

## CLIENT INFORMATION

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## GENERAL TERMS AND CONDITIONS

### APPLICABLE TO CONTRACTS WITH THE CLIENTS OF TRADING 212 LTD.

(Approved by a decision of the Managers, as per minutes dated 10 July 2017, amended by a decision of the Managers, as per minutes dated 27 July 2017, in effect as of 25.09.2017)

(Title, amended by a decision of the Managers, as per minutes dated 10 July 2017 and amended by a decision of the Managers, as per minutes dated 16 October 2017)

### Section I. GENERAL PROVISIONS

Art. 1. (1) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) These terms and conditions shall govern the relations between clients and Trading 212 Ltd., hereinafter referred to as the INVESTMENT INTERMEDIARY, in relation to the provision of investment services and activities by the latter, pursuant to the Law on Markets in Financial Instruments (LMFI), as specified herein below.

(2) The INVESTMENT INTERMEDIARY shall conclude a contract with each client based on these General Terms and Conditions it applies, which form an integral part of the contract.

(3) The General Terms and Conditions contain the information that the INVESTMENT INTERMEDIARY shall provide to its clients (retail or professional), as required by Ordinance No. 38 dated 25 July 2007 on the requirements for the activities of investment

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intermediaries (Ordinance No. 38), including information about the reasonable and fair settlement of disputes and about the principal rights and obligations of the INVESTMENT INTERMEDIARY and the client.

(4) The standard commission fee on various types of contracts with clients, and the type and amount of the costs to the clients not included in the INVESTMENT INTERMEDIARY's fees, as well as these General Terms and Conditions applicable to contracts with clients, shall be placed at a visible and accessible place in the premises where the INVESTMENT INTERMEDIARY receives clients. The General Terms and Conditions shall be made available to clients on durable medium.

(5) The information under Para 3 shall be considered to have been provided if the General Terms and Conditions and the Terms and Commissions Table have been presented to the client and they have certified they agree with them.

## **Section II. GENERAL INFORMATION – INVESTMENT INTERMEDIARY IDENTIFICATION, MEANS FOR COMMUNICATION WITH CLIENTS**

Art. 2. (1) Pursuant to the requirements of LMFI and Ordinance No. 38, the INVESTMENT INTERMEDIARY shall provide to its clients in this section of the General Terms and Conditions general information about its identification, services offered, means of communication with clients and means for receiving orders from clients.

(2) The information referred to in Para. 1 is about: The INVESTMENT INTERMEDIARY's identification data, address, phone numbers and other contact information:

(Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) **Name:** Trading 212 Ltd.

**Seat and registered address:** Bulgaria, Sofia, Sofia Municipality, Izgrev district, 3 Lachezar Stanchev St. (Litex Tower), fl. 10.

**Contact address:** Bulgaria, Sofia, Sofia Municipality, Izgrev district, 3 Lachezar Stanchev St. (Litex Tower), fl. 10.

### **Phone number and other contact information:**

- a. for Trader.bg:
  - +3592/4484550
  - e-mail: [info@trader.bg](mailto:info@trader.bg)
  - [www.trader.bg](http://www.trader.bg)

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- b. for Trading212:
  - +44/2032868200
  - e-mail: [info@trading212.com](mailto:info@trading212.com)
  - [www.trading212.com](http://www.trading212.com)

- c. for iTrend:
  - +3592/4484860
  - e-mail: [info@iTrend.com](mailto:info@iTrend.com)
  - [www.iTrend.com](http://www.iTrend.com)

2. **Languages in which the client can communicate with, contact the INVESTMENT INTERMEDIARY and receive documents and other information from it** – for clients who are Bulgarian citizens the language shall be Bulgarian, and for foreign clients the language shall be Bulgarian in case they have sufficient written and spoken command of this language, or English in all other cases.

3. Services offered by the INVESTMENT INTERMEDIARY.

a) Investment services and activities consisting of:

1. receiving and transmitting orders in relation to one or more financial instruments, including intermediation for transactions with financial instruments;
2. execution of orders at clients' account;
3. portfolio management;
4. providing investment consultations to a client;
5. initial offering for sale of financial instruments without an unconditional and irrevocable obligation to acquire the financial instruments on its account;
6. executing deals with financial instruments at its own expense;
7. taking on financial instrument emissions and/or offering for initial sale financial instruments under the unconditional and irrevocable obligation for registration/acquisition of financial instruments at its own expense.

b) additional services consisting of:

1. safekeeping and administration of financial instruments on the clients' account, including custodianship (keeping of financial instruments and clients' money in a depository institution) and the services related thereto, such as management of the incoming funds/collaterals provided;

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2. lending for the purpose of transactions with one or more financial instruments, provided that the lender participates in the transaction under terms and conditions established by an ordinance;
3. consulting companies on the capital structure, industrial strategy and matters related thereto, as well as providing consultations and services related to mergers and acquisitions;
4. providing services related to foreign payment methods as far as they are related to the investment services provided, and
5. investment research and financial analyses or other forms of general recommendations related to transactions with financial instruments;
6. services related to taking on financial instrument emissions;
7. providing the services under letter "a" and letter "b", items 1 to 6 in relation to the assets underlying the derivative financial instruments in Art. 3, item 2, letters "d", "e", "f" and "i" of LMFI, as far as they are related to the provision of the investment and auxiliary services specified in letters "a" and "b", items 1-6 above.

## 4. Licences issued and other registrations of the company

### 4.1. Investment intermediary licence.

- No. RG-03-0237 dated 29 June 2011, issued by the Financial Supervision Commission (FSC);
- No. RG-03-0237 dated 7 August 2014, issued by the Financial Supervision Commission (FSC);

4.2. FSC's address is: Sofia 1000, 16 Budapeshta Street.

4.3. **Registered in the Commercial Register** at the Registry Agency under Unified Identification Code (UIC): 201659500.

Art. 3. (1) Under these General Terms and Conditions, the means of communication to be used by INVESTMENT INTERMEDIARY and its clients shall be:

1. in person – between the client, respectively its representative, and the INVESTMENT INTERMEDIARY, represented by a person working under a contract for the INVESTMENT INTERMEDIARY, whereby the information exchanged between them shall be on hard copy or verbal (in case Ordinance No. 38 allows relevant information to be provided verbally to the INVESTMENT INTERMEDIARY and the client respectively).

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2. by phone – in case Ordinance No. 38 or these General Terms and Conditions allows the relevant information to be provided to the INVESTMENT INTERMEDIARY, respectively to the client, by phone.

3. exchange of correspondence – for the cases in which pursuant to Ordinance No. 38 and these General Terms and Conditions it is required to provide information on a durable medium according to the meaning of Ordinance No. 38, the INVESTMENT INTERMEDIARY shall provide information on hard copy or by another method which meets the following requirements:

- This method of providing information is appropriate in view of the existing or future relations with the client;
- The client explicitly prefers this method of providing information to its submission on hard copy.

3.1. When information is provided to clients through the INVESTMENT INTERMEDIARY's website and is not addressed to a particular client, it shall meet the following requirements:

- Ordinance No. 38 should to allow the provision of the relevant information through the INVESTMENT INTERMEDIARY's website if it does not meet the requirements for a durable medium;
- This method of providing information is appropriate in view of the existing or future relations with the client;
- The client has expressly agreed to this method of providing information;
- The client has been informed electronically about the address of the INVESTMENT INTERMEDIARY's website and the location where this information can be found on the page;
- The information is up to date;
- The information is available on the INVESTMENT INTERMEDIARY's website for the time normally necessary for clients to get acquainted with it.

(2) Providing information by electronic means for communication shall be deemed appropriate in view of the existing or future relations with the client in case there is evidence that the client has regular access to the internet. It shall be assumed that the client has regular access to the Internet if they have provided an e-mail address for the needs of their relations with the INVESTMENT INTERMEDIARY.

## Section III. METHODS FOR RECEIVING ORDERS

Art. 4. (1) Under these General Terms and Conditions, the methods for sending and receiving orders, where applicable, shall be as follows:

1. In person by the client who places the order on hard copy at the head address of the INVESTMENT INTERMEDIARY, or at its branch or office.

2. Placing an order under item 1 by proxy. The order placing under the preceding sentence shall only be made if the proxy provides a certified Power of Attorney that authorizes them to perform operations with financial instruments and a declaration under Art. 25, Para. 1 of Ordinance No. 38, issued no more than one year before the order is made. Article 24, Para. 5 and Art. 25, Para. 2 of Ordinance No. 38 shall apply accordingly.

2.1. Upon placing the orders under items 1 and 2 at the head address, branch or office of the INVESTMENT INTERMEDIARY, if during the client's ID check it is found there is a change in their personal data and/or a new ID has been issued, Art. 24, Para 5 of Ordinance 38 shall be applied.

3. Submitting orders for transactions with financial instruments by fax, phone, e-mail or through other remote means of communication by clients.

3.1. In this case, by the end of each day the INVESTMENT INTERMEDIARY shall prepare a document containing the data under Art. 34, Para. 1 of Ordinance No. 38, as well as the data which is subject to the declarations under Art. 35, Para. 1 of Ordinance No. 38, confirming the content of the remotely submitted orders.

3.2. Section 3 shall not apply to an order placed by a proxy who has not certified before the INVESTMENT INTERMEDIARY their power of attorney or a proxy who has not submitted the documents under Art. 25 of Ordinance No. 38 to the INVESTMENT INTERMEDIARY.

3.3. Item 3 shall not apply to the transfer of non-certificated financial instruments from a personal account to a client's subaccount at the INVESTMENT INTERMEDIARY in the Central Depository.

3.4. When the INVESTMENT INTERMEDIARY receives orders, the employee who receives them shall verify the client's identity or the identity of their proxy.

3.5. When orders are placed by phone, the INVESTMENT INTERMEDIARY shall record the conversation with the client. When orders are placed by other remote means, the

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INVESTMENT INTERMEDIARY shall store the electronic data provided by the client in connection with orders. Fax messages shall be stored on hard copy.

4. Submission of orders for transactions with financial instruments through an electronic trading system, ensuring that the requirements of Ordinance No. 38 are met and that the client has access to a specific place of execution.

4.1. The access to the system under item 4 and the entry of orders by the client shall be done through web, desktop and/or mobile applications which provide reliable client identification.

4.2. Upon receiving the order, the employee acting on behalf of the INVESTMENT INTERMEDIARY shall verify the client's identity or that of their proxy.

(2) Upon receiving the order, the INVESTMENT INTERMEDIARY shall provide to the client a signed copy of the order received under Art. 34, Para. 1 of Ordinance No. 38, unless the opposite is permitted.

(3) The INVESTMENT INTERMEDIARY shall refuse to accept an order which does not meet the requirements of Art. 34, Para. 1 of Ordinance No. 38 or is submitted by proxy without the requirements of Art. 34, Para. 3 of Ordinance No. 38 being met.

(4) The INVESTMENT INTERMEDIARY shall provide investment and auxiliary services, including by accepting orders on behalf of clients only on the basis of a contract concluded between them pursuant to Art. 24, Para. 1, pursuant to Art. 26a, Art. 26b or 26c of Ordinance No. 38 respectively, whereby all requirements of Ordinance No. 38 shall be met.

## **Section IV. INFORMATION FOR PROVIDING STATEMENTS AND CONFIRMATIONS TO CLIENTS**

Art. 5. (1) In accordance with these General Terms and Conditions, the clients shall be notified that they will receive current and periodic information about the type, frequency and deadline for submitting statements and confirmations in relation to the investment services and activities performed as specified in this section.

(2) Under this section, except for the notification under Art. 6 and 7, the clients of the INVESTMENT INTERMEDIARY shall be notified and receive information:

1. In the cases when the INVESTMENT INTERMEDIARY enters into transactions related to portfolio management on the account of a retail client or keeps accounts for those clients, including open positions on transactions or transfers, depending on future contingent events. The INVESTMENT INTERMEDIARY shall notify the retail client when the losses

exceed the limits predetermined by means of a client agreement. The notification under the second sentence shall be made no later than the end of the business day on which these limits are exceeded, or in case this happens during a public holiday – by the end of the next business day.

2. When an obligation under Art. 145 of the Law on Public Offering of Securities (LPOS) arises which results from transactions with financial instruments on its behalf, including from the management of individual portfolios of financial instruments and/or funds, the INVESTMENT INTERMEDIARY shall notify the client pursuant to the General Terms and Conditions specified in the contract.

3. When the INVESTMENT INTERMEDIARY holds funds for financial instruments belonging to the client. In this case, at least once per year the INVESTMENT INTERMEDIARY shall provide report on a durable medium, whose minimum content is specified in Art. 49, Para 1 of Ordinance No 28, unless the content of this report has been included in another periodic report sent to the client.

Art. 6. (1) When the INVESTMENT INTERMEDIARY enters into a transaction on behalf of a retail client and this is not an action under a contract for individual portfolio management, the INVESTMENT INTERMEDIARY shall send transaction confirmation on a durable medium as soon as possible, but not later than the first working day following the transaction. If the confirmation is received by the INVESTMENT INTERMEDIARY through a third party, the client notification shall be made not later than the first business day following the day on which the INVESTMENT INTERMEDIARY received the confirmation from the third party.

(2) The confirmation under Para. 1 shall contain the information specified in Art. 45, Para. 2 of Ordinance No. 38 relevant to the particular transaction, with the corresponding application of Table 1 of Annex 1 of the Commission Regulation (EC) No. 1287/2006:

(3) If the order is executed partially, the INVESTMENT INTERMEDIARY can provide to the client information about the price of each transaction or the average price under Art. 45, Para. 2, item 9 of Ordinance No. 38. When providing average price, the Intermediary shall, upon request, provide the retail client with information about the cost of each transaction separately.

(4) The first paragraph shall not apply in case the confirmation contains the same information as the confirmation that it has been sent immediately to the client by another person.



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(5) When the transaction under Para. 1 has been concluded on behalf of a professional client, the INVESTMENT INTERMEDIARY shall immediately provide them essential information about the transaction on durable medium.

(6) If the settlement is not executed on the specified date or other change in the information contained in the confirmation occurs, the INVESTMENT INTERMEDIARY shall inform the client in an appropriate way by the end of the business day on which the INVESTMENT INTERMEDIARY became aware of the change.

(7) Upon the client's request, information about the status of the order and its execution shall be provided.

(8) Paragraphs 1 to 5 shall not apply to client's orders whose subject is mortgage loan agreements for financing bonds, under which a party are those clients who will receive confirmation of the transaction when the conditions of the mortgage loan are reported, but not later than one month after the order execution.

(9) In case of orders submitted on behalf of a retail client for shares or stocks of collective investment companies, which are executed periodically, the INVESTMENT INTERMEDIARY shall take the actions under Para. 1 or provide to the client information about these transactions under Para. 2 at least once every 6 months.

(10) In case of orders submitted and accepted under Art. 4, Para. 1, item 4 of these General Terms and Conditions, the confirmation under Para. 1, respectively the information under Para. 3-5 shall be provided to the client through the electronic system.

Art. 7. (1) When providing portfolio management services, the INVESTMENT INTERMEDIARY shall provide on a durable medium to each client pursuant to Ordinance No. 38 a periodic report regarding the activities performed on behalf of the client in relation to the portfolio management, unless such a report is provided to the client by a third party.

(2) For retail clients the report shall contain the information specified in Art. 46, Para. 2 of Ordinance No. 38, where applicable.

(3) In case the INVESTMENT INTERMEDIARY has signed a contract with a retail client, a report under Para. 1 shall be provided once every six months, unless:

1. a request has been made by the client to receive a report once every three months;
2. in the cases under Para. 5, the report is provided once every 12 months;

3. the contract between the INVESTMENT INTERMEDIARY and the client allows leverage on portfolio management; in this case, the report shall be submitted at least once a month.

(4) By virtue of these General Terms and Conditions, the INVESTMENT INTERMEDIARY shall explicitly inform the retail client that it has the right to request the INVESTMENT INTERMEDIARY to provide a quarterly report under Para. 1. The exemption under Para. 3, item 2 does not apply to transactions with financial instruments under Art. 3, item 2, letter "c" to "i" and Para. 1, item 1, letter "c" of LMFI.

(5) The client may choose to receive a report for each transaction concluded as a part of portfolio management after its conclusion. In the case of the first sentence the INVESTMENT INTERMEDIARY provides to the client the substantial information about the transactions on a durable medium immediately after their conclusion. When the client is a retail one, the INVESTMENT INTERMEDIARY shall send them confirmation of the transaction, containing the information under Art. 45, Para. 2 of Ordinance No. 38 at the latest on the first working day following the transaction, or if the INVESTMENT INTERMEDIARY has received confirmation from a third party – not later than the first business day following the receipt of the confirmation. The second sentence shall not apply if the confirmation contains the same information as the confirmation which has been sent immediately to the client by another person.

(6) The INVESTMENT INTERMEDIARY shall inform the retail client on whose behalf it manages a portfolio about uncovered open positions on contingent transactions.

## **Section V. INFORMATION ABOUT THE MEASURES FOR PROTECTION OF CLIENTS' ASSETS, INCL. SYSTEMS FOR INVESTOR COMPENSATION**

Art. 8. Under these General Terms and Conditions the INVESTMENT INTERMEDIARY shall take measures to guarantee the financial instruments or clients' funds if it holds such on behalf of the client, whereby the client shall be informed pursuant to the present section.

Art. 9. In relation to the protection and preservation of the funds and the securities of its clients, the INVESTMENT INTERMEDIARY shall be obliged to notify them about all circumstances and cases under Art. 32 of Ordinance No. 38 when they arise.

