

**GENERAL TERMS AND CONDITIONS FOR TRADING IN FINANCIAL  
INSTRUMENTS**

**Of Investment Intermediary "BenchMark Finance" JSCo**

## 1. Framework

### *Scope*

**Article 1** The present general terms and conditions settle the rules and obligations of investment intermediary "**BenchMark Finance**" JSCo (named hereinafter "BenchMark Finance" or the "investment intermediary") and its clients with regard to the services and activities provided by the investment intermediary under Article 5, Paragraphs 2 and 3 from the Law on the Financial Instrument Market, in accordance with the license owned by him.

### *Investment Intermediary Data*

**Article 2** (Amended with a decision by Board of Directors and suppl. with a decision by Board of Directors on 14.04.2016) BenchMark Finance is a joint-stock company registered in the Commercial Register of the Registry agency with a Unified Identical Number 131225156. The name under which the investment intermediary acts is BenchMark Finance JSCo.

**Article 3** (Amended with a decision by Board of Directors and suppl. with a decision by Board of Directors on 12.10.2016) The headquarters of BenchMark Finance are located in: Sofia, Lozenets region, ul. "Viskiar Planina", No 19, website: [www.benchmark.bg](http://www.benchmark.bg) in Bulgarian, [www.benchmarkfx.es](http://www.benchmarkfx.es) in Spanish, [www.benchmarkfx.co.uk](http://www.benchmarkfx.co.uk) in English and each page in another language, if specified in the contract with the customer as the site of BenchMark Finance. Telephone numbers and email addresses for customer contact are indicated on the relevant website.

**Article 4** (Amended with a decision by Board of Directors on 14.04.2016) BenchMark Finance holds a licence for performing an activity as an investment intermediary on the territory of Republic of Bulgaria and abroad under a No: WP – 03-0212 from 09.05.2006 of the Financial Supervision Commission (named hereinafter FSC). BenchMark Finance is subscribed in the investment intermediaries' register led by FSC under No: 03-0212.

**Article 5** BenchMark Finance holds authorization to conclude transactions with available foreign currency and via cashless manner as a private equity house in accordance with licence No: 103 from 17.06.2005 of Bulgarian National Bank.

**Article 6** (Amended with a decision by Board of Directors on 14.04.2016) BenchMark Finance is a member of Bulgarian Stock Exchange – Sofia JSC and Central Depository JSC.

**Article 7** (Amended with a decision by Board of Directors on 14.04.2016) BenchMark Finance is registered in the personal data administrators' registry led by the Data Protection Commission with a reference number 50497.

**Article 8** (Amended with a decision by Board of Directors on 14.04.2016, amended with a decision by Board of Directors on 12.10.2016) Contracts as well as all documents settling the relations with the clients, correspondence and communication between BenchMark Finance and its clients including the provision of information by BenchMark Finance are done in Bulgarian, English, Spanish or other languages indicated on the website of the intermediary. When the contract is concluded in a language different than Bulgarian, the client agrees that in case of disputes or discrepancies, the Bulgarian version shall prevail unless in the contract with the client anything else is expressly agreed.

**Article 9** The activities of BenchMark Finance are directly regulated by the Law on the Financial Instruments Market and Regulation No: 38 of FSC for the requirements of investment intermediaries' activities (The Regulation).

**Article 10** (Amended with a decision by Board of directors on 02.12.2013 and a decision from 14.04.2016) The supervision on the activities of BenchMark Finance in its capacity as investment intermediary is done by the Financial Supervision Commission (FSC) located in Sofia, ul. Budapeshta, No: 16, e-mail: delovodstvo@fsc.bg.

**Article 11** (Amended with a decision by Board of directors on 02.12.2013) In accordance with the licence issued by FSC to perform an activity as an investment intermediary, BenchMark Finance provides professionally within the territory of Republic of Bulgaria, European Union and EEA and third countries the following services and activities:

(1) General investment services and activities:

1. Acceptance and transmission of orders with regard to one or more financial instruments, including mediation for trading in financial instruments;
2. Execution of transactions on the behalf of clients;
3. Transactions with financial instruments for own account;
4. Portfolio management;
5. Providing investment consultations to a client;
6. Taking emissions of financial instruments and/or offering financial instruments for initial sale at the conditions of unconditional and irrevocable obligation to register/obtain financial instruments for own account;
7. Offering financial instruments for initial sale without unconditional and irrevocable obligation to obtain financial instruments for own account.

(2) BenchMark Finance also provides the following additional services:

1. Keeping and administration of financial instruments at the expense of clients, including trust business (holding financial instruments and cash of clients in a depository institution) and services such as management of received cash/provided guarantees related to it;
2. Providing loans for concluding transactions with one or more financial instruments, if the individual that provides the loan participates in the transaction under conditions and order, determined with a decree;
3. Company consultations regarding the capital structure, industrial strategy and questions related to this, as well as consultations and services related to mergers and purchase of enterprises;
4. Providing services related to foreign means of payment as long as they are related to the provided investment services;
5. Investment studies and financial analyses and other forms of general recommendations related to trading in financial instruments;
6. Financial instruments related to acceptance of emissions.

(3) Transactions with foreign means of payment available and via non-cash way.

**Article 12** (Amended with a decision by Board of Directors on 02.12.2013) Subject of the services under Article 11 can be all financial instruments designated under Article 3 from the Law on the Financial Instruments Market as well as all compensatory instruments within the meaning of the Law on trading in compensatory instruments.

**Article 13** (Amended with a decision by Board of Directors on 02.12.2013) These general terms and conditions are applied at provision of services under register agency by BenchMark Finance in

accordance with Article 81 from the present general terms and conditions under Article 56 from Regulation No: 38.

### *Client*

**Article 14** (1) Client is an individual or legal person who benefits from services under Article 11, provided by BenchMark Finance.

(2) The clients of investment intermediary are set out as non-professional clients, professional clients and eligible counterparties on the basis of conditions and criteria implemented in the Rules for categorization of clients, accepted by the Board of directors of BenchMark Finance and reflected in Application 1 from the present General Terms and Conditions. The investment intermediary informs about the defence to which different types of clients are subject to. The client is entitled to ask the investment intermediary to be defined in a different way. The investment intermediary has the right to assess whether the client meets the criteria for the categorization required by him.

## **II. Agreement**

**Article 15** (Amended with a decision by Board of directors on 02.12.2013) BenchMark Finance provides services at the expense of a client on the basis of a written agreement concluded with him ("The Agreement").

**Article 16** (1) (Amended with a decision by Board of directors on 02.12.2013 and suppl. with dec. by Board of directorson 14.04.2016).The client can conclude a contract personally through a legal representative and through a proxy. Concluding a contract via proxy is not permitted under Article 26a and Article 26b from Regulation No:38.

(2) (Amended with a decision by Board of directors on 02.12.2013 and suppl. with dec. by Board of directorson 14.04.2016). A contract with a client can be concluded by default via exchange of electronic statements signed with an ordinary or qualified electronic signature by complying with the provisions of Article 26a from Regulation No:38. Contracts, signed with an ordinary electronic signature enter into force after an initial cash supply into the account of the client on the cash desk of the investment intermediary or from a bank account of the client.

(3) (Amended with a decision by Board of directors on 02.12.2013) A contract with a client can be concluded by default, via exchange of the needed documents signed by the parties on condition that the client is an account holder of a bank open in credit institution, complying with the requirements under Article 26b, Paragraph 2 and in accordance with the provisions of Article 26b from Regulation No:38. In this case concluding a contract via proxy is not permitted.

(4) (Amended with a decision by Board of directors on 02.12.2013) A contract with a client can be concluded at default via exchange of the needed documents signed by the parties on condition that the client signs in the presence of notary who certifies this circumstance and in accordance with the other provisions of Article 26c from Regulation No: 38.

(5) (Old Paragraph 2, amended with a decision on 14.04.2016) Concluding a contract via proxy is allowed solely if notary certified power of attorney is presented and if it contains the representative power to perform management and disposal actions with financial instruments and a declaration from the representative that he does not professionally conclude transactions with financial instruments and that he has not concluded such transactions in the last one year before concluding the contract. The investment intermediary holds a copy of the identity document of the client and his representative, the declaration with the original authorisation under the previous sentence and

its certified true copy. If the authorisation can be used more than once, BenchMark Finance holds a copy of it, certified by the representative and by an individual from the inside control unit.

(6) (Amended with a decision by Board of directors on 02.12.2013) At contract conclusion, a certified copy of client's proof of identity and his representative's respectively, remain in the archive of BenchMark Finance. The certification is done by laying the inscription a "Certified copy", date and signature of the individual who does the certification.

**Article 17** (1) (Amended with a decision by Board of directors on 30.05.2016) The investment intermediary concludes contracts and accepts orders of client via individuals who work under contract for him and are:

1. Brokers or
2. Individuals who comply with the requirements under Article 3, Paragraphs 1-6 from Regulation No: 7 from 2003 for the requirements to which the individuals who conclude under a contract transactions with financial instruments and investment consultations related to financial instruments as well as the order to obtain or withdraw the right to exercise such right and are inscribed in the register under Article 30, Paragraph 1, Point 2 from the Act on the Financial Supervision Commission.
3. Executive members of Board of Directors or procurators of the investment intermediary.  
2) (Amended with a decision by Board of directors on 14.04.2016) In cases under Article 24, Paragraph 2 from Regulation No: 38, the Client and his representative sign the contract in the presence of individual under Article 1 after the identity of the client and his representative are checked as well as the presence of representative power for the client at concluding contract via representative unless the contract is not concluded under the rules of the Law on the Electronic Document and Electronic Signature.  
(3) (Amended with a decision by Board of directors on 02.12.2013) BenchMark Finance concludes contracts only in the headquarters, branch and office inscribed in the register of the investment intermediaries led by Financial Supervision Commission except for conclusion of contracts by distance under Article 26a, 26b and 26c from Regulation No: 38.

**Article 18** (1) The investment intermediary concludes contracts with clients under these general terms and conditions.

(2) Additional clauses and separate clauses deviating from the general terms and conditions can be part of the contract, only if they do not contradict to imperative regulations of the law.

(3) At concluding clauses under Paragraph 2, the relations between the investment intermediary and the client are settled under these clauses and not under the clauses contradicting to the general terms and conditions.

#### *Information related to the contract*

**Article 19** (Amended with a decision by Board of directors on 14.04.2016) (1) Before concluding the contract with a non-professional client, the investment intermediary provides him with information for the main rights and obligations of the client and the investment intermediary under Art.84, information for the terms and conditions of the contract which will be concluded as well as the other required data under article 84, Paragraph 1 from Regulation No: 38, by providing the following documents:

1. The general terms and conditions, applicable to the contracts with clients;
2. The conditions of the contract that will be concluded;

3. Application 1 from the present General Terms and Conditions – "Client Categorisation Rules of Investment Intermediary BenchMark Finance" containing the conditions and criteria under which the clients are defined as professional or non-professional as well as the circumstances at which the client can be defined as an eligible counterparty;
4. The policy for executing client orders for trading in financial instruments which also contains the overall description of the financial instruments and the risks related to them;
5. The policy for treating conflict of interests applied by the investment intermediary – in a summarised form via the present General Terms and when required by the client – via providing the relevant part from the Inside Rules of BenchMark Finance that contains the applicable by the investment intermediary, policy for treating conflict of interests;
6. Rules for trading on international financial markets (only for clients willing to trade on international markets);
7. The tariff of the investment intermediary.  
(2) Before concluding the contract, the investment intermediary provides the client with the possibility to get to know the documents from the previous paragraph. When required by the client, the investment intermediary provides him with additional information, clarifications, answers questions related to its content.

