BenchMark
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DESCRIPTION OF THE OFFERED PRODUCTS AND RELATED RISKS

I. GENERAL INFORMATION REGARDING THE OFFERED PRODUCTS

This is a document of general nature and does not provide a recommendation or investment advice regarding the offered products. The information presented in this document does not take into account the client's personal investment objectives, financial condition or capabilities. In this regard BenchMark Finance does not aim and does not assess whether or not a specific product is appropriate for a specific customer. The transactions are carried out only on client's initiative, judgment and order.

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II. RELATED RISKS WITH PRODUCTS THAT ARE ISSUED BY OTHER PARTIES AND OFFERED BY BENCHMARK FINANCE

1. Products issued by other parties and offered by BenchMark Finance.

(Amended by a decision of the Board of Directors dated 29.11.2021) The products offered by BenchMark Finance, which are created by other persons are: shares, debt instruments - bonds and money market instruments, government securities, exchange traded products - exchange traded funds, exchange-traded bonds and exchange-traded commodities (ETF, ETN, ETC), depository receipts, rights, warrants, compensatory notes and vouchers, indices and other instruments and products admitted to trading on the regulated market and multilateral systems organized by the Bulgarian Stock Exchange AD. trade - SME (small and medium enterprises) Beam and MTF BSE International Growth Market. BenchMark Finance executes orders for transactions with these products mainly on the respective regulated market or MTF on which they are admitted to trading and exceptionally on a non-regulated market. When executing the orders, BenchMark Finance complies with the Policy for Execution of Client Orders for Transactions with Financial Instruments of BenchMark Finance.

2. Risks for trading products that are issued by other parties.

2.1 Price risk

In trading with the aforementioned products, clients are exposed to price risk, which is associated with the risk of realization of losses resulting from financial instruments price changes. Price changes may arise from the fundamental status of the respective issuer (issuer) of these financial instruments (present and expected results of operational activities, net asset value, goodwill, realization of investment intentions, etc.) and from the economic and market conditions in Bulgaria and to varying degrees from the market and economic conditions in other Central and Eastern European countries as well as in the other emerging markets at all.

The market value of financial instruments is determined on the basis of supply and demand and their price may increase or decrease. These "fluctuations" in prices can cause a financial instrument to cost a lot less than at a certain point in the past. Exchange rates for financial instruments may be subject to sharp fluctuations as a result of public disclosure of the issuer's financial performance, changes in the issuer's environment, changes in legislation, and other material events, including factors external to the issuer.

2.2 Liquidity risk

When trading with the aforementioned products, clients are exposed to liquidity risk that is related to the low availability or lack of market demand. This risk expresses the potential inability for buying or selling for short periods of time. The low liquidity, and in particular the lack of active market demand, makes it difficult to enter into transactions.

The emergence of liquidity risk, in relation to trading in financial instruments, has in general been associated with the lack of sufficiently well-developed demand for these instruments over a given period(s), or the difficulty of selling or buying them to prevent loss or the realization of profits. Investors should keep in mind that the BSE (Bulgarian Stock Exchange) is significantly smaller and less liquid than the exchanges in countries with developed market economies. Liquidity on financial instruments is determined by:

- The presence of sufficiently interested sellers and buyers on the relevant securities market;
- The presence of a sufficient number of relevant securities in circulation;
- The existence of an acceptable spread (spread) between the "buy" and "sell" prices of the relevant securities.

The investors in financial instruments whose investment horizon is shorter than the life of the securities may fail to complete all or part of their investment at the desired moment and to force the sale/ purchase of financial instruments at a significantly less favorable price in comparison to their current fair value or the latest market price. This may lead to inability to be realized capital gains or to the impossibility of preventing investors from losing money.

2.3 Inflation risk

When trading the aforementioned products, clients are also exposed to inflation risk. Inflation risk is associated with the risk that the realized return on investment in the respective financial instrument is less than or equal to the inflation recorded for the respective period. The inflation processes in general lead to a reduction in the real yield that investors receive. Although in the long run the return on investments in different financial instruments in Bulgaria and other developed market economies has significantly outpaced recorded inflation, there is no guarantee for investors that this trend will continue in the future and that investments in the relevant financial instruments would represent a real protection against inflation.

2.4 Currency risk

When trading the aforementioned products, clients are exposed to currency risk, when their funds are in a currency other than BGN and EUR due to the exchange rate movements. Investors who take such a currency risk on a purchase would increase or reduce the effective return on their investment as a consequence of strengthening or weakening the exchange rate of the BGN/EUR against the respective currency in which the investor's funds are denominated.

If financial instruments are denominated in BGN or EUR, the existence and maintenance of the current BGN/EUR exchange rate system determines the lack of currency risk for investors whose initial funds are in the same currencies.

In particular, the currency risk associated with investing in financial instruments issued by Bulgarian issuers is related to their denominations in BGN. The unfavorable change in the exchange rate of the BGN versus other currencies would change the yield that foreign investors outside the Eurozone expect to receive by comparing it with the return they would receive from such an investment in the respective currency. This may lead to a reduced demand and, accordingly, a fall in the prices of certain financial instruments.

The currency risk of the investment could be reduced by using currency instruments to minimize it (hedging). Stability and high confidence in the credibility of the currency board in the country, as well as the prevailing positions of the euro on international currency markets, restrict to a certain extent the existence of currency risk.

Any investor who trades securities on financial markets outside the Eurozone may be exposed to significant currency risk.

2.5 Settlement risk

When trading with the aforementioned products, clients are exposed to settlement risk. The settlement risk is represented by the risk of delay or non-fulfillment of a counterparty's obligation to transfer funds or financial instruments in relation to a concluded transaction in the event of which the investor may realize a loss, miss out a profit or become incapable of fulfilling other subsequent commitments for the supply of cash or financial assets.

2.6 Reinvestment risk

When trading financial instruments, clients are exposed to a risk of reinvestment, which occurs when there is a reinvestment of the cash flows from an investment at a lower yield investment, resulting in a reduction in the investor's return. Such a circumstance exists if an investor decides to exit her investment in a financial instrument and invests the funds in another financial instrument which subsequently brings her a lower return than the one realized in the original investment.