Art. 10. The INVESTMENT INTERMEDIARY shall not be liable to its creditors with the financial instruments and funds of its clients, nor with securities underlying the depository receipts.

Art. 11. (1) Clients' financial instruments shall be kept in a depository institution in clients' accounts at the account of the INVESTMENT INTERMEDIARY or in accounts opened to a third party. A depository institution under the previous sentence is a person who performs

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the act of registration of financial instruments and the transfer of such instruments by opening and keeping accounts to their issuers and/or owners.

(2) When the INVESTMENT INTERMEDIARY keeps clients' financial instruments with a third party, it shall strictly comply with the requirements, limitations and respectively the prohibitions under Art. 28 of Ordinance No. 38.

Art. 12. (1) The INVESTMENT INTERMEDIARY cannot keep its clients' money. The company shall deposit the funds received by clients or acquired as a result of investment services performed in person under Art. 34, Para. 3 of LMFI no later than the end of the next business day, by taking the necessary measures to diversify funds under the above provision. The INVESTMENT INTERMEDIARY shall take the necessary means to ensure that the funds deposited by the clients as per the previous sentence shall be kept in individual accounts or in a clients' account segregated from the funds of the INVESTMENT INTERMEDIARY. The contract concluded between the INVESTMENT INTERMEDIARY and the client under Art. 34, Para. 3 of LMFI shall explicitly state that the account opened shall be used for keeping client funds and that these funds shall not be subject to seizure of the company's debts. The INVESTMENT INTERMEDIARY accepts payments in cash by clients in return for investment and/or additional services, as well as monetary funds needed to pay for a deal in financial instruments, and respectively carries out payments to clients in accordance to the Law on Restriction of Cash Payments.

(2) The INVESTMENT INTERMEDIARY can deposit clients' money with a party under Para. 1 which is related to it only if the clients have given written consent.

(3) When performing its obligation under the present section, the INVESTMENT INTERMEDIARY shall strictly comply with the requirements, restrictions and prohibitions established in Art. 29, Para. 2-6 of Ordinance No. 38.

(4) The keeping and registration of government bonds issued on the domestic market shall be done subject to the conditions and procedures of the government debt law and the acts for its application.

Art. 13. Upon signing a contract with a client, the company shall:

1. open analytical accounts for the client's financial instruments and cash in accordance with the accounting legislation;
2. strictly follow the rules for record keeping established in Ordinance No. 38;

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3. inform clients on a regular basis about the balance and the operations with the funds' accounts and the financial instruments which it keeps, as well as about the contractual conditions for their keeping;

4. allocate to its clients a unique number and keep a register, opening and keeping client accounts on an analytical level.

Art. 14. The disposal of financial instruments or funds on clients' behalf is recorded and immediately reflected in clients' subaccounts on a synthetic level.

Art. 15. (1) The INVESTMENT INTERMEDIARY may not use, except in cases explicitly specified by an ordinance:

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

2. on behalf of its client – other clients' funds or securities;

3. on behalf of its client – funds or securities.

(2) In the explicitly specified cases when activities under Para. 1, items 1-3 are allowed, the rules, restrictions and prohibitions established in Art. 30 of Ordinance No. 38 shall apply.

Art. 16. Alarm systems shall be provided in the premises where the INVESTMENT INTERMEDIARY's activities are carried out. They will also have to meet the standards for fire safety.

Art. 17. (1) By virtue of these General Terms and Conditions, the client shall be informed that there is a system – Investors Compensation Fund. The investor compensation scheme includes cases under Art. 77b, Para. 1 of the LPOS.

(2) Compensation shall be paid by the investors' compensation fund to the client and covers his claims arising as a result of the intermediary failing to return client's assets in accordance with the legal and contractual conditions, whereby client's assets shall be considered those specified in Art. 77c, Para. 2 of LPOS.

(3) The compensation under the preceding paragraphs shall amount to 90 per cent of the value of the receivables, but not more than BGN 40 000. The amount of the compensation under the previous sentence is determined by law (LPOS).

(4) The persons listed in Art. 77d, Para. 2 of the LPOS are excluded from the compensation system, and so are the receivables of clients arising from and/or related to transactions and activities constituting "money laundering" under of Art. 77d, Para. 3 of LPOS.

(5) If a client's assets are in a foreign currency or financial instruments, the client shall be paid the BGN equivalent of their receivables by the INVESTMENT INTERMEDIARY at the amount under Para. 3.

## **Section VI. DESCRIPTION OF THE POLICY APPLIED BY THE INVESTMENT INTERMEDIARY FOR HANDLING CONFLICTS OF INTEREST**

Art. 18. Under these General Terms and Conditions, the client shall be informed in detail about the policies applied by the INVESTMENT INTERMEDIARY regarding the handling of conflicts of interest, as described in this section.

Art. 19. When providing services and activities under Art. 5, Para. 2 and 3 of LMFI, the INVESTMENT INTERMEDIARY shall take all necessary actions to identify potential conflicts of interest between:

1. The INVESTMENT INTERMEDIARY, including managers or other persons who manage the business, and all other persons who may, either alone or with another person, conclude transactions on behalf of the company, any other persons employed by it under a contract, and the parties related to it by means of control on the one hand, and its clients, on the other hand;

2. The INVESTMENT INTERMEDIARY's individual clients.

Art. 20. Under the present policy, a conflict of interest is a situation that arises in relation to the provision of investment and/or auxiliary services by the INVESTMENT INTERMEDIARY and may damage clients' interests. The policy shall include the circumstances constituting a conflict of interest or which could lead to a conflict of interest leading to a risk of damage to the interest of the INVESTMENT INTERMEDIARY's clients, or circumstances that are or should be known to the INVESTMENT INTERMEDIARY and could result in conflict of interest as a result of the structure of the group whose part the INVESTMENT INTERMEDIARY forms, and other group members, as well as the procedures and measures to handle such conflicts;

Art. 21. The circumstances which the company assumes under the present policy on conflict of interest or which could give rise to such conflicts are:

1. All cases in which in relation to the provision of investment and/or auxiliary services or otherwise by the INVESTMENT INTERMEDIARY, a person employed by it under a contract, or any person directly or indirectly linked to it by means of control, falls into one of the following cases:

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1.1. has the opportunity to make a financial gain, or avoid a financial loss at the client's account;

1.2. has an interest in the outcome of the service provided to the client or the transaction carried out on the client's behalf, which is different from the client's interest in that outcome;

1.3. has a financial or other incentive to favour the interest of a client or a group of clients over that of another client;

1.4. carries out the same business as the client;

1.5. receives or will receive, from a party other than the client, benefits in connection with the service provided to the client in the form of cash, goods or services in violation of Art. 14 of Ordinance No. 38, or payment different from the standard commission or fee for this service.

2. Cases in which a person works under a contract for the INVESTMENT INTERMEDIARY and participates in the performance of activities which may cause a conflict of interests, or because of their activities at the INVESTMENT INTERMEDIARY has access to inside information within the definition of the Law on Markets in Financial Instruments (LMFI) or to other confidential information about clients or about client transactions.

3. Cases in which the INVESTMENT INTERMEDIARY, in view of the professional skills and market reputation of the persons under Art. 34, Para. 2, items 2-4 of LMFI, as well as the legislative requirements and market practices related to funds keeping, has found that a client's rights may be damaged.

4. Under the present policy, the transactions and/or services with conflict potential are:

4.1. The cases when the INVESTMENT INTERMEDIARY combines a client's order with a transaction on its own account and the combined order is partially executed;

4.2. Orders for the purchase or sale of financial instruments (shares) of issuers, by virtue of which the corresponding capital share of the client in the issuer, as specified in Art. 145, Para. 1 of LPOS, is lost;

4.3. The provision of services by a company acting as a registered agent when transactions in non-certificated financial instruments are concluded directly between the parties, when the parties are a client of the INVESTMENT INTERMEDIARY and one of its employees;

4.4. There may occur or there has been a conflict of interest between two clients of the INVESTMENT INTERMEDIARY.

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Art. 22. Should the circumstances under Art. 21 arise, the INVESTMENT INTERMEDIARY shall apply the following measures and procedures for handling conflicts of interest:

1. to keep strict confidentiality with respect to transactions with conflict potential, in order to avoid actual conflicts and the risk of transactions concluded on the basis of inside information;
2. prior to concluding a contract, to explain to each client the General Terms and Conditions applicable to contracts with clients;
3. to strictly comply with the measures and requirements under Art. 42, Para. 3 of Ordinance No. 38;
4. to strictly comply with the policy adopted by the INVESTMENT INTERMEDIARY for the execution of the orders placed by clients, including the non-execution of client orders if the client has not given explicit prior consent to the INVESTMENT INTERMEDIARY's policy;
5. the persons employed on a contract by the INVESTMENT INTERMEDIARY and performing operations involving conflict of interest shall act with a degree of independence appropriate to the size and activities of the INVESTMENT INTERMEDIARY as well as the significance of the risk of damage to clients' interests, whereby the following measures shall be taken to the degree needed to provide sufficient independence:
  - 5.1. keeping full confidentiality and preventing the exchange of information between them and other employees of the INVESTMENT INTERMEDIARY, if such exchange may harm the interests of one or more clients;
  - 5.2. independence for the persons whose main functions include the provision of services on behalf of and/or at the expense of clients or the provision of services to clients when the interests of clients may be at conflict, or who otherwise represent conflicting interests, including the interests of the INVESTMENT INTERMEDIARY;
  - 5.3. there is no direct relation between the remuneration of the persons principally engaged in one activity and the remuneration of persons engaged in other activities by the INVESTMENT INTERMEDIARY, or the revenues generated by the latter, if a conflict of interest may arise in connection with these activities;
  - 5.4. it is prohibited for employees, incl. managers, to exert inappropriate influence on the way other persons employed under a contract by the INVESTMENT INTERMEDIARY provide services and activities under Art. 5, Para. 2 and 3 of LMFI;
  - 5.5. it is prohibited for employees, incl. managers, to participate simultaneously or consequently (for a single person) to carry out separate investment or auxiliary services or

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activities, if such participation may impair the proper management of conflicts of interest, and if it is impossible to control it;

Art. 23. The INVESTMENT INTERMEDIARY shall apply the following additional measures for handling conflicts of interest:

1. to ensure equal and fair treatment of clients by acting in the clients' interest in the best possible terms. The INVESTMENT INTERMEDIARY shall avoid situations where the interest of its client would come into conflict with its obligation to another client;
2. to strictly comply with the rules for the conclusion of personal transactions whereby any person employed under a contract by the INVESTMENT INTERMEDIARY shall receive these rules on durable medium and declare having read and consented to them upon the conclusion of the contract;
3. to give priority to the client's interest before its own interest, incl. when a client's order is combined with its own transaction and the combined order is partially executed; in such cases, the INVESTMENT INTERMEDIARY shall treat clients' orders with a priority and in the clients' interest, unless in the exemptions explicitly specified in Ordinance No. 38;
4. an employee from the Internal Control department shall be notified about such transactions and should assist in resolving potential conflicts;
5. to strictly comply with the rules for separating the INVESTMENT INTERMEDIARY's portfolio from that of investors;
6. The INVESTMENT INTERMEDIARY shall store and update information about the types of investment or auxiliary services or investment activities conducted by it or on its account, for which a conflict of interest arises or may arise that leads to a substantial damage of a client's interest.

Art. 24. If despite the application of the INVESTMENT INTERMEDIARY's internal regulations there is still a risk for a client's interest, the INVESTMENT INTERMEDIARY shall not act on behalf of a client unless it informs this client about the general nature and/or sources of potential conflict of interest. In the case of the previous sentence, before carrying out an activity on behalf of a client in connection to whom there is a conflict of interest, the INVESTMENT INTERMEDIARY shall provide the client with information on durable medium about the conflict of interest, which has to be sufficient according to the characteristics of the client in order for them to make an informed decision on the investment or auxiliary service in connection to which a conflict of interest arises.



## Section VII. DESCRIPTION OF FINANCIAL INSTRUMENTS AND RISKS RELATED TO THE CLIENT. DEFINING OF THE CLIENT AS PROFESSIONAL

Art. 25. The financial instruments which may be subject to the services and activities provided by the INVESTMENT INTERMEDIARY to the clients under Art. 5 of LMFI are:

1. securities are transferable rights registered with the Central Depository. Government securities are registered with the Bulgarian National Bank or with a sub-depository of government securities or with a foreign institution engaged in such activities (non-certificated securities) or documents materializing transferable rights (securities) that can be traded on the capital market, with the exception of payment instruments, such as:

a) shares in companies and other securities equivalent to shares in companies, partnerships and other entities, and depositary receipts for shares;

b) bonds and other debt securities, including depositary receipts for such securities;

c) any other securities giving the right to acquire or sell such securities or resulting in a cash settlement determined by virtue of securities, exchange rates, interest rates or yields, commodities or other indexes or indicators.

2. instruments other than securities:

a) money-market instruments. These are instruments normally traded on the money market such as short-term government securities (treasury bonds), certificates of deposit and commercial securities, with the exception of payment instruments. Government securities are debt instruments issued or guaranteed by the state.

b) shares of collective investment enterprises. These are financial instruments issued by collective investment schemes representing the rights of the holders over the assets of the collective investment schemes.

c) options, futures, swaps, forward contracts with a fixed interest rate and other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, financial indexes or indicators, whereby the contracted obligations can be satisfied by delivery or cash payment;

d) options, futures, swaps, forward contracts with a fixed interest rate and other derivative contracts relating to commodities that must be settled in cash or the related obligations that can be settled in cash at the request of one of the parties (except for the event of default or other grounds for termination of the contract);

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e) options, futures, swaps and other derivative contracts relating to commodities which cannot be settled by delivery, when traded on a regulated market and/or multilateral trading system;

f) options, futures, swaps, forward contracts and other derivative contracts relating to commodities other than those listed under "e", for which the contracted obligations can be executed by delivery, which are not commercial securities and which, according to Art. 38, paragraph 1 of Regulation (EC) No. 1287/2006, have the characteristics of other derivative financial instruments depending on whether they are subject to clearing and settlement through recognized clearing houses or are used as collateral for margin purchases and short sales;

g) derivative financial instruments for the transfer of credit risk;

h) contracts for differences;

i) options, futures, swaps, forward contracts with a fixed interest rate and any other derivative contracts relating to climatic variables, freight rates, allowances for emissions trading, inflation rates or other official economic statistics indicators, whereby the contracted obligations have to be settled by cash payment or when these obligations can be settled in cash at the request of one of the parties (except for the cases of breach of the contract or other grounds for termination of the contract), as well as any other derivative contracts associated to assets, rights, obligations, indexes and measures not otherwise mentioned in this article, which have the characteristics of other derivative financial instruments depending on whether they are traded on a regulated market, are subject to clearing and settlement through recognized clearing houses or are used as collateral to margin purchases and short sales, as well as the derivative contracts pursuant to Art. 38, paragraph 3 of Regulation (EC) No. 1287/2006 of the Commission.

2.1. The option under letters "c" - "i" is a derivative financial instrument which incorporates the right to buy or sell a specified number of securities or other financial instruments at a fixed price within a certain period or on a specified date.

2.2. The futures under letters "c" - "i" are a derivative financial instrument which incorporates the right and obligation to purchase or sell a specified number of securities or other financial instruments at a fixed price on a specified date.

2.3. The contracts for difference under letters "c" - "i" are a derivative financial instrument which represents the right to receive or the obligation to pay the difference between the market value of a specified number of securities or other financial instruments and the price fixed in the contract.

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Art. 26. (1) By virtue of these General Terms and Conditions, the client is informed that investing in the financial instruments under the preceding article poses risks. The higher the demand for returns, the higher the risk, including the risk of losing the entire investment.

(2) Each of the instruments listed in Art. 25 is associated with a risk to a greater or lesser extent. For all instruments there is a market risk – the possibility of losses incurred due to changes in the price of the financial instrument and/or the interest rate, exchange rate and other factors determining the value of financial instruments, as well as a liquidity risk – the possibility that the investor does not have enough money to meet their liabilities when they are due and the inability to liquidate assets at an appropriate price and within a reasonable timeframe. For each of the instruments, there may occur a system risk – the risk for a participant in the settlement to fail to meet their obligations and cause other participants to fail to meet their obligations on time. For the instruments denominated in foreign currencies there is a currency risk – the risk of a change in the value of the currency and the deterioration of the exchange rate regime in a given country. Moreover, each instrument has its own specific risks. Shares pose a risk of future price falls, the risk that the instruments purchased may not be entirely or partially transformed into cash, the risk of not receiving a liquidation share at the possible liquidation of the company; a risk for the company to be stricken off as a public company or for the investor to miss a tender offer if they do not follow the market. Government securities generally pose very low risk, but may suffer from the deterioration of the macroeconomic situation in the country, which may prevent them from meeting obligations under the issued debt securities. In the case of bonds, the risk is associated with the structure and financial conditions of the bond issuer; the more these indicators deteriorate, the higher the risk to the bond. The risk for shares in collective investment schemes is associated with the risk profile of the collective investment schemes, with poor investment management and all other risks typical for instruments in which the scheme has invested money. With options, the buyer runs the risk of losing the premium paid if they do not exercise the option, and the risk for the seller is unlimited. In the case of derivative instruments – options, futures, forward contracts, swaps, there is a basic risk – the risk of fluctuations in the base, since their value depends on the value and dynamics of the underlying asset. On the other hand, leverage can multiply losses because even small changes in the market price can lead to large variations in the price of the instrument, leading to the risk of losing the entire investment. Moreover, instruments are at a risk of the counterparty's default or insolvency. There is a risk for investors in the fact that as a result of transactions in financial instruments investors can take financial and other additional obligations, including contingent liabilities, additional to the cost for the instrument's acquisition. In margin trading, there is a risk related to the possibility to trade with funds exceeding the amounts deposited, as the margin requirements for the deposited amount vary depending on the regulated market where

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financial instruments are traded, on the respective instrument's risk category, on the liquidity, particularly as contracts for differences can significantly increase the leverage effect (explained above) to levels about 10 times the available funds, leading to a risk for the investor to not only lose their investment but also incur additional contingent liabilities.