#### Content of the contract

**Article 20** (Amended with a decision by Board of directors on 14.04.2016) (1) In the contract with the client at least the following data is inscribed: the identification data of the client and his representative; identification of the individual representing the investment intermediary and the quality in which he acts; date of conclusion; place of conclusion (unless the contract is not concluded under the Law on Electronic document and electronic signature; the provided under the contract investment and additional services and the financial instruments – subject of these services; the main rights and obligations of the investment intermediary and the client. By signing the contract, the investment intermediary provides the valid at the time of conclusion General terms along with the rules for categorisation of the client, the Policy for executing client orders, Rules for trading on international markets (applicable only for clients concluding trading transactions on international markets) and the Tariff of the investment intermediary.

(2) In cases when BenchMark Finance concludes a portfolio management contract with a non-professional client, the following information is also included when it is applicable:

- ▶ Information about the method and periodicity of valuating financial instruments in the client portfolio;
- ▶ Data for every management delegation of all or part of the financial instruments and/or cash in the client portfolio;
- ▶ Characteristics and information for each label under which the results from the portfolio management will be compared, consistent with the investment aims of the client and types of financial instruments included in the client portfolio in such a way that the client using the service can evaluate the execution of the service by the investment intermediary;
- ▶ Types of financial instruments that can be included in the client portfolio and the types of transactions that can be concluded with them, including all limitations;
- ▶ The aims of the management, risk level in the judgement of the portfolio manager as well as all specific limitations of this judgement.

(3) (Amended with a decision by Board of directors on 14.04.2016) By signing a contract, the client of BenchMark Finance declares that:

1. Agrees with the applicability of the valid until the moment of conclusion General terms and conditions for client categorisation, Rules for trading on international markets (applicable for

- clients concluding transactions on international markets) and the Tariff of the investment intermediary;
2. Is informed and agrees with the Policy for executing orders for trading in financial instruments, at the expense of clients, followed by the investment intermediary;
  3. Is informed and agrees that his orders are executed out of regulated market or multilateral trading system when the policy for executing orders predicts such a possibility;
  4. Is informed for the existing system for compensation of investors in financial instruments, including its scope and the guaranteed size of the client assets;
  5. Is acquainted with the description of the financial instruments and informed about the risks related to them;
  6. Is informed about the execution venues of the transactions;
  7. Is informed about the types of expenses and their amount;
  8. Is acquainted with the Policy of treating conflicts of interests;
  9. Is informed about the possibility of the investment intermediary to deposit the cash of its clients to the individuals described in Art. 34 from the Law on the Financial Instruments Market.
- (4) By signing a contract to which the present general terms are applicable, the client confirms that the investment intermediary has informed him about:
1. The presence of right of compensation or lien on the client's cash or financial instruments of the investment intermediary in case that the client delays in the execution of his financial obligations under a contract concluded with the intermediary to the amount of client's obligation if in the contract anything else is not indicated;
  2. The presence of right of deduction with the client cash or financial instruments in favour of the investment intermediary in case that an opposite, liquid and payable obligation has raised for the intermediary, regardless of the contracts concluded with the investment intermediary (if the client has more than one concluded contracts for the provision of investment services). The deduction is done to the amount of the smaller obligation, after the intermediary has informed the client about this.
  3. The possibility of the depositary institution to have the right of compensation, lien, or deduction on the client's financial instruments or cash, when this is applicable.
- (5) Along with the contract all other conditions and deadlines are also determined and additional clauses or clauses deviating from the general conditions can be also included, in accordance with Art. 18, Par. 2.
- (6) The client is obliged to immediately inform the investment intermediary for all changes in his personal details which he has been initially identified as a client with, and for legal entities – all changes in his legal status that can represent him by providing all documents related to this change to the investment intermediary. The investment intermediary is not held liable for actions taken before the notification from the previous sentence, in the execution of regularly placed orders in accordance with the available up to the moment information at the investment intermediary.

#### *Categorisation of the client*

**Article 21** (1) (Amended with a decision by Board of directors on 08.02.2012) At the conclusion of the contract, BenchMark Finance requires information from its clients in accordance with Application 1 from the present General Terms – "Rules for Client Categorisation of investment intermediary BenchMark Finance". On the basis of the provided information, BenchMark Finance determines every individual client as non-professional, professional or eligible counterparty, guided by the criteria established in the Client Categorisation Rules in accordance with the Law on the Financial Instruments Market.

(2) A client defined as non-professional can ask to be re-categorized as professional client with regard to certain investment services and transactions or certain types of transactions or investment product at following the relevant terms and procedure stated in the Client Categorisation Rules in accordance with Unit 2 from the Law on the Financial Instruments Market. In the case of the previous sentence, the rules are not applied to this client ensuring higher degree of defence of non-professional clients only if on the basis of this attempt, skills and knowledge of the client, the investment intermediary can reasonably assume that agreeably with the character of the transactions and services subject of the contract, which the client intends to conclude and use, the client can take individual investment decisions and to assess the risks related to them.

(3) The client defined as professional under Article 2 is obliged to inform the investment intermediary for every change in the details that has served as a reason to complete its Re-categorisation under Art. 2. If the investment intermediary establishes on the basis of the notification from the previous sentence or any other way, that the client has stopped to respond to the conditions which define him as professional, the investment intermediary starts to apply the rules ensuring a higher degree of defence for the non-professional clients.

(4) A client defined as professional under Par.1 can ask to be categorised as non-professional. In the event of the previous sentence, on the basis of an agreement signed with the client, BenchMark Finance applies the rules ensuring a higher degree of defence for the non-professional clients with regard to the certain services, activities, transactions, financial instruments and other financial products indicated in the written agreement.

(5) A client defined as eligible counterparty under Par.1, can ask not to be treated as such completely or for a given transaction if the investment intermediary agrees. In the event of the previous sentence, the client is treated as professional unless he expressly asks to be treated as non-professional. When the Client asks to be treated as non-professional, second sentence from the previous paragraph is applied with regard to him.

(6) A change in the categorisation under Article 5 and 6, except with an enquiry from the client, can be done at the initiative of the investment intermediary.

#### *Information from the client*

**Article 22** (1) At conclusion of a portfolio management contract or provision of investment consultations, BenchMark Finance requires the following from the client:

1. Information for his financial possibilities;
2. Investment aims;
3. Knowledge and experience in these investment services and activities and his readiness to risk.

(2) At concluding a contract for provision of services different from the ones under Par. 1, the investment intermediary requires information only for the experience and knowledge of the client in the investment activity and with regard to the provided service.

(3) When applicable, the information about the investment aims of the client includes the following:

1. Timescale in which the client wishes to hold the investment;
2. Preferences of the client with regard to the taken risk and the risk profile of the client;
3. The aims of the investment.

(4) When applicable, the information related to the financial condition of the client includes the following:



1. Sources and amount of the constant income of the client;
2. Assets of the client including liquid assets, investments and real estate;
3. Regular financial obligations of the client.

(5) The information related to the experience and knowledge of the client in the area of the investment activity contains, as per the characteristics of the client, the nature and scope of the services that will be provided and the types of products and transactions predicted, including their complexity and the risks related to them, the following:

1. Type of services, transactions and financial instruments with which the client is acquainted;
2. Nature, volume and frequency of the transactions with financial instruments, at the expense of a client and the timescale in which they will be concluded;
3. Educational degree, profession and related previous profession of the client or the potential client.

(6) The information required from BenchMark Finance in accordance with the previous paragraphs is in volume that the investment intermediary considers necessary for establishing the essential facts about the client and gives him the opportunity to make his judgement under Art.30.

(7) The client is obliged to actualize the provided under the previous paragraphs information.

(8) BenchMark Finance is not entitled to complete the services under Art.1 for a client who has not provided the information indicated in the same paragraph.

(9) BenchMark Finance might not require the information under Art.2 when accepts, transmits and executes orders at the expense of clients, related to one or more financial instruments, including the times when it mediates for the conclusion of transactions with financial instruments if the following conditions are present:

1. Subject of the services are shares that are admitted to trading on a regulated market or equivalent market of a third country, in accordance with the register of the European commission, bonds and etc.;
2. Debt securities except for these bonds or other debt securities that hinge the derivative instrument, instruments of the cash market, shares of collective investment schemes and other non-complex financial instruments;
3. The service is provided at the initiative of the client or a potential client;
4. The client or the potential client is informed in a written form that BenchMark Finance will not assess whether the investment service is suitable for the client or not.
5. The investment intermediary follows the requirements for treating of conflict of interests.

(10) The regulations of this article are not applied at conclusion of transactions with clients, defined as eligible counterparty, at completing the investment services under Art.5, Par.2, Points 1-3 from the Law on the Financial Instruments Market, with regard to the given transactions or additional services, directly related to them.

(11) At provision of investment services, the investment intermediary can accept that with regard to the products, transactions and services for which he is defined as professional, the client possesses

the relevant knowledge and experience. When the investment intermediary provides all investment consultations to a professional client, the investment intermediary can accept that this client has the financial opportunity to bear all related investment risks, compatible with his investment aims.

#### *Refusal to contract*

**Article 23** (1) (Amended with a decision by Board of directors on 08.02.2012) The investment intermediary refuses to contract if the client or his representative has not signed all relevant documents under Art. 24, 25, 26a and 26b from Regulation No: 38, has presented documents with obvious irregularities or the data within them is incomplete, has discrepancies or contradictions or another circumstance that creates doubts for improper legitimating or representation of the client.

(2) (Amended with a decision by Board of directors on 08.02.2012), amended with a decision by Board of directors on 14.04.2016) The investment intermediary cannot conclude a contract with a client, represented by proxy who declares the professional completion of transactions with financial instruments. This restriction does not apply when the contract is signed by a management company, credit institution, investment intermediary or other person entitled to operate with financial instruments. The investment intermediary cannot conclude a contract with a client represented by proxy, if the contract is concluded under Art.26a or 26b from Regulation No: 38.

(3) (Amended with a decision by Board of directors on 14.04.2016) BenchMark Finance refuses to conclude the Contract and to provide services under a concluded contract if this might lead to non-execution of other requirements of the Law on the Financial Instruments Market, Law on Measures against Market Abuse with Financial Instruments, Law of Public Offering of Securities, the Special Purpose Entity Act, Measures Against Money Laundering Act, Measures Against the Financing of Terrorism Act and other existing legal acts, including at refusal by the client or his representative to provide the required personal details, information and/or documents in accordance with the legal acts in Republic of Bulgaria.

#### *Change and suspension of the contract*

**Article 24** (Amended with a decision by Board of directors on 14.04.2016) (1) All changes and additions to a certain contract concluded between BenchMark Finance and its client, can be solely completed with a written agreement as the parties sign an additional agreement in the order and way in which the contract with the client is concluded.

