

Translated from Bulgarian

GENERAL TERMS AND CONDITIONS

OF

BALKAN ADVISORY COMPANY – IP EAD

APPLICABLE TO

AGREEMENTS WITH CLIENTS

PREAMBLE

I. GENERAL INFORMATION OF BALKAN ADVISORY COMPANY – IP EAD

(latest amendment by resolutions of the Board of Directors of 18.04.2018)

Balkan Advisory Company – IP EAD is a sole-owned joint stock company registered at Sofia City Court and filed in the Trade Companies Register under company file No. 6253/2003, batch No. 77374, volume 913, Reg. I, page 179 (hereinafter referred to as the “Company” or “Investment Intermediary”). The Investment Intermediary is registered in the Commercial Register at the Registry Agency under UIC 131112767.

The Company is licensed to operate as an investment intermediary by Resolution No. RG-03-0206 as of 03.06.2003, issued according to Resolution No. 90-IP as of 28.05.2003, Resolution No. 562-IP as of 22.12.2003, Resolution No. 169-IP as of 08.03.2006 and Resolution No. 1597-IP as of 17.12.2008 of the Financial Supervision Commission (FSC).

The scope of activity of the company includes provision of investment and additional services, according to the license issued by FSC, as follows:

Investment services under Art. 6, par. 2, s. 1,2,4,5, and 7 of the Markets in Financial Instruments Act (MFIA):

- 1. Acceptance and delivery of orders regarding one or more financial instruments, including mediation for conclusion of transactions in financial instruments;*
- 2. Execution of orders at client’s expense;*
- 3. Portfolio management;*
- 4. Provision of investment consultancy to a client;*
- 5. Offering of financial instruments for initial sale with no unconditional and irrevocable obligation for the acquisition of the financial instruments at its own expense;*

Additional services under Art. 6, par. 3, s. 1,2,3,4,5, and 7 of the Markets in Financial Instruments Act (MFIA):

- 1. Holding and administration of financial instruments at clients’ expense including trust activity (holding of clients’ financial instruments and money in depository institution) and the associated services such as administration of deposited money/provided securities, except for central security accounts, accounting of Section A, s. 2 of the Annex to Regulation (EU) No. 909/2014;*
- 2. Granting of loans for the purpose of executing transactions in one or more financial instruments provided that the loan grantor participates in the transaction in compliance with the terms and procedures determined in an ordinance;*
- 3. Consultancy for companies in regard to the capital structure, industrial strategy and related matters, as well as consultancy and services associated with merger and purchase of enterprises;*
- 4. Provision of services related to foreign means of payment, as long as they are related to the provided investment services;*
- 5. Investment surveys and financial analyses or other forms of general recommendations related to transactions in financial instruments;*
- 6. Investment services and activities under Art. 6, par. 2 and Art. 6, par. 3, s. 1-6 of MFIA, in reliance to the basic instruments of derivative financial instruments under Art. 4, s. 5,6,7 and 10 of MFIA, when they are related to the provision of investment and additional services.*

The capital of Balkan Advisory Company – IP EAD amounts to BGN 250 000 (two hundred and fifty thousand).

II. BUSINESS PRINCIPLES OF THE INVESTMENT INTERMEDIARY BALKAN ADVISORY COMPANY – IP EAD

In its capacity of an investment intermediary, Balkan Advisory Company – IP EAD shall constantly apply the following principles, in compliance with the provisions of the Markets in Financial Instruments Act (MFIA), Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Delegated Regulation (EU) 2017/565), Regulation No. 38 as of 25.07.2007 on the requirements to the investment intermediary s' activity issued by the Financial Supervision Commission („Regulation No. 38”):

1. Balkan Advisory Company – IP EAD shall work fairly and honestly as a professional, acting bona fide in the best interests of its clients.
2. Balkan Advisory Company – IP EAD shall treat equally all its clients and inform them of the risks of the transactions in financial instruments.
3. Balkan Advisory Company – IP EAD shall conclude transactions in financial instruments at its clients' expenses, on market conditions most favorable for the clients, and make its best efforts to perform according to the client's instructions.
4. Balkan Advisory Company – IP EAD shall execute client orders according to its adopted Policy of Execution of Client Orders, and timely notify its clients of any significant changes in this policy.
5. Balkan Advisory Company – IP EAD shall keep its clients' trade secrets, which were communicated to it upon or due to the execution of the orders.
6. The information, which Balkan Advisory Company – IP EAD shall submit to its clients and potential clients, including the information in the advertising materials and public statements of its Board of Directors and the persons, working for it according to an employment agreement, shall be understandable, true, correct, clear and not misleading. The information and public statements of the investment intermediary 's Board of Directors and the persons, working for it according to an employment agreement and related to its business, shall comply with the other provisions of [Regulation No. 38], the respective provisions of the Law on Measures against Market Abuse with Financial Instruments (LMAMAFI) and the provisions of Distance Financial Services Act (DFSA) – in case the Company concludes an agreement for provision of distance financial services within the meaning of Art.6 of DFSA.
7. Balkan Advisory Company – IP EAD shall notify its clients of the existing compensation system of investors in financial instruments, including its scope and guaranteed amount of the client assets, and, upon request, provide data on the terms and procedures of compensation.
8. Balkan Advisory Company – IP EAD shall determine its clients as professional, non-professional, and acceptable counterparty, according to the criteria set forth in MFIA and the documents and information provided by the clients.
9. Balkan Advisory Company – IP EAD shall strictly observe the rules applicable in the places of trading (regulated market, multiple trading system, organized trading system), and the loyal competition principles.
10. Balkan Advisory Company – IP EAD shall not join client orders with other client orders, except for the cases allowed by the law and in accordance with the Policy of Execution of Client Orders adopted by the investment intermediary and in client's best interest.

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11. Balkan Advisory Company – IP EAD shall register all client orders in order of their acceptance, and shall maintain, for each order and each concluded transaction, in performance of the client order, at least the data stated in section 1 and section 2 of Annex IV to Delegated Regulation 2017/565.

12. The members of the Board of Directors of Balkan Advisory Company – IP EAD, its employees and all other persons working for Balkan Advisory Company – IP EAD, including the ones, who are not working now or whose work has been suspended, shall not communicate to anyone, unless authorized to do so, and shall not use for their benefit or any third party's benefit, any facts and circumstances related to the available funds and operations under the clients' financial instrument accounts and money, or any other facts and circumstances, which are trade secret, and which were communicated to them during the performance of their professional duties. According to the provisions of MFIA, the Deputy Chairperson managing "Investment Activity Supervision" Directorate, and the authorized official persons in the FSC administration and the regulated market, in which the Company is a member, for the purposes of their control within the scope of the inspection order, the investment intermediary may give information under the previous sentence only after obtaining the consent of its client, according to the procedure of Part Two, Chapter 16, Section IIIa of the Tax and Social Security Procedure Code, or by order of a competent court, issued according to the provisions of and in the cases specified by the applicable law. In addition, at the written request of the Director of the National Investigation Service, the Chairperson of the State Agency for National Security or the Secretary General of the Ministry of the Interior, the investment intermediary shall provide information on the available funds and movements under the accounts of companies with more than 50 per cent of government and/or municipal participation. Apart from that, if there are any data on organized crime or money laundering, the Chief Public Prosecutor or a deputy authorized by him may request the investment intermediary to provide the information referred to in the first sentence of this section.

13. Balkan Advisory Company – IP EAD shall follow an efficient policy for treatment of the conflict of interests.

14. If Balkan Advisory Company – IP EAD concludes an agreement for provision of distance financial services within the meaning of Art.6 of DFSA, or initiates negotiations to conclude such an agreement, this agreement shall be governed by the relevant provisions of DFSA and Ordinance No. 38, including, but not limited to the provisions of DFSA concerning:

14.1. Company's obligations to provide the client with information on:

- ▶ Balkan Advisory Company – IP EAD;
- ▶ The financial services offered to the client according to the agreement for provision of distance financial services;
- ▶ The agreement for provision of distance financial services, as well as any other information pursuant to Art.8, par.1, s.4 of DFSA;

14.2. Company's obligations related to the actions, which the Company must perform before the client has been bound by an offer or an agreement for provision of distance financial services;

14.3. The requirements, which the trade announcements used by Balkan Advisory Company – IP EAD must satisfy.

15. (latest amendment by resolution of the Board of Directors of 19.10.2015) The provisions of DFSA and Ordinance No. 38 shall apply to any possible dispute related to an agreement for provision of distance financial service, to which the provisions of DFSA apply.

16. The investment advice¹, which Balkan Advisory Company – IP EAD gives to its clients, shall be reasonable, not based on exaggerated favorable facts or unconsidered unfavorable facts and not motivated only by the desire to obtain remuneration. The prognoses in the investment advice shall be well-grounded, explicitly stated as prognoses, and the conditions, on which they are based and which significantly affect their execution, shall also be mentioned.