Art. 27. Under these General Terms and Conditions, the INVESTMENT INTERMEDIARY shall notify its clients about the possibility to be defined as professional, retail, or eligible counterparty upon their own initiative or upon the INVESTMENT INTERMEDIARY's initiative.

Art. 28. The conditions and criteria under which a client is defined as professional or retail shall be the criteria established in the application of Art. 36 of LMFI and the INVESTMENT INTERMEDIARY's policy for identifying clients as professional/retail. Thus, under these General Terms and Conditions, the policy applied by the INVESTMENT INTERMEDIARY and the criteria and conditions laid down in LMFI for the identification of clients as professional/retail:

1. professional clients in all investment services, activities and financial instruments are those that meet the criteria and conditions set out in items 1-4 of the first section of the appendix to Art. 36 of LMFI, respectively the INVESTMENT INTERMEDIARY's policy.
2. clients who have requested to be considered professional – these are clients falling outside the scope of the first section of the application of Art. 36 of LMFI who meet the identification criteria in Section II, item 1 of the application of Art. 36 of LMFI and the procedure set out in section second, item 2 of the application of Art. 36 of LMFI, respectively the INVESTMENT INTERMEDIARY policy.
3. a retail client is a client who does not meet the conditions and criteria set out in items 1 and 2.

Art. 29. Under these General Terms and Conditions, an acceptable counterparty shall be a person who is included in the group of persons specifically listed in the legal definition of "acceptable counterparty" set out in Para. 1, item 29 of the Additional Provisions of LMFI and has expressly requested to be treated as such.

Art. 30. (1) Under these General Terms and Conditions, the clients shall be expressly informed about their right to request to be classified differently, including the right of the professional client under Art. 28, item 1 of these General Terms and Conditions to require a change in the terms of the contract in order to achieve a higher level of protection provided upon their request and judgement that they cannot properly assess and manage the risks associated with investing in financial instruments. The higher level of protection under the preceding sentence means the client will not be considered professional for the

purposes of the regime applicable to the activities of the INVESTMENT INTERMEDIARY and is provided on the basis of a written agreement pursuant to Art. 36, Para. 4 of LMFI.

(2) Under these General Terms and Conditions, a client who requests to be treated in a different way shall be notified that the extent of their protection shall be limited, particularly regarding certain cases, obligations, and requirements for the INVESTMENT INTERMEDIARY incl. the provision of information: Art. 5, Para. 1, item 1; Art. 8, Para. 1 and 2; Art. 9, Para. 3; Art. 10, Para. 4; Art. 10, Para. 6; Art. 22, Para. 4; Art. 30, Para. 1, sentence two; Art. 32, Para. 5; Art. 45, Para. 1; Art. 45, Para. 10; Art. 46, Para. 2 and 3; Art. 47, Art. 53 of Ordinance No. 38, which provide a high level of protection, apply only to retail clients, and Art. 19, Para. 2 and 3; Art. 45, Para. 5; Art. 20, Para. 2; Art. 8, Para. 3 of Ordinance No. 38 concerning the professional clients also contain restrictions on the level of protection, i.e. the INVESTMENT INTERMEDIARY shall not be required to provide professional clients with this higher level of protection specific to retail clients. The limited degree of protection for professional clients is related to the fact that they are excluded from the investors' protection system, about which the clients are informed in Art. 17 of these General Terms and Conditions, whereby they are explicitly excluded from the scope of the persons under Art. 77, Para. 2 of LPOS.

(3) The clients of the INVESTMENT INTERMEDIARY defined as professional under Art. 28, item 2 of the General Terms and Conditions shall be informed that they are required to notify the INVESTMENT INTERMEDIARY about any change in the data used as the basis for their determination as professional clients.

(4) If in the course of the activity of the INVESTMENT INTERMEDIARY it is established that a client defined as a professional pursuant to Art. 28, item 2 of these General Terms and Conditions no longer meets the conditions set out in LMFI and the policy of the INVESTMENT INTERMEDIARY for determining clients as professional on their request under which the respective client has been classified as professional, the INVESTMENT INTERMEDIARY shall take the necessary measures to provide a higher degree of protection for the respective client.

Art. 31. (1) Clients shall be informed that when the INVESTMENT INTERMEDIARY performs investment services under Art. 5, Para. 2, items 1, 2 and 3 of LMFI, it may enter into transactions with eligible counterparties without being obliged to comply with the requirements of Art. 27, Para. 4 and 7, Art. 28, 30 and Art. 33, Para. 2 of LMFI regarding specific transactions or the relevant auxiliary service directly related to those transactions.

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(2) Every person designated as an eligible counterparty in accordance with regulatory requirements may expressly request not to be considered as such completely or just for a particular transaction.

(3) Under these General Terms and Conditions, the INVESTMENT INTERMEDIARY, upon its own initiative or upon a client's request, may:

1. define as professional or retail a client who would have otherwise been defined as an eligible counterparty under Para. 1, item 29 of LMFI;
2. define as retail a client who is considered professional under Art. 28, item 1 of these General Terms and Conditions.

(4) Where a person defined as an eligible counterparty requests not to be treated as such and the INVESTMENT INTERMEDIARY agrees, that person shall be treated as a professional client unless they specifically request to be treated as a retail client.

(5) When an eligible counterparty expressly requests to be treated as a retail client, Art. 36, Para. 2-5 of LMFI shall apply accordingly.

Art. 32. (1) The INVESTMENT INTERMEDIARY shall provide to its retail clients and potential retail clients the following information about costs and transaction fees, where applicable:

1. The total price to be paid by the client in connection with the financial instrument or the investment or auxiliary service, including all fees, commissions, fees and expenses, as well as all taxes paid by the INVESTMENT INTERMEDIARY, and if the exact price cannot be determined, the base for its calculation shall be specified in a way that the client can verify and confirm it; the commissions of the INVESTMENT INTERMEDIARY shall be specified separately for each case. The information under the first sentence contained in the Terms and Commissions Table of the INVESTMENT INTERMEDIARY for its standard commission on various types of contracts with clients, and the type and amount of client expenses (fees due depending on the place of execution – regulated market, multilateral trading trade system etc., charges for settlement to a depository institution) if they are not included in the fee, as well as for a particular order that is executed as a result of a contract with the INVESTMENT INTERMEDIARY, or the periodic reports on portfolio management respectively.

2. When a part of the total price under item 1 is to be paid in a foreign currency or the equivalent of that currency, the exchange rate and cost distribution shall be specified;

3. By virtue of the present General Terms and Conditions, the client shall be notified that the dividend tax is deducted at source. The client shall be notified about possible other

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costs, including taxes, related to transactions in financial instruments or investment services, which are not paid or imposed by the INVESTMENT INTERMEDIARY.

4. The obligation under the preceding items shall not apply for shares of collective investment schemes, of the INVESTMENT INTERMEDIARY provides to the client information contained in the prospectus, as per Art. 69 of Directive 2009/65/EC.

(2) According to the INVESTMENT INTERMEDIARY's rules and methods of payment set out in this article and paragraph of the General Terms and Conditions, the client shall be informed that:

1. The INVESTMENT INTERMEDIARY requires the client who places an order for the purchase of financial instruments to provide the funds necessary for the payment of the transaction – subject to payment upon placing the order, unless the client certifies that they will fulfil their payment obligation, and in other cases provided for in an ordinance.

2. If the rules for the place of performance at which the transaction may be concluded allow the payment for financial instruments to happen at a time different from the time of the transfer, the INVESTMENT INTERMEDIARY is allowed to not require payment from the buyer, as long as the seller has given their explicit written consent. This provision shall also apply for other transfers of financial instruments

3. The payment method may be a cash deposit with the INVESTMENT INTERMEDIARY, under the requirements of the Law on the Restriction of Cash Payments, or a bank transfer, whereby the INVESTMENT INTERMEDIARY shall strictly observe the rules for keeping clients' funds as set out in Art. 12 of these General Terms and Conditions, as well as the provisions of Ordinance No. 38.

Art. 33. (1) Under these General Terms and Conditions, the retail clients or potential retail clients of the INVESTMENT INTERMEDIARY shall be informed that the funds and/or financial instruments provided to the intermediary may only be kept in the places and by the persons listed in section five of these General Terms and Conditions. The client shall be notified that in case of bankruptcy of the person under Art. 34, Para. 3, item 2 or 3 of LMFI, when their money is kept in a joint account, it may suffer damages due to the fact that the INVESTMENT INTERMEDIARY does not provide protected deposit guarantee. Under these General Terms and Conditions, it is the INVESTMENT INTERMEDIARY's responsibility to keep the deposited money and/or financial instruments acquired and the results of executed transactions with due diligence in compliance with the legal requirements and these terms and conditions. In view of the specific role of the INVESTMENT INTERMEDIARY on the capital market, it shall bear administrative and penal liability,



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according to the effective legislation, in case of violation of obligations established by the law.

(2) Under these General Terms and Conditions, the INVESTMENT INTERMEDIARY shall inform its retail clients or potential retail clients about the possibility of their financial instruments being kept in a joint account with those of a third party, if the national legislation provides for such a possibility. The INVESTMENT INTERMEDIARY shall inform its retail clients or potential retail clients about the cases in which the national legislation does not allow clients' financial instruments held by a third party to be separated from the financial instruments of this third party or of the INVESTMENT INTERMEDIARY. The risks to clients arising from the circumstances under the previous sentences are related to the possibility of this person falling into bankruptcy or insolvency, and in the cases under sentence two a risk arises that the third party becomes liable before its creditors (if any) also with the clients' financial instruments.

(3) The INVESTMENT INTERMEDIARY shall explicitly inform the client or potential client in the cases when accounts in which the cash and financial instruments are kept are or will be subject to regulation by the law of a country which is not a Member State. In this case, the client's rights relating to financial instruments or cash in the first sentence may vary due to the applicability of the law of a third country.

Art. 34. (1) Under these General Terms and Conditions, the INVESTMENT INTERMEDIARY shall explicitly inform the client about:

1. the existence of a collateral or right of retention on clients' funds or financial assets for the INVESTMENT INTERMEDIARY.

The conditions in which there arises or may arise a right to compensation as per the legislative requirements are as follows: the client's failing to act threatens the satisfaction of the INVESTMENT INTERMEDIARY in its capacity as creditor, unless this concerns a right whose exercising depends on the client's personal discretion in their capacity as debtor.

The conditions in which there arises or may arise a right to retention are as follows: the INVESTMENT INTERMEDIARY has against its client in their capacity as creditor a due payment from the same legal relation that makes their debt payable, and in this case the INVESTMENT INTERMEDIARY may refuse to fulfil its obligation unless the client fulfils theirs. Another case in which a right to retention arises or may arise is when the payment due to the INVESTMENT INTERMEDIARY by the client is related to the retention or maintenance of their property or damages incurred by it, and this debt to the INVESTMENT INTERMEDIARY is pursuant from the same legal relation from which the debt originates, and the INVESTMENT INTERMEDIARY controls the client's property and acts in good will,



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the INVESTMENT INTERMEDIARY shall have the right to retain the property until the debt is settled. However, according to the legislative requirements, no retention shall be permitted if the client provides due collateral.

Exercising the right of retention under these General Conditions does not include the sale or fulfilment of clients' assets that are subject to retention.

2. the existence of the INVESTMENT INTERMEDIARY's right to set off clients' funds or securities.

- The conditions under which a write of set-off arises or may arise and under which it is permissible under the law are: available subject identity (the INVESTMENT INTERMEDIARY and the client owe each other considerations), availability of the identity of the considerations (monetary debt or similar and interchangeable goods), and the receiving is liquid and due. In this case, each of the subjects may set off their receivable with their debt.
- Under these General Conditions, the client shall be considered explicitly informed that the INVESTMENT INTERMEDIARY has or may have a right of set-off regarding clients' financial instruments or monies on the part of the INVESTMENT INTERMEDIARY, and the conditions in which this right arises are described in the preceding sub-item of item 2.

3. the possibility that a depository institution may have a collateral right or a right of retention or set-off to a client's financial instruments or cash, wherever applicable.

(2) Before executing a transaction to fund the securities subject to financial instruments held on behalf of a non-professional client, or before using in any other way these financial instruments on its own account or on the account of another client, the INVESTMENT INTERMEDIARY shall provide to the retail client, on durable medium and in a reasonable period before the use of financial instruments, clear, complete and accurate information about the duties and responsibilities of the INVESTMENT INTERMEDIARY in connection with the use of financial instruments, including the conditions for their return and the associated risks.

## **Section VIII. RIGHTS AND OBLIGATIONS OF THE INVESTMENT INTERMEDIARY**

Art. 35. (1) The INVESTMENT INTERMEDIARY shall conclude the contract under Art. 24, Para. 1 of Ordinance No. 38 and shall receive the documents under Art. 34, Para. 1 and 3 of Ordinance No. 38 only at its management address, branch or office entered in the register under Art. 30, Para. 1, item 2 of the Law on Financial Supervision Commission, unless the contract is concluded in accordance with Para. 4, 5 and 6 and all requirements of the Ordinance regarding the contract. The contract under the preceding sentence shall be

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concluded in writing and refer to all services and activities performed by the INVESTMENT INTERMEDIARY, incl. portfolio management and the provision of services in the capacity of a registration agent.

(2) The client, respectively their proxy, shall sign the contract under Para 1 in the presence of a person under Art. 39, Para 1 and/or para 2 of Ordinance No 38, following a check of the client's identity or that of their proxy, unless the document is concluded under the Law on Electronic Document and Electronic Signature (LEDES); in the latter case, the identity check is done following the procedure described in Para 6 below.

(3) Upon concluding a contract, the INVESTMENT INTERMEDIARY may upon its own discretion (or upon the client's request) to designate the client as professional or retail, under the terms and in accordance with the requirements the client is informed about under Art. 27-31 of these General Terms and Conditions.

(4) Upon concluding a contract, the INVESTMENT INTERMEDIARY shall comply with the requirements of Art. 13 of these General Terms and Conditions, as well as all requirements of Ordinance No 38 which concern the archiving of documents provided by the client, respectively their proxy, including identity documents.

(5) Concluding a contract under Para 1 through a proxy shall only be permitted if the requirements of Art. 25 of Ordinance No 38 are observed.

(6) The contract under Art. 24, Para. 1 of Ordinance No. 38 may be concluded through the exchange of electronic messages signed with a qualified electronic signature in accordance with Art. 13 of the LEDES. Under this Paragraph, the conclusion of a contract through a proxy shall not be permitted. In the cases under this Paragraph:

1. The INVESTMENT INTERMEDIARY shall check the client's identity, respectively their proxy's identity, using the documents provided by the client for the purpose of concluding the contract. The latter are explicitly listed in Art. 26a, Para 2 of Ordinance No 38, and the document under Para 2, item 2 should meet the requirements of Para 8 pf Art. 26a of Ordinance No 38. An exception for failure to provide a document under Para 2, item 2 of Art. 26 shall only be permitted when the contract under this Paragraph has been concluded through qualified electronic signatures. Nevertheless, the INVESTMENT INTERMEDIARY shall have the right to require additional data and/or documents from the client.

2. The person concluding the contract on behalf of the INVESTMENT INTERMEDIARY shall check if the requirements under the preceding item have been observed.

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3. The INVESTMENT INTERMEDIARY shall store all the documentation and information related to the electronic exchange of messages under Ordinance No 38.

4. The provision of all the necessary client information under Ordinance No 38, as well as the provision of client information needed to assess a suitable service, can be done through an electronic message signed by the client with a qualified electronic signature.

5. When the contract has not been concluded by using a qualified electronic signature, money transfers in relation to receiving and providing investment and additional services to the client shall only be done from and to a payment account in a credit institution under Art. 26a, Para 8 of Ordinance No 38, of which the client is a holder.

(7) The contract under Art. 24, Para. 1 of Ordinance No. 38 may be concluded in absence by virtue of an exchange of the necessary documents signed by the parties, provided that the client is the holder of a bank account in a credit institution meeting the requirements of Art. 26b, Para 2 of Ordinance No 38. In the cases under this Paragraph, all requirements and limitations set in Art. 26b of the above Ordinance shall be applied, including:

1. Under this Paragraph, the conclusion of a contract through a proxy shall not be permitted.

2. The bank account specified above shall be in a credit institution under Art. 26a, Para 8 of Ordinance No 38.

3. Money transfers in relation to receiving and providing investment and additional services to the client shall only be done from and to a payment account in a credit institution under Art. 26a, Para 8 of Ordinance No 38, of which the client is a holder.

(8) The contract under Art. 24, Para 1 of Ordinance No 38 may be concluded from a distance through the exchange of the necessary documents on hard copies, signed by the parties; in this case, the client shall sign the contract in the presence of a notary, who certifies this act. Upon concluding a contract under the preceding sentence, the provision of all the necessary client information as per the General Terms and Conditions, as well as the provision of client information needed to assess a suitable service, may be done by the client from a distance by signing the necessary documents in the presence of a notary and in compliance with the requirements of Ordinance No 38 for this case.

