48.** The Fund shall not pay compensation to:

1. members of the management and supervisory body of the investment firm, as well as its procurators;

2. persons who hold directly or indirectly 5 per cent or more of the voting rights in the General Meeting of the Shareholders of the Investment Firm or may control it, as well as the persons belonging to the same group with the investment firm, for which consolidated statements are prepared;

3. registered auditor who audited the annual financial statements of the investment firm;

4. spouses, relatives by direct line without restrictions, relatives by collateral line up to the second degree, inclusive, and by affinity to the second degree, inclusive, of the persons referred to in (1), (2) and (3);

5. investment firms;

6. credit institutions;

7. insurers;

8. pension and social security funds;

9. closed-end investment companies, collective investment schemes and special purpose vehicles;

10. the State and state institutions;

11. municipalities;

12. Investor Compensation Fund in Financial Instruments, Bulgarian Deposit Insurance Fund and Guarantee Fund under Art. 287 of the Insurance Act;

13. investors who have benefited from circumstances related to the investment firm and have led to a deterioration in its financial condition, as well as investors contributing to this condition;

14. other professional clients pursuant to §1 (9) of the Supplementary Provisions of the Markets in Financial Instruments Act.

The Fund shall not pay any compensations for receivables arising from and/or related to transactions and actions constituting "money laundering" pursuant to Art. 2 of the Measures against Money Laundering Act if the perpetrator has been convicted by a final court judgement.

(3) The circumstances determining the exceptions under para. 2 and 3, shall be established as at the date of the decision under Art. 77b(1) POSA.

**XI. NOTICES BETWEEN THE PARTIES**

**Art.** **49.** All notices between the parties shall be made in writing (by fax, e-mail, etc.) and sent to the addresses of the client and **INVESTBANK JSC**, as specified in the individual framework agreement for transactions in financial instruments.

**Art.** **50.** Any notices not prepared in writing or other equivalent form (by fax, or e-mail or on the official website of **INVESTBANK JSC**) or not sent to the addresses specified the parties, shall not be binding on them.

**XII. DISPUTES**

**Art.** **51.** In the event that a clause of these General Terms and Conditions or any specific condition under an agreement concluded between the investment firm and the client is found to be contrary to any law or subordinate regulation, the provisions of the law or subordinate regulation shall be binding on the parties.

**Art.** **52.** The parties shall settle the disputes between them by mutual consent and through negotiations. In case no agreement is reached, the dispute shall be referred to the competent court pursuant to the Civil Procedure Code.

**XIII.** **AMENDMENT TO THE GENERAL TERMS AND CONDITIONS AND THE TARIFF FOR TRANSACTIONS IN FINANCIAL INSTRUMENTS**

**Art.** **53.** Any amendments and supplements to these General Terms and Conditions and the Tariff shall be adopted by the Management Board of **INVESTBANK JSC**. Within seven days from the date of the approval, the General Terms and Conditions shall be sent for information to the Financial Supervision Commission.

**Art.** **54.** The amendments and supplements to these General Terms and Conditions shall enter into force for clients under already concluded agreements pursuant to Art. 25(16).

**Art.** **55.** The provisions of the Bulgarian commercial and civil law shall apply to the issues not settled in these General Terms and Conditions.

**XIV. FINAL PROVISIONS**

**§1.** These General Terms and Conditions shall repeal the currently effective ones approved by a decision of the Management Board of **INVESTBANK JSC** with Minutes No. 2 of 14 January 2010 and approved by the Deputy Chairperson in charge of the Investment Activity Supervision Division of the Financial Supervision Commission.

**§2.** These General Terms and Conditions were approved by a decision of the Asset and Liability Management Committee (ALMC) with Record No. 37 of 6 June 2014, adopted by a Decision of the Management Board of **INVESTBANK JSC** with Minutes No. 49 of 10 June 2014 and approved by the Supervisory Board of **INVESTBANK JSC** with Minutes No. 27 of 16 June 2014, and their subsequent amendment was approved by a decision of ALMC with Minutes No. 248 of 27 April 2018 and adopted by a decision of the Management Board of **INVESTBANK JSC** with Minutes No. 21 of 2 May 2018, approved by the Financial Supervision Commission with decision for registration No. 571 of 30 July 2018, amended by a decision of the Management Board with Minutes No. 44 of 13 October 2020.

###### *I, the undersigned Svetlana Velikova Milenkova certify the true translation from Bulgarian into English of the document attached. The translation consists of 27 pages.*

###### *Translator: ……………………..… Svetlana Velikova Milenkova*