2.7 Specific stock trading risks

In stock trading clients are exposed to additional risks that are associated with the specifics of this type of financial instrument. Stocks are major financial instruments proving ownership over the capital of public companies. Clients who have purchased stocks acquire both proprietary rights (e.g. dividend right) and non-material rights (voting rights, right to participate in the management, right to information, etc.). In stock trading a specific risk is the risk of changes in the intentions of the main shareholder of the capital. Depending on the size of the capital held by the principal shareholder, the principal shareholder can exercise a decisive influence on a number of issues requiring a decision of the General Meeting of Shareholders, such as changes in the Articles of Association, appointment and dismissal of the members of the management bodies, approval of significant transactions, distribution of dividends, etc. For stock investors, there is a risk of any changes in the intentions of the main shareholder, which could have a negative impact on the company's activities as well as on the interests of the minority shareholders.

A specific risk for equity investors is uncertainty connected with dividend receiving, volatility in the amount of the dividend and, in particular, its non-payment. The ability of the company to pay dividends Description of the offered products and related risks 4 is related to the realization of a positive financial result on the one hand and the decision on its distribution among the shareholders. The financial result of the company depends on a number of factors, including the skills and professionalism of the management team, the development of the market in which the company operates, the economic development of the country and the region, etc.

There are other risks, which is why customers intending to invest in a company's shares should make themselves aware of all the risks inherent in the investment from the relevant information materials (prospectus) before making their investment decision.

2.8 Specific risks related to trading bonds

In bond trading, clients are also exposed to risks that are associated with the specific characteristics of this financial instrument. Bonds are debt securities, certifying the financial obligation of the issuer about their repayment on certain dates and payment in the form of interest or a subtraction from the issuance par. Interest rate risk is the risk of an unfavorable change in the redemption price due to the further change.

In bond trading, investors are also exposed to risks associated with the risk of default of the issuer. This possibility is related to both the financial results of the issuer (cost effectiveness, investments, operational efficiency, activity supervision, etc.), as well as the external factors (market environment, regulatory framework). The impact of this risk is directly related to the size of the current indebtedness of the issuer of the securities.

In bond trading, clients should also take into account the potential prepayment risk that exists when a pre-maturity buyback option is provided for that bond issue and that option is exercised. In this scenario the investor cannot achieve his/her initial investment intentions and is not able to realize the expected return on the investment.

In bond trading, clients should also take into account the potential risk of conversion. That risk occurs when there is an option for this bond issue to be converted into shares by the initiative of the issuer before or at the maturity date. As a result of the conversion, the investor acquires another financial instrument instead of the expected cash, and thus the investor cannot achieve his/her initial investment intention.

There are other specific risks for bond investors, so clients who intend to invest in a company's bonds should be aware of the risks associated with this investment (from relevant information materials), before making their investment decision.

2.9 Specific risks related to trading shares of UCITS (also known as collective investment schemes or mutual funds) and ETF (Exchange traded funds)

Clients who invest in shares of UCITS and ETF are exposed to additional risks which are specific for this class of financial instruments. Investing in shares of UCITS and an ETF is related to risks, which are directly dependent on the investment strategy of the fund. The investment policy of the fund is important e.g. what assets its policy is targeted at - equities, debt securities, indices or other more risky instruments - and whether management of the fund is

active or passive. The risk profile of the respective UCITS and ETF contains a summary of the risk.

In regard to UCITS, there is a specific manifestation of the liquidity risk arising from the risk of temporarily suspending the redemption of the units of the UCITS under certain conditions. Respectively, in regards to ETFs there is also an additional specific counterparty risk related to the failure of the market maker(s) to meet the redemption requests.

In regard to UCITS/ETF, there is a specific manifestation of price risk, expressed as a price change in the UCITS/ETF shares, as a result of a negative change in the net asset valuation. There is no guarantee that investors will realize returns from the UCITS/ETF and that the initial investment will be preserved.

A specific risk for investments in UCITS/ETF is the credit risk associated with the risk that the fund may not meet its obligations to creditors and to investors who have submitted their redemptions.

Another specific risk related to investing in UCITS/ETF shares is the operational risk associated with the risk of breaches in the normal functioning of the respective UCITS/ETF.

When investing in UCITS/ETF units, customers should acquaint themselves with the prospectus of each UCITS/ETF before making their investment decision.

2.10 Specific risks related to compensatory instruments

In trading with compensatory instruments customers are exposed, in addition to the general price and liquidity risk described above, to additional risks according to the characteristics of the compensatory instruments. Compensatory instruments are dematerialized registered payment instruments that serve to compensate persons whose properties, buildings or agricultural lands are nationalized or expropriated. Compensatory instruments are compensatory records and housing compensatory records under the Compensation Act for Owners of Nationalized Property, as well as the nominal compensation bills under the Ownership and Use of Agricultural Land Act and the Restitution of Ownership Act on Forests and Lands from the Forestry Fund. A specific risk in trading with this type of financial instrument is the target risk, which is characterized by the limitation of target use and investment of this type of financial instruments only in specific projects and transactions as a means of payment accepted by the state, such as the payment of interest on law for settlement of lost loans, in tenders for agricultural land from the State Land Fund or payments for privatization transactions through the BSE - Sofia.

2.11 Risks related to the Bulgarian securities market

Investors in emerging markets, such as the Bulgarian one, should be aware that these markets are at greater risk than those in more developed markets. Moreover, the unfavorable political or economic development in other countries in the region could have a significant negative impact on Bulgaria's GDP, its foreign trade and the economy as a whole. Investors should pay particular attention to the valuation of existing risks and should make their own decision whether, in the presence of such risks, the investment in the relevant financial instruments of the BSE is appropriate for them.

Investing in emerging markets is suited to experienced investors who fully appreciate the relevance of the relevant risks.

Investors may have fewer information on the Bulgarian securities market than is available to companies in other securities markets. There is some difference in the regulation and supervision of the Bulgarian securities market and in the actions of investors and other market participants compared to the developed markets in Western Europe and the USA.