Art. 36. (1) Upon providing investment advice or portfolio management, the INVESTMENT INTERMEDIARY requires the client or potential client to provide information whose contents is specified in Ordinance No. 38 and which is needed to identify the client's details and to provide reasonable grounds for the INVESTMENT INTERMEDIARY to consider; these details should meet the following criteria:

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1. should correspond to the client's investment objectives;
2. the client should have the financial capacity to bear any investment risks related to their investment objectives;
3. the client should have the necessary experience and knowledge to understand the risks associated with the transaction or with the management of their portfolio.

(2) If in the cases under Para. 1 the INVESTMENT INTERMEDIARY has not collected the client information required by LMFI and Ordinance No. 38, it shall have to observe the limits established in the LMFI and the Ordinance, incl. the one set out in Article. 28, Para. 1, sentence second of LMFI, and shall have no right to recommend the respective investment services or financial instruments to the client or the potential client. When the client provides information under Para. 1, the INVESTMENT INTERMEDIARY shall be guided by it when providing services to the client.

Art. 37. When the INVESTMENT INTERMEDIARY considers whether an investment service other than investment advice and portfolio management is suitable for the client, it shall determine whether the client has the necessary experience and knowledge to understand the risks associated with the product or the investment service available or ordered, by requiring from the client as much of the information under Art. 21, Para. 1 of Ordinance No. 38 as appropriate, in view of the client's characteristics, the nature and scope of the services to be provided and the types of products or transactions that are provided, including their complexity and associated risks. The INVESTMENT INTERMEDIARY shall be guided by the information provided by its clients or potential clients, unless it is aware or should have been aware that the information is inaccurate, incomplete or outdated.

Art. 38. (1) The INVESTMENT INTERMEDIARY shall accept clients' orders as per Art. 4 of these General Terms and Conditions. The INVESTMENT INTERMEDIARY shall execute its clients' orders to the clients' best interest and in strict compliance with the policy for executing clients' orders.

(2) The INVESTMENT INTERMEDIARY shall execute clients' orders by:

1. promptly and accurately registering and distributing the orders for execution;
2. immediately executing identical clients' orders following the order of receiving them unless the order's characteristics or the prevailing market conditions make this impracticable, or the client's interests require otherwise;
3. immediately notifying the retail client about objective obstacles for the precise execution of the orders upon their identification.

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(3) The INVESTMENT INTERMEDIARY may not the order of a client who has not given their prior consent to the INVESTMENT INTERMEDIARY's policy for executing clients' orders and for order placement/transmission. The INVESTMENT INTERMEDIARY shall not be allowed to execute a client's order in the event of any of the cases set out in Art. 38 of Ordinance No. 38. The INVESTMENT INTERMEDIARY shall not execute a client's order or transaction on its own account by combining them with other clients' orders, unless the conditions of Art. 37, Para. 1 and the requirements of Art. 37, Para. 2-5 of Ordinance No. 38 and the policy referred to in the first sentence are met.

(4) When performing its obligations under Para. 1, the INVESTMENT INTERMEDIARY shall comply with all other requirements, restrictions or prohibitions concerning the implementation of a client's order, as well as with any other requirements, restrictions or prohibitions concerning its activity under LMFI, Ordinance No. 38, its policy for executing clients' orders and the rules of the respective places where the order is executed. In the event of a conflict of interest, the INVESTMENT INTERMEDIARY shall apply the rules for handling conflicts set out in its policy, which the client has been informed about in detail by virtue of these General Terms and Conditions.

Art. 39. (1) The INVESTMENT INTERMEDIARY may not entrust the performance of the investment and auxiliary services on a client's behalf to another agent, nor the performance of important operational functions to a third party, if this would hamper the execution of effective internal controls or the ability of the FSC to conduct supervisory functions.

(2) If the INVESTMENT INTERMEDIARY transfers the provision of investment or auxiliary services on a client's behalf to another intermediary, the INVESTMENT INTERMEDIARY shall be obliged to provide all the information gathered from the client and shall be responsible for its completeness and accuracy, as well as for the correctness of the advice provided to the client (if any).

(3) In the cases under the preceding paragraph, the requirements of Art. 32 of LMFI shall apply as well.

Art. 40 When receiving investment and auxiliary services, the client shall have the right to be informed about the type, frequency and the term for providing statements and confirmations to clients in relation to the investment services, about whose scope, frequency, timing and content they have been informed in Section Four of these General Terms and Conditions.

Art. 41. The INVESTMENT INTERMEDIARY shall take measures to separate its cash and financial instruments from those of its clients and to keep safe its clients' cash and

instruments, and the clients have been informed about the respective measures and storage conditions by virtue of Section Five of these General Terms and Conditions.

Art. 42. When carrying out its activity, the INVESTMENT INTERMEDIARY shall protect its clients' commercial secrets. The INVESTMENT INTERMEDIARY, respectively the persons employed by it under a contract, may disclose information about facts or circumstances concerning the balances and transactions on accounts for financial instruments and clients' funds, as well as facts and circumstances constituting a commercial secret, only in accordance to Art. 35, Para. 5 et seq. of LMFI.

Art. 43. When carrying out its activity, the INVESTMENT INTERMEDIARY shall have the right of a collateral or right of retention over clients' funds or securities, a right of set-off over with clients' funds or financial instruments, whereby the client shall be informed by virtue of Art. 34 of these General Terms and Conditions about the conditions in which such right arises or may arise.

Art. 44. The INVESTMENT INTERMEDIARY shall upon a client's request provide information about the terms and conditions for compensation in view of the existing investors' compensation system, about whose existence, scope and coverage the client shall be informed under Art. 17 of these General Terms and Conditions.

Art. 45 The INVESTMENT INTERMEDIARY shall have the right to receive a fee (commission) for the services and activities provided as defined in the Terms and Commissions Table of the INVESTMENT INTERMEDIARY.

## **Section IX. RIGHTS AND OBLIGATIONS OF THE CLIENTS**

Art. 46. The client shall be entitled to receive statements and confirmations for the performed investment services, and its scope, frequency, timing and content are stated in Section Four of these General Terms and Conditions.

Art. 47. (1) The client may be defined upon their own discretion as professional if they meet the criteria under these General Terms and Conditions and the policy applied by the INVESTMENT INTERMEDIARY for defining a client as professional.

(2) The client shall have the right to be determined otherwise, whereby they shall be informed about the limitations of their defence under Art. 30, Para. 2 of these General Terms and Conditions.

(3) The professional clients identified as such shall have the right to request to be defined differently, including the professional client's right under Art. 28, item 1 of these General Terms and Conditions to request a change in the terms of the contract in order to provide a higher level of protection. The clients shall be informed in detail about the conditions and

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requirements of the preceding sentence under Art. 27-31 of these General Terms and Conditions.

Art. 48. Clients shall provide the INVESTMENT INTERMEDIARY with information about their financial capabilities, goals, experience and willingness to risk, and about their knowledge and experience in view of the client's characteristics, the nature and scope of services to be provided and the types of products or transactions envisaged, including their complexity and associated risks, and clients shall be informed under section Obligations of the INVESTMENT INTERMEDIARY of these General Terms and Conditions about their content, terms, conditions and what part of the information should be presented for which services.

Art. 49. (1) Orders by the clients have to be placed, respectively received by the INVESTMENT INTERMEDIARY in the ways set out in Art. 4 of these General Terms and Conditions. The client shall be entitled to receive a signed copy of the order, unless it has been submitted in accordance with Art. 4, Para. 1, items 3 and 4 of these General Terms and Conditions.

(2) The client shall give their prior consent to the INVESTMENT INTERMEDIARY's policy for executing clients' orders. In case they fail to do so, Art. 38, Para. 3, sentence one of the General Terms and Conditions shall apply.

(3) Upon placing an order, the clients shall be required to present to the INVESTMENT INTERMEDIARY a declaration under Art. 35, Para. 1 of Ordinance No. 38. If the INVESTMENT INTERMEDIARY fails to do so and/or in the cases covered by Art. 38 of Ordinance No. 38, the order shall not be executed by the INVESTMENT INTERMEDIARY.

Art. 50. In the event of a conflict of interest, the client shall be entitled to the information under Art. 24 of these General Terms and Conditions, if the conditions set out in this article are met.

Art. 51. A client placing an order for the purchase of financial instruments shall provide to the INVESTMENT INTERMEDIARY at the time of the order funds necessary for the transaction which is the order's object, unless the client certifies that they will fulfil their obligation to pay, as well as in other cases provided for in an ordinance, and will fulfil the other requirements set out in Art. 32, Para. 2 of the General Terms and Conditions.

Art. 52. The client shall be entitled to receive all the profit, in case the INVESTMENT INTERMEDIARY has concluded and executed a transaction on behalf of a client on terms more favourable than those established by the client.

## Section X. PORTFOLIO MANAGEMENT SPECIFICS



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Art. 53. (1) Under these General Terms and Conditions, "portfolio management" shall be the management of investment portfolios upon clients' orders, which is performed at the discretion of the INVESTMENT INTERMEDIARY for each client, and investment portfolios that include one or more financial instruments. The management in the preceding sentence shall be conducted on the basis of the contract under Art. 35 of these General Terms and Conditions.

(2) The portfolio management in the preceding paragraph, unless identified in the previous sections, rules, information, rights and obligations of the parties, shall apply to the specific rules, information, rights and obligations established in this section.

Art. 54. When the INVESTMENT INTERMEDIARY manages a portfolio, it shall be obliged to comply with the obligation to act in the client's best interest, like in the case of submitting orders for execution to another person based on its decisions on trade with financial instruments on clients' behalf of its clients, and in the case when it performs these orders in accordance with the requirements set out in Art. 3 of Ordinance No. 38 and in Art. 30 of LMFI.

Art. 55. (1) When providing the service of portfolio management, the INVESTMENT INTERMEDIARY shall provide to each client a periodic report, about whose type, contents, timing and other conditions the client shall be informed under Art. 7 of these General Terms and Conditions. Clients to whom the portfolio management service is provided shall be informed that they have the rights explicitly set out in Art. 7, Para. 4, sentences 1, 5 and 6 of these General Terms and Conditions. In addition to the information in the previous sentence, the INVESTMENT INTERMEDIARY shall provide to the clients whose portfolios it manages information under Art. 7, Para. 2 of the General Terms and Conditions in compliance with the conditions and circumstances about which the clients are informed, in accordance with the abovementioned provisions of the present General Terms and Conditions.

(2) When the INVESTMENT INTERMEDIARY manages an individual client's portfolio, the INVESTMENT INTERMEDIARY shall adopt an appropriate assessment method as a generally accepted benchmark, depending on the client's investment objectives and the types of financial instruments included in the client's portfolio, so that the client receiving the service can evaluate the service provision by the INVESTMENT INTERMEDIARY. The method under the previous sentence shall be negotiated individually.

(3) Under these General Terms and Conditions, the client shall be informed that the methods used to assess and compare the financial instruments in the portfolio are:



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1. at market price (price on a regulated market, respectively multilateral trading system) for the instrument, if any transactions are made with the instrument included in the portfolio on the regulated market or on a multilateral trading system;
2. a "bid" on a regulated market or multilateral trading system;
3. on the closing price on the regulated market or multilateral trading system where the financial instrument is traded;
4. at a price determined by the market maker for the respective instrument at the time of assessment. This method is used only if applicable;
5. at fair value if the instruments do not have prices under items 1 and 2;
6. for the instruments denominated in a foreign currency – at a price in accordance with the method chosen hereinabove in the currency in which the financial instrument has been issued, calculated at the exchange rate of BNB.

The portfolio evaluation shall include all financial instruments contained therein at the time of the evaluation, including all management, as well as the cash balance compared with the same parameters specified at the beginning of the reporting period (previous month, six months), depending on the case under Para. 4, item 1, second sentence herein below.

(4) When the INVESTMENT INTERMEDIARY provides the portfolio management service to a retail client or a potential retail client, the INVESTMENT INTERMEDIARY shall provide the client with the following information, where applicable:

1. information about the method and frequency of financial instrument valuation in the client's portfolio. The method in the preceding sentence is the one specified in Para. 2. The valuation of financial instruments in the portfolio is conducted once every six months – under Art. 46, Para. 2 of Ordinance No. 38 for retail (non-professional) clients. If the circumstances under Art. 46, Para. 3, items 1 to 3 of Ordinance No. 38 are present, the frequency of assessment shall respectively be once every three months (under Art. 46, Para. 3, item 1 of Ordinance No. 38), every 12 months (under Art. 46, Para. 3, item 2 of Ordinance No. 38), at least once a month (under Art. 46, Para. 3, item 3 of Ordinance No. 38), in compliance with Art. 46, Para. 4, sentence two of Ordinance No. 38.
2. details of any delegation of the management of all or part of the financial instruments and/or cash in the client's portfolio – the client shall be notified in the event that such takes place.
3. a benchmark against which the results of the portfolio management will be compared if the agreement between the INVESTMENT INTERMEDIARY and the client specifies that this

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benchmark under Art. 46, Para. 1, item 5 of Ordinance No. 38 is the growth of the official market index on a regulated market in Bulgaria – SOFIX.

3.1. information about the standard under 3.1 – the index shall be the ratio between the sum of the market capitalization of the free-float of the companies included in it, the current day and the sum of the market capitalization of the free-float of the same company for the previous day.

3.2. characteristics of the standard under 3.1 – the index shall include the most liquid emissions traded on a regulated market that meet the following criteria: having been traded on the stock exchange for at least 3 months, having a market capitalization of at least BGN 50 million; the number of shareholders should not be less than 500, the turnover of the emission during the last year should be at least BGN 5 million, the free-float be equal to at least 10 per cent of the emission and the number of transactions with shares in issue during the last year should be not less than 1,000.

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

4.1. the financial instruments that may be included in the client's portfolio are one or more financial instruments referred to in Art. 25 of these General Terms and Conditions, which may be subject to all transactions permitted by the law – purchase, sale, exchange.

4.2. when carrying out portfolio management activities, the INVESTMENT INTERMEDIARY shall observe the restrictions that the client has imposed (e.g. the explicit exclusion of a particular instrument or portfolio of a transaction – e.g. Exchange), as well as restrictions on the information provided by the client about its financial capacity to bear any related investment risks, limitations associated with the investment objectives of the client, with the period of time in which the client wishes to hold the investment, constraints associated with the risk profile of the client and their preferences regarding risk taking and investment purposes.

5. management objectives, the level of risk inherent in the assessment of the portfolio manager, and any specific constraints on that discretion. The client shall be informed that the management objectives are to maintain the client's invested funds and the achievement of yield, whose level depends on the level of risk in the assessment done by the portfolio manager. This assessment shall be formed on the basis of the limits set by the client and the circumstances and information provided by them in relation to section 4, including investment objectives and information supplied by the client regarding the client's financial resources, experience, and knowledge, under Art. 28, Para. 1 of LMFI.

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Art. 56. For portfolio management services to be provided, the INVESTMENT INTERMEDIARY and the client shall be required to provide the information under Art. 36 of these General Terms and Conditions. If the client in the previous sentence is a professional client, the INVESTMENT INTERMEDIARY may assume that it has the necessary experience and knowledge to understand the risks associated with the management of their portfolio.

## **Section XI. SPECIFICS IN CARRYING OUT ACTIVITIES AS A REGISTRATION AGENT**

Art. 57 (1) The INVESTMENT INTERMEDIARY's activity as a registered agent under Chapter Six of Ordinance No. 38 shall be carried out on the basis of a written contract under Art. 56, Para. 1 of Ordinance No. 38, in compliance with the requirements of Paragraphs 2-4 of the same article. The contract under the preceding sentence may also be concluded under Art. 26a-28c of Ordinance No 38.

(2) The transferor and transferee of financial instruments in the cases under Art. 56, Para. 1 of Ordinance No. 38 may be represented before the INVESTMENT INTERMEDIARY in its capacity as a registered agent by persons expressly authorized by a power of attorney in accordance with the requirements of Art. 25 of Ordinance No. 38.

Art. 58. The INVESTMENT INTERMEDIARY in its capacity as registration agent shall refuse to sign a contract with the client and receive documents for registration under Art. 56 of Ordinance No. 38, if any of the circumstances under Art. 58 of Ordinance No. 38 is present.

Art. 59. (1) For its activity as registered agent, the INVESTMENT INTERMEDIARY shall collect fees as specified in its Terms and Commissions Table. The Terms and Commissions Table shall be displayed at a visible and accessible location in the premises where clients are received.

(2) Upon the seller and buyer's request for the sale of non-certificated financial instruments under Art. 56, Para. 1, item 1 of Ordinance No. 38, the amount representing the purchase price for the transaction shall be deposited with the INVESTMENT INTERMEDIARY acting as a registration agent until the registration of the transaction with the Central Depository. The INVESTMENT INTERMEDIARY shall inform the parties about this possibility.

(3) The INVESTMENT INTERMEDIARY shall disclose information on transactions under Art. 56, Para. 1, item 1 of Ordinance No. 38 following an order for disclosure of concluded transactions as per Commission Regulation (EC) No. 1287/2006.

Art. 60. Chapters 2, 3 and 4, with the exception of Art. 26a-26c of Ordinance No. 38, shall not apply to persons who only benefit from the services of the INVESTMENT INTERMEDIARY in its capacity as registered agent.