(2) The contract between the client and BenchMark Finance can be terminated in the following cases:

1. by a mutual agreement of the parties expressed in a written form in the order under which the contract with the client is concluded;
2. Unilaterally, with a written notification to the other party;
3. with the expiration of the contract term if the contract has a deadline;
4. in the event of death or incapacity mandates of a client - individual;
5. at suspending the legal personality of the client or the investment intermediary;
6. upon revocation of the license of the investment intermediary;
7. in case the client disagrees with the amended or new terms and conditions, Tariff of BenchMark Finance, Policy for executing client orders, Rules for Trading on international markets of BenchMark

Finance within the deadlines and conditions of Art.26, Par.2 and 3 from the present General Terms and Conditions;

8. unilaterally by BenchMark Finance, if a client has a negative balance on his account due to unpaid commissions, fees, remunerations or expenses for provided investment services or concluded transactions with financial instruments;

9. Unilaterally, by BenchMark Finance in cases under Art. 52 from the present general terms, if the investment intermediary at its own discretion defines the trading strategy of the client as an attempt to take advantage of mistakes and/or delays in quotes and/or other weaknesses in the electronic trading platform, including when this is done via an automated expert system, script, API or another software, developed by third parties.

10. in the presence of other causes, predicted in the contract, the present general terms and conditions or in law.

(3) In cases under Par.2, Points 2, 8 and 9, the investment intermediary informs the client for the suspension of the contract with an e-mail, where the date of termination of the contract is indicated. When it comes to non-execution of cash or another obligation of the client, the investment intermediary gives him an appropriate deadline for execution. At meeting the deadline in the event of non-execution by the client, the contract is considered terminated.

(4) BenchMark Finance requires and/or withdraws payment of all fees, commissions and other expenses from the client, accrued until the date of termination as well as all additional expenses along with direct losses occurred as a result of the termination for BenchMark Finance, if there are any. Only after repayment of all obligations of the client to the date of termination, BenchMark Finance transfers the financial instruments and cash in accordance with the orders of the client.

(5) At sending a written notification to terminate the contract as well as at signing an agreement to terminate the contract, the client is obliged to close all his open positions before the date of termination and to indicate at least 5 working days before contract termination where his financial instruments or cash should be transferred, if there are any at the investment intermediary. The client financial instruments are transferred to a depositary institution in accordance with the rules of the depositary institution to a sub-account of the client at another investment intermediary indicated by the client or to the personal account of the client including via opening a new account, if the client does not indicate their sub-account at another investment intermediary. If the client does not close his open positions at the trading platforms on international markets, then the client agrees that the very same will be officially closed at the time of termination.

(6) At contract termination, BenchMark Finance is entitled to complete a transaction at its own discretion that is done in favour of a client and has started before the termination. In cases of official closure of positions open in the trading platforms on international markets, the client agrees unconditionally with price levels which BenchMark Finance has closed his positions at. Regardless of the actions taken by BenchMark Finance for position closure, if as a the balance in the account of the client is negative (a loss has occurred), then the client is obliged to pay BenchMark Finance an amount equal to the realized negative balance.

(7) BenchMark Finance executes client orders for the transfer of his financial instruments and cash in the accounts indicated by him, only after repayment of all obligations of the client to BenchMark Finance. The client is obliged to pay all commissions and expenses of the investment intermediary related to the transfer of the financial instruments and cash. BenchMark Finance is entitled to withdraw all amounts due from the client before the transfer of all financial instruments and cash.

*Temporary cessation of service provision under contract*

**Article 25** (Amended with a decision by Board of directors on 14.04.2016) BenchMark Finance can temporarily cease the provision of all or a part of the services in the contract when:

1. There is a suspicion or data that the client has obtained and used inside information or another information defended by law or market practices;
2. There is a suspicion or data that transactions, subject of client orders represent insidious purchases or sales of securities under § 1, Art. 8 from AP of Regulation No: 38;
3. There is a suspicion or data inculcating an authorised by the client person in concluding transactions with financial instruments professionally and has done such transactions in one-year-long term before placing a certain order;
4. There is a suspicion or data which can lead to doubts that the client breaches some of the regulations against money laundering and sponsoring terrorism;
5. The client violates any provision of the contract and/or the General Terms and Conditions, or is suspected or there is evidence that the client violates any provision of applicable law;
6. The LEI of a client – legal entity who has a concluded contract for trading on international markets, has expired and the client has not renewed it, or has renewed it but has not informed BenchMark Finance about it.

In the cases above, BenchMark Finance is entitled to terminate the contract with the client unilaterally, under the rules of Art.24, Par.2, Point 2.

*Change in the General Terms and Conditions, the Tariff and other applicable documents in the relations with the client*

**Article 26** (Amended with a decision by Board of directors on 14.04.2016)

(1) Amendments and additions to the General Terms and Conditions, the Policy of executing client orders, Rules for trading in financial instruments and the Tariff of the intermediary are accepted by the Board of Directors of BenchMark Finance.

(2) All amendments and/or additions to the General Terms and Conditions and/or the Tariff of BenchMark Finance are being published to the website of the investment intermediary as in the published documents the date of acceptance and the date of entering into force is indicated. The publication of the General Terms and Conditions is done within a period not less than a month before the amendments and additions enter into force. The publication of the Tariff is done before the changes enter into force, in a period determined in accordance with the decision of the Board of Directors to accept the new tariff. In case of a disagreement with the amendments and additions in the General Terms and Conditions and/or the Tariff, the client is entitled to terminate the contract without prior notification, before the new general terms and conditions and/or tariff enter into force, without being held liable for penalties and expenses, except for the expenses related to the assets owned by the client. At terminating the contract in such a way, the investment intermediary settles his relations with the client in a seven-day period from the acceptance of the termination statement by applying the order for settlement of relations with the client, predicted in Art. 24, Par. 4, 5, 6 and 7 from the present General Terms and Conditions unless anything else is predicted in the contract with the client or the termination agreement.

(3) All amendments and/or additions to the Policy of executing client's orders and the Rules for trading on international markets of BenchMark Finance are published on the website of the investment intermediary. If the client does not contradict in a written or oral form to the new

documents within 3 days from the day of publishing, these enter into force for him without the need for him to approve them. In the event of disagreement with the amendments and additions in the Policy of executing client's orders and/or the Rules for trading on international markets of BenchMark Finance, the client is entitled to terminate the contract without prior notification before the new documents enter into force, without being held liable for penalties and expenses, except for the expenses related to the assets owned by the client. At contract termination in such an order, the investment intermediary settles his relations with the client within 7 days from the acceptance of the termination statement, by applying the order for settling his relations with the client predicted in Art. 24, Par. 4, 5, 6 and 7 from the present General Terms and Conditions unless anything else is predicted in the contract with the client or the termination agreement.

### **III. Execution of the contract obligations. Rights and obligations of the client and of BenchMark Finance**

#### *Due Diligence*

**Article 27** (1) At performing investment services and activities pursuant to the licence issued to him, BenchMark Finance is obliged to act honestly, fairly, as a professional in accordance with the best interests of its clients.

(2) BenchMark Finance treats equally all its clients.

(3) BenchMark Finance is obliged to fulfil its obligations in accordance with the clauses of the agreement and the additional instructions of the client, if they are pursuant to the law, the General Terms and Conditions and are clear, precise and detailed.

#### *Authorisation, Re-Authorisation and Replacement*

**Article 28** (1) BenchMark Finance is obliged to fulfil his obligation under the contract, personally.

(2) BenchMark Finance can assign the execution of a certain service of another individual, to authorise, re-authorise or to replace itself with another individual, at the presence of the following criteria:

1. The other individual is a licensed investment intermediary with whom BenchMark Finance has concluded a contract pursuant to the regulations of Chapter 5 of Regulation No: 38;

2. The client has empowered BenchMark Finance for authorisation, re-authorisation or replacement with another person.

(3) An exception from the requirement under Par.2, P.2 is allowed only when this is needed to preserve the interests of the client. BenchMark Finance informs the client immediately in a written form for the authorisation, re-authorisation or replacement done, for its reasons and for the individual who is authorised, re-authorised or replaced with.

(4) If BenchMark Finance has authorised a third party without the criteria from Par. 2 and 3 are present, he is responsible for the actions of this individual as his own. In any other cases, BenchMark Finance is held liable for the damages caused to the client from the actions of the third party, due to its bad choice.

#### *Right of punctual execution*

**Article 29** (1) The client is entitled to require punctual execution of the contract obligations by BenchMark Finance.

(2) The client is entitled to give additional instructions with regard to the execution of the contract, pursuant to the law, these General Terms and Conditions and the settlements in the contract. The instructions that the client should give to BenchMark Finance with regard to the execution of the concluded agreement should be clear, précised and detailed.

*Valuation for a suitable service*

**Article 30** (1) At providing investment consultations and completing a portfolio management, BenchMark Finance is led by the information received by the client for his financial opportunities, investment aims, experience and knowledge. BenchMark Finance recommends the conclusion of a transaction or concludes a transaction at portfolio management if pursuant to the received information, it can reasonably assume by considering the nature and the scope of the provided service, that the following requirements are followed:

1. The transaction meets the investment aims of the client;
2. The client has the financial opportunity to bear all related investment risks, compatible with his investment aims;
3. The client has the relevant experience and knowledge to understand the risks related to the transaction or to the management of its portfolio.

(2) At providing investment consultations and completing a portfolio management of a professional client, BenchMark Finance can assume that with regard to the products, transactions and services for which this client has been considered professional, he owns the relevant experience and knowledge to understand the risks related to the transaction or management of its portfolio.

(3) When providing an investment consultation to a professional client in accordance with Section 1 from the application of the Law on the Financial Instruments Market, BenchMark Finance can accept that this client has the financial possibility to bear all relevant investment risks, compatible with his investment aims.

(4) At the provision of investment services different than the investment consultation and completion of portfolio management, BenchMark Finance is led by the received information under Art. 22, Par.2, on the basis of which the investment intermediary decides whether the offered investment service is suitable for the client as it establishes whether the client owns the relevant experience and knowledge to understand the risks related to this service.

(5) If in the case of Art.4, BenchMark Finance assumes that the offered investment service will not be suitable, he warns the client in a written form.

(6) If the client does not provide the information for his experience and knowledge in the investment activity or the provided information is insufficient to do the assessment, BenchMark Finance is obliged to inform the client in a written form that it cannot establish whether the offered investment service is suitable for him.

(7) At providing investment services, different from investment consultation and doing a portfolio management, BenchMark Finance can accept that the professional client owns the relevant experience and knowledge to understand the risks related to the given investment service, transaction or a product, for which he is considered professional.

(8) BenchMark Finance is guided by the information provided by its clients, unless it knows or should know that the information is incorrect, incomplete or outdated.

(9) The regulations of this article are not applied at conclusion of transactions with clients, determined by eligible counterparties, at performing investment services under Article 5, Paragraph 2, Points 1-3 from the Law on the Financial Instruments Market with regard to the certain transactions or additional services, directly related to them.

*Constraints for the investment intermediary*

**Article 31** BenchMark Finance cannot:

1. Execute transactions at the expense of clients in volume or frequency, at the price or with a certain eligible counterparty, which according to the circumstances can accept that these are made exclusively in the interest of the investment intermediary. The prohibition does not apply to transactions for whose execution the client has given express instructions at his own discretion.
2. To buy financial instruments at his own expense, for which his client has placed an order for purchase and to sell them to the client at a price higher than the purchase price. The prohibition also applies for the members of the Board of Directors of the investment intermediary, for the individuals who manage its activity as well as for all individuals who work under a contract for him and individuals related to them;
3. (Amended with a decision by Board of directors on 14.04.2016) to perform activities with cash and financial instruments to the client, for which he is not authorised by the client;
4. (Amended with a decision by Board of directors on 08.02.2012) to sell financial instruments at its own or else's expense, that the investment intermediary or its client does not own except at the conditions or in the way of Regulation No: 16 for the conditions and order to perform margin purchases, short sales and loan of financial instruments;
5. To participate in the completion, including as a registration agent, of insidious purchases or sales of financial instruments;
6. To receive a part or the whole profit if the investment intermediary has concluded and executed the transaction at conditions more favourable than those established by the client;
7. To perform an activity in another way, that threatens the interests of its clients or the stability of the financial instrument market.