2.12 Specific risk when using electronic platforms for trading

(Amended by the decision of the Board of Directors of 29.11.2021, amended by the decision of the Board of Directors of 27.01.2022) Due to the specifics of the electronic platforms for trading (such as the electronic trading platform BG Trader), access to which is carried out via the Internet may technically arise malfunctions, both in those used by BenchMark Finance and in those used by customer hardware and software products and access systems or devices. Some communication failures may occur, leading to delays or non-arrival of orders, or until execution, respectively non-execution of already submitted orders, as well as the inability to access the trading platform and others.

If a customer is unable to access the trading platform for any reason, he will not be able to trade in the relevant financial instrument at that moment, due to which he may suffer a loss. There is a risk in extremely rare cases in unforeseen market situations BenchMark Finance to impose restrictions on the volume of transactions or filter trades, enter pre-set trading thresholds, credit limits, suspend or delay the execution of customer orders or take other restrictive measures.

3. Trading costs

All fees and commissions for trading products, issued by other persons and offered by BenchMark Finance, are detailed in the broker's tariff published on www.benchmarkfx.co.uk

III. PRODUCTS ISSUED AND PROVIDED BY BENCHMARK FINANCE. RELATED RISKS.

1. Products issued by BenchMark Finance

The products issued and offered by BenchMark Finance are complex financial instruments, so the client needs to get acquainted with this document before deciding whether to trade. The financial instruments which BenchMark Finance issues are CFDs that are based on spot currencies, stocks, indices, commodities or cryptocurrencies.

It is recommended to potential investors to have experience in derivative trading, in particular derivatives traded on a non-regulated market, and to understand and accept that CFD trading on leverage is related to high risk.

2. Risk linked to leverage

2.1. Risk linked to leverage

Products offered for trading by BenchMark Finance are traded on leverage. In compliance with regulatory requirements and market practices BenchMark Finance JSC requires customers to provide a guarantee (margin) for possible losses and the amount of this guarantee is less than

the full nominal value of the traded underlying instrument. When trading such derivatives the client must be prepared to bear a higher risk, which can lead to both large losses and large profits. The high leverage of these products can work both against the customer and for the benefit of the customer, which is why it is advisable for the client to have more free funds to cover margin trading requirements for a product.

The margin requirements applicable to the transactions may change rapidly and at any time in line with market movements as well as the prices of the relevant instrument.

2.2. Risk of unlimited losses

The potential losses resulting from long or short positions in the products offered by BenchMark Finance may exceed the amount initially paid by the client to cover the margin requirements for financial instruments issued by BenchMark Finance.

2.3. Margin risk

At any time, the client must have sufficient funds available to cover the required margin for the open positions. In the event of a shortage of available funds that cover the required guarantee amount on the open positions, BenchMark Finance may close (Stop out) one or more positions. The Customer must independently monitor the compliance with the required amount of guarantee in the BenchMark Finance platforms. The Minimum Margin Requirements are constantly changing in line with market movements as well as the relevant instrument.

There is a risk that marginal requirements may change for a very short period of time. In the event that the price of a traded instrument moves rapidly in the opposite direction to the client's position, the client will have to provide additional funds in order to keep the open positions.

In case the client does not meet the margin requirements BenchMark Finance will proceed to the closing of one, several or all open positions in the client's account.

Customers can reduce the risk of losing money, as a result of non-compliance with margin requirements, by carefully selecting the product for trading, observing open positions, and holding sufficient free funds to cover the minimum margin requirement

2.4. Currency risk

The customer's trading account may be denominated in euro or dollars. If a client requests a transaction to be executed in a currency other than the currency of his/her account, BenchMark Finance JSCo will make an exchange at the current exchange rate of the currency in which the trading account is opened.

The client should consider the currency of the relevant financial instruments he/she trades with, because any currency conversions in a currency other than the currency in which his/her trading account is denominated, can expose the client to currency risk.

For example, if the trading account is in EUR and the client has an open position in a CFD on US dollar- denominated gold, the denomination currency of this transaction will be US dollars. This means that while the client holds the gold position open, her account is both at risk of changes in the price of gold and the risk associated with US dollar movements against the euro. Once the client closes the position, the platform will recalculate the respective financial result of the transaction to the currency of the trading account according to the current EURUSD rate.

In addition, the conversion process may lead to an increase in the currency risk between the opening time of the transaction and the time it is closed. Foreign exchange markets can change

very quickly and this puts the client's account at risk in cases of more serious currency fluctuations and may affect the outcome of trading with BenchMark Finance's product.

2.5. Risk related to the suspension or termination of underlying asset trading

When the trade with the main instrument is suspended, interrupted or discontinued, this will affect the trading with the derivative product offered by BenchMark Finance and it may also be temporarily suspended or discontinued. In these cases, BenchMark Finance will not be able to offer its clients the relevant derivative product and will not allow opening of new positions. In such a situation, customers who have already opened positions in this product may not be able to close them.

When the trade with main instrument is suspended or discontinued in respect of already open positions of customers, BenchMark Finance may take some or a combination of the following steps:

- Closing the open positions in the affected instrument or product;
- Increasing the margin requirement for the instrument or product up to 100%;
- Coontinued accrual of the respective positive or negative swap on open positions in this product or instrument (overnight interest rate);
- Charging of additional commissions or fees for retained, blocked, suspended, locked or closed positions in this product or instrument;
- Using the last price at which the instrument was traded to determine the margin requirement as well as the fees payable by the customer, or using another price when BenchMark Finance can reasonably believe that the price reasonably reflects the value of a given product of BenchMark Finance.

Any kind of interruptions, suspensions, or discontinuations of trading with some instrument may lead to potential losses, as this would prevent the customer from fulfilling the desired trading strategy.

2.6. Counterparty risk

BenchMark Finance is the customer's counterparty. Counterparty risk is the risk that the CFD issuer (i.e. your counterparty) does not meet or is unable to meet its financial obligations. If the client's funds are not properly separated from the CFD issuer's funds and the CFD issuer has financial difficulties, then there is a risk that the client will not be able to recover its funds and incur a loss. In the event that BenchMark Finance goes bankrupt, the assets of non-professional clients are guaranteed and compensated by the Investor Compensation Fund. The compensation paid by the Fund amounts to up to 90% of the value of the claim but not more than BGN 40,000.