17. Upon provision of investment advice, Balkan Advisory Company – IP EAD shall notify the client on a durable media, within a sufficient period of time before the investment advice is provided:

i) whether the advice is independent, explaining to the client in a clear and concise manner whether and why an investment advice is classified as independent or non-independent, as well as the type and nature of the applicable restrictions, including, when the investment advice is provided on an independent basis, the ban on the receipt and retention of incentives.

ii) the scope of financial instruments, which may be advised, whether the advice is based on a broad or limited analysis of the different types of financial instruments and, in particular, whether the scope is limited to financial instruments issued or offered by entities in close connection with the investment intermediary or in any other legal or economic relationship, such as a contractual relationship that is so narrow that may create a risk of violation of the independence of the advice provided, including the relationship of the with intermediary with the issuers or suppliers of the instruments.

iii) whether the investment intermediary shall provide the client with a regular assessment of how suitable the recommended financial instruments are for it;

18. Balkan Advisory Company - IP EAD provides investment advice on an independent basis, applying a selection process as to assess and compare a sufficient scope of financial instruments available on the market, which ensures that (i) the number and varieties of the respective financial instruments are proportionate to the scope of the investment advice services offered by the independent investment advisor; (ii) the number and variety of the respective financial instruments are sufficiently representative of those available on the market; (iii) the number of the financial instruments issued by the investment intermediary or by any persons closely related to the investment intermediary is proportional to the total number of the respective financial instruments; and (iv) the selection criteria for different types of financial instruments include all important aspects, such as risks, costs and complexity, as well as the characteristics of the investment intermediary's clients, and guarantee the absence of subjectivity in the selection of the financial instruments that may be recommended. When giving independent investment advice, Balkan Advisory Company - IP EAD, provides the client with a description of how the provided service meets the conditions of providing investment advice on an independent basis and the factors, which

¹ “Investment advice” means provision of personal recommendations to a client, at its request or on the initiative of the investment intermediary, in respect of one or more transactions related to financial instruments; “Personal recommendation” means a recommendation addressed to a person in its capacity of investor or potential investor or in its capacity of an agent of an investor or potential investor, and which is adequately presented to that person, or must be based on an assessment of the circumstances of that person, and must constitute a recommendation to undertake one of the following sets of measures:

a) purchase, sale, subscription, exchange, redemption, holding or undertaking the issue of a specific financial instrument;

b) exercise or non-exercise of any right granted by a specific financial instrument to buy, sell, subscribe, exchange or redeem a specific financial instrument.

A recommendation is not considered personal, if it is addressed only to the public.

are taken into account in the process of selecting the recommended financial instruments used by the investment intermediary, such as risks, costs and complexity of the financial instruments.

19. Balkan Advisory Company - IP EAD may provide investment advice to the same client simultaneously in an independent way and in a non-independent way, in which case the investment intermediary shall provide the client with a clear description of the scope of the two types of services, so that the client could understand the difference between them. When the scope of financial instruments evaluated by the investment intermediary when providing investment advice on an independent basis includes its own financial instruments or instruments issued or provided by persons having close links or other close legal or economic relations with the investment intermediary, and other issuers or suppliers, with which there is no link or relationship, the investment intermediary shall distinguish, for each type of financial instrument, the scope of financial instruments, which are issued or provided by individuals, which are not related to the investment intermediary in any way.

20. The recommendations² on the financial instruments, which Balkan Advisory Company – IP EAD gives, shall be fairly presented and disclose the interests (conflict of interest), which occur for Balkan Advisory Company – IP EAD. The Company shall make the due efforts to guarantee that the facts are clearly differentiated from any interpretations, assessments, opinions and other information, which is not based on facts and that the following is clearly mentioned:

- all information sources of significant importance are clearly and prominently displayed;
- any doubt about the reliability of a certain information source;
- all predictions, prognoses, targeted price levels and the significant assumptions made during their preparation or use;
- the date and the time, when the recommendation was completed;
- whether the recommendation has been disclosed to the issuer, to which it is directly or indirectly related, and whether it has subsequently been changed;
- summarized information on the basis used for the evaluations or methodologies, as well as the underlying assumptions used to evaluate certain financial instrument or issuer, or set a target price level for a financial instrument, as well as indication and provision of summarized information on any changes in the evaluation, methodology or assumptions made on the basis of them;
- the place of direct and easy access to the detailed information about the evaluation, the methodology or assumptions made on their based, if the person making the recommendations has not used models with protected rights of use;
- the place of direct and easy access to significant information on the used models with protected rights of use, if the person making the recommendations has used models with protected rights of use;
- the significance of any recommendation, such as purchase, sale or retention recommendations, as well as the duration of the investment and any necessary risk warnings that include a sensitivity analysis of assumptions made, is clearly and prominently displayed;
- reference to the planned frequency of the recommendation update;

² “Investment recommendation” means any information, which recommends or provides an investment strategy, explicitly or implicitly, in respect of one or more financial instruments or issuers, including any opinion on the current or future value or price of such instruments intended for distribution channels or the public.

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- the relevant date and time of each price of the financial instruments stated in the recommendation;
- when certain recommendation differs from previous recommendations related to the same financial instrument or issuer, which have been disseminated during the previous 12 months, the change (s) and date of the previous recommendation must be stated;
- a list of all investment intermediary' recommendations on a financial instrument or issuer that have been disseminated over the preceding 12 months, with each recommendation specifying the following: the date of circulation, the identification data of the individual or persons who made the recommendation, the target price level, and the market price at the time of circulation, the direction of action set out in the recommendation and the duration of the validity of the target price level or recommendation;

21. Apart from the requirements under s.20 above, and upon the preparation and circulation of recommendations, Balkan Advisory Company – IP EAD shall comply with the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (**Market Abuse Regulation**) and Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.

22. In carrying out its business, Balkan Advisory Company – IP EAD shall keep the trade secret of its clients as well as their commercial prestige. The members of the management and supervisory bodies of the investment intermediary and the persons working for the investment intermediary under an employment agreement, may not disclose, unless they are authorized to do so, and use for their own benefit or the benefit of any other persons, any facts and circumstances concerning the available funds and the operations under the accounts of financial instruments and of the money of the investment intermediary's clients, as well as any other facts and circumstances, which constitute business secrets, which they have become aware of in the course of their official and professional duties. The requirement under the above sentence also applies to the cases, when these persons are not in the service or have ceased to operate.

23. In carrying out its business, Balkan Advisory Company – IP EAD shall strictly observe the ban on misuse of internal information by complying with all restrictions and requirements of the Regulation on market abuse.

III. PRE-CONTRACTUAL RELATIONS. CLIENT CLASSIFICATION. INFORMATION EXCHANGE BETWEEN CLIENT AND INVESTMENT INTERMEDIARY (EVALUATION OF SUITABLE SERVICE)

III.1. Pre-Contractual Relations

1. The investment intermediary shall adopt a Policy of Execution of Client Orders to the best interests of its clients and timely update it. An investment intermediary timely provides its clients, prior to the provision of investment services, on a durable medium or through a website, with details of its performance policies, and requires their consent to the same.
2. The policy under the previous section shall include, in respect of each class of financial instruments, the information on the places for execution of client orders, advantages and disadvantages of each place of execution (according to the scope, price and costs of execution), and

the places, in which the intermediary may achieve the best execution. The execution policy shall include at least the places, which allow the investment intermediary to obtain the best possible results for the execution of the client orders.

3. The investment intermediary shall not execute orders at the expense of its clients, if they have not given their prior consent, according to the policy, which the intermediary has adopted.

III.2. Client Categorization

Balkan Advisory Company – IP EAD shall obligatorily categorize its clients as acceptable counterparty, professional client; or non-professional client, according to the criteria set forth in the Rules on Client Categorization of the investment intermediary and Annex to §1, s. 10 of the Supplementary Provisions to the Markets in Financial Instruments Act.

The standard of due care by the investment intermediary must be highest in the work with the non-professional clients, unless the investment intermediary and the respective client, categorized in one of the other groups above, agree in writing the higher standard due to the non-professional clients. Categorization shall be made according to Annex No.2 herein.

Balkan Advisory Company - IP EAD notifies on a durable media its new clients and existing clients, which the investment intermediary has re-categorized again in accordance with MFIA requirements, of their categorization as a non-professional client, a professional client or acceptable counterparty, in accordance with that law, of any customer's right to request a different categorization and of any restrictions to the level of customer protection that this would entail. The investment intermediary, on its own initiative or at the request of the client, may:

1. to identify someone, who in other cases may have been identified as acceptable counterparty, as professional or non-professional client;
2. to identify as non-professional client, identified as professional client, according to the criteria set out in part I of the Annex to § 1, s. 10 of the Supplementary Provisions to MFIA.

When the person identified as acceptable counterparty, wishes not to be treated as such and the investment intermediary agrees, this person shall be treated as professional client, unless explicitly wishes to be treated as non-professional client.