*Constraints related to the remunerations*

**Article 32** BenchMark Finance is not entitled to pay and provide and receive remunerations, commission or non-cash benefit with regard to the provision of investment or additional services to a client, unless:

1. Remuneration, commission or non-cash benefit, paid or provided by or to the client or his representative;
2. Remuneration, commission or non-cash benefit, paid or provided by or to a third party or his representative if the following conditions are present:
  - a) The existence, nature and amount of the remuneration, commission or non-cash benefit are clearly stated by the client in an accessible, punctual and understandable way before providing the relevant investment or additional service. When the amount cannot be determined, the manner of calculation should be indicated. It is considered that BenchMark Finance has fulfilled this obligation when:
    - ▶ Presents the essential conditions of the agreements related to the remuneration, commission or non-cash benefit in a summarised form;
    - ▶ Provides detailed information with regard to the remuneration, commission or non-cash benefit at request by the client;
    - ▶ The provision of this information is honest, fair and in the interest of the client;

- b) The payment and respectively the provision of the remuneration, commission or non-cash benefit is with view to improve the quality of the service and does not breach the obligation of the investment intermediary to act in the best interest of the client;
3. Inherent charges that ensure or are needed for the provision of the investment services as expenses for custody, settlement fees and currency exchange, fees for legal services and public taxes which do not result in the occurrence of dispute with the obligation of the investment intermediary to act honestly, fairly and professionally at the best interest of the client.

*Requirements with regard to the information provided by the Investment Intermediary*

**Article 33** (1) (Amended with a decision by Board of directors on 08.02.2012). The information which BenchMark Finance gives to its clients should be understandable, correct, clear and non-misleading.

(2) BenchMark Finance should inform the client if a change in the provided information takes place.

(3) When the information under Paragraph 1 is provided to non-professional clients or potential non-professional clients, or is distributed in a way that can reach to such clients, the information:

1. contains the name of the investment intermediary;
2. is punctual and does not underline potential benefits from a certain investment service or financial instrument without indicating clearly and obviously the relevant risks;
3. is sufficient and is not presented in a way that is eligible for the ordinary members of the group it is addressed to and will most likely reach at;
4. Does not cover, miss or underestimate important messages, statements or warnings.

(4) When the information of Paragraph 3 contains a comparison between investment or additional services, financial instruments or individuals providing investment or additional services, it should meet the following criteria:

1. the comparison is full of matter and is presented in an objective and balanced way;
2. to state the sources of information used in the comparison;
3. to include the main facts and assumptions used for the preparation of the comparison.

(5) When the information under Paragraph 3 contains the indication of previous profit by financial instrument, financial indices or investment service, it should meet the following criteria:

1. the indication of previous profit is not the most essential part of the message;
2. the information includes suitable date for the profit during the last 5 years. When the period during which the financial instrument has been offered and the financial index has been formed or the investment service has been offered is shorter or longer than 5 years, profit data for this period is presented. In all cases the profit data is based on a full period of 12 months;
3. to indicate the period for which the information applies as well as its source;
4. to contain express warning that the data refers to a period in the past and are not secure indicator for future results;



5. if the indication contains data and values in currency different than the currency of the member state in which the headquarters of the client or his place of residency are located, the currency should be clearly indicated and there should be express warning that the profit can be decreased or increased due to the currency rate changes;

6. When the profitability is indicated overall, the amount of the commissions, fees and other expenses for the clients is indicated.

(6) When the information under Par.3 contains or refers to a simulated past profitability, it should meet the following criteria:

1. it applies to a financial instrument or financial index;
2. the simulated past profitability is based on actual past profitability of one or more financial instruments or indices that are the same or are base asset for the financial instruments for which profitability is simulated;
3. for the actual past profitability under Point 2 the rules under Par. 5, Point 1-3, 5 and 6 are followed;
4. to contain express warning that the data are based on simulated profitability and that it is not secure indicator of future profitability.

(7) When the information under Par.3 contains information for future profitability, to meet the following criteria:

1. it is not based or referred to simulated past profitability;
2. it is based on reasonable assumptions supported with objective data and facts;
3. when the information is based on overall profitability, the amount of the commissions, fees and other expenses of the clients is indicated;
4. it contains express warning that these predictions are not secure indicator of future profitability.

(8) When the information under Par. 3 does not refer to being subject to taxes. It contains the clarification that the tax depends on the certain circumstances related to the client and can change in the future.

(9) The information under Par.3 cannot include the name of Financial Supervision Commission or another authority in a way that it is expressly indicated or indicated in any other way that the authority has confirmed or approved the products and services offered by the investment intermediary.

*Information for the financial instruments and the risks related to them*

**Article 34** (1) BenchMark Finance provides the client with general description of the financial instruments with regard to which it provides investment and additional services at the expense of the client, the risks related to them. The description should be complied with the type of the client (professional or non-professional) and to respond to the following criteria:

1. To contain detailed explanation of the type and characteristics of the certain type of financial instruments and certain risks related to it;
2. The information under Point 1 allows the client to take informed investment decision.

(2) The description of the risks should include the following elements as long as they are applicable for the certain type of financial instrument, status and level of knowledge of the client:

1. Indication of the risks related to the certain type of financial instrument, including an explanation of the leverage and its consequences and the risk to lose the whole investment;
2. Variability of the price of financial instruments and all market constraints related to these instruments;
3. The circumstance that the investor can take financial and other additional obligations as a result of transactions with financial instruments, including unexpected obligations, additional to the expenses for obtaining the instruments;
4. All margin requirements and similar obligations applicable to the instruments of such type.

(3) When the financial instruments are subject to public offering, BenchMark Finance informs the non-professional client where the prospect is accessible to the public.

(4) In cases when the risks related to financial instruments consisting of two or more different financial instruments and other services, it is likely that the risks related to any of its components are higher, the investment intermediary provides an adequate description of the components of the financial instruments and in a way that their interaction increases the risks.

(5) In cases when the financial instruments include guarantee from a third party, the investment intermediary provides the non-professional client with enough data for the guarantor and the guarantee, allowing him to make objective valuation of the guarantee.

(6) When the information under this paragraph is provided to a non-professional client, BenchMark Finance provides it within a suitable period before completing the relevant investment or additional service for the client pursuant to Art. 84.

(7) The previous paragraphs are not applied to shares and assets of collective investment schemes in cases when BenchMark Finance provides the information, containing in the short prospectus of the CIS.

(8) General description of the financial instruments – subject of the provided services by BenchMark Finance as well as the risks related to them, takes place in the Policy for execution of client orders of BenchMark Finance. In the event of provision of services subject of financial instruments, not indicated in the Policy as well as depending on the characteristics of the certain client, the investment intermediary provides additional information to the client, including but not only in the form of Application towards the agreements with the clients.

#### *Information for expenses and fees*

**Article 35** (1) BenchMark Finance provides the following information for expenses and fees of the transactions as long as it is possible under Art. 84 within a deadline before executing the relevant investment or additional service:

1. The overall price that will be paid by the client with regard to the financial instrument or the provided investment and additional service including all remunerations, commissions, taxes and expenses as well as all fees paid via the investment intermediary; if the correct price cannot be determined, the base of the calculation is indicated in a way that the client can check and confirm it; commissions of the investment intermediary are indicated separately in each separate case;

2. When some parts of the overall price under Point 1 should be paid in foreign currency or equal to this currency, the currency of payment, the exchange rate and the expenses for the exchange are indicated;
3. Notification for the possibility of other expenses including fees related to the transactions with financial instruments to occur or provided investment services that are not paid via the intermediary and are not inculcated by him;
4. The rules and ways of payment or another execution.

(2) (Amended with a decision by Board of directors on 08.02.2012). The obligation under Par.1 is not applied to shares of CIS if BenchMark Finance provides the information containing in the prospect to the client under Article 69 from the Directive 2009/65/EO.

### *Conflicts of interests*

**Article 36** (1) Conflict of interests is situation that occurs with regard to provision of investment and/or additional services from the investment intermediary and can damage the interest of the client.

Conflicts can occur between:

- ▶ Interests of BenchMark Finance and the interests of a client or group of clients;
- ▶ Interests of a client or group of clients and interests of another client or group of clients and
- ▶ Interests of BenchMark Finance and/or its clients and the interests of an employee or group of employees.

(2) At executing investment services and activities, BenchMark Finance takes all relevant actions to establish the potential conflict of interests between:

1. The investment intermediary, members of its board of directors, all other individuals who work under a contract for it and the individuals connected to it via control on the one hand, and its clients on the other hand;
2. It separate clients.

(3) In the event of establishing a conflict of interests in accordance with Par. 1 and 2, BenchMark Finance take all relevant actions to avoid it in accordance with the established in the Inside rules policy for treating conflict of interests, as well as the following measures:

- ▶ Strict rules for the personal transactions of the clients who work under a contract for BenchMark Finance;
- ▶ Independence policy according to which every unit and its personnel should act regardless of the interests of their relevant clients. This is achieved by dividing the functions among the employees and units;
- ▶ Possibility of refusal to act when BenchMark Finance is already working for a certain client and it might be inappropriate to accept business with another client if at the discretion of the relevant manager it is established that BenchMark Finance will not be in position to manage the conflict of interests in a reasonable level or if it is affected – to do this by legal or regulatory considerations.
- ▶ To inform the client of the occurrence of conflict of interests and to reveal their source, nature and possible consequences, in accordance with the characteristics of the client and as long as this does not contradict the law, following the privacy policy and does not threaten the interests of another client. In this case, BenchMark Finance will continue to provide the relevant service only after receiving an express agreement by the client.

### *Privacy Policy*

**Article 37** (1) At completing its activity, BenchMark Finance is obliged to keep the commercial secret of its clients as well as their commercial prestige.

(2) The members of the board of directors of BenchMark Finance and the individuals working under a contract for it, cannot disclose, unless they are entitled to do it, or to use for own or someone else's benefit, facts and circumstances concerning the availability and transactions in the accounts of financial instruments and cash of clients as well as all other facts and circumstances that represent a commercial secret, that they have learnt at executing their work and professional obligations.

(3) (Amended with a decision by Board of directors on 14.04.2016) Except for the Financial Supervision Commission, the vice-president and authorised officials from the Financial Supervision Commission administration or the regulated market to which it is a member for the aims of the controlling activity they perform and within the inspection order, BenchMark Finance can give information under Par.2 only:

1. With the agreement of its client;
2. Under Unit 2, Chapter 16, Section IIIa from the Tax Procedure Code;
3. By a court decision issued under the terms and conditions of Art. 35, para. 6 and 7 from the Law on the Financial Instruments Market and Regulation
4. In the events of and at the conditions of Art. 35, Par. 8 and 9 from the Law on the Financial Instruments Market.