2.7. Market risk

The products which are offered by BenchMark Finance, as well as the markets in which financial instruments are traded, are highly speculative and highly volatile. The market risk is the risk that the value of a client's investment will decrease. Financial markets are changing extremely rapidly, with prices of underlying instruments depending on a number of factors, such as business activity of issuers, corporate events, commodity prices or index levels, exchange rates, interest rates, supply and demand, central bank monetary policy, the economic and market

environment, and the actions of state bodies or governments. Each exchange may terminate the offering of a given underlying instrument or cease the transmission of quotes.

The risk is inherent in both BenchMark Finance's products and their underlying instruments.

There is no guarantee that the client will make profits and that there will be no losses, and that unrealized gains or losses will remain unchanged.

There is a risk that if market prices move in an unfavorable direction for the client's positions, the client may close his positions at a significantly lower value than the one he invested, as he may lose all his invested capital.

Clients can reduce market risk by deepening their knowledge of relevant financial instruments and markets and carefully tracks their positions to prevent unacceptable losses

2.8. Unregulated market

The products offered by BenchMark Finance are derivatives traded on a non-regulated market (OTC derivatives) and are therefore not covered by the rules governing instruments traded on a regulated market. OTC derivatives need not always be liquid investments. If the client wishes to close an open position, this means that he or she relies on BenchMark Finance to be able to execute the order to close the position in real time (the moment the client wants to do so), which may, however, not correspond to liquidity or the market price of the underlying instrument at that time, i.e. the position may be closed or the customer's order executed at a price significantly different from the one indicated (including slippage) or it may not be possible for the position to be closed at the moment desired by the client.

2.9. Market shocks

Market shocks can affect a financial instrument and, accordingly, affect BenchMark Finance products. Often, such events result in trading interruptions, "blocking" of the quotation source (stock exchange, liquidity provider, etc.), reports from a regulatory authority announcing an emergency with a particular underlying instrument.

In the event of market shocks the client may not be able to close a position in a relevant instrument, which may result in loss or loss of profit. The reason for the trading interruption could be a failure of the e-commerce computer system or the trading of the financial instrument on a stock exchange or by a liquidity provider.

2.10. Gap risk

Market gap means a significant change in the prices of a financial instrument over a short period of time, sharp fluctuations in market quotations (gaps). In these cases there is a risk of delay or inability for clients to open or close positions in a product offered by BenchMark Finance.

BenchMark Finance's ability to close a position in a product depends on the market situation at that time. Stop Loss Orders (Loss Reduction Orders), if the customer has placed this type of order, it can be executed at a level different from the one previously set by the client and thus, even if Stop Loss orders are placed, they cannot limit losses to the amount specified in the order as they do not guarantee that the order execution will occur at the set Stop Loss level. In case of gap the order is executed at the first possible price after it, provided by BenchMark Finance. To do this, the client should give due consideration to placing Stop Loss or other orders that limit any losses, but in addition, he must carefully monitor his account, monitor the

relevant instrument and/or market and in case his Stop Loss order is passed take further action to limit losses.

If the client has a Take Profit order and there is a market gap in the direction of the client's position, this Take Profit can be performed at a level better than the predefined level, higher than the expected earnings.

2.11. Online trading platform and IT risk

If a customer is unable to access BenchMark Finance's trading platforms for any reason, she will not be able to trade with the product in question (will not be able to close any open positions) or may not be aware of the margin requirements at that point, which can cause loss. BenchMark Finance has the discretion to suspend the operation of the offered platforms or any part of them without prior notice. This can be undertaken and usually occurs in extremely rare cases in unforeseen or extreme market situations. If BenchMark Finance platforms are discontinued, customers may have difficulty contacting BenchMark Finance or their orders may be executed at a price different from the one indicated in them.

There is a risk that BenchMark Finance may impose restrictions on the volume of transactions or filter the trade, which may halt or delay the execution of customer orders. In such market situations, the customer has no basis for claiming BenchMark Finance in connection with the availability or absence of trading platforms, nor for any errors in their software or other platform issues, including no basis for claims against BenchMark Finance in connection with the quotations available at that time or the lack of quotes for trading products

2.12. Exchange (regulated and/or unregulated market)

The rules of the respective exchange regulate trading in the underlying instruments and thus indirectly affect the trading of BenchMark Finance products. All exchange rules can be relevant to the financial products offered by BenchMark Finance, so you should read them carefully. The rules of the various exchanges are beyond the control of BenchMark Finance and are subject to change at any time and without notice.

2.13. Conflict of interest

Trading with instruments which are offered by BenchMark Finance has a risk of conflict of interest, as BenchMark Finance is your counterpart, acts as the publisher of the products it offers for trading and determines their price.

The policy of BenchMark Finance, as the publisher of the offered trading products, is that BenchMark Finance provides only the price of the product (quotation) and does not act as an intermediary to the client in the transaction. The client can reduce the risk of unfavorable or opaque pricing (which means that it is not clear how the price relates to the market for the underlying instrument) by observing BenchMark Finance pricing and the market where the underlying derivative is traded.

The other commercial activities of BenchMark Finance, in cases where BenchMark Finance acts as a broker for its clients in the provision of brokerage services or trades on its own account, are not related to the services related to the offering of products issued by BenchMark Finance.

2.14. Formation of product quotations

BenchMark Finance determines the prices at which it quotes the derivative products offered, by directly referring to the market value received from BenchMark Finance suppliers for the underlying instrument, exchange or market, which in turn affects the price of the instrument.

If BenchMark Finance can not directly rely on the market value which is received from its suppliers (for example due to a problem with the trading system or the data information service) or trade with the principal instrument is stopped, BenchMark Finance can exercise its right to assessment to determine the price at which to quote a product or to temporarily cease trading.

Due to the nature of BenchMark Finance products and in accordance with the market practice for such pricing tools, BenchMark Finance's judgment will be based on supplier prices without any conditions,restrictions or criteria for determining quotations for the products offered. Although there are no specific discretion limits, BenchMark Finance respects its obligations and acts objectively, honestly, transparently and fairly in pricing.