III.3. Evaluation of Suitable Service

1. When providing portfolio management services and investment advice, Balkan Advisory Company - IP EAD requires from its clients to submit information about their knowledge and experience regarding the services provided, their financial status, their loss-making ability and their investment purposes, including the permissible risk level.
2. On the basis of the information under s. 1 above, the investment intermediary shall make assessment of the suitability, including whether the financial instruments subject to the investment advice (evaluation of a suitable service) correspond to the level of risk permissible to the client and its ability to incur losses.

3. The investment intermediary has no right to provide portfolio management services and investment advice to any client, who has not submitted the information above.
4. When the investment intermediary provides investment advice with recommendation on the sale of a package of services or products³, each individual part as well as the package as a whole must be suitable for the client in view of the information provided by him under s 1 above.
5. When providing investment advice to a client, the investment intermediary, prior to executing the order resulting from the investment advice, shall send to the client a notification on a durable media as to whether the advice corresponds to the preferences, needs and other characteristics of the non-professional client. When providing investment advice for the purchase or sale of a financial instrument, and when the transaction is concluded by means of distance communication that prevents the prior submission of the notification under the previous sentence, the investment intermediary may submit the notification immediately after the transaction is concluded, if the following two conditions are met: (i) the investment intermediary has given the client the ability to postpone the transaction as to obtain the notification of compliance in advance, and (ii) the client has given its consent to receive the notification promptly after the conclusion of the transaction.
6. When the investment intermediary provides the portfolio management service or has informed the client that it will regularly assess the suitability, the regular report shall contain an updated statement and rationale of the way, in which the investment meets the preferences, needs and other characteristics of the non-professional client.
7. When providing investment services other than investment advice and portfolio management, the investment intermediary shall require from the client or the potential client, respectively, to provide information about his knowledge and experience in respect of the investment services related to the specific type of product or service, which are demanded or offered, so that the investment intermediary can assess whether the investment service or product is suitable for the client (assessment of appropriateness). When the investment intermediary offers a sale of a package of services or products, it is judged whether the package as a whole is appropriate for the client.
8. If, on the basis of the information received under s. 7, the investment intermediary determines that the product or the service are inappropriate, it shall warn the client or the potential client in writing, in a standardized format.
9. If the client, respectively, the potential client, fails to provide the information under s 7 or provides insufficient information about his knowledge and experience, the investment intermediary must warn the client or the potential client in writing that it cannot assess whether the specific investment service or product are suitable for it, in a standardized format.
10. The investment intermediary may provide services for execution of client orders and/or acceptance and transfer of client orders without receiving the information under s. 7 from the client and without performing the assessment of appropriateness, if the following conditions are present at the same time:
 1. The following instruments are subject of the services:
 - a) shares admitted to trade on a regulated market or an equivalent third-country⁴ market or in a multilateral trading system (MTF), when they are company shares, except for shares of enterprises, which are not collective investment schemes, and shares that include a derivative instrument;

³ The provision of Art. 74 of MFIA determines specific requirements in case an investment service is provided together with another service or product as part of a package or as a condition under the same agreement or package.

⁴ A third country market is deemed equivalent to regulated market, if the European Commission has passed a resolution on equivalence in compliance with the requirements and procedures under s. 4, § 1, par. 3 and 4 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published

- b) bonds or other forms of securitized debt admitted to trade on a regulated market or an equivalent third country market or in an MTF, except for those bonds or other forms of securitized debt, which have a built-in derivative instrument or a structure that makes it more difficult for the client to understand the associated risk;
 - c) instruments on the money market, except for those, which have build-in derivative instruments or a structure that makes it more difficult for the client to understand the associated risk;
 - d) stocks and shares of collective investment schemes, except for the structure enterprises for collective investment under Art. 36, par. 1, section 2 of Regulation (EU) No. 583/2010;
 - e) structured deposits, except for those, which have a structure that makes it more difficult for the client to understand the risk for the profitability or costs due to early exit of the investment;
 - f) other simple financial instruments similar to those under letters “a” – “e”;
2. the service is provided at the initiative of the client or a potential customer;
 3. the client or potential client has been informed in writing that the investment intermediary shall not carry out an assessment of appropriateness, including through a standardized format;
 4. the investment intermediary shall comply with the established requirements of identification and prevention or management of conflict of interest.

11. The rule under s. 10 shall not apply when the investment intermediary provides additional services simultaneously with the services of acceptance and transfer and/or execution of client orders.

12. By these General Provisions, the investment intermediary informs its clients that it is fully in their interest to provide full and detailed information under s. 1 and 7 above necessary for the investment intermediary to make precise and reasoned assessment of the appropriateness, respectively an assessment of the feasibility of the provision of investment services. The client is notified of the need to update the information provided under this section for each change that has occurred.

III. 4 Provision of information to the client.

1. The investment intermediary must provide to each client or potential client, prior to the signature of an agreement, these General Provisions, the Fees and Commissions Tariff of Balkan Advisory Company - IP EAD and the attachments thereto. They are provided to the client free of charge on paper or other durable medium, via the investment intermediary's website or by electronic mail, subject to the requirements of Art. 3 of Delegated Regulation 2017/565.

2. The investment intermediary shall submit to the client or a potential client in a timely manner, before that client is bound by a written agreement for provision of investment or additional services, or prior to the provision of those services, whichever is the earlier, on a durable medium or via a website (when it does not constitute a durable medium), if the requirements of Art 3. par. 2 of Delegated Regulation 2017/565 are met, the following information:

- the terms and provisions of the agreement, by submitting the draft agreement to the client;
- general information on the intermediary and its services, subject to Art. 47 of Delegated Regulation 2017/ 565, applicable to the agreement with the client or the investment and additional services provided;

- general description of the nature and risk of the financial instruments, taking into account the categorization of the client as a non-professional client, professional client or acceptable counterparty, subject to Art. 48 of Delegated Regulation 2017/ 565. This description explains the nature of the specific type of instrument, the functioning and results of the functioning of the financial instrument under different conditions, including favorable and unfavorable conditions, as well as the risks specific to that type of instrument, with sufficient details to allow the client to take investment decisions on an informed basis;
- information on the protection of financial instruments or clients' funds, subject to Art. 49 of Delegated Regulation 2017/ 565;

3. The investment intermediary shall timely notify the respective client of any significant change in the information, subject to s. 2, which is related to the service provided to this client. The notification shall be submitted on a durable medium, if the information related to it is submitted on a durable medium.

PART ONE

I. GENERAL PROVISIONS. CONCLUSION OF AGREEMENT FOR PROVISION OF INVESTMENT SERVICES

Art. 1. These General Provisions shall apply to the agreements, which the investment intermediary concludes with all its clients and whose subject is the provision of the investment and additional services included in the scope of business of the intermediary.

Art. 2. (1) Balkan Advisory Company – IP EAD shall render the investment and additional services under Art.1 at the client's expense pursuant to a written agreement and applying these General Conditions.

(2) In case of any discrepancies between the special provisions of the agreement with a client and the provisions of the General Conditions, the first ones shall prevail and apply to the relations between the parties, even when the respective provisions of these General Conditions have been explicitly canceled.

(3) Except for the cases stated in Art. 2a – Art. 2c below, the client, respectively its representative, shall sign the agreement under par. 1 in the presence of a person under par.3 below, after the identity of the client or its representative has been confirmed.

(4) A person from the Regulatory Compliance Department of the investment intermediary shall check if the agreement under par. 1 satisfies the requirements of MFIA, the acts of its implementation and the internal acts of the investment intermediary.

(5) Except for the cases stated in Art. 2a – Art. 2c below, a copy of the identity card of the client, respectively its representative, certified by him or a person authorized to conclude agreement on behalf of the investment intermediary (with the sign „true to the original”, date and signature of the person performing the certification), shall remain in the archive of Balkan Advisory Company – IP EAD.

(6) The agreement under par. 1 shall contain the individual details of the persons, who conclude it, the capacity of the person representing Balkan Advisory Company – IP EAD, date and place of conclusion, the applicable conditions and tariff of Balkan Advisory Company – IP EAD, main rights and obligations of the parties and the information, which the intermediary must provide to the client according to the applicable law.

Art. 2a. (1) A written agreement for provision of investment and/or additional services may be concluded between the investment intermediary and the client through exchange of electronic

statements signed by qualified electronic signature and in compliance with the provisions of DFSA (as long as they apply to the relations between the investment intermediary and the client). In such case, the client, respectively its representative, shall send to the investment intermediary a copy of its ID document, signed according to the previous sentence, and the clients – legal entities shall also send a copy of their business registration containing data of their incorporation and representation.

(2) In the cases under par. 1 above, the person under par. 3 below shall verify the identity of the client, respectively, its representative, by checking the data available in the electronic signature, and declare the fact of the conducted verification.