(4) (New with a decision by Board of directors on 14.04.2016) The client agrees for BenchMark Finance to reveal its personal data to third parties in the predicted by law cases at following the Personal Data Protection Act and confirms that the information under Art. 19, Par. 1 from PDPA is provided to him. It is possible that the information under Art. 142b, Par. 1 from TPC containing his personal data, availability and value in his account/s as well as the realized income, to be subject to automatic exchange of financial information in accordance with Chapter 16, Section IIIa from TPC and to be provided to the jurisdiction/s of which the client is a local individual with tax aims, executing international arrangements of Republic of Bulgaria.

### *Form and manner of placing an order*

**Article 38** (1) To conclude transactions with financial instruments of a client, that are not in execution of management contract, the clients of BenchMark Finance place orders on the basis of the concluded contract. The client is obliged to give clear, punctual and detailed orders for conclusion of transactions with financial instruments with regards to the services under Art. 11 and 13 as well as additional orders to change the already placed orders in accordance with standardized samples prepared by the investment intermediary, in accordance with the applicable legislation. Along with the order, the client is obliged to place and sign the required by the Law on the Financial Instruments Market, Regulation No: 38 and the other applicable legislation declaration and other documents related to the transactions with financial instruments.

(2) The orders are placed in a written form except for the cases under Article 3. In case of a placed written order, the individual accepting it, inscribe their unique reference number to it.

(3) (Amended with a decision by Board of directors from 08.02.2012).The investment intermediary can accept orders for trading in financial instruments placed by phone or another distance means of communication with the client. In this case, BenchMark Finance is obliged to follow the sequence of

acceptance of orders for execution and information storage. When orders are placed by phone, BenchMark Finance is obliged to make a record of the conversation with the client. When the orders are placed by another distance means of communication, BenchMark Finance is obliged to store the data provided by the client with regard to the order, on an electronic carrier. These orders are not applied with regard to transfer of financial instruments in book-entry form from a personal account to a client's sub-account to the investment intermediary in a Central Depository.

(4) (Amended with a decision by Board of directors from 14.04.2016). BenchMark Finance can accept clients' orders via electronic trading system which guarantees the compliance with regulatory requirements and ensure an access to a certain execution venue. The access to the system mentioned in the previous sentence and entering orders of the client is done by web, computer and/or mobile applications which ensure hopeful identification of the client.

(5) (Amended with a decision by Board of directors from 14.04.2016) Orders have statutory minimum content and regardless of the chosen method, the client is obliged to place his orders same as the content and in the way indicated by BenchMark Finance without missing any of the requisites required by BenchMark Finance when involved under applicable regulatory provisions. BenchMark Finance includes the minimum content of the orders in the electronic trading platform, in the order samples and requires it from the client when he is placing an order by phone. At non-compliance with the content requirements and the way of placing the certain type of order, the last is considered non-placed and BenchMark Finance is not obliged to execute it and is not held liable for non-execution or incorrect execution.

(6) In the presence of additional regulatory provisions with regard to the sequence and form of clients' orders, apart from those in the previous paragraph, the very same are applied at placing orders by clients.

(7) BenchMark Finance provides the client with a signed copy of the order, placed in accordance with Paragraph 3.

#### *Placing an order via proxy*

**Article 39** (Amended with a decision by Board of directors from 08.02.2012) Placing orders via proxy is done solely if they present notary certified power of attorney that contains representative power for execution of executive actions with financial instruments and declaration under Art. 16, Par. 5, a year before placing the order. Art 16, Par.5 and 6 are respectively applied.

#### *Authorised individuals and place of order placement*

**Article 40** (1) BenchMark Finance accepts orders via individuals under Article 17, Paragraph 1. The investment intermediary can accept orders for trading in financial instruments distantly by phone or e-mail and by using electronic trading system.

(2) (Amended with a decision by Board of directors from 14.04.2016) At accepting an order, the individual who accepts it checks the identity of the client and his representative's respectively. At placing orders in an office of the investment intermediary, if during an identity check of the client, it is established that there is a change in his personal data and/or a new identity document has been issued to him, Article 24, Paragraph 5 from Regulation No:38 is applied.

(3) (Amended with a decision by Board of directors from 08.02.2012) BenchMark Finance accepts orders and documents under Articles 38 and 39 only in inscribed in the register of the investment intermediaries, led by Financial Supervision Commission management address, branch or office unless the orders are placed by phone or another means of distance communication in compliance

with the regulatory requirements. The places and addresses from the previous sentence should have the relevant technical equipment and software allowing the acceptance of orders, including ones placed by means of distance communication, following the sequence of acceptance of the orders when placed for execution and information storage in compliance with the regulatory requirements.

#### *Annulment of orders*

**Article 41** Benchmark Finance refuses to accept orders which do not comply with the requirements under Article 38, Paragraph 2 or such that are submitted by a representative by breaching the requirements under Article 39.

#### *Declarations and documents provided by the client*

**Article 42** (1) BenchMark Finance requires a client (or a representative) placing an order to declare whether:

1. They possess inside information for financial instruments regarding the order and their issuer, provided that the financial instruments regarding the order or the base on which the financial instruments are issued, are traded on a regulated market.
2. Financial instruments subject to sale or exchange are blocked in the depository institution where they are stored and whether they are pledged or distraint is imposed on them.
3. (1) The agreement - subject of the order, represents a disingenuous sale or purchase of financial instruments.

(2) (Amended with a decision by Board of directors on 14.04.2016)

(3) (Amended with a decision by Board of directors on 14.04.2016)

(4) (Amended with a decision by Board of directors on 14.04.2016)

(5) (Amended with a decision by Board of directors on 14.04.2016)

(6) (Previously Paragraph 5). The client is obliged to provide BenchMark Finance with any other documents and data at the discretion of the intermediary which are necessary to complete the order.

#### *Right to refuse the execution of an order*

**Article 43** (1) (Amended with a decision by Board of directors on 08.02.2012) BenchMark Finance refuses to execute an order if the client or their representative refuses to submit the declaration under Article 42, Paragraph 1 where it is declared that the subject of the order represents an ingenuous sale or purchase of financial instruments. The intermediary refuses to execute an order if the client or their representative refuses to provide them with any other documents or data according to Article 42. The refusal is certified on a separate document signed by the client.

(2) BenchMark Finance refuses to execute an order in case it is declared or found that the financial instruments of the order subject to be sold, are either not available in the account belonging to the client or are blocked in a depository institution or are pledged or a distraint is imposed on them.

(3) The prohibition under Paragraph 2 related to pledged financial instruments is not applied on the following conditions:

1. The transferee is informed about the pledge and has agreed to obtain the pledged financial instruments and has given an explicit consent to the pledgee under the Pledges Act.

2. The pledge is set under the Pledges Act.

(4) (Amended with a decision by Board of directors on 08.02.2012) When it applies to an order for sale of financial instruments where funds are not available in the designated account, the prohibition under Paragraph 2 is not applied if the intermediary is able to fulfil the payment by another means on the agreement settlement day, and in other cases defined with an ordinance.

(5) (Amended with a decision of Board of directors on 14.04.2016) BenchMark Finance refuses to execute orders for trading in financial instruments provided this will result in breaching legal provisions with regard to money laundering, Financial Instrument Market Law, Law on Measures Against Market Abuse with Financial Instruments, Special Purpose Entity Act and other prevailing enactments. The client is notified of the refusal immediately. In this case, BenchMark finance is not responsible for any harm caused to the client.

(6) With the exception of the cases in the previous paragraphs, BenchMark Finance refuses to execute an order if it breaches the terms and conditions of the agreement.

(7) Every time BenchMark Finance refuses to execute an order, the investment intermediary notifies the client immediately by stating the reasons for refusing the execution.

(8) If a doubt that the deals made by the client represent a trade with inside information or manipulate the financial instrument market arises, BenchMark Finance notifies the Financial Supervision Commission.

#### *Additional orders and cancellation of orders*

**Article 44** (1) The client may place an additional order or to cancel a placed order latest until the conclusion of a transaction to execute the previous order.

(2) If BenchMark Finance has started the execution of an order by the time of receiving the additional order or cancellation and on condition that the order can be cancelled or changed, the client pays the intermediary an indemnity and a reward for any additional expenses and actions to be taken for its execution.

(3) Actions taken by BenchMark Finance on the behalf of the client to execute an order subject to change or cancellation oblige the client until the moment of receiving the additional order or cancellation.

(4) (New with a decision by Board of directors on 14.04.2016) The client is notified and agrees that the cancellation requires technological time and it is likely that the execution of the transaction overtakes the request of cancellation. In such a case, the client is at risk of having unpleasant consequences. The client may also cancel any other instructions given to BenchMark Finance on condition that the intermediary has not started their execution.

#### *Fulfilling the payment obligation*

**Article 45** (Amended with a decision by Board of directors on 08.01.2014) (1) BenchMark Finance requires the client who places an order for buying financial instruments to provide him with the cash needed to pay for the transaction – subject of the order, at the time of placement unless the client certifies that he will fulfil his payment obligation within the settlement in a way described in the contract with the client as well as other cases predicted in an ordinance.

(2) After assessing each case, BenchMark Finance can accept that the client has certified that he will fulfil his payment obligation if this client is categorised by BenchMark Finance as an eligible counterparties or as a professional client.

(3) If the rules of the execution venue where the transaction will be concluded allow concluding a transaction at which the payment of the financial instruments is not done timely with their transfer, the investment intermediary may not request a payment from the buyer at the presence of express written agreement by the seller. This is applied at other transfer transaction with financial instruments as well.

*Responsibility, risk and non-execution*

**Article 46** (1) The client is responsible for the truth, regularity, authenticity and punctuality of the placed orders, the declarations presented with them and for the existence and actuality of the rights on the financial instruments provided by him.

(2) At placing order for sale or exchange of financial instruments, the client is obliged to provide the investment intermediary with the full quantity of financial instruments in a relevant way in accordance with the regulation. They need to be in immaculate condition by legal side allowing the lawful and immediate execution of the order.

(3) If the financial instruments do not meet the condition from the previous paragraph, then the client should change them with regular ones within a deadline indicated by the investment intermediary or to withdraw its order.

(4) The client is not entitled to place orders with regard to financial instruments for which he holds inside information, which are blocked in Central Depository, which are pledged or a distraint is imposed on them. The client is not entitled to place orders for transactions representing an insidious purchase or sale of financial instruments.

(5) In all cases of non-execution of the obligations of the client under the previous paragraphs there is a guilty non-execution of the obligations under the contract. The client is responsible and obliged to pay compensation to BenchMark Finance for the material damages caused due to the non-execution of this order.

(6) The investment intermediary is held liable for the proper lawful and conscientious execution of the orders placed by the client. The investment intermediary is not held liable for the result achieved by the client at the execution of his orders and at following the requirements from the previous sentence, as the risk in this case is taken by the client completely.

(7) The risk related to investments and transactions with financial instrument is at client's expense.

(8) If the client has caused material damages to the investment intermediary, the last one is entitled to stop the execution of already placed orders and to refuse the acceptance of new orders until settling the property relationships with the client.