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## Section XII SPECIFICS IN CARRYING OUT ACTIVITIES VIA THE ELECTRONIC TRADING PLATFORM

Art. 61. (1) The company shall enable its clients to trade contracts for differences, incl. currency and derivatives with underlying commodities, stocks and indexes using electronic trading platform (system).

(2) Access to the electronic trading platform shall be provided via the following websites: [www.trader.bg](http://www.trader.bg), [www.trading212.com](http://www.trading212.com), and [www.iTrend.com](http://www.iTrend.com).

(3) In the course of activity through an electronic trading platform under the previous paragraphs, rules, information, rights and obligations of the parties set out in the present section shall apply in addition to the rules, information, rights and obligations of the parties set out in the previous sections.

Art. 62 (1) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) In order to trade on the platform and use its features, it is necessary to conclude a contract pursuant to Art. 35 of the General Terms and Conditions of Trading 212 Ltd. By concluding the contract, the client shall receive a username and password (or just password in the case of [www.iTrend.com](http://www.iTrend.com)) to enable them access the electronic platform (system) under the present section.

(2) The client may not transfer the money to the INVESTMENT INTERMEDIARY's accounts before the conditions in the preceding paragraph are met.

(3) Under this section, all the information that the intermediary is required to provide in the course of execution of a contract with a client pursuant to these General Terms and Conditions and Ordinance No. 38 shall be provided by electronic means of communication, incl. through the websites providing access to the platform as listed in Art. 61, Para 2 above.

Art. 63. (1) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Under this section, the contracts for the provision of investment services to the client shall be concluded by Trading 212 Ltd. and the clients' orders shall be accepted and executed by the latter through the electronic trading platform. Electronic trading platform (system) under this section shall be an electronic trading system that guarantees compliance with the requirements of Ordinance No 38 and provides the client with access to an order execution place at the websites listed in Art. 62, Para 2 of these General Terms and Conditions.

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(2) The client has direct access to the platform (system) through the websites listed above and can enter orders through web, desktop and/or mobile applications that ensure their reliable identification. Upon receiving the order, the person who receives it shall check the client's identity, respectively their proxy's identity. Identity and identification checking is done through the user name (for iTrend.com – email) and password. The INVESTMENT INTERMEDIARY shall be allowed to also use additional methods for checking the client/proxy's identity, upon its sole discretion.

(3) (Amended by a decision of the Managers, dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) The orders submitted by clients through the provided trading platform shall be executed as soon as the market reaches the price specified in the order. The client's order is always executed completely – when the market reaches the price specified in the order, the entire volume of the client's order is executed, i.e. the electronic trading platform does not allow partial order execution. The client's order under this section shall never be combined with other client's orders under any circumstances or conditions or with Trading 212 Ltd.'s own deals. For each of the deals concluded upon a client's order under this Section, Trading 212 Ltd. shall act as a counterparty irrespective of the type of client's order – buy or sell.

(4) The types of orders shall be specified in the contract with the client.

(5) The clients shall be informed that upon each change in the components (stocks) of a given index which reflects the value of the index and the future on this index and this results in a change of the opening price on the next day by over 0.1% (i.e. there is sharp price fluctuation), this difference in the price will be compensated for and its effect will be neutralized by means of its automatic entering in the account of each client who has an open position in the index or the index future. (For instance: in case of a price drop amounting to EUR 20 in the hypothesis of the previous sentence, each client who has an open long position in the index or the index future will be automatically compensated, and the amount of EUR 20 will be added to their account, or vice versa.) This is a measure taken to defend the interests of both the clients and the INVESTMENT INTERMEDIARY in case of sharp price fluctuations (in the hypothesis of the preceding sentences).

(6) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Disputes arising from the execution/non-execution of orders under the present section shall be referred to Trading 212 Ltd.

Art. 64. (1) By virtue of the present section, clients shall be informed and agree that the electronic trading platform is software that may experience technical shortcomings,

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technical failures or other technical malfunctions related to its functioning, which could lead to delays or failure to execute orders.

(2) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Upon the occurrence of a circumstance under the preceding paragraph, the client should immediately contact Trading 212 Ltd. and not undertake any actions on orders placed by them or on open positions before it doing so.

(3) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) In case of incorrect execution/non-execution of a client's order as a result of a technical malfunction in the platform, Trading 212 Ltd. shall carry out inspection and assessment of the concluded/non-concluded transaction and shall issue its opinion to the client within 3 days via the platform or by other means of communication (email, phone) about whether it considers the transaction final or invalid.

(4) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) In the case of the preceding paragraphs, Trading 212 Ltd. shall not be liable for damages suffered by the client, provided that the following conditions occur simultaneously (cumulatively): 1. there is damage resulting from the improper functioning of the software of the electronic platform, caused by the wrongful behaviour of an employee of Trading 212 Ltd. or by technical problems that the latter were able to prevent, and 2. the order is executed at a price that differs significantly from the market price. "A price that differs significantly from the market price" under the previous sentence is a price that differs by at least three times the spread for the respective financial instrument from the prices of at least three leading global brokers and banks. In this case, Trading 212 Ltd. takes action to eliminate the error (by reversal, or by refunding the client's account up to the amount of the damage).

(5) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) The client is informed and agrees that Trading 212 Ltd. shall not be liable for damages suffered by the client if the malfunction in software and in the used means for communication are caused by external factors or they are caused by the intervention of third parties in the software platform or in the means of communication used, respectively in other programs affecting the functioning of the electronic platform. Trading 212 Ltd. shall not be liable for damages suffered by the client if the latter violates or fails to fulfil the technical requirements for using the platform or discloses to third parties their username and password and provides access to the platform. The exemption of liability under the above sentences shall only be limited to the actions of third parties that Trading 212 Ltd. could not prevent.

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(6) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall be liable if as result of a wrongful behaviour of an employee of the company, a client suffers damages resulting from services provided by the electronic platform, incl. for damages resulting from errors in the texts translated by employees of the company, whereby the responsibility shall be limited to the amount of the damage suffered.

(7) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall not be liable for damages suffered by the client, if they result from a technical failure at the ISPs and hosting centres used by the company because these are circumstances beyond the INVESTMENT INTERMEDIARY's control and it is unable to prevent them.

(8) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall not be liable for damages suffered by the client, if they result from: incomplete/inaccurate order placed by the client, disconnection of the client from the Internet or a fault in other communication means used by the client, technical problems in the devices used by the client, or hardware and software problems with the client's computer.

Art. 65. (1) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) By virtue of the present section, the client shall be informed explicitly that when Trading 212 Ltd. provides information to the client through the electronic trading platform under this section on graphs, current information on the status of an asset or on a market where they trade, on a calendar, news, analyses, training materials (including video trainings), market mood, technical indicators, any such information shall not constitute a recommendation for concluding/not concluding transactions.

(2) (Amended by a decision of the Managers, dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Under the present section, the client shall be notified and agrees that the information under Para. 1 has only an informative character and is provided in order to improve the quality of service to the client in view of increasing their awareness, but it cannot be perceived by the client as an investment advice or recommendation. The client shall be aware and shall accept that Trading 212 Ltd. is not responsible, nor can it guarantee the accuracy and completeness of such information and analyses, but simply provides access to them.

Art. 66. (1) By virtue of the present section, clients shall be informed that it is possible for the quotes of certain assets to which they have access through the electronic trading platform to contain errors. Since the quotes provided via the electronic trading platform under this section are formed using quotes from many foreign investment intermediaries



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and banks, which are obtained through DDE protocol, the errors in quotes may occur due to technical errors or delays in obtaining the necessary information, and this makes the quotes incorrect (wrong). Errors in quotes are established by comparing quotes on the platform with at least three quotes from leading world brokers and banks.

(2) (Amended by a decision of the Managers, as per minutes dated 10.07.2017, amended by a decision of the Managers, as per minutes dated 27.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) In case an evident factual error is established in a particular quote, under Para. 1, Trading 212 Ltd. may cancel the executed transaction at the corresponding incorrect quote and the consequences related thereto, resulting in profit or loss for the client.

(3) (Amended by a decision of the Managers, as per minutes dated 10.07.2017, amended by a decision of the Managers, as per minutes dated 27.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall be liable for the damages suffered by the client (if any) to the amount of the damage suffered, as a result of any error in quotes that could have been prevented by due care or was caused by premeditated actions of the employees of Trading 212 Ltd., including when the error was caused by disadvantages of the electronic platform software or by an entered incorrect price as per Para 1.

(4) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) By virtue of the present section, the client shall be notified and shall agree that Trading 212 Ltd. may not provide quotes at specific times, in case there are temporary technical difficulties with the electronic platform or there are circumstances under which a trade on a given market is not allowed, hence the inability to form a quote. In this case Trading 212 Ltd. shall not be liable for damages suffered by the client.

(5) Under these General Terms and Conditions, the customers shall be preliminarily informed that upon deciding whether the liability under Art. 64, Para 4 and errors under Para 1 of this Article arise in view of whether there is a price that differs significantly from the market price, the Company shall check and compare the quote (price) of the respective financial instrument under Art. 61 traded on the electronic platform to the quotes (prices) of at least three of the following leading brokers/ banks: Saxo Bank, CMC, FXCM, FOREX.COM, GFT, LMAX, and Swissquote.

Art. 67. (1) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) By virtue of the present section, the client shall be notified and shall agree that it shall maintain an



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appropriate level of margin specified on the websites that provide access to the electronic trading platform of Trading 212 Ltd.

(2) Under this section, the client shall be aware and shall agree that it is obliged to independently monitor the compliance with the requirements to the margin of the amount and recover it immediately, should it fall below that level.

(3) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) If despite the requirements set out in the paragraphs hereinabove the client lets a shortage of margin under in this section (the total amount of the client's account falls below the minimum required deposit to the extent required for the instrument), Trading 212 Ltd. shall inform the client immediately about the shortage via the electronic trading platform that provides access to the status of their account and by means of automatic email generation.

(4) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) In view of the previous paragraphs, the client shall unconditionally agree that as of receiving the information in the preceding paragraph, Trading 212 Ltd. shall close open positions at current market prices without informing it in advance, in order to protect the client from incurring losses in excess of the client's funds deposited in their account. Under this section, the client shall agree to the price levels of the transactions for the positions. The client shall be notified about closed positions immediately via the electronic trading platform that provides access to the status of their account and by means of automatic email generation.

(5) The case under Para. 4 shall take place when the lack of funds exceeds 80% of the margin required, by closing all of the client's open positions simultaneously.

(6) The insufficient margin procedure under Para. 4 and Para. 5 shall be automatically executed by the electronic trading platform, without human intervention and without the possibility of subjective attitude or wrongful behaviour on the part of the company's employees.

(7) The procedure under Para. 4 and Para. 5 shall be carried out in order to protect the client from the accumulation of losses that would be reflected as a negative account balance. Thus, the client shall avoid incurring of additional liabilities larger than the amount of funds in their account with the INVESTMENT INTERMEDIARY (the risk in trading derivative instruments and contracts for differences is explained in detail in Art. 26 of the General Terms and Conditions).

## Section XIII. CONTRACTUAL RELATIONS

Art. 68. (1) Contracts with clients under these General Terms and Conditions shall be concluded for an indefinite period or for a definite term, which shall be specified in the particular contract with the client.

(2) In the contract under Para. 1 shall be entered the identification data of the persons concluding it, the capacity of the person representing the INVESTMENT INTERMEDIARY, the date and place of concluding the contract, and the General Terms and Conditions effective as at the time of conclusion and accepted by the client, the parties' main rights and obligations and the information that the INVESTMENT INTERMEDIARY is obliged to provide to them.

(3) Any change should be done with the explicit written consent of the parties, given in accordance with Art. 35 of the General Terms and Conditions, and shall enter into effect within a term agreed by the parties.

(4) The INVESTMENT INTERMEDIARY shall not conclude the contract under Art. 24, Para 1 of Ordinance No 38 in case any of the hypotheses in Art. 27 thereof is valid.

Art. 69. (1) The conditions and cases of terminating contracts with clients that are not explicitly mentioned in these General Terms and Conditions shall be agreed in the respective contracts.

(2) Upon termination of the contractual relations with the client, the relations shall be settled as follows. The client shall pay all fees and expenses to the INVESTMENT INTERMEDIARY, if there are such outstanding amounts, and shall specify within a 5-day period, if they have not yet done so, another party's subaccount to which they would like to have the financial instruments transferred, respectively a bank account to which the funds should be transferred, if such are kept by the INVESTMENT INTERMEDIARY. The INVESTMENT INTERMEDIARY shall transfer the client's financial instruments to a depository institution in accordance with its rules, to another person's subaccount, and shall transfer the client's funds, if any, provided that the client has specified in advance or upon the contract termination in the preceding sentence another person's subaccount or a bank account. The transfer shall be executed within 10 working days from the contract's termination if the other person's bank account details are specified in advance, or upon the expiry of the 5-day period after the contract termination, by virtue of which the client was required to indicate the other person's bank account. If the client does not specify another person's account to which financial instruments can be transferred in advance or upon the termination of the contract, the INVESTMENT INTERMEDIARY shall transfer the client's financial instruments to a depository institution in accordance with its rules at the client's

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expense, including by opening a new account. If the client fails to specify in advance, upon the contract's termination or within 5 days after it a bank account to which the funds, if any, kept by the INVESTMENT INTERMEDIARY shall be transferred, they shall be transferred to the client's personal account opened for that purpose at a bank institution selected by the INVESTMENT INTERMEDIARY and licensed by the BNB under the effective legislation. The transfer under the preceding two sentences shall be executed within 10 working days from the termination of the contract, respectively 10 working days of the end of the 5-day period from the contract termination, within which the client was required to indicate their bank account. After the termination of the contractual relations, the INVESTMENT INTERMEDIARY shall not accept and execute orders under the terminated contract.

## **Section XIV. FEES**

Art. 70. (1) The INVESTMENT INTERMEDIARY shall provide each client with a possibility to get acquainted with the declared tariff for standard commissions and fees for different types of services. The Terms and Commissions Table (along with the General Terms and Conditions) shall be placed at a visible and accessible place in the premises where clients are received.

(2) Amendments and additions to the Terms and Commissions Table of the INVESTMENT INTERMEDIARY shall be adopted by its managing body.

Art. 71. The client shall be obliged to pay to the INVESTMENT INTERMEDIARY a fee for the service provided, according to the Terms and Commissions Table referred to in the preceding article.

Art. 72. In the event of a brokerage, the INVESTMENT INTERMEDIARY shall be entitled to receive fees from both parties to the transaction.

Art. 73. Non-cash payment of the remuneration of the INVESTMENT INTERMEDIARY shall be considered to be made at the time when it is credited to the bank account of the INVESTMENT INTERMEDIARY.

## **Section XV. METHODS FOR FAIR AND REASONABLE DISPUTE SETTLEMENT**

Art. 74. (1) In accordance with these General Terms and Conditions, in case of conflicts between the INVESTMENT INTERMEDIARY and the client in relation to the interpretation or execution of the contract, they shall be settled on the basis of the principles of benevolence and fairness, by the parties' mutual agreement.

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(2) Under these General Terms and Conditions, the parties may settle their disputes under the preceding article by arbitration, provided that the specific contract contains an arbitration clause.

(3) Under these General Terms and Conditions, the parties may settle their disputes under Art. 74 and through a mediation process, provided that such is expressly agreed in the particular contract.

(4) The issues on which the parties fail to reach a mutual agreement shall be brought for settlement before the competent court according the civil proceedings code or before the arbitration court in case the contract contains an arbitration clause.

These new General Terms and Conditions have been adopted by a decision of the Managers dated 12 April 2016 and repeal all General Terms and Conditions approved before, resp. amendments to them.

These General Terms and Conditions have been amended by a decision of the Managers, dated 10.07.2017, amended by a decision of the Managers, dated 27.07.2017 and amended by a decision of the Managers, dated 16.10.2017.

## POLICY FOR EXECUTING CLIENTS' ORDERS AND FOR TRANSMITTING/PLACING ORDERS OF TRADING 212 LTD.

(Title, amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017)

### Section I. GENERAL PROVISIONS

Article 1. (1) (Amended by a decision of the Managers, as per minutes, dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) The present policy governs the relations between clients and Trading 212 Ltd., hereinafter referred to as the "**INVESTMENT INTERMEDIARY**", in relation to the execution of orders placed by clients under Art. 34 of Ordinance No. 38 dated 25.07.2007 on the requirements to the activity of investment intermediaries (Ordinance No. 38) in sections two to five, respectively the transmission/submission of orders for execution by other persons under section six. Sections two to five of the present policy include rules, requirements, restrictions on the execution of clients' orders, including the rules, requirements, restrictions for combining orders and policy for division of the combined orders and transactions, and section six shall include rules and requirements when orders transmitted or submitted by the INVESTMENT INTERMEDIARY are executed by another party.

(2) When the INVESTMENT INTERMEDIARY manages client portfolios and/or receives and transmits orders and at the same time executes the received orders or the decisions for transactions in portfolio management, the rules of sections two to five of the present policy shall apply.

(3) This policy for the execution of clients' orders and transmitting/placing orders is adopted on the basis of Art. 30, Para. 2 of the Law on Markets in Financial Instruments (LMFI) and Art. 4, Para. 1, Art. 3, Para. 3, item 2 and Art. 37, Para. 1, item 3 of Ordinance No. 38.

(4) Pursuant to section two to five of the present policy, "execution of orders on behalf of clients" shall be the performance of actions aimed at the conclusion of transactions for the purchase or sale of one or more types of financial instruments on a client's behalf and at their account.