2.15. Regulatory risk

A client may suffer losses caused by actions taken by a regulatory authority that are beyond the control of BenchMark Finance. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the customer due to the effect of those actions on the underlying underlying instrument and thus on trading conditions. BenchMark Finance derivative. In an emergency, the regulatory authority may suspend trading or change the value/price at which a transaction/position is executed or established, which will affect the price/value of an underlying instrument, thereby affecting the value of the BenchMark Finance product.

2.16. Client’s default rights

If a client fails to meet the margin requirements and/or fails to provide in due time the security required for securing its position in products issued by BenchMark Finance, or fails to fulfill its obligation under a transaction, BenchMark Finance has the relevant powers it can assume in its protection under the General Terms and Conditions for trading in financial instruments. In this case, BenchMark Finance has the right to close all or part of the client's positions, to sell at its discretion its financial instruments, or to determine and accrue interest rates or additional commissions to retain the client's positions in BenchMark Finance products.

2.17. Risk associated with the devices used by the customer and the quality of the Internet connection

Products offered for trading by BenchMark Finance are usually traded over the Internet, with the client using a computer, mobile phone with internet (smartphone) or tablet. This means that the customer is at risk of disrupting the ability to trade online electronically, resulting in delayed execution of her orders or non-arrival of orders, or failure to execute already placed orders, or execution of withdrawn orders, such as and the inability to access trading platforms and the like.

This risk, in addition to good internet connectivity, also includes the stability and reliability of the client device, its computer or other mobile device through which it has access to the internet and to trading platforms. BenchMark Finance shall not be liable in the event of losses due to delays, errors, technical malfunctions of the client's hardware or software products or systems, or inability to operate in operations beyond the control of BenchMark Finance, resulting in damage or instability of the client's platform for reasons in the connection device through which the customer operates with the trading platform.

3. Rules for forming margin requirements

BenchMark Finance applies the following basic principles when determining margin requirements::

- Each client that trades CFDs must provide the required amount to cover the margin requirement before she can open a position in BenchMark Finance product;
- Margin requirement is determined by BenchMark Finance and is based on a number of factors, including the market price of the underlying instrument, BenchMark Finance's risk assessment for the client, the client's exposure to a product, and the available cash on the account;
- Margin requirement on any client's account is adjusted promptly in accordance with market movements or changes in our risk assessment on each client's account;
- Each client must ensure the margin requirements set by BenchMark Finance and maintain the required amount of margin coverage at any time. Otherwise, BenchMark Finance will shut off one, several or all open positions of the client. If the cash balance on the customer's account is negative after a Stop out, the customer remains obliged to pay the amount of the negative cash balance.

3.1. Margin maintenance

The client needs to have enough cash in his account to cover the margin requirements for opening positions in BenchMark Finance products. The client deposits the necessary amount to cover the required margin through a bank transfer. The deposited amount is then deposited into the client's trading account.

3.2. How margin is calculated

The margin requirement is determined by BenchMark Finance and is calculated as a percentage or fixed value of the full market value of the product that the customer wishes to trade.

In rare cases in more volatile markets, the amount of margin required may change temporarily after a position has been opened in a product issued by BenchMark Finance. If this happens, BenchMark Finance may ask the customer to pay an amount to cover the additional margin requirements, since the amount initially paid has become insufficient. The required margin amounts are calculated to cover the maximum expected market movement at any time.

Example of calculating margin coverage level: A client deposits $ 10,000 in her trading account and opens a position in a product for which BenchMark Finance has set a $ 8,000 margin. Subsequently, there are fluctuations in the market and the client has accumulated loss of $ 2,000. As a result, the free funds on the trading account are fully utilized and the client will no longer be able to open new positions (except only reduce his exposure by closing part of it) and there is a risk that the client's position will be automatically closed if additional unfavorable price movements follow.

According to BenchMark Finance's General Terms and Conditions, clients has an obligation to maintain the margin and provide the necessary amounts to meet the margin requirements, which arise from the moment they open a position. It is clients' responsibility to monitor their positions and to ensure that they have the required margin level. Customers are notified of the changed margin requirements in one of three ways: through the trading platform, on the BenchMark Finance website, or by email. Should there be a need to secure a certain margin level, clients must provide additional funds to meet the margin requirements, whether or not BenMark Finance has contacted and informed them.

3.3. Margin Call

The Client is obliged to maintain the required amount of margin, and is also required to comply with the margin call notifications received and to provide the additional amount required to meet the margin requirements.

Under unusually volatile market conditions or sharp price movements and a margin call received, the customer may need to react, have little or no time to pay, or the customer may receive more than one margin call within 24 hours.

Clients are obliged to receive the margin call, regardless of whether they have seen and read the margin call notification in the trading platform.

3.4. Stop out

If clients do not have sufficient funds to satisfy the margin requirement for the relevant instrument in which they have an open position and do not have sufficient cash in the account (including profits or losses from open positions or other assets or amounts held as approved collateral), BenchMark Finance may close one, several open positions.

3.5. Negative account balance

If the client has a negative balance on his/her account, i.e. the amount available in the trading account is negative (less than zero), then the client must deposit additional money in order to restore the cash balance in the account to a positive value.

3.6. Closing of positions and withdrawl of funds

If a customer closes a position by making a profit and his account has a net credit balance that covers the minimum required margin (in case there are other open positions), he can withdraw the free funds from his account. BenchMark Finance checks and after finding that there will be no breach of the margin requirements, the amount claimed will be paid.