**Article 47** (New with a decision by Board of directors from 14.04.2016) BenchMark Finance is not held liable for eventual damage suffered by the client as a result of:

- 
1. incomplete or inaccurate order or instruction placed by the client;
  2. temporary or permanent interruption of client's internet connection;
  3. temporary or permanent damage of the other means of distance communication;
-



4. Deficiencies of the technical equipment used by the client, including but not only hardware damages of the computer system of the client, software problems and etc.
- 

**Article 48** (New with a decision by Board of directors from 14.04.2016) At the occurrence of technical failure, lack of quotes, the client is obliged to get in touch with BenchMark Finance immediately before taking any actions related to orders placed by him or open positions. In case of incorrect execution (non-execution) of an order as a result of technical failure in the electronic trading platforms, BenchMark Finance will assess and evaluate the executed (or non-executed) order and take a position with regard to the acceptance of the order for invalid or final for which the client will receive a notification within 3 working days from finding of a technical failure.

**Article 49** (New with a decision by Board of directors from 14.04.2016 and from 30.05.2016) BenchMark Finance is responsible if as a result of incorrect functioning of the software of the offered by the company electronic trading platforms, BenchMark Finance executes an order for the client at a price that varies significantly from the market price. In this case BenchMark Finance takes actions to eliminate the error via reversal and/or recovery of the resources in client's account. BenchMark Finance is not held liable if the incorrect function of the software is caused by external factors, including unauthorised intervention of the client or a third party to the software, communication errors as well as other programs affecting the correct function of the software.

**Article 50** (New with a decision by Board of directors from 14.04.2016 and from 30.05.2016) It is possible that the quotes of certain financial instruments for which the client can place orders in the electronic trading platforms on international markets, contain errors. The quote is considered wrong if the price at which the transaction was concluded differs from the price of the relevant financial instrument, received from at least two Bulgarian or international brokers or banks. In this case BenchMark Finance is entitled to:

1. Annul the transactions concluded at such wrong quotes or
2. Correct the quotes by leaving in force the concluded transactions at the new corrected quotes. In this case BenchMark Finance determines the correct quotes at its own discretion by providing historical data for these prices at request, collected by independent sources.

**Article 51** (New with a decision by Board of directors from 14.04.2016) The client is informed and agrees that at trading in financial instruments in real time it is possible with view to their technological time of placement, the quotes of certain financial instruments to be changed in the period between the placement of the order by the client and its acceptance by BenchMark Finance. In such case, BenchMark Finance preserves its right to execute the order under the quote available in the moment of execution.

**Article 52** (New with a decision by Board of directors from 14.04.2016 and from 30.05.2016) Trading methods such as scalping, arbitrage and other techniques at which the client aims to benefit from errors and/or delay in quotes and/or other weaknesses in the electronic trading platform, including when this is done via an automated expert system, script, API or another software developed by third parties, are unacceptable and unethical. If at the moment of concluding a certain transaction, there has been an error and/or delay in the quotes and/or another weakness in the trading platforms and a reasonable suggestion that the client has benefited from them or tried to do so exists, BenchMark Finance has the right to take the following actions:

1. To correct the price spreads which the client has an access to;
2. To limit the access of the client to quotes in real time with possibility of an immediate transaction, including to provide him with quotes for transaction solely after request;

3. To immediately annul the transactions of the clients concluded via the mentioned trading methods;
4. To suspend the access of the client to the trading platforms immediately;
5. To terminate unilaterally and without prior notification the contract with the client and inform him about it.

**Article 53** (New with a decision by Board of directors from 14.04.2016) The client is obliged to pay compensation to BenchMark Finance for all damages suffered by BenchMark Finance with regard to the provision of other services to the client or occurred as a result of non-execution of some of the obligations of the client under the contract, the present general terms and conditions, the rules for trading in international markets or the applicable regulatory orders.

**Article 54** (New with a decision by Board of directors from 14.04.2016) When a certain market, supplier of liquidity, stock exchange, intermediary, financial institution or another third party, used by BenchMark Finance for the aims of provided investment service of a client, takes actions with regard to BenchMark Finance, the latter is entitled to take relevant actions at its own discretion for the affected transactions between BenchMark Finance and the client, including as it annuls them or increase the requirements for a guarantee deposit.

**Article 55** (New with a decision by Board of directors from 14.04.2016) BenchMark Finance can provide quotes if it experiences temporary technical difficulties or if circumstances at which transactions on the relevant markets cannot be concluded are present. In this case, BenchMark Finance is not responsible for damages suffered by the client.

**Article 56** (New with a decision by Board of directors from 14.04.2016) The client agrees that at the execution of a placed limited, OCO, limit or stop order when there are fluctuations in the market quotes including when opening or closing the relevant markets, BenchMark Finance is entitled to execute these orders at a price significantly different than the one stated by them.

**Article 57** (New with a decision by Board of directors from 14.04.2016) If BenchMark Finance suffers losses as a result of:

1. Errors at giving instructions by phone by the client; or
2. Incorrect execution of the conditions and requirements under Art.38, Par.5 by client's side.

BenchMark Finance has the right to impute the amount of the suffered damage from the guarantee deposit of the client for which the client is notified on the e-mail address provided by him or via a message on the electronic trading platform. If the suffered damage overpasses the amount of the guarantee deposit, then BenchMark Finance is entitled to impute the whole guarantee deposit and to look for compensation by the client under the law.

**Article 58** (New with a decision by Board of directors from 14.04.2016) If as a result of non-execution of contract obligations by client's side, BenchMark Finance suffers losses or damages, then BenchMark Finance is entitled to receive compensation for the suffered damages and loss of earnings. In this case, BenchMark Finance is entitled to request a voluntary payment within 30 days as the client repays the owed amount along with the lawful interest and compensation for the suffered damages and/or loss of earnings. If the client refuses a voluntary payment, then BenchMark Finance is entitled to invoke its rights legally.

**Article 59** (New with a decision by Board of directors from 14.04.2016) BenchMark Finance is not held liable for the functioning way of the electronic trading platforms offered by him (incl. Technical defects leading to a delay or non-arrival of orders, or to execution/non-execution of already placed orders as well as other technical defects) and the execution of clients orders via them as well as for

damages of the client as a result of this, except for the cases when the damages are a result of guilty behaviour of an employee of the investment intermediary and it has been possible to prevent them by making the owed effort by BenchMark Finance's side.

**Article 60** (New with a decision by Board of directors from 14.04.2016) When the client uses API, software products developed by third parties as well as scripts, BenchMark Finance is not held liable (incl. Financial responsibility) for the results of the taken by the client investment decision and the following actions taken by him as BenchMark Finance cannot have influence of them. Therefore, those are completely at the expense and risk of the client.

*Obligations of the investment intermediary with regard to the execution*

**Article 61** (1) BenchMark Finance executes clients' orders at the following conditions:

1. Immediate and correct registration and distribution of the orders for execution;
2. Immediate execution under the sequence of acceptance of identical client orders unless the characteristics of the order or the prevailing market conditions make this unachievable or the interests of the client require else.

(2) BenchMark Finance informs the non-professional client for the objective difficulties preventing the correct execution of the orders immediately after learning about them.

(3) In cases when BenchMark Finance has taken responsibility to organize or monitors the settlement of an executed by him order at the expense of a client, he takes the relevant actions to ensure that all client financial instruments or cash received at the settlement, are immediately and correctly transferred to the accounts of the relevant client.

(4) BenchMark Finance is not entitled to misuse the information for non-executed client orders and take all relevant measures to prevent such misuse from every individual who works for the investment intermediary under a contract.

(5) If the client has given express instructions regarding the order, then the investment intermediary is not entitled to deviate from them, regardless of the requirements of the Policy for executing orders. BenchMark Finance warns its client that all special instructions of the client can prevent the intermediary from taking the relevant actions in order to achieve the best possible result for the client.

*Obligation for best execution*

**Article 62** (1) BenchMark Finance concludes transactions with financial instruments at the expense of clients at the best conditions and making efforts to achieve the best possible execution as per the placed from the client order in accordance with the Policy for executing orders.

(2) (Amended with a decision by Board of directors from 14.04.2016) BenchMark Finance cannot execute orders at the expense of clients if they have not given their prior consent with the followed by the intermediary Policy for executing order and the Rules for trading on international markets.

(3) (Amended with a decision by Board of directors from 14.04.2016) BenchMark Finance is obliged to execute client orders in compliance with the accepted Policy for executing orders and Rules for trading on international markets and to inform the client for changes in the policy and these rules.

### *Negotiating with itself*

**Article 63** (Amended with a decision by Board of directors from 14.04.2016) (1) BenchMark Finance can conclude and execute a transaction at the expense of a client "negotiating with itself" (as an opposite party or representative of the opposite party).

(2) For some transactions on the platforms for trading on international markets concluded out of stock market, BenchMark Finance acts as an opposite party, regardless of the type of client's order.

(3) BenchMark Finance can in certain cases, when it applies to transactions with currency pairs, options and forwards on currency pairs, some contracts for difference as well as transactions with other financial instruments, to act as an individual present permanently on the financial markets in order to trade at its own expense via purchase and sale of financial instruments in exchange of its own means at personally determined prices.

### *Confirmation*

**Article 64** (1) BenchMark Finance sends to a durable medium of the non-professional client under Art.84, Par.1, whose order it has executed, at earliest possibility but no later than the first working day following the conclusion of the transaction, a confirmation for the concluded transaction with the content of Art.45 from Regulation No:38. If the confirmation is accepted by BenchMark Finance via third party, the client is notified no later than the first working day following the day in which BenchMark Finance has received the confirmation by a third party. The information in the confirmation may contain standard codes if they are explained to the client.

(2) Paragraph 1 is not applied if the confirmation contains the same information as the confirmation which is immediately sent to the client by another individual.

(3) When the transaction is concluded at the expense of professional client, then BenchMark Finance immediately provides him with the essential information for the concluded transaction on a durable medium under Art.84, Par.1.

(4) If the settlement is not done on the indicated date or another change in the information contained in the confirmation occurs, then BenchMark Finance informs the client in a suitable way until the end of the working day in which it has learnt about the change.

(5) When requested, BenchMark Finance provides the client with the status of the order and its execution.

(6) Paragraphs 1 and 3 are not applied for client orders subject of bonds for financing agreements for mortgage loans where parties are those clients whose confirmation for transaction will be made at the same time when the conditions for the mortgage loan are reported but not later than a month from its execution.

(7) In case of placed orders for non-professional client, subject of shares and assets of collective investment companies that are performed periodically, the investment intermediary takes actions under Par.1 or provides the client with the information related to those transactions that should be in the confirmation, at least once in 6 months.

(8) In case of orders placed via electronic trading system, the confirmation under Par.1 and the information under Par.3 respectively are provided to the client via electronic system.

### *Objections and acceptance of the confirmation*

**Article 65** (1) The client can present written objection to BenchMark Finance with regard to the accepted confirmation under Art.48 within a 3-day-period from its acceptance. The client can object solely to incorrect execution of the placed order.

(2) If the client does not object within the period indicated in Par.1, it is considered accepted.

### *Transfer of clients rights*

**Article 66** (1) If BenchMark Finance acts on client's behalf, the rights and obligations arise in the legal field of the client with the conclusion of the transaction.

(2) If BenchMark Finance acts on its own behalf, the client gives his prior consent and accepts the results from each operation and transaction done by BenchMark Finance in accordance with the agreement.

(3) The financial instruments and cash of the client are managed completely at his expense and risk. At portfolio management, BenchMark Finance is responsible only for the earnest, legal and competent execution of the agreement obligations but not for the achieved by the client financial result.