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Art. 3. (1) The present policy shall be provided to retail clients on a durable medium pursuant to Ordinance No. 38 right at the conclusion of a contract with the INVESTMENT INTERMEDIARY under to Art. 27, Para. 1 of LMFI in order to become acquainted with its conditions, i.e. before the INVESTMENT INTERMEDIARY starts providing services, which include the execution of orders on their behalf, respectively the transmission/placement of orders for execution by another person, whereby the latter should clearly give their prior consent to the current policy adopted by the INVESTMENT INTERMEDIARY, incl. section six in the contract concluded with the INVESTMENT INTERMEDIARY. The information in the preceding sentence may also be provided via the website of the INVESTMENT INTERMEDIARY when it does not meet the requirements for a durable medium, if the conditions of Art. 15, Para. 2 of Ordinance No. 38 are met.

(2) The policy shall apply only to clients who have signed a contract under Article II. 27, Para. 1 of LMFI, whereby the policy set out sections two to five shall apply to implementing an order placed by the client and in the cases of Art. 1, Para. 2, and under section six it is under the conditions of Art. 22 in section six.

(3) If the client refuses to give their prior consent under the previous paragraph, the INVESTMENT INTERMEDIARY may not execute orders on their behalf, and the client shall be informed about this by virtue of the policy.

Art. 4. (1) The INVESTMENT INTERMEDIARY shall annually review the policy for execution of client's orders and the agreements for execution of orders (in sections two to five), as well as the policy in section six.

(2) The revision under preceding paragraph shall take place in case of any major change that could affect the ability of the INVESTMENT INTERMEDIARY to continuously deliver the best results for the execution of clients' orders by using the places of performance included in the policy for execution of orders under sections two to five, as well as in case of any major changes that could affect the intermediary's ability to provide the best results for its clients under section six.

Art. 5. (1) (Amended by a decision of the Managers, dated 12.04.2016) The INVESTMENT INTERMEDIARY shall be required to execute clients' orders in accordance with the rules of the present policy and to duly notify the client about changes to the present policy.

(2) (Amended by a decision of the Managers, dated 12.04.2016) Upon the client's request, the INVESTMENT INTERMEDIARY shall prove that it has complied with the present policy.

Art. 6. (1) (Amended by a decision of the Managers, dated 12.04.2016) The INVESTMENT INTERMEDIARY shall monitor the effectiveness of the policy for execution and, whenever possible, remove the deficiencies found. The INVESTMENT INTERMEDIARY shall

periodically check whether the places of execution of orders included in the policy for the execution of orders provide the best execution of the clients' orders, and whether changes are required.

(2) (Amended by a decision of the Managers, dated 12.04.2016) The INVESTMENT INTERMEDIARY shall also constantly monitor the effectiveness of the policy under sections seven and eight, including the quality of performance by the persons under these sections, and, whenever necessary, shall take measures to eliminate any irregularities.

## **POLICY FOR EXECUTING CLIENTS' ORDERS**

### **Section II. CLIENTS' SPECIAL INSTRUCTIONS**

Art. 7. By virtue of the present policy, the INVESTMENT INTERMEDIARY shall clearly and explicitly warn its clients that any special instructions by the client may prevent the INVESTMENT INTERMEDIARY from taking the necessary actions to achieve the best possible result when executing client's orders in accordance with the policy for the execution of orders, regarding the part of the order to which the special instructions refer.

### **Section III. DESCRIPTION OF THE RELATIVE IMPORTANCE OF THE FACTORS FOR PERFORMANCE UNDER ART. 30 OF LMFI SPECIFIED BY THE INVESTMENT INTERMEDIARY IN ACCORDANCE WITH THE CRITERIA UNDER THIS SECTION**

Art. 8. (1) Under the present policy, the factors for the execution of clients' orders shall be: the INVESTMENT INTERMEDIARY executes the client's order to the best interest of the client. The INVESTMENT INTERMEDIARY has fulfilled this obligation if it has made reasonable efforts to establish the best price for the client under the terms of the order, costs, possibility for execution and any other circumstances related to the execution of the order. If the client has given specific instructions, the INVESTMENT INTERMEDIARY shall execute the order in accordance with these instructions.

(2) Upon the execution of clients' orders, the INVESTMENT INTERMEDIARY shall take into account the relative importance of the performance factors under the previous paragraph, taking into consideration the following criteria:

1. the client's characteristics, including whether it is classified as retail or professional;
2. the characteristics of the client's order;
3. the characteristics of the financial instruments which are the order's object;

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4. the characteristics of the execution places to which the order can be forwarded for execution.

(3) The INVESTMENT INTERMEDIARY has fulfilled its obligation to achieve the best results for its clients, if it has executed the order or a specific aspect of the order following the client's specific instructions.

## *Description of the factors according to the criteria of Art. 8, Para. 2*

Art. 9. (1) The INVESTMENT INTERMEDIARY shall execute clients' orders under the following conditions:

1. Immediate and accurate registration and allocation of orders for execution;
2. Immediate execution following the order of receipt of identical clients' orders except for the cases when the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise;
3. The INVESTMENT INTERMEDIARY shall inform the retail client about objective obstacles to the precise execution of the orders immediately after becoming aware of them.

(2) When the INVESTMENT INTERMEDIARY has undertaken to organize and monitor the settlement of an order, they shall take the necessary steps to ensure that all clients' financial instruments or funds received from the settlement shall be accurately transferred to the respective clients' accounts.

(3) An INVESTMENT INTERMEDIARY shall not abuse information about pending client orders and shall take all necessary measures to prevent such abuse by any person employed by it.

Art. 10. (1) (Amended by a decision of the Managers, dated 12.04.2016) The company shall receive orders from clients, including through proxies, only if the requirements of Ordinance No 38 have been met.

(2) (Repealed by a decision of the Managers, dated 12.04.2016)

Art. 11. (1) (Supplemented with a decision of the Managers, dated 12.04.2016) An INVESTMENT INTERMEDIARY may not execute a client's order, if the client or their representative respectively refuses to sign the declaration under Art. 35, or declares that the transaction which is subject to the order represents a concealed purchase or sale of financial instruments. The refusal under the first sentence shall be certified by virtue of a separate document signed by the client.



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(2) The INVESTMENT INTERMEDIARY may not execute an order if it is declared or finds out that the financial instruments which are subject of the sale order are not available in the client's account or are blocked in a depository institution, as well as if they have been pledged or under injunction.

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

1. the holder has been notified of the pledge and has expressly agreed to acquire the pledged financial instruments; an explicit agreement has been given by the secured creditor in the cases pursuant to the Special Pledges Act;
2. The pledge is established over a total pursuant to the Special Pledges Act.

(4) The prohibition under Para. 2 regarding an order for the sale of financial instruments which are not available in the client's account shall not apply in the cases provided for by an ordinance.

(5) The INVESTMENT INTERMEDIARY may not execute a client's transactions if it would lead to a violation of LMFI, the Law Against Market Abuse with Financial Instruments (LMAFI), the Law on the Companies with Special Investment Purpose or other applicable acts.

(6) (Supplemented with a decision of the Managers, dated 12.04.2016) The INVESTMENT INTERMEDIARY shall not execute a client's order if the client fails to provide the funds necessary for the payment of the transaction which is the subject of the order at the time of the order, unless the client certifies that they will comply with their obligation to pay, as well as in other cases provided for in an ordinance and in accordance with the requirements of the Law to Restrict Cash Payments.

Art. 12. (1) The INVESTMENT INTERMEDIARY shall conclude transactions with financial instruments on clients' account under the best conditions and with endeavours to achieve the best performance in accordance with the order placed by the client.

(2) Upon the completion of an order placed by a retail client, the best execution shall be determined by the total value of the transaction, including the price of the financial instrument and the costs associated with its execution. Costs associated with the execution shall include all costs that are directly related to the execution of the order, including charges of the place of execution, clearing and settlement fees, as well as other fees and charges payable to third parties involved in the execution of the order.

(3) In order to achieve the best performance in cases where there is more than one competitive place for the execution of orders and when comparing and assessing the

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results which may be achieved for the retail client by executing the order at any of the execution places specified in the present policy, which are appropriate for its execution, the commissioner fee and the execution costs of the order for each of the possible execution places shall be taken into consideration.

(4) In the cases under Para. 3 (there is more than one competitive place for the execution of an order) and a client has placed an order under Art. 34, Para. 1 of Ordinance No. 38, which explicitly specifies the place of execution (Art. 34, Para. 1, item 7 of Ordinance No. 38), the INVESTMENT INTERMEDIARY shall in accordance with Article II. 8, Para. 2 of the present policy follow the client's specific instruction regarding the place of execution.

(5) When executing client's orders, in case there is more than one competing execution place, the INVESTMENT INTERMEDIARY may not set or receive commissions in ways that obviously unfairly differentiate the different execution places.

Art. 13. (1) Under the present policy, the INVESTMENT INTERMEDIARY shall be required to achieve the best possible result for the client IP, whereby in fulfilment of this requirement:

1. The INVESTMENT INTERMEDIARY shall execute its clients' orders as soon as possible, unless this would be obviously disadvantageous to the clients.

2. In case of a client's limit order (an order to buy or sell financial instruments in a fixed volume at a fixed or a better price), the INVESTMENT INTERMEDIARY shall execute the order by making reasonable efforts to achieve a price better than the fixed one, but never lower than the price specified by the client.

(2) If a client places a limit order pursuant to Para. 1, item 2 for shares admitted to trade on a regulated market, which is not executed immediately under the prevailing market conditions, the INVESTMENT INTERMEDIARY shall be required, unless the client has expressly requested, to facilitate the earliest possible execution of the given order by announcing it in public in a way accessible to the other market participants.

(3) The obligation under Para. 2 shall be considered to be fulfilled by the INVESTMENT INTERMEDIARY upon the transmission of the limited order to a regulated market and/or a MTF.

(4) Under the present policy, the INVESTMENT INTERMEDIARY may not fulfil the obligation under Para. 3 only if the volume of the order does not correspond to the normal market volume and this deviation from the obligation of the INVESTMENT INTERMEDIARY under paragraph 3 is explicitly provided for in an ordinance.

Art. 14. (1) Under the present policy, the INVESTMENT INTERMEDIARY may not:

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1. carry out transactions on clients' account whose volume, frequency, prices or counterparties may have been regarded to have been defined exclusively in the INVESTMENT INTERMEDIARY's interest.
2. buy on its own account financial instruments for which a client has submitted an order for purchase, and sell them to clients at a price higher than the price at which it bought them;
3. (Amended by a decision of the Managers, dated 12.04.2016) perform actions with money and clients' financial instruments which are not authorized by the client;
4. sell on its own or on others' behalf financial instruments that the INVESTMENT INTERMEDIARY or its client do not possess, except under an ordinance;
5. participate in the execution, including as a registration agent, of hidden purchases or sales of financial instruments;
6. receive part of or all the benefit, if the INVESTMENT INTERMEDIARY has concluded and executed the transaction on terms more favourable than those specified by the client;
7. carry out activities in any other way that threatens the interests of its clients and the execution of their orders or the stability of the market of financial instruments.

(2) The prohibition under Para. 1, item 1 shall not apply to transactions for whose execution the client has given explicit instructions or has initiated.

(3) The prohibition under Para. 1, item 2 shall apply to the managers and controllers (if any) of the INVESTMENT INTERMEDIARY, to those managing its activity, and to all persons employed by it, as well as to any persons related to them.

(4) If upon executing an order the INVESTMENT INTERMEDIARY ascertains a conflict of interest, it shall execute the order by strictly following the policy for handling conflicts of interest, about which the client is informed in the General Terms and Conditions of the INVESTMENT INTERMEDIARY.

Art. 15. (1) Under the present policy, the INVESTMENT INTERMEDIARY shall not be allowed to enter into securities funding transactions with its clients' financial instruments which it holds, or otherwise use such financial instruments on its own account or on another client's account, unless the client has given their prior explicit consent for the use of their financial instruments under certain conditions, and the use of the financial instruments meets these conditions. The consent under the preceding sentence shall be given in writing, if the client whose financial instruments are used is a retail one.

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(2) The INVESTMENT INTERMEDIARY may not enter into securities transactions with clients' financial instruments held in a general client account with a third party, or otherwise use such clients' financial instruments on its own account, or on someone else's account. The prohibition under the first sentence shall not apply if the requirements under Para. 1 and at least one of the following conditions is met:

1. all clients whose financial instruments are held together in a joint account have given their explicit agreement in accordance with Para. 1;

2. the INVESTMENT INTERMEDIARY shall establish procedures ensuring that only the financial instruments of clients who have given their prior explicit consent in accordance with Para. 1 shall be used, as well as control mechanisms for compliance with this requirement. By virtue of the present policy, the client shall be notified that such procedures are provided in the Internal Organization Regulations of the INVESTMENT INTERMEDIARY and the internal control provisions.

(3) In the cases under Para. 2, the records kept by the INVESTMENT INTERMEDIARY shall include information about the client upon whose order financial instruments have been used, as well as the number of financial instruments used for each client in order to achieve correct the distribution of possible losses.

(4) Before concluding a transaction for funding securities with subject financial instruments held on a retail client's behalf, or before using these financial instruments in any other way on its own account or on another client's account, the INVESTMENT INTERMEDIARY shall provide the retail client with clear, complete and accurate information about its duties and responsibilities in connection to the use of financial instruments, including the conditions for their return and the associated risks, on durable medium and in sufficient time before the use of the financial instruments.

## *Restrictions and requirements for combining orders*

Art. 16. (1) Under the present policy, the INVESTMENT INTERMEDIARY shall not execute a client's order or a transaction on its own account by combining it with other clients' orders, unless the following conditions are met:

1. the combination of orders and transactions will not be detrimental to any of the clients whose orders are combined;

2. the INVESTMENT INTERMEDIARY has explained to each client whose order is to be combined that the combination could be disadvantageous to the client in relation to the particular order;

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3. the INVESTMENT INTERMEDIARY has adopted and effectively implemented a policy for the allocation of orders that contains sufficiently detailed and clear conditions for the fair division of the combined orders and transactions, which specifies how the volume and price of orders define their separation, as well as a settlement on partial performance cases. The policy under the previous sentence is laid out in the next section of the present policy;

4. the client's order allows partial execution;

5. the combined order itself allows partial execution.

(2) Under the present policy, the combined order under Para. 1 may include only orders whose combination does not violate the requirements established for order execution, incl. the requirements of Art. 13 on the execution of orders as soon as possible at its set price in case of a limited order.

## **Section IV. POLICY FOR DIVIDING CLIENTS' ORDERS WHEN THERE IS A COMBINATION OF ORDERS, ON THE INVESTMENT INTERMEDIARY'S OWN ACCOUNT**

Art. 17. (1) In the cases under the preceding paragraph, when a combined order is executed in accordance with the present policy, the INVESTMENT INTERMEDIARY shall implement rules for the equitable division of the combined orders and transactions established in the present article and the following ones.

(2) When the INVESTMENT INTERMEDIARY combines a client's order with other clients' order/s and the combined order is completely executed, it shall allocate the related transactions – the result of the order's execution, according to the following rules:

1. The result of the transaction – the result of the execution of the combined order, shall only be distributed among the orders included in the combined order.

2. The combined order shall be distributed according to the exact volume (number) of financial instruments of the submitted orders included therein. Thus, upon distribution the clients whose orders were included in the combined order shall receive as execution the exact number (volume) of financial instruments which corresponds to the order they have placed, since the combined order has been completely executed.

3. The transaction – result of execution of the combined order has been executed at a particular price, which is valid for all transactions included in the combined order. Thus upon distribution, since the combined order has been completely executed, the clients whose orders were included in the combined order and in the case of Art. 13, Para. 1, item

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2 of the present policy in strict compliance with this rule shall receive upon distribution the price of the transaction (result of the execution of the combined order) which is equal to or better than the price of the order they have placed. In the cases under the previous sentence the benefit, if there is such, shall belong to the client.

(3) When the INVESTMENT INTERMEDIARY combines a client's order with other clients' order/s and the combined order is partially executed, it shall distribute the related transactions (result of the execution) according to the following rules:

1. Upon the division of the combined order, the result of the transaction (the execution of the combined order) shall be distributed according to the order of receipt of client orders, whereby the Para. 1 shall apply up to the volume (quantity) of the financial instruments (result of the combined order) pursuant to the requirement of LMFI for the execution of clients' orders according to their order of receipt. Thus upon distribution, depending on the order of receipt of orders by the INVESTMENT INTERMEDIARY, the clients receive volume (number) and price up to the volume (quantity) of the financial instruments available from the transaction, which is the result of the execution of the combined order under the rules of Para. 2, and when the volume (number) of financial instruments available from the transaction concluded as a result of the combined order is exhausted – the remaining order shall not be included in the distribution (distribution of the combined order).

2. Upon distribution resulting from the partial execution of the combined order, it is possible for order one to fall in the case when part of its volume (number) of financial instruments fits in the volume of the united deal, and the rest is above this volume (number). In this case, it is included in the distribution, which is executed under Para. 1, but only partially regarding the volume (number) of financial instruments possible as per under Para. 1.

Art. 18. (1) Under the present policy for the separation of orders, if the INVESTMENT INTERMEDIARY has combined a transaction on its account with one or more clients' orders, the INVESTMENT INTERMEDIARY shall not separate the concluded transactions in a way that is detrimental to the client.