(3) If the verification under par. 2 above establishes any discrepancy between the person stated in the electronic statement under par. 1 and the holder of the qualified electronic signature, or any discrepancy between the holder of the qualified electronic signature and the person, who may represent the legal entity, which has made the electronic statement, the agreement for provision of investment and/or additional services between the company and the client shall not be deemed concluded. The investment intermediary must immediately, after the establishment of the respective discrepancy, notify the holder of the electronic signature and the issuer of the electronic statement, through the respective supplier of certifying services, about the discrepancy under the previous sentence.

(4) In the cases under par. 1 above, the client shall provide the investment intermediary with the entire information necessary according to the provisions of the applicable law, including but not limited to the information necessary for the evaluation of the suitable service, or assessment of appropriateness, by sending an electronic statement signed by the client with qualified electronic signature.

(5) When the agreement is not concluded by a qualified electronic signature, transfers of funds in connection with the receipt and provision of investment and additional services to the client under the concluded agreement shall be made only from and to a current account held by a credit institution, which meets the conditions of Art. 2b, par. 2, below, of which the customer is the owner.

Art. 26. (1) In addition to the provisions of Art. 2a above, a written agreement for provision of investment and/or additional services may be concluded between the investment intermediary and a client in absentia and in compliance with the provisions of DFSA (as long as they apply to the relations between the investment intermediary and the client), through exchange of the necessary documents signed by the parties, provided that the client is the holder of a bank account opened with the credit institution, responsible for the provisions of par. 2 below. In such case, the client, respectively its representative, must send to the investment intermediary the signed agreement, an original document issued by the respective credit institution, certifying that the client is the holder of the bank account, and a certified copy of the ID document. Clients – legal entities in addition must send a certified copy of the documents of their business registration containing data of their incorporation and representation. Certification must be made by putting “True copy” sign, date and client's signature.

(2) The bank account under Art. 1 above must be opened with a credit institution having a license in an EU Member State, a country, which is party to the Agreement on the European Economic Area, or a credit institution, which has its registered office in country, which is party to the Financial Action Task Force on Money Laundering (FATF), Asia/Pacific Group on Money Laundering (APG), the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) or the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) to the Council of Europe.

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(3) If the agreement for provision of investment and/or additional services is concluded in the manner described in par. 1 above, the money transfers related to the investment and additional services provided by the company shall be made only from and to the bank account under par. 1.

(4) The client shall not have the right to conclude an agreement for provision of investment and/or additional services according to the provisions of Art. 2a or 2b through an attorney.

Art. 2c. (1) Except as in compliance with the provisions of Art. 2a and Art. 2b above, the agreement for provision of investment and/or additional services may be concluded between the company and its client in absentia and in compliance with the provisions of DFSA (as long as they apply to the relations between the investment intermediary and the client), through exchange of the necessary documents signed by the parties, and the client shall put his signature in the presence of a notary public, who shall verify this circumstance.

(2) In the cases under par. 1 above, the client shall provide the investment intermediary with the entire information necessary according to the provisions of the applicable law, including but not limited to the information necessary for the evaluation of the suitable service (assessment of appropriateness and assessment of feasibility), remotely, by signing the necessary document before a notary public.

(3) If the agreement for provision of investment and/or additional services is concluded according to this Article, the client, respectively its representative, must send to the investment intermediary the signed agreement with notarized signature and a certified copy of its ID document. Clients – legal entities in addition must send a certified copy of the documents of their business registration containing data of their incorporation and representation. The client must arrange the certification of its ID document and business registration documents by putting “True copy” sign, date and client's signature.

Art. 2d. In the cases stated in Art. 2a – 2c above, the agreement for provision of investment and/or additional services shall be deemed concluded only after the company's verification of the documents and information sent by the client (including the agreement signed by the latter) and signature of the agreement by the company. If the investment intermediary refuses to sign the agreement for provision of investment and/or additional services in view of any established omissions, inaccuracies and non-authenticity of the documents and information sent by the client (including the agreement signed by the latter), or for any other reason, which gives the company the right to refuse to sign the respective agreement, the investment intermediary shall notify the client of this fact within a reasonable term, but not later than 3 (three) business days after it has received the agreement signed by the client, together with the accompanying information and documents.

Art.3. Balkan Advisory Company – IP EAD shall conclude agreements for provision of investment and/or additional services and accept client orders only through individuals working for it pursuant to an employment agreement and are not:

1. brokers, or
2. persons, who satisfy the requirements of Art. 3, s. 1 - 6 of Regulation No. 7 of 2003 on the requirements to individuals, who directly conclude transactions in financial instruments and investment consultancy related to financial instruments according to an agreement, as well as the procedure of acquisition and withdrawal of the right to perform such activity, and who are filed in the register under Art.30, par.1, s.2 of the Financial Supervision Commission Act, or
3. executive members of the Board of Directors or procurists of the investment intermediary.

Art.4 (1) The conclusion of an agreement for provision of investment or additional services through a representative acting in the name of the client, is possible only if the latter submits a notarized

power of attorney, which contains the authorization to conduct management and disposal of financial instruments and declarations by the attorney, the fact that he does not execute transactions in financial instruments by profession, and has not performed such transactions within one year before the conclusion of the agreement.

(2) Balkan Advisory Company – IP EAD shall not conclude agreements for provision of investment or additional services, if the client is its representative and has not submitted and signed all necessary documents, or if it has submitted documents with apparent wrong or incomplete data, or errors or discrepancies, or if there is another condition, which raises suspicion of undue legitimating or representation. The investment intermediary may not conclude such agreement if the other party is represented by an attorney, who has stated execution of transactions in financial instruments by profession.

PART TWO **KEEPING OF CLIENT ASSETS**

Art. 10 (1) Balkan Advisory Company – IP EAD shall deposit the money of its clients in:

1. central bank;
2. credit institution authorized to operate under the Credit Institutions Act, respectively, as required by Directive 2013/36/EC;
3. credit institution licensed in a third country;
3. a qualified money market fund.

(2) The investment intermediary shall deposit the client's money in a person under par. 1, in an account or accounts separately from all accounts used to hold the investment intermediary's money.

(3) The investment intermediary may deposit its clients' money in a person under par. 1, with whom it is a related person, under the conditions and the procedure determined by the applicable law.

(4) When the credit institution under Art. 1, s. 2 or s. 3 operates on the territory of the Republic of Bulgaria, the investment intermediary shall store the clients' money in individual accounts of the clients or in client accounts to the account of the investment intermediary.

(5) The investment intermediary shall keep the financial instruments of its clients in a depository institution under client accounts to the account of the investment intermediary or under accounts opened to the account of a third party.

(6) The investment intermediary may not enter into arrangements for financial securities with transfer of ownership with non-professional clients in order to secure current, future, defined, contingent or expected debts of the client.

(7) Offsetting, creation of security or any other activities related to a client's financial instruments or money, which allow any third party to dispose of the financial instruments or money of the client in order to collect debts that are not related to the client, or provision of the services to the client, are not permitted. The rule under the preceding sentence shall not apply, if this is required by the applicable law in a third country, where the client's financial instruments or money are held, in which case the investment intermediary shall promptly provide the client with sufficient information of the risks, to which it is exposed.

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(8) When the investment intermediary can make a set-off, establish security and any other actions in respect of the client's financial instruments or money, or when the investment intermediary is informed of the existence of any security rights, set-off or other actions, in the agreement with the client it shall indicate all relevant information in respect to the rights or actions regarding the client assets.

(9) The investment intermediary shall immediately record the security established, the set-off exercised or the other actions in respect of the client assets in the accounts kept by it, in order to ensure the clarity of the client's asset status, including in case of any insolvency proceedings.

(10) The investment intermediary shall notify the client or the potential client of the cases, when the financial instruments of money of this client may be held by any third party in the name of the investment intermediary, and of the intermediary's liability under the applicable national law for any third party's actions or omissions to act and of the consequences, which the possible insolvency of the third party may have for the client.

(11) Where a client's or potential client's financial instruments can be held in an omnibus account by any third party, to the extent permitted by applicable law, the investment intermediary shall inform the client of that fact and provide a prominent warning of the related risks.

(12) The investment intermediary shall notify the client or the potential client, when the national law does not allow for the client's financial instruments kept with a third party to be clearly differentiated from the financial instruments of this third party or the financial instruments of the investment intermediary, and provide a prominent warning of the related risks.

(13) The investment intermediary shall notify the client or the potential client, when the accounts, which hold financial instruments or money of that client, are subject or will be subject to the law of the jurisdiction different from that of the Member State, and provide that the rights of the client or the potential client related to these financial instruments or money may be respectively different.

(14) The investment intermediary shall notify the client of the existence and conditions of any security interest or any right of detention, which the investment intermediary has or may have in respect of these financial instruments or money of the client, or of any right of set-off, which it has in respect of these instruments or money, and also of the fact that the depository institution may have a security interest, right of detention or right of set-off in respect of the client's instruments or money.

(15) Before concluding any transactions for funding with securities in respect of the financial instruments, kept by it in the name of the client, or before using such financial instruments at the expense of another client in any other way, the investment intermediary shall provide the client, promptly before using those instruments, with clear, complete and accurate information, on a durable medium, regarding the obligations and responsibilities of the investment intermediary in respect of the use of those financial instruments, including the conditions for their return and the related risks.