(4) If the subject of the transaction are available securities, they are transferred immediately in compliance with the relevant legislation established in order to, according to established between the client and firm deadlines.

## **IV. Portfolio management**

### *General requirements*

**Article 67** (1) At executing a Portfolio Management contract, BenchMark Finance concludes transactions with financial instruments at the expense of the client at its own initiative, without client orders at complying with the contract and in accordance with the valuation of a suitable service.

(2) By signing the given contract, the client gives its consent in advance and accepts the results for each operation or transaction executed by BenchMark Finance in accordance with the contract.

(3) The financial instruments and cash of the client are managed completely at his own expense and risk. At portfolio management, BenchMark Finance is responsible for the earnest, legal and competent execution of the contract obligations, but is NOT responsible for the achieved by the client final financial result.

**Article 68** At portfolio management of a client, BenchMark Finance applies suitable valuation method and comparison as a common standard, depending on the investment aims of the client and types of financial instruments included in the client portfolio, in such a way that the client using the service can evaluate the execution of the service by the investment intermediary.

### *Obligation for best execution*

**Article 69** (1) At portfolio management, BenchMark Finance concludes transactions with financial instruments at the expense of clients at the best conditions, making efforts to achieve the best possible execution in compliance with the Policy for executing orders.

(2) At portfolio management, when BenchMark Finance places orders for execution to another individual by decisions taken by him for conclusion of transactions with financial instruments at the expense of a client, it acts in the best interest of the client, following the relevant applicable to this activity regulations.

### *Provision of statement*

**Article 70** (1) At portfolio management, BenchMark Finance provides periodical statement on a durable medium under Art.84, Par.1 the performed activities on the behalf of the client, related to portfolio management unless a third party provides this to the client.

(2) For the non-professional clients, the statement under Par.1 is provided once in 6 months and contains the information under Art.46, Par.2 from Regulation No: 38, unless it is agreed that the statement is provided once in 3 months. If in the contract between BenchMark Finance and the client, leverage at portfolio management is allowed, the statement is provided on a monthly basis. The statement is provided annually if at the request of the client a confirmation for each concluded transaction is provided under Art.48, Par. 1 and 2. In the case of the previous sentence, the statement is provided once in 6 months, if at the management transactions for financial instruments are concluded under Art.3, P.2c and 2i and § 1, P.1c in the Law on the Financial Instruments Market.

(3) For the professional clients, the statement under Par.1 is provided once in 6 months, unless it is agreed that the statement shall be provided once in 3 months. The statement is provided annually if at the request of the client, a confirmation for each concluded transaction is presented on a durable medium under Art.84, Par.1, containing the essential information for the transactions, immediately after conclusion.

(4) BenchMark Finance informs the non-professional client whose portfolio it is managing, when there are uncovered open positions under conditional orders.

(5) In cases when the investment intermediary concludes transactions related to portfolio management at the expense of non-professional client or keeps accounts for such clients that include uncovered positions for transactions or transfers depending on future conditional events, the investment intermediary informs the non-professional client when losses overpass the previously determined with agreement thresholds. The notification from sentence 1 is done not later than the end of the working day in which these thresholds are overpass or if this happens in a non-working day, until the end of the following working day.

### *Applicable provisions*

**Article 71** At portfolio management, Art. 63, 65 and 66 from the present General Terms and Conditions are applied.

## **V. Safekeeping of client assets**

**Article 72** (1) BenchMark Finance stores the provided and obtained financial instruments, cash and other assets under Art.15.

(2) BenchMark Finance separates its financial instruments and cash from those of its clients'.

(3) BenchMark Finance is not held liable to its creditors for financial instruments and cash of its clients.

**Article 73** (1) BenchMark Finance stores the financial instruments of its clients in a depositary institution under clients' subaccounts towards the account of the investment intermediary or in accounts open towards the account of a third party.

(2) BenchMark Finance opens a subaccount in a depositary institution to the client on the basis of the agreement and in compliance with the conditions in it.

(3) BenchMark Finance, when opens an account for financial instruments to its client at a third party, it should take the needed care for the interests of the client at determination of this individual and to store

the financial instruments of the client as well as to review with the same care the choice of this individual and the conditions at which it stores the financial instruments of the clients periodically and at least once in a year.

(4) If BenchMark Finance predicts the storage of client's financial instruments at a third party, in a country whose legislation predicts special regulation and supervision with regard to the storage of financial instruments at the expense of another party, BenchMark Finance cannot provide the clients financial instruments with storage at an individual from a country that is not subject to the predicted by the local legislation regulation and supervision. BenchMark Finance is not entitled to store financial instruments of a client at a third party in a third country whose legislation does not regulate the storage of financial instruments at the expense of a third party. The constraint from the previous sentence is not applied if one of the following conditions is present:

1. The nature of the financial instruments or investment services provided with regard to those instruments, requires their storage at such a third party in a third country;
2. Professional client requests in a written form his financial instrument to be stored at such third party in a third country;

(5) BenchMark Finance takes the relevant actions to make sure that the storage of the financial instruments of its clients at a third party is done in a way that guarantees the identification of the financial instruments separately from the financial instruments of the investment intermediary and the third party via keeping separate accounts by this third party or by applying other measures ensuring the same level of protection. If the applicable legislation does not allow the compliance with the requirements from the previous sentence, the investment intermediary takes suitable measures to guarantee the rights of the client with regard to the stored at the third party financial instruments, including when it opens separate accounts for the financial instruments of clients, that the third party keeps on the behalf of the investment intermediary, but on behalf of other's account.

**Article 74** (1) BenchMark Finance deposits cash provided (1) by clients or received as a result of investment services completed at their expense in central bank, credit institution, bank, licensed in a third country or collective investment schemes under Art.34, Par.3, P.4 from the Law on the Financial Instruments Market latest until the end of the following working days. The investment intermediary can deposit the cash of its clients at the parties mentioned in the previous sentence, only if the clients have given written consent for this.

(2) In cases when BenchMark Finance deposits the cash of its client in an entity under Par.1, different than central bank, it is obliged to take the owed care for the interests of the client at determining this entity and depositing the cash of the client in it as well as to review with the same care the choice of this institution or collective investment scheme and the conditions at which it holds the cash of the client periodically and at least once in a year.

(3) BenchMark Finance is not entitled to invest the cash of the client in a collective investment scheme if the client opposes to such a storage way of the provided by him cash.

(4) BenchMark Finance takes the relevant action to make sure that the deposited in accordance with Par.1 cash of clients, are kept in individual clients' accounts, separate from the cash of the investment intermediary. If the applicable legislation for the activity of the entity where the cash is deposited, does not allow the compliance with the requirements from the previous sentence, then the investment intermediary takes relevant measures to guarantee client's rights with regard to the deposited cash, including via opening a joint account for clients' cash that this party keeps on the behalf of the investment intermediary, but on behalf of other's account.

**Article 75** (1) Except for the cases determined with a regulation, BenchMark Finance is not entitled to use:

1. The cash or financial instruments of other clients for its own benefit;
2. The cash or financial instruments of other clients for the benefit of its client;
3. Its own cash or financial instruments for the benefit of its client.

(2) BenchMark Finance is not entitled to conclude transactions to finance securities with held by him financial instruments of clients or in any other way to use for own or another client's account such financial instruments unless the client has given his prior express consent for the use of his financial instruments at

certain conditions and the use of the financial instrument is done by complying with these conditions. The consent from the previous sentence should be given in a written form if the client whose financial instruments are used is non-professional.

(3) BenchMark Finance is not entitled to conclude transactions for financing securities with financial instruments of client held in a joint client account at a third party or to use such financial instruments for its own or another client's account in any other way. The prohibition in the first sentence is not applied if the requirements from Par.2 are complied with as well as at least one from the following conditions:

1. All clients whose financial instruments are stored together in the joint account, have given express consent in accordance with Par.2;

2. The investment intermediary has established procedures guarantying that only financial instruments of clients who have given prior consent for this under Par.2 are used as well as control mechanisms to comply with this requirement.

(4) In the cases under Par.3, the kept reporting information for the client for whose order the financial instruments are used, also includes the number of the used financial instruments of each client with view to the correct distribution of eventual losses.

**Article 76** (1) BenchMark Finance who holds financial instruments and cash of clients keeps reporting and keeps accounts for the held client assets in a way that allows him to differentiate the assets held for one client from the assets of the other clients of the investment intermediary and its own assets.

(2) Reporting and accounts under Par.1 are maintained in a way that ensure their precision and compliance with the financial instruments and cash held for the clients.

(3) BenchMark Finance aligns the reporting and accounts from Par.1, held by it with those held by third parties where the client assets are stored.

**Article 77** (1) BenchMark Finance informs its non-professional clients from which third party and where they can store the provided by the intermediary cash and/or financial instruments. The notification from sentence one also includes the indication of the responsibility of the investment intermediary under the national legislation for every action or non-action of the party that holds the client cash and/or financial instruments and the consequences of the client from the insolvency of this party.

(2) BenchMark Finance informs its non-professional clients for the possibility his financial instruments to be stored in a joint account when the national legislation gives such opportunity. The investment intermediary informs its non-professional clients for the cases when the national legislation does not allow the financial instruments of the client held by third parties to be separated from the financial instruments of this third party or the investment intermediary. The notifications should contain express indication of the risks for the client stemming from the circumstances mentioned in the previous sentences.

(3) BenchMark Finance informs the client when the accounts that contain his cash and financial instruments are subject to or will be subject to framework from the law of a country that is not a member. The notification should indicate that the rights of the client related not he financial instruments or cash can vary due to the applicability of the law of a third country.

(4) BenchMark Finance informs the client for:

1. The right to collateral or lien on the client cash or financial instruments for the investment intermediary and the conditions at which such rights arise or can arise;

2. The right to set off the client cash or financial instruments for the investment intermediary and for the conditions at which this right arises or can arise;

3. The existence and conditions at which the investment intermediary have or can have the right to set off the client financial instruments or cash, when this is applicable.

4. The possibility of the depositary institution to have a right of compensation, lien or set off on the client financial instruments or cash, when this is applicable.

(5) Before concluding a transaction for financing securities subject of financial instruments, held in the account of a non-professional client, or before using these financial instruments for own or another client's account, the investment intermediary provides the non-professional client on a durable medium under Art.84, Par.1 within a reasonable period of time before using the financial instruments, clear, full and



accurate information for the obligations and responsibilities of the intermediary with regard to the use of financial instruments, including the conditions for their return and the risks related to this.

(6) The investment intermediary provides the information under this paragraph in a suitable period before performing a relevant investment or additional service for non-professional client, and for a professional client – the information under Par.3 and 4 applies. The information is provided in compliance with Art.84.

**Article 78** (1) When BenchMark Finance holds cash or financial instruments of a client, he provides him on a durable medium under Art.84 at least once in a year with a statement containing the information under Art.49, Par.1 and 2 from Regulation No:38, unless the content of this statement is not reflected in another periodical statement.

(2) BenchMark Finance who holds financial instruments or cash of clients and provides the portfolio management service can include the statement under Par.1 in the content of the statement under Art.70, Par.1.

**Article 79** BenchMark Finance informs its client on a durable medium under Art.84 when an obligation under Art.145 from the Law on Public Offering of Securities occurs, latest until the end of the first working day, following the day when with regard to the financial instruments held by the investment intermediary, a circumstance under Art.145, Par.1 has occurred from the same law as a result of concluded by the investment intermediary transactions with financial instruments at the expense of the client, including at portfolio management.