4. Trading expenses

4.1. FX trading

Forex spot trading		
One-off costs	Spread	The difference between bid and ask price. The spread depends on many factors, the most important of which are liquidity and volatility, the volume of the transaction, and what part of the day the transaction is concluded.
Current costs	Swap	The size of the swap is based on Tom/Next (Tomorrow / Next) interest rates from the interbank forward market of Tier-1 banks. It can be positive or negative.
Incidental costs	-	-

4.2 CFD trading

CFD shares

One-off costs	Spread	The difference between bid and ask price.
	Comission	The fee to be charged for the transaction.
Current costs	Swap	If a CFD open position is held on a share for the next business day (after the close of the stock exchange), interest is added or deducted to the balance on the client's account, depending on the direction of the position taken by the client
Incidental costs	-	-

CFD Indices		
One-off costs	Spread	The difference between bid and ask price.
Current costs	Swap	For every day in which the client has an open CFD position in a cash index, after closing the stock exchange, interest is added or deducted to the client's account balance, depending on the direction of the client's position.
Incidental costs	-	-

CFD Futures (including maturing and non-maturing goods, etc.)		
One-off costs	Spread	The difference between bid and ask price.
Current costs	Swap	For each day in which the client has an open CFD position in the futures, after closing the stock exchange, interest is added or deducted to the client's account balance depending on the direction of the client's position
Incidental costs	-	-

5. Examples of trading

5.1. Spot Forex

5.1.1. Long position (Buying)

The market price of EURUSD is 1.10499/1.10500 and a client estimates that the euro (EUR) will rise in price against the US dollar (USD) and wants to take advantage of this upward movement. Therefore this client decides to buy 100,000 EURUSD currency units at a price of 1.10500.

Two days later, the euro has risen against the US dollar and the customer decides to make a profit by closing the long position at EURUSD.

EURUSD's current market price is already at 1.10600/1.10601. The amount of profit the client will make from the transaction before adjustments and taxes is $100. Profit/loss is calculated by

multiplying the change in price (closing price minus opening price) by the volume of the position, i.e. the difference between 1.10600 and 1.10500 (= 0.00100 or 10 pips) x 100,000 = $100.

Assumptions

Financial corrections

If a customer opens and closes a spot forex position within the same trading day, then the position is not subject to financial corrections. The open positions held at the end of the trading day (17:00 New York time) are transferred to the next business day. The applicable adjustments are reflected in the platform swap column. These adjustments are based on the following components:

Tom/Next interest rate swap

The transfer of a position for the next business day is done by moving the value date for the respective position to a new value date, with the first possible business day. The standard value date for major currency pairs is T+2 working days. The value date of the foreign exchange spot positions held at 17:00 New York time is transferred with a new value date, which is the next business day. As part of the transfer, positions are subject to interest rate swap for the next day's retention.

The amount of the swap is based on Tom/Next (Tomorrow/Next) interest rates from the interbank forward market of Tier-1 banks, with the value obtained directly from BenchMark Finance's liquidity providers. It can be positive or negative. The main components of the Tom/Next interest rate are based on the interest rate differential between the currencies involved in the currency pair, liquidity (in this case, liquidity in the forward market may be diminished due to upcoming important government elections, end of month, quarter, year, etc. .), demand on the interbank forward market, currency uncertainty, and important events affecting any of the currencies in the cross.

Position opening		
Nominal value	100 000 EUR	
Open price	1.10500	
Position value	110 500 USD	nominal value X open price
Margin requirement	500 EUR	0.5% of nominal value

Position closing		
Nominal value	100 000 EUR	
Close price	1.10600	
Close position value	110 600 USD	nominal value X open price
Profit/Loss	100 USD	Close position value

Corrections		
Days of hold	2	

Swap value per day for long positions	-8.50 USD	
Total swap value	-17 USD	
Net P/L	83 USD	After corrections

5.1.2. Short Position (Sale)

The market price of EURUSD is 1.10499/1.10500. The client estimates that the euro (EUR) will become cheaper against the US dollar (USD) and wants you to take advantage of this downward movement. Therefore, it decided to sell 100,000 EURUSD currency units at 1.10500.

Two days later, the dollar rose against the euro and the customer decided to make a profit by closing the short position at EURUSD.

The current market price of EURUSD is already at 1.10398/1.10399. The amount of profit the client will make from the transaction before adjustments and taxes is $100. Profit/loss is calculated by multiplying the change in price (closing price minus opening price) by the volume of the position, i.e. the difference between 1.10499 and 1.10399 (= 0.00100 or 10 pips) x 100,000 = $100

Assumptions

Financial corrections

If a client opens and closes a spot forex position within the same trading day, then his position is not subject to financial corrections. The open positions held at the end of the trading day (17:00 New York time) are transferred to the next business day. Applicable adjustments are charged to the customer's account in the Swap column. These adjustments are based on the following components.

Tom/Next interest rate swap

The transfer of position for the next business day is done by moving the value date for the respective position to a new value date, with the first possible business day. The standard value date for major currency pairs is T+2 working days. The value date of the currency spot positions held at 5:00 PM New York time (00:00 Bulgarian time) is transferred with a new value date, which is the next business day. As part of the transfer, positions are subject to interest rate swap for the next day's retention.

The amount of swap is based on Tom/Next (Tomorrow/Next) interest rates from the interbank forward market of Tier-1 banks, with the value obtained directly from BenchMark Finance's liquidity providers. It can be positive or negative. The main components of the Tom/Next interest rate are based on the interest rate differential between the currencies involved in the currency pair, liquidity (in this case, liquidity in the forward market may be diminished due to upcoming important government elections, end of month, quarter, year, etc.), the demand on the interbank forward market, currency uncertainty, and important events affecting any of the currencies in the cross.

Position opening		
Nominal Value	100 000 EUR	
Open price	1.10499	

Position value	110 499 USD	Nominal value X open price
Margin requirement	500 EUR	0.5% of nominal value

Position closing		
Nominal value	100 000 EUR	
Price closing	1.10399	
Price closing value	110 399 USD	Nominal value X open price
Profit/Loss	100 USD	Price closing value

Corrections		
Days of hold	2	
Swap value per day for short position	+3.20 USD	
Total swap value	+6.40 USD	
Net P/L	106.40 USD	After corrections

5.2. CFD on shares

5.2.1. Long Positions (Buying)

Example for buying a CFD on shares: The market price of XYZ's shares on the relevant exchange is currently $12.00/$12.02. A client believes that XYZ's shares are undervalued and will rise in price, so the client decides to buy 1,000 CFD at $12.02 each. Therefore, this position gives the client an equity exposure of $12,020 (price x number of CFDs).

The position requires a margin of 10% of the deal value ($1,202).