(16) In the cases, when Balkan Advisory Company – IP EAD holds money or financial instruments of any client, it shall provide this client, on a durable medium, at the address stated by the client, at least once every three months, with a report containing information subject to Art. 63, par. 2 of

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Delegated Regulation 2017/565, unless the content of this report is reflected in another regular report to the client. Upon request by the client, Balkan Advisory Company – IP EAD shall provide this reference more often against remuneration determined on a commercial basis.

(17) The regular reference on the client's assets under Art. 16 shall not be provided, when Balkan Advisory Company – IP EAD provides its clients with an access to an online system meeting the durable medium criteria, if the current references on the financial instruments or money of the client are easily accessible for the client and Balkan Advisory Company – IP EAD has evidence that the client has accessed such reference at least once during the respective quarter.

(18) Balkan Advisory Company – IP EAD shall notify the client, according to the terms and procedures set out in the agreement, when an obligation under Art. 145 of the Public Offering of Securities Act arises for the client, as a result of transactions with financial instruments concluded at its expense.

PART THREE

BANS WITH REGARD TO THE ACTIVITY OF THE INVESTMENT INTERMEDIARY

Art. 11. (1) The investment intermediary may not:

1. conclude transactions at the expense of clients in volume or frequency, at prices or with a specific counterparty, which may, according to the circumstances, be deemed to be executed exclusively in the interest of the investment intermediary;
2. buy at its expense financial instruments, for which its client has made an order of purchase, and sell them to the client at a price higher than the price, at which it bought them;
3. carry out, at its expense or at someone else's expense, operations with money and financial instruments of the client, for which it has not been authorized by the client;
4. sell, at its expense or at someone else's expense, any financial instruments, which the investment intermediary or its client do not own, except under the conditions and order of an ordinance;
5. participate in the execution, including as a registration agent, of concealed purchases or sales of financial instruments;
6. receive any partial or full benefit, if the investment intermediary has concluded and executed the transaction on terms more favorable than those established by the client;
7. carry out any activity in a way, which threatens the interests of its clients or the stability of the financial instruments market.

(2) The ban under par. 1, s. 1 shall not apply to transactions, for the execution of which the client has given explicit instructions on its own initiative.

(3) The ban under par. 1, s. 2 shall also apply to the the members of the management and supervisory bodies of the investment intermediary, the persons who manage its activity, as well as to all persons working under a contract for the investment intermediary, and the persons related to them.

Art. 12. (1) The investment intermediary may not conclude agreements for securities financing transactions within the meaning of Art. 3, s. 11 of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse, in respect of the financial instruments kept by it in the name of a client, or use these financial instruments at the expense of another person or a client of the investment intermediary.

(2) The restriction under par. 1 shall not apply, if the following conditions are present at the same time:

1. the client has given his prior explicit consent to the use of the financial instruments, in writing and signed by the client, or in another equivalent form;

2. the use of the financial instruments of that client is limited to the specified terms, with which the client has agreed in advance.

(3) The investment intermediary shall keep on a durable medium the document, by which the client has given its consent to the use of its financial instruments under certain conditions.

(4) The investment intermediary shall have no right to conclude agreements for securities financing transactions in respect of any client financial instruments, which have held in the name of any client in an omnibus account maintained by a third party, or use the financial instruments held in this account in any other way.

(5) The restriction under par. 4 shall not apply if, in addition to the conditions referred to in par. 1 and 2, at least one of the following conditions is met:

1. any client, whose financial instruments are held together in an omnibus account, has given its prior explicit consent in accordance with par. 2, s. 1;

2. the investment intermediary has put in place certain control systems and mechanisms, which ensure that only financial instruments of clients that have given their prior explicit consent in accordance with par. 2, s. 1 above are used.

PART FOUR

RULES APPLICABLE TO AGREEMENTS WITH CLIENTS, WHOSE SUBJECT MATTER IS CONCLUSION OF TRANSACTIONS IN FINANCIAL INSTRUMENTS

Art. 13. The rules in this part shall apply to agreements, whose subject matter is:

1. acceptance and transfer of orders related to one or more financial instruments, including mediation for conclusion of transactions in financial instruments;

2. execution of orders at client's expense for purchase or sale of financial instruments.

Art. 14. (1) The investment intermediary undertakes to execute the transactions in financial instruments, stated in the previous article, after the conclusion of an agreement and submission of an order by the client. The agreement shall state the specific terms and conditions of their execution.

(2) For the conclusion of transactions in financial instruments, the clients shall submit an order with a minimum content, according to the applicable law.

(3) Balkan Advisory Company - IP EAD shall accept orders for transactions in financial instruments in the intermediary office filed with the register of the Financial Supervision Commission.

(4) Balkan Advisory Company - IP EAD shall also accept orders for transactions in financial instruments by telephone, email or any other remote means of communication. The investment intermediary shall record all telephone conversations and electronic correspondence leading or intended to lead to the conclusion of a transaction in financial instruments, when rendering services related to client order execution, acceptance and transfer of client orders.

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(5) Orders can be also made by clients in a direct conversation during a meeting. The content of the relevant direct conversations with a client should be recorded in a written protocol or notes by Balkan Advisory Company - IP EAD.

(6) Paragraph 4 shall not apply to an order submitted by a representative or attorney, who has failed to certify to the investment intermediary his representative authority, and to the transfer of dematerialized financial instruments from a personal account to a client sub-account at the investment intermediary in the Central Depository.

(7) The investment intermediary may also accept client orders through electronic trading system that ensures compliance with the applicable legislation and gives the client an access to a designated venue of execution. The access to the system under the previous sentence and the entry of orders by the client is made by an electronic certificate issued in its name.

(8) When accepting an order, the person accepting the order shall check the identity of the client or its representative.

(9) The investment intermediary shall refuse to accept an order, which does not meet the statutory requirements to a form and content, or which has been filed by an attorney without complying with the statutory requirements in that respect.

(10) Upon acceptance of an order, the investment intermediary shall require from the client, respectively, its representative, to state whether:

1. It has internal information of the financial instruments, to which the order refers, and their emitter, if the financial instruments, to which the order refers or on the basis of which the financial instruments, subject matter of the order, have been issued, are traded in a regulated market;

2. The financial instruments, subject matter of the sale or exchange order, are blocked at the depository institution, where they are kept, or whether there is a security or pledge imposed on them;

3. The transaction, subject matter of the order, is a concealed purchase or sale of financial instruments.

(11) The investment intermediary shall check at the depository institution, whether the financial instruments, to which the sale order refers, are available in the client's sub-account, whether they are blocked, or whether there is a security or pledge imposed on them.

(12) If the order was submitted through electronic trading system, the check under par. 6 above shall not be conducted, if the electronic system does not permit conclusion of transaction with blocked, secured or pledged financial instruments, which are not available under the respective account.

(13) The check under par. 6 above shall be conducted by the person, who renders custody services related to the financial instruments, subject matter of the order, or upon request of the investment intermediary, through which the transaction will be concluded. When the investment intermediary conducts the check under Art. 6 above of the client's financial instruments held by a trustee, the company shall require from the trustee the information under Art. 6 above, and shall keep in its records the provided information of the results of the check, as well as the entire correspondence with the trustee, if the letter cannot conduct such check. In such case, the investment intermediary shall require from the client its consent for conducting the check at a trustee, when client's financial instruments are held by a trustee.

The check under par. 6 above shall not be conducted, if the investment intermediary arranges in any other way that the financial instruments, subject matter of the sale, are provided as of the date of the settlement of the transaction, and in other cases, as set forth by the applicable law.

(7) If the order was submitted through electronic trading system, the check under par. 6 above shall not be conducted, if the electronic system does not permit conclusion of transaction with blocked, secured or pledged financial instruments, which are not available under the respective account.

(8) The check under par. 6 above shall be conducted by the person, who renders custody services related to the financial instruments, subject matter of the order, or upon request of the investment intermediary, through which the transaction shall be concluded. When the investment intermediary conducts the check under Art. 6 above of the client's financial instruments held by a trustee, the company shall require from the trustee the information under Art. 6 above and shall store in its records the provided information of the results of such check. In such case, the investment intermediary shall require from the client its consent for conducting the check at a trustee, when client's financial instruments are held by a trustee.

(9) The check under par. 6 above shall not be conducted, if the investment intermediary arranges in any other way that the financial instruments, subject matter of the sale, are provided as of the date of the settlement of the transaction, and in other cases, as set forth by the applicable law.

Art.15. (1) Immediately upon receipt of an order from a client, the investment intermediary shall register and keep at the disposal of the competent authorities at least the data referred to in Part 2 of Annex IV to Delegated Regulation 2017/565, as long as they refer to this order.

(2) The investment intermediary shall execute immediately, honestly and precisely the accepted client orders, and comply with the priority of the acceptance of identical orders.