(2) When the INVESTMENT INTERMEDIARY combines a client's order with a transaction on its own account under the previous paragraph and the so combined order is partially executed, the obligation under the preceding paragraph shall be executed, whereby the INVESTMENT INTERMEDIARY shall distribute the client's transaction with priority. In case the INVESTMENT INTERMEDIARY can reasonably prove that without the combination it would have been impossible to execute the client's order under such favourable terms or the execution would have been completely impossible, it can distribute the concluded

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transaction proportionately between itself and the client in accordance with the policy under the previous article.

(3) The INVESTMENT INTERMEDIARY shall not carry out redistribution of the transactions on its own account, executed together with clients' orders, when this would be detrimental to the client. The procedure under the first sentence is part of the policy of separation of orders.

## Section V. PLACES OF EXECUTION OF CLIENTS' ORDERS

Art. 19. (1) Under the present policy, the places for execution of clients' orders, on which the INVESTMENT INTERMEDIARY relies to a large extent for achieving the best execution of client's orders, may be:

1. regulated market
2. multilateral trading system
3. OTC market

(2) Order execution outside a regulated market shall only be performed if the legislation allows the trading of the respective financial instrument for which the order is placed, and execution on an OTC market shall be possible if the client has been informed in advance and given their explicit consent and it would be possible to achieve a better price and lower execution cost considering the volume, the price and the cost of execution when executing a specific client's order.

Art. 20. (1) The regulated market is a multilateral system organized and/or managed by a market operator which brings together or facilitates the encounter of interests for the purchase and sale of financial instruments of a number of third parties through the system and in accordance with its non-discretionary rules, the result from which is the conclusion of a contract relating to financial instruments admitted to trade under its rules and/or systems, licensed and functioning regularly in accordance with the requirements of LMFI and the legislation for its implementation.

(2) A regulated market is any multilateral system that is licensed and operated in accordance with the requirements of Title III of Directive 2004/39/EC of the European Parliament and the Council.

(3) The benefits of the place of execution under the preceding paragraph is that it provides transparent and non-discretionary rules that enable fair and orderly trade and objective criteria for the efficient execution of orders for the conclusion of transactions with financial instruments and there are rules and procedures for clearing, settlement and guarantee of

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transactions concluded on the regulated market, and that it ensures the availability of public information. In certain cases, the place under the first sentence may not be appropriate due to the volume, price and the costs for the execution the specific order.

Art. 21. (1) The multilateral trading system is a multilateral system organized by the INVESTMENT INTERMEDIARY or a market operator, which combines together opposite orders of third parties for the purchase and sale of financial instruments within the system and pursuant to rules that do not allow possibility for discretion when combining the opposing orders and where such combination would lead to the conclusion of a transaction in accordance with the provisions of Chapter III, Section IV of the LMFI.

(2) The advantages of the place of performance under the previous paragraph are that it ensures orderly trading, objective criteria for the execution of the orders, availability of information to the public, , which allows taking informed investment decisions, and provides conditions to facilitate the settlement of transactions concluded through it. In certain cases the place under the first sentence may become inappropriate due to the volume, price and the cost for execution of a particular order. Another disadvantage is that if the financial instruments admitted for trade on a regulated market are traded on multilateral trading system without the consent of the issuer, it is not required to disclose the information regarding the multilateral system provided for in the Law on Public Offering of Securities against market abuse with financial instruments and the legislation for their implementation.

## **Section VI. SPECIFIC PROVISIONS REGARDING CLIENTS' ORDERS WHEN TRADING VIA THE ELECTRONIC PLATFORM**

Art. 22. When the company allows its clients to trade contracts for differences, incl. currency and derivatives with underlying assets, stocks, futures and indexes by using the electronic trading platform, the specific provisions set out in the present section shall apply.

Art. 23. (Supplemented by a decision of the Managers according to the Minutes dated 02 April 2014, amended by a decision of the Managers dated 12.04.2016 and amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) In order to trade on the platform and use its features, it is necessary to conclude a contract pursuant to Art. 35 of the General Terms and Conditions of Trading 212 Ltd. Upon the conclusion of the contract the client shall receive a username and password which enable them to inclusion into the electronic platform under the present section on the following websites: [www.trader.bg](http://www.trader.bg), [www.trading212.com](http://www.trading212.com), and [www.iTrend.com](http://www.iTrend.com).



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Art. 24. (1) (Supplemented and amended by a decision of the Managers dated 12.04.2016, amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Under the present section, the orders of the clients of Trading 212 Ltd. shall be received and executed by it via the electronic trading platform. Electronic trading platform under this section shall be an electronic trading system that guarantees compliance with the requirements of Ordinance No 38 and provides clients with a place for execution at the websites listed in the preceding article.

(2) (Amended by a decision of the Managers according to the Minutes dated 02 April 2014 and 12 April 2016) The client shall have direct access to the platform (system) under the preceding paragraph through the websites listed above and shall be able place orders through web, desktop and/or mobile applications that ensure their reliable identification. Upon receiving an order, the person who receives it shall check the client's identity, respectively their proxy's identity. The identity check and identification are done through user name (for iTrend.com – email) and password. The INVESTMENT INTERMEDIARY shall have the right to also use additional identity check methods for the clients/proxies upon its sole discretion.

(3) (Supplemented by a decision of the Managers according to the Minutes dated 02 April 2014, amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) The clients' orders placed through the trading platform provided shall be executed as soon as the market reaches the price specified in the order. The client's order shall be always executed completely – when the market reaches the price specified in the order, the entire volume of the client's order shall be executed, i.e. the electronic trading platform does not allow partial order execution. The client's order under this section shall never be combined with others clients' orders under any circumstances or conditions or transactions on Trading 212 Ltd.'s own account. For each of the transactions made upon a client's order under this Section, Trading 212 Ltd. shall act as a counterparty, irrespective of the type of order – buy or sell.

(4) (Supplemented by a decision of the Managers according to the Minutes dated 02 April 2014, amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Disputes arising from the execution/non-execution of orders under the present section shall be referred only to Trading 212 Ltd.

Art. 25. (1) By virtue of the present section, clients shall be informed and agree that the electronic trading platform is software that may experience technical shortcomings,

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technical failures or other technical malfunctions related to its functioning, which could lead to delays or failure to execute orders.

(2) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Upon the occurrence of a circumstance under the preceding paragraph, the client should immediately contact Trading 212 Ltd.

(3) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) In case of incorrect execution/non-execution of a client's order as a result of a technical malfunction in the platform, Trading 212 Ltd. Shall carry out an inspection and assessment of the concluded/non-concluded transaction, and shall issue its opinion to the client within 3 days via the platform or by other means of communication (email, phone) about whether it considers the transaction final or invalid.

(4) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) In the case of the preceding paragraphs Trading 212 Ltd. shall not be liable for damages suffered by the client, provided that the following conditions occur cumulatively: 1. There is damage due to the improper functioning of the software of the electronic platform, caused by the wrongful behaviour of an employee of Trading 212 Ltd. or by technical problems that the latter were able to prevent, and 2. The order was executed at a price that differs significantly from the market price. "A price that differs significantly from the market price" under the previous sentence shall be a price that differs by at least three times the spread for the respective financial instrument from the prices of at least three leading global brokers and banks, specified in the General Terms and Conditions. In this case Trading 212 Ltd. shall take actions to eliminate the error (by reversal, respectively refund of the funds to the client's account up to the amount of the damage).

(5) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) The client shall be informed and agrees that Trading 212 Ltd. is not liable for damages suffered by the client if the malfunction in software and in the used means for communication are caused by external factors or the they are caused by the intervention of third parties in the software platform or in communications used, respectively in other programs affecting the functioning of electronic platform. Trading 212 Ltd. shall not be liable for damages suffered by the client if the latter violates or fails to fulfil the technical requirements for using the platform or discloses to third parties his username and password and providing access to

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the platform. The exemption of liability under the above sentences shall only be limited to the actions of third parties that Trading 212 Ltd. could not prevent.

(6) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall be liable if as result of the wrongful behaviour of a company's employee, a client suffers damages resulting from services provided by the electronic platform, incl. for damages resulting from errors in the texts translated by employees of the company, whereby the responsibility is limited to the amount of the damage suffered.

(7) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall not be liable for damages suffered by the client, if they result from a technical failure at ISPs and hosting centres used by the company, because the occurrence of these circumstances is beyond the control of the INVESTMENT INTERMEDIARY and it is unable to prevent them.

(8) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall not be liable for damages suffered by the client, if they result from: incomplete/inaccurate order placed by the client, disconnection of the client from the Internet or a fault in other communication means used by the client, technical problems in the devices used by the client or hardware and software problems with the client's computer.

Art. 26. (1) By virtue of the present section, clients shall be informed that it is possible for the quotes of certain assets, to which they have access through the electronic trading platform, to contain errors. Since the quotes provided via the electronic trading platform under this section are formed using quotes from many foreign investment intermediaries and banks, which are obtained through DDE protocol, the errors in quotes may occur due to technical errors or delays in obtaining the necessary information, and this makes the quotes incorrect (wrong). Errors in quotations are established by comparing quotes on the platform with at least three quotes of leading world brokers and banks, specified in the General Terms and Conditions.

(2) (Amended by a decision of the Managers, as per minutes dated 10.07.2017, amended by a decision of the Managers, as per minutes dated 27.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) In case an evident factual error is established in a particular quote, under Para. 1, Trading 212 Ltd. may cancel the transaction

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executed at the corresponding incorrect quote and the consequences related thereto, resulting in profit or loss for the client.

(3) (Amended by a decision of the Managers, as per minutes dated 10.07.2017, amended by a decision of the Managers, as per minutes dated 27.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall be liable for the damages suffered by the client (if any) to the amount of the damage suffered, as a result of any error in quotes that could have been prevented by due care or was caused by premeditated actions of the employees of Trading 212 Ltd. including when the error was caused by disadvantages of the electronic platform software or by an entered incorrect price as per Para 1.

(4) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) By virtue of the present section, the client shall be notified and agrees that the electronic platform, respectively Trading 212 Ltd., may not provide quotes at specific times, in case there are temporary technical difficulties or there are circumstances under which a trade on a given market is not allowed, hence the inability to form a quote. In this case Trading 212 Ltd. shall not be liable for damages suffered by the client.

## **POLICY FOR TRANSMITTING/ PLACING ORDERS FOR EXECUTION BY ANOTHER PARTY**

### **SECTION VII. POLICY FOR TRANSMITTING/ PLACING ORDERS FOR EXECUTION BY ANOTHER PARTY**

Art. 27. The rules set out in the present section apply to cases where:

1. The INVESTMENT INTERMEDIARY manages a portfolio and places orders for execution to another party making its decisions for trading financial instruments on behalf of its clients.
2. The INVESTMENT INTERMEDIARY performs activity under Art. 5 Para. 2, item 1 of LMFI and transmits its clients' orders for execution to other parties.

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Art. 28. Under the present policy, when acting under Art. 22, the INVESTMENT INTERMEDIARY shall act in the client's best interest, which includes placing/transmitting orders to a third party for execution as soon as possible when:

- A circumstance exists or arises which prevents the execution of the order under Art. 22, item 2, respectively the decision taken by the INVESTMENT INTERMEDIARY in relation to the management of a portfolio under Art. 22 item 1 by the INVESTMENT INTERMEDIARY itself or
- The INVESTMENT INTERMEDIARY decides that in this way it will ensure the achievement of the best result for the client.

Art. 29. (1) In order to fulfil its obligation under the previous paragraph and the present policy, the INVESTMENT INTERMEDIARY shall make all reasonable efforts to achieve the best possible result for its clients by taking into account the factors: best price for the client (in the case under Art. 27 item 2 this is the price as per the order of the client), cost amount, likelihood of execution and all other circumstances related to the execution by the third party to whom the order is placed/transmitted for execution.

(2) Pursuant to the rules in the present section, the relative importance of each of the factors under Para. 1 shall be determined by the criteria in section three, Article 8, Para. 2, and for retail clients – according to the requirements set out in Art. 12, and the INVESTMENT INTERMEDIARY shall report whether the other party to whom the order is submitted/transmitted for execution is in a position to ensure compliance with these criteria in the implementation.

(3) In implementing Para. 1 and 2, when submitting/transmitting an order for execution to another person, the INVESTMENT INTERMEDIARY shall take into consideration whether the third party has access to the appropriate execution place where it can execute the order for a specific financial instrument, as well as the execution commissions and fees to the third party.

(4) Pursuant to Para. 1 and 2, the INVESTMENT INTERMEDIARY shall transmit/place an order for execution to another party only if that party has concluded the necessary agreements and disposes enforcement mechanisms to ensure that the INVESTMENT INTERMEDIARY complies with its obligations under this section of the present policy.

(5) Pursuant to Para. 1 and 2, the INVESTMENT INTERMEDIARY shall transmit/place an order for execution to another party only if that party possesses mechanisms for effective internal control.

Art. 30. (1) Under the present policy, when the INVESTMENT INTERMEDIARY transmits/places an order for execution to another party, it shall be entitled to receive the

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client information collected by the INVESTMENT INTERMEDIARY, whereby the INVESTMENT INTERMEDIARY shall be responsible for the completeness and accuracy of the information provided.

(2) Under the present policy, when the INVESTMENT INTERMEDIARY transmits/places an order to another party, it shall be entitled to receive and to rely on the recommendations (if any) provided by the INVESTMENT INTERMEDIARY to the client.

(3) The INVESTMENT INTERMEDIARY shall be responsible for the correctness of the recommendations provided to the client under the preceding paragraph (if any) and the other party shall be responsible for the execution based on the information received and the recommendations under the preceding paragraphs.

Art. 31. Section Seven shall not apply when the INVESTMENT INTERMEDIARY manages client portfolios and/or receives and transmits orders and at the same time executes the received orders or the decisions for transactions in portfolio management. In these cases, the provisions of sections two to six of the present policy shall apply.

## **RULES FOR DETERMINING THE PLACES FOR EXECUTION AND THE PERSONS TO WHOM CLIENTS' ORDERS SHALL BE TRANSMITTED**

### **Section VIII. PLACES FOR EXECUTION AND THE PERSONS TO WHOM CLIENTS' ORDERS MAY BE TRANSMITTED**

Art. 32. The places for execution under the present policy shall be those where clients' order will be transmitted and will be determined in a way that guarantees the clients' interest and compliance with the regulatory requirements.

Art. 33. (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) When implementing the provisions of the previous article, Trading 212 Ltd. shall comply with the following rules for determining the place of performance:

1. When selecting a place of performance, the company shall take into account those places where the financial instruments which are subject to the clients' order are traded in significant volumes and liquidity to the financial instrument is provided and whether the company has direct access to the respective place of performance or has to use another INVESTMENT INTERMEDIARY to minimize client costs.

2. Considering whether the place of performance provides factors necessary for the best possible performance under Art. 30 of LMFI, by taking into account the criteria for determining their significance as defined in Section III of the present policy.

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3. The company shall take the necessary steps not to set or collect fees in a way that provide preference for some places over others.

4. The place of performance allows the company to obtain the best possible results for the execution of the client's order.

Art. 34. (1) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Pursuant to Art. 32, Trading 212 Ltd. shall observe the following rules for determining the persons to whom clients' orders shall be transmitted:

1. Regarding stocks, bonds and compensatory instruments which are subject to clients' orders and are traded on a regulated Bulgarian market or a multilateral trading facility (MTF), the company shall transmit orders for execution only to an INVESTMENT INTERMEDIARY licensed by the Financial Supervision Commission, which has access to respective place of execution – the "BSE – Sofia" or the respective MTF.

2. Regarding financial instruments other than the securities referred to in Art. 3, item 2 of LMFI, which are not traded on a regulated Bulgarian market or multilateral trading system, the company shall transmit the orders for execution only to an INVESTMENT INTERMEDIARY licensed by the FSC or the national state body within the EEC, which has access to the respective place for performance.

3. For financial instruments subject to a client's order, which are traded on the OTC market, the company shall transmit orders for execution only to an INVESTMENT INTERMEDIARY licensed by the Financial Supervision Commission, resp. to an INVESTMENT INTERMEDIARY licensed by the national government body within the EEC, which has access to the respective place for performance.

4. (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) The INVESTMENT INTERMEDIARY to whom Trading 212 Ltd. transmits clients' orders must have the necessary execution mechanisms to ensure the fulfilment of obligations under LMFI and Ordinance No. 38 on the Requirements to the Activity of Investment Intermediaries.

5. (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall verify the compliance of the policy of the INVESTMENT INTERMEDIARY to which it transmits clients' orders for execution with the legislative requirements and with the present policy.

6. (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) Trading 212 Ltd. shall

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constantly monitor the efficiency and execution quality of the investment intermediaries to which it transmits orders and shall remove faults, if necessary.

(2) (Amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017) When implementing Para. 1, the company shall specify an INVESTMENT INTERMEDIARY to whom clients' orders will be transmitted after a decision in this regard has been taken by the managers and a contract between Trading 212 Ltd. and the other party has been signed.

Art. 35. (Amended by a decision of the Managers, as per minutes dated 10.07.2017) The specification of additional places for performance or parties to whom clients' orders will be transmitted and which are not included in the present policy shall be done according to the criteria and selection rules set out in Art. 32 to Art. 34 hereinabove. For that purpose, Trading 212 Ltd. shall duly update the present policy and inform its clients about updates in accordance with Art. 3 of the present policy.