A month later (30 days), XYZ's shares have risen and they are trading for $12.52. The client decides to collect the accumulated profit by closing this position. The amount of profit that the client will make before adjustments and transaction tax is $500 (difference between $12.02 and $12.52 x $1,000 =$500).

Corrections

ДXYZ has paid a dividend - $0.10 per share. Therefore, the customer is entitled to a positive dividend adjustment of $100 (1000 shares x $0.10). This amount is credited to the account in the swap column.

CFDs on shares are subject to a transaction fee. The commission is charged both for opening and closing a position. The benchmark commission for BenchMark Finance for US stock trading is $0.05/share. In this example, a transaction fee will be charged for each transaction as follows:

1000 x 0.05 USD = 50 USD.

As the client holds a long-term CFD position in equities, he/she will incur interest expenses to hold the position. These costs are calculated on the basis of interest rate + markup. In this

example, if the basic interest rate + the markup is 5%, the daily interest rate per day is as follows:

1000 x 12.02 USD x 5% / 360 = 1.669 USD per day.

CFD share XYZ (USD)	**Open**	**Close**
Direction	Buy	Sell
Number of CFDs	1000	1000
Price	12.02 USD	12.52 USD
Value	12 020 USD	12 520 USD
Commission	50 USD	50 USD

Profit/Loss calculation		
Gross P/L	+500 USD	(12 520 USD – 12 020 USD)
Dividend	+100 USD	(0.10 USD x 1000)
Commission	-100 USD	2 x 0.05 USD x 1000
Swap	-50.07 USD	30 days x 1.669 USD/day
Net Profit/Loss	+449.93 USD	Before taxes

5.2.2 Short positions (Sell)

Example for selling CFD on shares: The market price of the shares of XYZ on the relevant exchange at a given time is $25.00/$25.10. The client believes that XYZ's shares are overvalued and will become cheaper, so the client decides to sell (short position) 500 CFD at $25.00. Therefore, this position gives the client an equity exposure of $12,500 (price x number of CFDs).

The position requires a margin of 10% of deal nominal ($1,250).

The price of the underlying share rises to $28.00 over the next 10 days. As a result, if a client chooses to close the position. The gross loss is $1500:(500 x 25.00 USD) - (500 x 28.00 USD) =

-1500 USD.

Corrections

CFDs on shares are subject to transaction fees. The commission is charged both for opening and closing a position. The benchmark commission for BenchMark Finance for US stock trading is $0.05/share. In this example, a transaction fee will be charged for each transaction as follows:

500 x 0.05 USD = 25 USD.

As the client holds a long-term CFD position in equities, he/she has interest costs to hold the position. These costs are calculated on the basis of interest rate + markup. if the basic interest rate + the markup is 5%, the daily interest rate per day is as follows:

500 x 25.00 USD x 5% / 360 = 1.736 USD per day.

CFD share XYZ (USD)	**Open**	**Close**
Direction	Sell	Buy

Number of CFD's	500	500
Price	25.00 USD	28.00 USD
Value	12 500 USD	14 000 USD
Commission	25 USD	25 USD

Profit/Loss calculation		
Gross P/L	-1500 USD	(12 500 USD – 14 000 USD)
Dividend	0 USD	
Commission	-50 USD	2 x 0.05 USD x 500
Swap	-17.36 USD	10 days x 1.736 USD/day
Net Profit/Loss	-1567.36 USD	Before taxes

5.3. CFD on indexes

5.3.1. Long Position (Buying)

An example of buying an index CFD: with a long position a client profits when the market is moving upwards.

Example: A client thinks that the leading US index SPX500 will go up, so she buys 10 CFDs on the SPX500 at 2,500 points (USD), so this position gives an effective exposure to the SPX500 index of

$25,000 (index value X number of CFDs). The position requires a fixed margin of $400. BenchMark Finance does not charge commissions for CFD trading with indices.

The SPX500 index has risen over the next 5 days, reaching 2 580 points. As a result, if a client chooses to close a position, the gross profit from this transaction will be $800: (10 x $ 2,580) - ($ 10 x $ 2,500) = $800 (before adjustments and taxes).

Corrections

As the client holds a CFD position, interest rate expenses are charged by applying the applicable basic interest rate + markup.

The opening price of the position is 2,500 points and for the purposes of the example the interest rate is 3%, the interest payable per day is calculated as follows:

10 x 2 500 USD x 3% / 360 = 2.083 USD per day

CFD index (USD)	Open	Close
Direction	Buy	Sell
Number of CFD's	10	10
Price	2 500 USD	2 580 USD
Value	25 000 USD	25 800 USD

Profit/Loss calculation		

Gross P/L	+800 USD	(25 800 USD – 25 000 USD)
Swap	-10.42 USD	5 days x 2.083 USD/day
Net P/L	+789.58 USD	Before taxes

5.3.2. Short Position (Selling)

Example for selling an index CFD and realization of losses as the market moves against the customer's position. The customer believes that the leading NAS100 technology index will be cheaper and sells 5 NAS100 indexes at 6,100 points (USD). Therefore, this position gives an effective exposure to the NAS100 index of $30,500 (index value x number of CFDs). The position requires a fixed margin of $500.

BenchMark Finance does not charge commissions for trading CFDs on indices.

The US NAS100 Index is moving up over the next 5 days to 6,300 points (USD). As a result, if a client decides to close a position, the gross loss from this transaction will be $1,000: (5 x 6,100 USD) - (5 x 6,300 USD) = -1,000 USD (before adjustments and taxes).

Corrections

As the client holds a CFD position, interest rate expenses are charged by applying the applicable basic interest rate + markup.

The opening price of the position is 6,100 points and for the purposes of the example the interest rate is 2%, the interest payable per day is calculated as follows:

5 x 6 100 USD x 2% / 360 = 1.694 USD per day

CFD index (USD)	**Open**	**Close**
Direction	Sell	Buyl
Number of CFD's	5	5
Price	6 100 USD	6 300 USD
Value	30 500 USD	31 500 USD

Profit/Loss calculation		
Gross P/L	-1000 USD	(30 500 USD – 31 500 USD)
Swap	-8.47 USD	5 days X 1.694 USD/day
Net Profit/Loss	-1008.47 USD	Before taxes

5.4. Futures CFD (including maturing and non-maturing goods,etc.)

5.4.1. Long position (Buying)

An example of opening a long position in a futures CFD in which the client opens a long position that generates a loss because the market moves against the client's position.