(3) The investment intermediary shall not be entitled to execute a client order if the client, respectively its representative, refuses to submit the declaration under Art. 14, par. 10 above, or declares that the transaction subject to the order is a concealed purchase or sale of financial instruments. The refusal under sentence one shall be certified by a separate document signed by the client.

(4) The investment intermediary shall have no right to execute an order, if it is declared or found that the financial instruments - subject to the sale order - are not available in the client's account or are blocked in a depository institution, or if there is a pledge established or distraint imposed thereto.

(5) The ban under par. 4 in respect of pledged financial instruments shall not apply in the following cases:

1. the acquirer has been informed about the established pledge and has expressly agreed to acquire the financial instruments pledged, there is explicit consent of the pledgee in the cases provided for by the Special Pledges Act;
2. the pledge is established on an aggregate within the meaning of the Special Pledges Act.

(6) The ban under par. 4 in respect of any order for the sale of financial instruments, which are not available in the client's account, shall not apply in the cases, when the investment intermediary otherwise provides that the financial instruments subject to the sale shall be delivered on the transaction settlement date, as well as in other cases defined in the applicable law.

(7) The investment intermediary is not allowed to execute a client's order for transactions in financial instruments, if this would lead to a violation of existing regulatory provisions. The client is required to notify the investment intermediary of all circumstances regarding the order, which it is aware of or should have been aware of, and which may be relevant to the requirement of the preceding sentence. Knowledge of the law is presumed. In the event that the client has not informed the investment intermediary of such circumstance and the latter has executed its order in breach of

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the provisions of this paragraph, the investment intermediary shall have the right to seek recovery of the damages resulted from that breach by the client, if it has incurred any damages.

Art.16. (1) The investment intermediary shall require from a client, who submits an order of purchase of financial instruments, to provide it with the money needed for the payment of the transaction, subject matter of the order, at the time the order is submitted, unless the client certifies that it shall fulfill its payment obligation in the framework of the settlement in the manner described in the agreement with the client, as well as in other cases provided for in an ordinance.

(2) If the rules of the venue of execution, at which the transaction will be concluded, allow for a transaction, in which the payment of the financial instruments does not take place simultaneously with their transfer, the investment intermediary may require payment by the buyer within terms other than those described in paragraph 1, subject to the express written consent of the seller.

Art.17.(1) The investment intermediary shall execute client orders at the following conditions:

1. prompt and precise registration and allocation of the orders to be executed;
2. prompt execution of identical client orders, in order of their submission, unless the details of the order or the prevailing market conditions make this impossible or client's interest require otherwise;
3. the investment intermediary shall notify the non-professional client of any objective difficulties preventing the precise execution of the orders, immediately after it has become aware of them.

(2) In the cases, when the investment intermediary has undertaken to organize or follow the settlement of the order at client's expense it has executed, it shall perform the necessary actions to guarantee that all client financial instruments or money received at the settlement have been immediately and precisely transferred into the account of the respective client.

(3) The investment intermediary shall not have the right to abuse the information of non-executed client orders and it shall take all measures to prevent such abuse by any person, who works for it under an employment agreement.

Art. 18. (1) The investment intermediary shall execute the order according to the initially set parameters and their changes, made by the client with additional orders.

(2) An additional order is any change in the parameters of already submitted order and it consists of a change in some of the following parameters: type of order, single price of the financial instruments, their number or terms of execution.

(3) An additional order, within the meaning of the previous paragraph, may be submitted provided the order with the initially set parameters have not be executed yet.

(4) The additional order shall be filed in the Registration Ledger of Investor Orders and executed in order of its filing.

(5) After the acceptance of the additional order, the relations between the investment intermediary and the client shall be settled according to the it and the unchanged provisions of the initial order.

18. (1) In the cases, when Balkan Advisory Company - IP EAD executes a client's order, other than a portfolio management order, the same shall (i) immediately provide the client, on a durable medium, with basic information about the execution of the order, (ii) send a notice to the client on a durable medium confirming the execution of the order as soon as possible, but no later than the first business day after the execution, or when the investment intermediary has received the confirmation from a third party - no later than the first business day following the receipt of the confirmation by the third party, and (iii) upon request by the client shall provide information on the status of the order.

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(2) The notice under par. 1, s. (ii) shall include the information stated in Art. 59, par. 4 of Delegated Regulation 2017/565. The investment intermediary may provide the client with the information using standard codes, if he also provides an explanation of the codes used.

(3) Balkan Advisory Company - IP EAD shall have no obligation to send a notice confirming the execution of the order, when the confirmation would contain the same information as the confirmation, which is sent immediately to the client by another person.

(4) The rule of par. 1 shall not apply when the orders executed in the name of clients are linked to mortgage loan financing bonds with the said clients, in which case the transaction report shall be made at the same time as the notification of the terms of the mortgage loan, but not later than one month after execution of the order.

(5) In case of any orders of clients related to stocks and shares in a collective investment enterprise, which are regularly executed, the investment intermediary shall undertake the measures stated in Art. 1, s. (ii), or provide the client with the information stated in Art. 59, par. 4 of Delegated Regulation 2017/565 in respect of such transactions at least once every six months.

PART FIVE

III. RULES APPLICABLE TO AGREEMENTS WITH CLIENTS, WHOSE SUBJECT MATTER IS PORTFOLIO MANAGEMENT

Art. 19. (1) By the portfolio management agreement, the client shall assign to the investment intermediary investment portfolio management, which shall be done at the investment intermediary's discretion for each individual client and the investment portfolio. The investment portfolio includes one or more financial instruments.

(2) The agreement under the previous paragraph shall be concluded in writing. It shall state the client's investment purposes and strategy, as well as the scope of the transactions, which the investment intermediary is authorized to conclude, and the financial instruments, which it shall acquire at client's expense.

(3) The investment intermediary shall establish a suitable method of evaluation and comparison, such as suitable benchmark based on the investment purposes of the client and the type of the financial instruments included in the client portfolio, in such a way, that the client, using the service, may evaluate the results achieved by the investment intermediary.

(4) In addition to the general information, the investment intermediary shall provide the client, promptly before the portfolio management services are provided, also with information on:

- a) the method and frequency of evaluation of the financial instruments in the client's portfolio;
- b) details of any delegation of unlimited management of all or part of the financial instruments or funds in the client's portfolio;
- c) specification of each benchmark, with which the results of the client's portfolio shall be compared;
- d) the types of financial instruments that may be included in the client's portfolio, and the types of transactions that may be concluded with such instruments, including any possible restrictions;
- e) the purposes of the management, the level of risk that shall affect the exercise of the discretion of the manager, and any restrictions on that discretion.

Art.20. If the investment intermediary provides portfolio management services, it shall conclude an agreement with an investment advisor, who shall make the decisions on the portfolio management for the clients, which have concluded agreements under Art.19.

Art.21. The following shall be used for evaluation of the financial instruments in the client portfolio:

(1) "Market Price" method:

1. " Market Price " of the financial instruments is:

1.1. The average price of the transactions concluded with them at the stock exchange for the nearest day of the last 30-day period, when such financial instruments were traded in a sufficient volume;

1.1.1. The market price of the financial instruments shall be certified in the following manner:

a/ for financial instruments, which are traded at the stock exchange - by the stock exchange bulletin or other official information coming from the stock exchange.

b/ the investment intermediary shall calculate the market price on the basis of such official stock exchange information.

1.1.2. The notion "last 30-day period" means the period of such duration, preceding the date of preparation of the report under these General Conditions. If during this period no transaction of sufficient volume has been concluded with the respective financial instruments, such financial instruments shall not have a market price within the meaning of s. 1.1. of this Article.

1.1.3. The notion "sufficient volume" means the amount of financial instruments traded at the stock exchange, if it is not less than the amount of the financial instruments in the client's portfolio.

1.1.4. The "Average Price" under s. 1.1. shall be calculated by the investment intermediary in the following manner:

a) the amount of the financial instruments of a certain emission in the client portfolio on the date of report preparation shall be established. This amount shall have sufficient for such financial instruments;

b) the days before the day of the report, when during the 30-day period transactions in financial instruments of this emission have been concluded in a sufficient volume at the stock exchange, shall be established;

c) the transactions concluded on the nearest day of the days during the period under b/ shall be calculated;

d) the total value of the transactions in financial instruments of the respective emission concluded on this day shall be divided by the total amount of the traded financial instruments. The quotient received shall be the single market price within the meaning of s. 1.1. of this Article for the respective emission of financial instruments, valid on the day of the calculation.

1.2. If s.1.1. may not be applied - the "buys" price, which is constantly rated for them, shall apply, provided that it is sufficiently possible for the investment intermediary to trade the respective financial instruments at this price.