## FINAL PROVISIONS

**Sole paragraph.** The present policy was adopted by the Managers by virtue of a decision according to the Minutes dated 25 November 2013 and amended and supplemented by a decision of the Managers according to the Minutes dated 02 April 2014 and 12 April 2016 and amended by a decision of the Managers according to the Minutes dated 10 July 2017, amended by a decision of the Managers according to the Minutes dated 27 July 2017 and amended by a decision of the Managers according to the Minutes dated 16.10.2017.



## **POLICY FOR THE CATEGORIZATION OF CLIENTS AS PROFESSIONAL/NON-PROFESSIONAL AND ELIGIBLE COUNTERPARTIES**

### **I. GENERAL PROVISIONS**

Art. 1. (1) This policy defines the criteria and procedures of the INVESTMENT INTERMEDIARY when classifying clients as professional, non-professional (retail), as well as the circumstances under which they can be classified as eligible counterparties.

(2) This policy and the procedures adopted and implemented by the INVESTMENT INTERMEDIARY shall be governed by Art. 37, Para. 6 of the Law on Markets in Financial Instruments (LMFI).

(3) Clients shall be classified as professional or non-professional (retail) on their own initiative or upon the INVESTMENT INTERMEDIARY's initiative.

(4) Upon implementing the present policy, the INVESTMENT INTERMEDIARY shall strictly observe the provisions of LMFI, incl. the appendix to Art. 36, Para. 1 of LMFI.

(5) (new – with a decision according to the Minutes dated 02 April 2014, amended by a decision of the Managers, as per minutes dated 10.07.2017, amended by a decision of the Managers, as per minutes dated 16.10.2017) For each of the transactions concluded upon executing a client's order, irrespective of how the client has been categorized under these rules, via the electronic trading platform (described in detail in a special section of the General Terms and Conditions), Trading 212 Ltd. shall act as a counterparty, irrespective of the type of the client's order – buy or sell.

### **Section II. PROFESSIONAL CLIENTS TO BE CONSIDERED AS SUCH WITH REGARD TO ALL INVESTMENT SERVICES, INVESTMENT ACTIVITIES AND FINANCIAL INSTRUMENTS**

Art. 2. Under this policy, in relation to all investment services, investment activities and financial instruments, the following shall be considered professionals:

1. Persons who are required to be authorized to operate on the financial markets or whose activity on those markets is otherwise regulated by the national law of a Member State, irrespective of whether it is in compliance with Directive 2004/39/EC of the European Parliament and the Council, as well as persons authorized to carry out these activities, or otherwise governed by the laws of a third country, as follows:

1.1. credit institutions

1.2. investment intermediaries

1.3. other institutions subject to licensing or other regulations

1.4. insurance companies

1.5. collective investment enterprises and their management companies

1.6. pension funds and pension insurance companies

1.7. persons whose business is trade on their own account with commodities or derivatives on commodities

1.8. legal entities that provide investment services or perform investment activities which consist only of trade on their own account on markets in financial futures or options or other derivative financial instruments on the money market with the sole purpose of hedging positions in the markets for derivative financial instruments or trade on behalf of other members of those markets or making prices for them, and which are guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such persons is assumed by clearing members of the same markets

1.9. other institutional investors

2. Large companies that meet at least two of the following conditions:

2.1. balance sheet – not less than the BGN equivalent of EUR 20 million

2.2. net turnover – not less than the BGN equivalent of EUR 40 million

2.3. own funds – not less than the BGN equivalent of EUR 2 million

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3. National and regional public authorities, public bodies which manage public debt, central banks, international, supranational institutions like the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.

Art. 3. The clients listed in this section of the present policy shall be classified as professional on the initiative of the INVESTMENT INTERMEDIARY if they meet the requirements of Art. 2.

## **Section III. PROFESSIONAL CLIENTS CLASSIFIED AS SUCH UPON THEIR REQUEST – CATEGORIZATION CRITERIA AND PROCEDURES**

Art. 4. (1) Under this policy, clients other than those referred to in Section I thereof, including state bodies and private individual investors, may require that the rules for of the INVESTMENT INTERMEDIARY, which provide a higher degree of client protection, not apply to them, and that they be treated as professional clients.

(2) The persons referred to in the preceding paragraph shall meet at least two of the following categorization criteria:

1. during last year the person has made an average of 10 transactions with a significant volume on relevant market.
2. the value of the investment portfolio, which includes financial instruments and cash deposits, is more than the BGN equivalent of EUR 500,000.
3. the person is employed or has been employed in the financial sector for at least one year at a position which requires knowledge about the respective transactions and services.

Art. 5. (1) Pursuant to the present policy, on their own initiative (request) the clients listed in this section shall classified and treated as professional by the INVESTMENT INTERMEDIARY – in general or in relation to certain investment services or transactions, or type of transactions or investment products, if the following conditions are simultaneously met: the client meets the conditions set out in Art. 4, Para. 2, and the criteria and the procedure set out in Art. 6 of the present policy have been observed.

Art. 6. Clients under Art. 4, Para. 1 of the present policy who believe they meet the requirements of Art. 4, Para. 2, shall submit a written request to the INVESTMENT

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INTERMEDIARY to be treated as professional clients in general or in relation to certain investment services or transactions, or type of transactions or investment products.

Art. 7. (1) The INVESTMENT INTERMEDIARY shall warn in writing the client under the previous article that they will not benefit from the respective protection provided to retail clients, and shall not use the right to be compensated by the Fund for compensation of investors in financial instruments.

(2) The client under the previous paragraph shall declare that they are aware of the consequences under the preceding paragraph.

Art. 8 The INVESTMENT INTERMEDIARY shall take the necessary actions to ensure that the client under Art. 6 meets the requirements of Art. 4, Para. 2 of the present policy.

Art. 9. (1) Clients of the INVESTMENT INTERMEDIARY classified as the professional under the provisions of the present section shall be required to notify the INVESTMENT INTERMEDIARY of any change in the data served as the grounds for their categorization as professional clients.

(2) Pursuant to the present procedure and policy, if in the course of the activity carried out by the INVESTMENT INTERMEDIARY the latter establishes that a client classified as professional under the provisions of the present section does not any more meet the requirements of Art. 4, Para. 2 thereof, based on which they has been classified as a professional, the INVESTMENT INTERMEDIARY shall take the necessary measures to apply a higher degree of protection for that client.

## **Section IV. NON-PROFESSIONAL CLIENTS**

Art. 10. Under this policy, a "non-professional (retail) client" shall be a client who does not meet the requirements for professional clients set out in the present policy.

## **Section V. ELIGIBLE COUNTERPARTIES**

Art. 11. Under the present policy, "eligible counterparty" shall mean: an INVESTMENT INTERMEDIARY; a credit institution, an insurance company, a collective investment scheme, a management company, a pension fund, a pension insurance company, other financial institutions, persons whose main business is trade on their own account with commodities and/or derivative financial instruments on commodities – the exemption does not apply if such persons are part of a group whose principal activity is the provision of other investment services within the meaning of this Law and Directive 2004/39/EC of the European Parliament and of the Council and which is not provision of banking services under the Law on credit institutions and Directive 2006/48/EC of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions

(recast); legal entities that provide investment services and/or perform investment activities that are expressed only in dealing on their own account on markets in financial futures or options or other derivative financial instruments and money market only to hedge positions in the markets in derivative financial instruments, or trade on behalf of other members of those markets or make prices for them and which are guaranteed by clearing members of the same markets, when the responsibility for ensuring the performance of contracts entered into by such persons is assumed by clearing members of the same markets, governments, public bodies that manage public debt; central banks and international institutions, as well as legal entities from third countries if they wish to be treated as such.

## **Section VI. OTHER CONDITIONS FOR CLASSIFYING A CLIENT AS PROFESSIONAL, NON-PROFESSIONAL, ELIGIBLE COUNTERPARTY**

Art. 12. (1) Under the present policy, clients shall have the right to request to be classified differently, which includes a professional client under section two of the present policy, and shall be explicitly informed about this right and the restrictions to their protection on a durable medium, by the application of the INVESTMENT INTERMEDIARY's General Terms and Conditions.

(2) Pursuant to the present policy, professionals under the second section may benefit from the higher degree of protection which is provided to non-professional clients. Prior to the provision of investment services, the INVESTMENT INTERMEDIARY shall inform the professional client under the previous sentence that based on the information received from them they shall be considered as professional and with regard to them the rules for professional clients shall apply, unless the INVESTMENT INTERMEDIARY and the client agree otherwise.

(3) Pursuant to section two the present policy, when a professional client can no longer properly assess and manage the risks associated with investing in financial instruments, they may request a change in the terms of the contract concluded with the INVESTMENT INTERMEDIARY in order to receive a higher degree of protection, a right about which they shall be informed by the INVESTMENT INTERMEDIARY.

(4) Pursuant to the present policy, a higher level of protection under the preceding paragraph shall be provided with a written agreement between the INVESTMENT INTERMEDIARY and the client under section two, which shall explicitly specify the services, activities, transactions, financial instruments or other financial products with respect of which the client shall be provided a high level of protection and shall ensure that

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the client would not be considered professional for the purposes of the treatment applicable to the INVESTMENT INTERMEDIARY's activities.

Art. 13. (1) Every client classified as eligible counterparty in accordance with the present policy and LMFI may explicitly require not to be considered as such entirely or just for a particular transaction.

(2) Pursuant to and in compliance with this policy, the INVESTMENT INTERMEDIARY may on its own initiative or upon the client's request:

1. classify as professional or non-professional a client who otherwise would have been classified as an eligible counterparty under Para. 1, item 29 of LMFI and Art. 11 of the present policy.

2. classify as a non-professional a client who considers themselves professional under of Section two of the present policy.

Art. 14. (1) Under the present policy, if the person classified as an eligible counterparty requests not to be treated as such and the INVESTMENT INTERMEDIARY agrees, that person shall be treated as a professional client unless they have specifically requested to be treated as a non-professional client.

(2) If an eligible counterparty explicitly requests to be treated as a non-professional client, the provisions of Art. 12, Para. 3 and 4 of the present policy, respectively Art. 36, Para. 2-5 of LMFI shall apply.

## FINAL PROVISIONS

**Sole paragraph.** This policy was adopted by decision of the Managers dated 25 November 2013, supplemented by a decision of the Managers dated 02 April 2014, amended by a decision of the Managers dated 10 July 2017 and amended by a decision of the Managers dated 16 October 2017.

## TERMS AND COMMISSIONS TABLE

**Tariff for the expenses, fees and commissions applicable to the services rendered to clients by Trading 212 Ltd.**

(Title, amended by a decision of the Managers, as per minutes dated 10.07.2017 and amended by a decision of the Managers, as per minutes dated 16.10.2017)

*The tariff was approved by the Managers with a decision dated 25 November 2013, amended and supplemented by the Managers with a decision dated 02 April 2014, amended by the Managers with a decision dated 08 December 2014, amended by the Managers with a decision dated 15 June 2015, supplemented by Managers with a decision dated 19 May 2016, in effect as of 01 July 2016.*

|            |  |  |
|------------|--|--|
| <b>I.</b>  | <b>EXECUTION OF ORDERS FOR TRANSACTIONS WITH ACTUAL DELIVERY OR FINANCIAL INSTRUMENTS</b>  |  |
| <b>1</b>   | <b>Financial instruments transactions concluded on the Bulgarian Stock Exchange</b>  | 1.0% of the transaction value  |
| <b>2</b>   | <b>OTC (off-exchange) financial instruments transactions</b>   | Negotiable   |
| <b>3</b>   | <b>Financial instruments transactions concluded on foreign markets</b>   | 1.0% of the transaction value  |
| <b>II.</b> | <b>Commissions for DEALS FROM TRADE VIA THE ELECTRONIC PLATFORM</b>  |  |
| <b>1</b>   | <b>CFD trading on currencies and indexes</b>   | No expenses, fees and commissions for the execution  |
| <b>2</b>   | <b>CFD trading on stocks:</b><br>2.1. for <a href="http://www.trader.bg">www.trader.bg</a><br>2.2. for <a href="http://www.trading212.com">www.trading212.com</a><br>2.3. for <a href="http://www.iTrend.com">www.iTrend.com</a> | Expenses in regard to the order execution for trade on the platforms under items 2.1 and 2.2. are published in <a href="http://www.trader.bg">www.trader.bg</a> and <a href="http://www.trading212.com">www.trading212.com</a> .<br>For trade on the platform under item 2.3, the expenses under the previous sentence are not due |
| <b>3</b>   | <b>CFD trading on futures and commodities</b>  | No commission  |

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|      |   |   |
|------|---|---|
| 4    | Leaving a position open overnight                           | Pays or receives currency swap, published on <a href="http://www.trader.bg">www.trader.bg</a> , <a href="http://www.trading212.com">www.trading212.com</a> , and <a href="http://www.iTrend.com">www.iTrend.com</a> |
| 5    | Minimum deposit requirement for opening a new Real Account  | BGN 200, EUR 100, USD 150   |
| III. | <b>CUSTODY SERVICES</b>                                     |   |
|      | Holding cash  | 0.5% of the funds value per annum   |
|      | Holding other client assets (excluding cash)                | 0.05% of the assets per annum   |
| IV.  | <b>PORTFOLIO MANAGEMENT</b>                                 | Negotiable  |
| V.   | <b>RESEARCH, ANALYSIS, CONSULTING, ETC.</b>                 | Negotiable  |
| VI.  | <b>UNDERWRITING AND/OR PLACING OF FINANCIAL INSTRUMENTS</b> | Negotiable  |
| VII. | <b>CASH OPERATIONS</b>                                      |   |
| 1    | Depositing and withdrawing in cash                          | No commission   |
| 2    | Depositing funds via debit/credit card                      | Depending on the method of payment and the currency of your account, a fee between 0.7% and 3.5% is applied   |
| 3    | Withdrawing funds via debit/credit card                     | No commission   |
| 4.   | Depositing funds via bank wire                              | No commission   |
| 5.   | Withdrawing funds via bank wire                             | In BGN – no commission*<br>In any other currency – EUR 5 or its equivalent in other currency  |

**Note:**

\* For transfers of up to BGN 100 on contracts for order execution on CFDs through the electronic trading platform, a fee of BGN 2 is deducted.





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|                                  |                         |   |     |     |     |   |   |   |     |   |   |
|----------------------------------|-------------------------|---|-----|-----|-----|---|---|---|-----|---|---|
| Trade with financial instruments | Senior management staff | 3 | 425 | 176 | 176 | - | - | - | 176 | - | - |
|----------------------------------|-------------------------|---|-----|-----|-----|---|---|---|-----|---|---|

|   |        |                                       |        |                                      |
|---|--------|---------------------------------------|--------|--------------------------------------|
| In thousands of BGN                     |        |                                       |        |                                      |
| Remunerations for new recruits for 2015 |        | Compensations for dismissals for 2015 |        |                                      |
| Number of employees                     | Amount | Number of employees                   | Amount | The highest amount of a compensation |
| -                                       | -      | -                                     | -      | -                                    |

## Information under Article 450, Paragraph 1, Letter "i"

|  |   |  |
|--|---|--|
| Number of individuals receiving remuneration over 1 million EUR for the financial year | Number of individuals receiving remuneration between 1 million EUR and 5 million EUR for the financial year | Number of individuals receiving remuneration over 5 million EUR for the financial year |
| -  | -   | -  |

## Letter of Information under Article 450 of Regulation (EU) No 575/2013 for 2016

### Information under Article 450, Paragraph 1, Letter "g"

|                                  |                     |                                      |
|----------------------------------|---------------------|--------------------------------------|
| In thousands of BGN              |                     |                                      |
| Type of activity                 | Number of employees | Amount of the remunerations for 2016 |
| Trade with financial instruments | 2                   | 346                                  |

## Information under Article 450, Paragraph 1, Letter "h"

| In thousands of BGN              |                         |                     |                        |                       |   |        |                               |        |                                  |                |   |
|----------------------------------|-------------------------|---------------------|------------------------|-----------------------|---|--------|-------------------------------|--------|----------------------------------|----------------|---|
| Type of activity                 | Staff category          | Number of employees | Remunerations for 2016 |                       | Amount and type of variable remunerations |        |                               |        | Outstanding deferred liabilities |                | Amount of deferred remunerations granted for 2016 that are paid and decreased through corrections based on results achieved |
|                                  |                         |                     | Fixed remuneration     | Variable remuneration | Cash funds                                | Stocks | Instruments related to stocks | Others | Received                         | To be received |   |
| Trade with financial instruments | Senior management staff | 2                   | 184                    | 162                   | 162                                       | -      | -                             | -      | -                                | -              | -   |

| In thousands of BGN                     |        |                                       |        |                                      |
|---|--------|---------------------------------------|--------|--------------------------------------|
| Remunerations for new recruits for 2016 |        | Compensations for dismissals for 2016 |        |                                      |
| Number of employees                     | Amount | Number of employees                   | Amount | The highest amount of a compensation |
| -                                       | -      | -                                     | -      | -                                    |

## Information under Article 450, Paragraph 1, Letter "i"

| Number of individuals receiving remuneration over 1 million EUR for the financial year | Number of individuals receiving remuneration between 1 million EUR and 5 million EUR for the financial year | Number of individuals receiving remuneration over 5 million EUR for the financial year |
|--|---|--|
| -  | -   | -  |

## ARCHIVE

Previous versions of the documents in this file:

| Type of document:   | Valid until (date): |
|---|---------------------|
| <a href="#">General Terms and Conditions</a>                  | 20 June 2016        |
| <a href="#">General Terms and Conditions</a>                  | 25 September 2017   |
| <a href="#">Tariff for the expenses, fees and commissions</a> | 01 July 2016        |