The market price of crude oil (USOIL) is 56.00 / 56.05 USD. The customer believes USOIL is undervalued and will rise in price and decides to buy 200 CFD in crude oil worth $ 56.05 each.

Therefore, this position in USOIL has a face value of $ 11,210 (price x the number of CFDs). The position requires a fixed margin of $ 180.

Fifteen days later, the price of CFD on USOIL has dropped and is trading at 53.00 / 53.05 USD per barrel. The client decides to close the loss by closing the USOIL position at $ 53.00 a barrel.

The gross loss a customer will incur is $610: (200 x 56.05 USD) - (200 x 53.00 USD) = -610 USD (before adjustments and taxes).

Corrections

As the position is in maturing oil future, which will expire on certain maturity day, the position is not subject to daily interest and no interest is due because of the transfer of the position.

CFD futures (USD)	**Open**	**Close**
Direction	Buy	Sell
Number of CFD's	200	200
Price	56.05 USD	53.00 USD
Value	11 210 USD	10 600 USD

Profit/Loss calculation		
Gross P/L	-610 USD	(10 600 USD – 11 210 USD)
Swap	0 USD	It is not due to a maturing instrument
Net Profit/Loss	-610.00	Before taxes

5.4.2. Short position (Selling)

An example of selling futures CFDs, in which a client takes a short position and makes a profit as the market moves in the direction of his position.

The market price of crude oil (USOIL) is 56.00 / 56.05 USD. The customer thinks USOIL is overpriced and will go down and decides to sell US $ 200 CFD at $ 56.00 a barrel. Therefore, the net position value is $ 11,200 (price x number of CFDs). The position requires an initial margin of $ 180.

Ten days later, the price of CFD on USOIL has dropped and is now trading at 54.00 / 54.05 USD per barrel. The client decided to make his profit by closing his position at USOIL at $ 54.05 a barrel.

The gross profit the customer will make is $ 390: (200x56.00 USD -(200x54.05 USD) = $390 (before adjustments and taxes).

Correction

As the position is in maturing oil, which will expire on a certain maturity day, the position is not subject to daily interest and no interest is due because of the transfer of the position.

CFD futures (USD)	**Open**	**Close**

Direction	Sell	Buy
Number of CFD's	200	200
Price	56.00 USD	54.05 USD
Value	11 200 USD	10 810 USD

Profit/Loss calculation		
Gross P/L	+390 USD	(11 200 USD – 10 810 USD)
Swap	0	It is not due to a maturing instrument
Net Profit/Loss	+390 USD	Before taxes

7. DEFINITIONS

- **Trading account** means a client account in BenchMark Finance created under the BenchMark Finance Terms and Conditions, including all trading accounts and all transactions registered therein.
- **Transaction** means a deal with a BenchMark Finance product (opening/closing a position).
- **Order** means any order placed by the customer for making a transaction.
- **CFD (Contract for Difference)** is an agreement between a buyer and a seller to exchange the difference between the current price of the underlying asset (shares, currency, commodities, indexes, etc.) and its price when the contract is closed.
- **Spot Forex (Currency Contract)** means an OTC derivative contract or derivative contract that forms its price from real-time changes in the spot market price of the specific currency that is the underlying instrument for that derivative..
- **Margin** means the guarantee amount that the client is required to provide to BenchMark Finance to open a position in financial instrument or product issued by BenchMark Finance
- **Leverage** means the ratio between the size of a position that the client opens and the amount which is blocked to maintain the position in the client's account.
- **Long position** means a position that a customer has opened when expecting a higher price of a product in a growing market. To be "long" means that the client should buy.
- **Margin Call** occurs from the moment when the margin requirement of the trading account goes down to a certain level. For margin call, it may be necessary additional funds to be deposited into the account or open positions to be closed so the margin requirement to be reduced.
- **Margin coverage** is the required margin coverage that is calculated by BenchMark Finance, deducting the required margin and the unrealized loss from the client's open positions from the client's account value.
- **Margin trading** is any trade with a product offered on a margin.

- **Open position** means a transaction in which the client has entered and which is not yet closed.
- **Short position** means a position that a customer has opened when expecting a decrease in the price of a product in a down market. Being short means the customer is selling.
- **Currency spot trading** is the price of T+2 settlement. For indices, commodities or stocks, the spot is for immediate settlement or delivery.
- **Spread** means the difference between the bid and ask price of an instrument as determined by BenchMark Finance.
- **An underlying instrument** is an instrument used as a basis for determining the price of a CFD contract, such as a stock, an ETF, a commodity, a stock index, or other asset (or a combination of one or more of the listed assets).

IV. FINAL PROVISIONS

(Supplemented by a decision of the Board of Directors of November 29, 2021)

1. This document is provided to customers in Bulgarian and English, and is constantly available to all customers and potential customers on the website of the investment intermediary www.benchmark.bg. BenchMark on request Finance may make this document available on another durable medium. BenchMark Finance shall notify its clients of any change in this document by means of a communication, published on its website.

In case of divergence in the wording of the provisions of the two languages, the text of the relevant provision in Bulgarian. By concluding a contract, the client declares that agrees to use the document in one of the two available languages and will not require it translation into a language other than Bulgarian and English

2. BenchMark Finance believes that by concluding a contract, the client has given his consent to this document, as well as subsequent amendments and additions to it, if the client does not express his explicit disagreement with the changes within 3 days from the publication of the changes on the website of the investment intermediary www.benchmark.bg.

3. This document was adopted by a decision of the Board of Directors of BenchMark Finance, according to the minutes of a meeting held on 16.05.2018, amended and supplemented by a decision of the Board of Directors, according to the minutes of the meeting held on 29.11.2021, in force since 03.12.2021, amended by a decision of the Board of Directors, according to the minutes of the meeting held on 27.01.2022, in force since 01.02.2022.