1.2.1. For financial instruments, traded outside the regulated market, with no market price under s. 1.1. available for them – the market price shall equal the average price received from the "buys" rating (prices) at the out-of-stock market in financial instruments of a certain emission, which price has been rated at least once weekly over the last 30-day period before the date of the preparation of the report under these General Conditions in the electronic trading systems or means of mass communications, which shall be certified by a paper carrier in the investment intermediary's records;

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1.2.2. The “buys” rating (prices) under s. 1.2.1. shall refer to the announced amount of financial instruments, which is not less than the one in the client portfolio, on the date of calculation of the market price;

1.2.3. If, during the announced 30-day period under s. 1.2.1, there is no business day, when the total amount (for the day) of the financial instruments of the respective emission, transferred to Central Depository is larger than or equal to the one in the client portfolio of the same emission, it shall be considered that such financial instruments have no market price within the meaning of s. 1.2. of this Article herein.

1.2.4. Market price shall be the average value of the “buys” rates, which comply with the provisions of s. 1.2.2., and do not refer to the cases under s. 1.2.3.

(2) "Closing Price" Method

This method is used for financial instruments, which are traded at the stock exchange.

"Closing Price " is the price, at which the last transaction in securities of a certain emission was concluded at the stock exchange, at which it is traded before the preparation of the report on the portfolio management, according to these General Provisions.

"Closing Price " of financial instruments shall be certified as follows:

- a) By the stock exchange bulletin or another official information, coming from the stock exchange.
- b) The investment intermediary shall calculate the closing price on the basis of the official stock exchange information.

(3) Other evaluation methods for the financial instruments in the client portfolio may be determined and specified in the management agreement for individual portfolio of financial instruments, in accordance with the client’s specific requirements, needs and investment purposes.

Art.22. (1) When providing portfolio management services, Balkan Advisory Company - IP EAD shall provide the client with a regular reference, on a durable medium, of the portfolio management activities performed in the name of that client, unless such information is provided by another person. The regular reference is a fair and balanced review of the activities and the results of the portfolio during the reported period and shall include the information indicated in Art. 60, par. 2 of Delegated Regulation 2017/565.

(2) The regular reference under par. 1 shall be provided once every three months, except for the following cases:

a) if Balkan Advisory Company – IP EAD provides its clients with an access to an online system meeting the durable medium criteria, if the current evaluations of the client portfolio are accessible, and if the client has an easy access to the information and the investment intermediary has evidence that the client has accessed the evaluation of its portfolio at least once during the respective quarter;

b) in the cases when the client chooses to receive the information about the executed transactions on an individual basis, upon the execution of the transaction by the portfolio management, Balkan Advisory Company - IP EAD shall provide the client (i) immediately - with the main information about this transaction on a durable medium (ii) not later than the first business day after the execution, or when the investment intermediary receives the third-party’s confirmation — no later than the first business day after the receipt of the third party’s confirmation – notice confirming the transaction and containing the information under Art 59, par. 4 of Delegated Regulation 2017/565, and (iii) regular reference once every 12 months;

c) when the agreement between Balkan Advisory Company - IP EAD and the client of the portfolio management allows for a portfolio financed by a debt, the regular reference shall be provided at least once a month.

(3) Balkan Advisory Company - IP EAD shall notify the client, if the total value of the portfolio estimated at the beginning of each reporting period is depreciated by 10% and subsequently by multiples of 10% values, not later than the end of the business day, on which this threshold is exceeded, or if the threshold is exceeded on a holiday - by the end of the next business day.

(4) In the event that Balkan Advisory Company - IP EAD holds a non-professional client's account, including positions in debt-financed financial instruments or transactions in contingent liabilities, Balkan Advisory Company - IP EAD shall notify the client, when the initial value of each instrument depreciated by 10% and subsequently by multiples of 10% values. Reporting is done for each individual instrument, unless otherwise agreed with the client, and by the end of the business day, on which that threshold is exceeded, or if the threshold is exceeded on a holiday - by the end of the next business day.

PART SIX

IV. RULES, APPLICABLE TO THE ACTIVITY AS REGISTRATION AGENT

Art.23. (1) The investment intermediary shall act as a registration agent, when, pursuant to an agreement in writing with the client, it submits to the respective depository institutions data and documents for the registration of:

1. transactions in financial instruments, concluded directly between the parties in advance;
2. transfer of dematerialized financial instruments upon donation and inheritance;
3. change in the data of the owners of dematerialized financial instruments, correction of mistaken data, issuance of duplicates of certifying documents, and other actions provided for in the rules of the respective depository institution.

(2) In the cases under par. 1, the persons, respectively, their representatives, shall sign the necessary documents at the presence of a person under Art. 3, after their identity has been checked.

(3) A person from the investor intermediary's internal control department shall check whether the agreement under par. 1 complies with MFIA, the acts of its implementation and the internal acts of the investment intermediary. In this case, until the end of the business day, the person from the internal control department shall issue a document certifying the check.

(4) A copy of the identity documents of the persons, respectively, their representatives, certified by them and the person under Art. 3 herein, and in the cases under par. 1, s.1 – declaration by the parties under the transaction, respectively, their attorneys, stating that they do not and have not concluded transactions in financial instruments by profession within 1 year before the conclusion of the agreement, and the declarations under Art. 14, par. 5 above, shall remain in the investment intermediary's archive.

Art.24. The transferor and the recipient of the financial instruments may be represented before the investment intermediary, when the same acts as a registration agent, by persons, explicitly authorized by a notarized power of attorney, upon the implementation of Art. 4, par. 1 herein.

Art.25. The investment intermediary, acting as a registration agent, shall refuse to sign an agreement with a client and accept documents for conclusion of registration transactions, if:

1. not all of the necessary data and document have been submitted, or the documents submitted contain obviously wrong data and discrepancies;

2. a party under the transaction has stated that it has internal information of the financial instruments, subject matter of the transaction, if they are traded in the regulated market, or their emitter;
3. there is a circumstance, which raises suspicion of undue legitimization or representation;
4. (latest amendment by Resolution of the Board of Directors of 19.10.2015) a party under the transaction, respectively, its attorney, has stated the execution by profession of transactions in financial instruments in the cases under Art. 27, par.1, s.1 above;
5. the party under the transaction, respectively, its attorney, has stated that the transaction is a concealed purchase or sale of financial instruments.

Art.26. Upon the seller's request and with the consent of the buyer, in case of purchase and sale of dematerialized financial instruments at the conditions of registration agency, the amount, which is the selling price under the transaction, shall be deposited at the investment intermediary – registration agent – until the registration of the transaction at Central Depository. The investment intermediary shall notify the parties under the transaction of this option.

Art.27. When the investment intermediary acts only as a registration agent, its obligations to the client shall be limited to the compliance with the applicable legal provisions and bona fide check of the documents according to the requirements above.

PART SEVEN

AMENDMENT AND SUPPLEMENT TO THE GENERAL CONDITIONS AND THE TARIFF

Art. 28. (1) Upon conclusion of an agreement, the investment intermediary shall provide the client with the current General Terms and Conditions and the Standard Commission Tariff accepted by Balkan Advisory Company - IP EAD, and the client shall certify that it is familiar with them and accepts them. The accepted general terms and conditions and the tariff are an inseparable part to the agreement concluded between the investment intermediary and the client.

(2) The General Terms and Conditions and the Tariff may be amended and supplemented by resolution of the Board of Directors of Balkan Advisory Company - IP EAD. The General Terms and Conditions and the Tariff, and any amendment and supplement thereto, containing information on the date of their adoption and the date of their effectiveness, shall be published in a prominent place on the internet page of Balkan Advisory Company - IP EAD. The General Terms and Conditions shall be published not later than one month before the effectiveness of the amendments and supplements.

(3) In case of objection to the amendments and supplements to the General Terms and Conditions and/or the Tariff, the client shall have the right to terminate the agreement without any prior notice, before the date of the effectiveness of the General Terms and Conditions and/or the Tariff, without being liable for any penalties and expenses, with the exception of the expenses related to the assets owned by it. Unless the client terminates the agreement before the effectiveness of the amendments to the General Terms and Conditions and/or the Tariff, it shall be deemed that it has accepted the amendments offered and is bound upon them as of the date of their effectiveness. To clients, who are not consumers⁵, Art. 147b of the Consumer Protection Act and/or any other applicable provisions of consumer protection law shall also apply.

⁵Consumer, within the meaning of § 13 of the Consumer Protection Act, is any natural person, who acquires goods or uses services, which are not intended for conducting business or professional activity, and any natural person, who, as a party to an agreement under this Act, operates beyond the scope of his/her business or professional activity.

(4) Upon termination of the agreement according to the procedure of the previous article, Balkan Advisory Company - IP EAD shall settle its relations with the client within seven days until it receives the statement of termination, according to the provisions of Part Eight below.

Art. 28a. The provisions of this Part shall apply respectively in case of any changes to the Policy of Execution of Client Orders of the investment intermediary Balkan Advisory Company - IP EAD.

PART EIGHT RULES ON TERMINATION OF AGREEMENTS

Art. 29. Apart from the cases provided for in the specific agreement, the agreement may be terminated in any of the following events:

1. by an explicit consent in writing reached between the parties;
2. by any of the parties, in case of winding-up proceedings or insolvency of the other party;
3. in case of death of an individual, if he/she is a party under the agreement;
4. by a notice in writing delivered by the diligent party, if the other party fails to perform any obligation under the agreement within 30 days as of the explicit claim of performance;
5. if the license of the investment intermediary to perform this kind of activity has been canceled;

Art. 30. The general provisions of the Obligations and Contracts Act shall apply to the termination procedures of the agreements.

Art. 30a. (1) In case of termination of the agreement, all orders for mediation in transactions with financial instruments, made by the respective client, which have not been executed as of the date of termination of the agreement, shall be deemed automatically canceled.

(2) Notwithstanding the provisions of par. 1 above, and irrespective of the termination of the respective agreement, each party must undertake all necessary legal and factual actions to perform its obligations, which have been undertaken before the date of the termination of the agreement and which arise out of the agreement.

Art. 30b. If the investment intermediary keeps any money and/or financial instruments owned by the client, they shall be transferred according to the following procedure in case of termination of the agreement:

1. **if the agreement is terminated by a unilateral notice in writing sent to the investment intermediary by the client** – the client must state the following in the unilateral notice of termination:

- a) its orders for the transfer of all of its money kept by the company, in compliance with the provisions of the Limitation on Cash Payments Act;
- b) its explicit orders for the transfer of its financial instruments kept by the company, including by stating all necessary data of the person, to which it wishes to transfer its own financial instruments, and taking all necessary legal and factual actions, according to the provisions of the applicable law and prevailing market practice, to notify this person and order the receipt of the transfer of its financial instruments by this person for keeping.

2. **if the agreement is terminated by a unilateral notice in writing sent to the client by the investment intermediary** – in this case, the client must, within the term stated in the notice of

termination, send to the investment intermediary its written orders for transfer of its own assets kept by the company. Such orders shall contain the information and be sent according to the provisions of s. 1, letters “a” and “b” above. The client must also undertake all necessary legal and factual actions as to arrange the receipt of the ordered transfers by the selected person, which shall keep the client's financial instruments and/or money.

3. if the agreement is terminated by mutual consent of the parties – in this case, the client must, until the date of the termination of the agreement, or not later than 3 (three) business days for the Republic of Bulgaria after the termination of the agreement, send to the investment intermediary its written orders for transfer of its assets kept by the company. Such orders shall contain the information and be sent according to the provisions of s. 1, letters “a” and “b” above. The client must also undertake all necessary legal and factual actions as to arrange the receipt of the ordered transfers by the selected person, which shall keep the client's financial instruments and/or money.

4. if the agreement is terminated in other cases, as set forth in the applicable law – in such cases, the relations between the parties concerning the transfer of the client's assets kept by the company shall be settled according to the provisions of the applicable Bulgarian law.

Art. 30c. The investment intermediary must execute the client's orders received under the Article above within 5 (five) business days after their receipt in the Republic of Bulgaria, unless the applicable law or the prevailing market practice require longer period of execution.

Art. 30d. If the client fails to perform timely its obligations under Art. 33b above as to send the necessary written orders to the investment intermediary for the transfer of the client's assets kept by the latter, and/or its obligations to take the necessary legal and factual actions as to arrange the receipt of the necessary transfers by the selected person, which shall keep the client's financial instruments and/or money, the company shall have the right to transfer the client's financial instruments, kept by it, into the client's personal account opened with the respective depository institution, including by opening of a new account, without any client's orders, instructions and other actions being necessary. If, according to the rules of the respective depository institution or the prevailing market practice, the client's financial instruments, which are kept, cannot be transferred into the client's personal account, which also refers to the client's money kept by the company, for which the client has not made any orders, the investment intermediary shall continue to provide keeping services for the client's assets against payment of the fee under the company's Tariff by the client. In this case, the client may order further transfer of its assets kept by the company, only after it has paid the fees due under the previous sentence.

PART NINE **IMPOSSIBILITY**

Art.31. If the execution of a certain transaction becomes impossible, the client shall pay to the investment intermediary the costs the latter has incurred, and remuneration for the work done.

PART TEN **RISK AND LIABILITY**

Art.32. As a party under the agreement, the client shall take consciously and fully the risk related to the financial instruments it has provided.

Art.33.(1) If the investment intermediary assigns the conclusion or execution of the transaction in financial instruments to another person, without having the right to be replaced, it shall be liable for the actions of its representative as if they have been its own actions.

(2) If the investment intermediary assigns the conclusion or execution of the transaction in financial instruments to another person, which it has had the right to replace, it shall be liable for the damages caused by the bad choice of its representative.

Art.34. By the acceptance of these General Conditions, the client explicitly agrees that the investment intermediary may enter into an agreement with itself and act at the expense of other persons, which it represents, upon the execution of the client's orders of transactions in financial instruments, in compliance with the Policy of Execution of Client Orders adopted by the investment intermediary.

Art.35.(1) In case of full guilty non-performance, the non-diligent party shall pay a default at the amount stated in the specific agreement.

(2) In case of delay, the non-diligent party shall pay a default at the amount stated in the specific agreement.

(3) The defaults under the two previous paragraphs shall not prevent any claims of indemnification for actually suffered damages and profit lost, whose amount exceeds the amount of the default.

PART ELEVEN **PREVENTION OF MONEY LAUNDRY**

Art.39. The investment intermediary shall cancel or cease the execution of a transaction, including unilaterally termination of any agreement with a client, if a fact is established or suspicion of money laundry is raised within the meaning of Art. 2 of Measures Against Money Laundry Act (“MMLA”), of which the investment intermediary shall immediately notify the respective authorities. In this case, the investment intermediary shall not be liable for damages due to the delay or non-execution of the transaction.

ADDITIONAL AND FINAL PROVISIONS

§1. (1) Terms like “durable medium”, “additional services” used in these General Terms and Conditions, unless explicitly defined, shall have the meaning assigned to them in MFIA or Delegated Regulation 2017/565 or Ordinance No. [●].

(2) The term "persons working for the investment intermediary under agreement" or others with identical content shall have the meaning of the term "respective person", defined in Art.2, 1) by Delegated Regulation 2017/565, and include any of the following persons: (i) director, partner or an equal person thereto, manager or trusted agent of the investment intermediary; (ii) director, partner or an equal person thereto, or manager of the trusted agent of the investment intermediary; (iii) employee of the investment intermediary or the investment intermediary's trusted agent, and any natural person, whose services are provided to the disposition and control of the investment intermediary or the investment intermediary's trusted agent, and who takes part in the provision of investment services and activities by the investment intermediary; (iv) a natural person, who directly takes part in the provision of services to the investment intermediary or its trusted agent, according to an outsourcing agreement for the purpose of provision of investment services and activities by the investment intermediary;

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§2. The amendment to these General Terms and Conditions shall be done unilaterally by the investment intermediary and have further validity, as of the date of expiry of the one-month period under Art. 82, par. 10 of MFIA. After the amendments to the general terms and conditions are adopted, they shall be sent to the Deputy Chairperson of the Financial Supervision Commission, who is the Head of “Investment Activity Supervision” Directorate, and to the Commission for Consumer Protection for approval under Art. 148, par. 3 of the Consumer Protection Act. In the cases, when the Deputy Chairperson of the Financial Supervision Commission, who is the Head of “Investment Activity Supervision” Directorate, in performance of his legal powers, requires removal of the discrepancies with the provisions of the Markets in Financial Instruments Act and the acts of its implementation by making amendment to the General Terms and Conditions, and, respectively, if the Commission for Consumer Protection, in performance of its legal powers, requires removal of any unequal provisions in the amended General Terms and Conditions, the company shall make such amendments ex officio.

§3. All disputes between the investment intermediary and its clients related to the conclusion, performance, validity and termination of the agreements between them shall be settled amicably through negotiations. If a consent cannot be reached, the parties shall refer the dispute for final settlement to the Arbitration Court at Bulgarian Stock Exchange – Sofia AD, whose member the investment intermediary is. The dispute shall be settled by three arbiters selected according to the rules of this court. The place of arbitration shall be the office of the Arbitration Court. All other unsettled issues shall be governed by the applicable legal provisions.

§4. Attachment No. 2 shall not be a part of these General Terms and Conditions, and any amendment to the specific data and information in it shall not be deemed amendment to the General Terms and Conditions.

These General Terms and Conditions are adopted by Resolution dated 27.11.2002 of the Board of Directors of the investment intermediary, further amended by resolutions dated 24.03.2003, 31.10.2007, 19.10.2015, 01.12.2015 and 18.04.2018 of the Board of Directors of the company.

Executive Director:_____

(Alexander Bebov)

Executive Director:_____

(Petar Krastev)

*I, Darina Georgieva Deneva, herein certify the authenticity of the translation made by me from Bulgarian into English of the attached document – General Terms and Conditions.
The translation consists of 30 pages.*

Translator: Darina Georgieva Deneva