**Article 80** (1) The assets of the non-professional clients that BenchMark Finance holds, administers or manages at their expense are guaranteed on the Compensation Fund of the investors against impossibility of the investment intermediary to return the assets due to reasons directly related to his financial condition, in the following cases:

1. With regard to the investment intermediary, bankruptcy proceedings are open;
2. The Financial Supervision Commission has revoked the licence of the investment intermediary on constant worsened financial condition basis and impossibility of the investment intermediary to fulfil its obligations.

(2) BenchMark Finance is obliged to make annual payments to the Fund for an amount determined by the administrative board of the fund.

(3) The client is entitled to compensation equal to 90% of the taking value, determined in the date of occurrence of the circumstance under Par.1, but not more than BGN 40.000. For indicated in Art.77d, Par.2 from the Law on Public Offering of Securities, clients including the professional clients and clients categorised as eligible counterparties, compensation is not repaid. Compensation is not repaid also to clients who have contributed to or benefited from the worsened financial condition of the investment intermediary, or their takings have occurred or are related to actions that can be defined as "money laundering".

(4) Non-payment of the owed instalments by investment intermediary's side does not deprive the beneficiary clients of compensation.

(5) At concluding the contract under Art.15, the investment intermediary notifies the client via the General Terms and Conditions for the existing system for compensation of investors in financial instruments, including their scope and the guaranteed amount of the client assets by providing him with data for the conditions and order of compensating the client assets from the Compensation Fund of the investors.

(6) At request, the investment intermediary also provides additional information under the scope of Par.5.

## **VI. Activity of the registration agent**

**Article 81** (1) BenchMark Finance performs activity of the registration agent on the basis of written agreement with the client, when submits in the relevant depository institutions data and registration documents of:

1. Transactions with financial instruments, concluded directly between the parties in advance;
2. Transfer of financial instruments in book-entry form at donation or succession;

3. Change in the details of the owners of financial instruments in book-entry form, correction of mistaken details, issuing duplicates of certifying documents and other actions predicted in the regulations of the relevant depository institution.
- (2) In the cases under Par.1, the parties and their representatives respectively, sign the relevant documents in the presence of an individual under Art.17, Par.1 after their identity has been checked.
- (3) (Amended with a decision by Board of directors from 08.02.2012) Copy of the identity document of the individuals and their representatives respectively, certified by them and by the individual under Art.17, Par.1, that concludes the contract for the investment intermediary under Art.16, Par.5 in the cases under Par.1, P.1 – declaration by transaction's parties and their representatives, that they do not and have not done professionally transactions with financial instruments one year before concluding the contract and a declaration under Art.42, Par.1, remain in the archive of BenchMark Finance.
- (4) The transferor and the transferee of the financial instruments can be represented in front of the investment intermediary who complete activity of registration agent by individuals expressly authorised with a notarised authorisation at complying with the requirements under Art.16, Par.5.
- (5) BenchMark Finance refuses to conclude a contract under Par.1 on the basis of Art.58 from Regulation No:38.
- (6) At the request of the seller and at the agreement of the buyer at sale of financial instruments in book-entry form under Par.1, P.1, the amount representing the sell price of the transaction is deposited at the investment intermediary – registration agent until the register of the transaction in the Central Depository. The investment intermediary informs the parties of the transaction for this possibility.
- (7) (New with a decision taken by Board of directors on 08.02.2012) BenchMark Finance gives information about the transactions under Art.81, Par.1. P.1 under the order of notifying for transactions concluded by him, predicted in Regulation 1287/2006/EN.

## **VII. Remuneration. Expenses of the client out of the remuneration**

- Article 82** (1) BenchMark Finance is entitled to receive remuneration from the provided service and to receive the expenses made with regard to the execution in type, amount, term and way, determined in the agreement. BenchMark Finance declares in the Tariff its standard commission remuneration in the contracts with clients as well as the type and amount of the expenses of the clients, if they are not included in the remuneration.
- (2) BenchMark Finance is not entitled to determine or collect commissions in ways that distinguishes the various execution venues unduly.
  - (3) Amendments and additions in the Tariff have effect for the client at following the requirements under Art.26, Par.2 from the present General Terms and Conditions.
  - (4) The client is obliged to pay the investment intermediary remuneration for every provided service in accordance with the Tariff under Par.1 in way and order agreed in the given contract between the parties and respectively by placing an order based on it. If the remuneration or expenses under the contract deviate from the announced Tariff, the agreement in the contract is applied.
  - (5) When BenchMark Finance is obliged to take responsibility for the execution of the obligation of a third party in a contract concluded at the expense of a client, then BenchMark Finance is entitled to additional remuneration, agreed in a written form among the parties.
  - (6) BenchMark Finance is entitled to additional remuneration that is agreed in a written form, for the collected by him client's amounts.
  - (7) In case of intermediation, the investment intermediary is entitled to receive remuneration by the both parties in the transaction.
  - (8) The expenses of the client that are not included in the remuneration of the investment intermediary in accordance with the Tariff under Par.1, are determined with the certain contract and respectively by placing orders on its basis.
  - (9) At objective impossibility to execute a separate order, and another service respectively – subject of the contract under Par.15, the client holds the made by the investment intermediary expenses and remuneration, and the completed work respectively.

(10) At repayment of the owed remuneration and made expenses, BenchMark Finance is entitled to hold in its benefit the expenses and remunerations due by the client. BenchMark Finance is entitled to impute the owed by the client payments from the stored at the expense of the latter cash, based on a few separate contracts.

(11) If the client of the intermediary has outstanding liabilities to BenchMark Finance, the intermediary takes the relevant actions to inform the client in an appropriate manner, in accordance with the established with him relationships, about the size of the owed payment and the deadline of payment. On condition that the client does not pay within the deadline, the intermediary is entitled to terminate the contract unilaterally and/or seek its rights in a legal way as after passing the certain deadline, the client owes the intermediary the size of the legal interest for every day that the payment is delayed.

(12) If the client has a negative balance as a result of charged remuneration and expenses with regard to transactions with financial instruments or provided investment services, the investment intermediary is entitled to terminate the agreement unilaterally, after imputing the owed amounts.

### **VIII. Information exchange between the parties**

**Article 83** (1) (Amended with a decision by Board of directors from 14.04.2016) In its relationships with clients, BenchMark Finance regards Bulgarian, English, Spanish and other languages indicated on the intermediary's website as languages for correspondence, provision of documents, notifications as well as any other type of information exchange. One or more languages, in which information exchange among parties can be realized, can be set in certain contracts.

(2) At lack of special requirements in a legal act, these general terms and conditions or the contract concluded between the parties, the latter can exchange information in written or oral form. The communication is realized personally (in the offices of the investment intermediary), by phone or fax, via letters in the correspondence addresses established between the parties, via electronic documents signed with an electronic signature, via e-mail, or in any other way of communication established in the contract. The investment intermediary stores the received and sent in written form information as well as records of the conducted phone conversations and the electronic correspondence between the parties with regard to execution of the contract.

(3) When in order to execute certain statements there is an established written form, if anything else is not established in accordance with the Law on the Financial Instruments Market and the acts for its application, this established written form is considered abode with regard to the sent and received by fax or e-mail statements as well as statements in the form of electronic document signed with an electronic signature, at following the requirements under the Law on electronic document and electronic signature if the following of the other requirements established in the Law on the Financial Instruments Market and the acts for its application, is ensured.

**Article 84** (Amended with a decision by Board of directors from 14.04.2016 and from 30.05.2016) (1) At the execution of the obligation of BenchMark Finance to provide information on a durable medium, as stated in these General Terms and Conditions and the applicable legislation, the information should be provided in paper or in another way for which the following requirements are applicable:

1. The provision of the information in this way is suitable with view to the existing or upcoming relationships with the client;
2. The client has expressly preferred this way of information provision instead of its provision on a paper medium;

(2) When it is predicted for certain information to be provided to the client on a durable medium, the requirement is considered abode, when the information is addressed personally to the client and is provided in a way allowing subsequent familiarisation with it for an adequate period of time for the purpose of providing information and allowing the reproduction of the stored information without changes.

(3) (Amended with a decision by Board of directors from 12.10.2016) The client agrees expressly that BenchMark Finance can provide him with information via its website [www.benchmark.bg](http://www.benchmark.bg) in Bulgarian, [www.benchmarkfx.co.uk](http://www.benchmarkfx.co.uk) in English and [www.benchmarkfx.es](http://www.benchmarkfx.es) in Spanish and each page in another language, if stated in the contract with the customer as the site of BenchMark Finance. When the information is provided to clients via the website of the intermediary and is not addressed to a certain client, it should meet the following criteria:

1. The provision of the information in such a way is suitable with view to the existing or upcoming relationships with the client.
2. The client has expressly agreed with this way of information provision. In cases when the client has provided his e-mail for communication with the intermediary, it is accepted that he has regular access to internet and has agreed that the owed information is provided to him via electronic means, including the website of the intermediary;
3. The client is informed by electronic means about the website of the intermediary and the location of the information on this website;
4. The information is updated;
5. The information is accessible constantly on the website of the intermediary for the time usually needed for the clients to get acquainted with it.

(4) (Amended with a decision by Board of directors from 08.02.2012).The provision of information via electronic means of communication is considered appropriate with view to the existing or upcoming relationships with the client if there is data that the client has regular access to internet. It is considered that the client has regular access to internet if he provides e-mail for the needs of the established relationships with the investment intermediary. The clients of BenchMark Finance JSC declare that they agree to receive unwanted commercial messages under the Law of electronic trading of BenchMark Finance and/or the individuals related to it.

(5) BenchMark Finance via online publication, informs the client for every significant change in the documents provided to the client as well as for each essential changes of the circumstances under Art.9, 10 and 32 from Regulation No:38 that have relations to the offered investment services.

(6) With view to the existing or upcoming relationships with the client that will be maintained via internet and unless else is agreed, the client declares by signing the contract (if else is not indicated in the contract) that:

1. Prefers messages and scanned documents sent to the e-mail address provided by him, to be used as a durable medium.
2. Prefers the provision of information by BenchMark Finance to occur via the website or electronic trading platforms; and
3. Is informed via electronic means for the address of the website and the location of the page where the relevant information is located.

## **IX. Dispute Settlement**

**Article 85** (1) (Amended with a decision by Board of directors from 08.02.2012). The disputes that have arisen between the parties, related to the interpretation and execution of the present general terms and conditions and the certain contract, are settled by mutual agreement. If such is not achieved, the dispute is taken for settlement by the competent court or to arbitration, chosen by the parties. By signing the relevant contract, the client gives his consent and accepts the information under Art.35 from the Law on the Financial Instruments Market to be revealed to the competent court or arbitrage bodies in order to settle the disputes between the parties.

(2) A complaint filed by the client is reviewed by the investment intermediary in accordance with the Rules for internal organisation of BenchMark Finance. The investment intermediary sends the client written response within 10 working days from the filing of the complaint and within 3 working days when it is reviewed at a meeting of B of D.

(3) (New with a decision by Board of directors on 14.04.2016).The disputes between the parties with regard to the application of EMIR are settled in the order predicted in EMIR.

## **X. Outstanding issues**

**Article 86** (1) Other conditions and deadlines, not indicated in these general terms and conditions as well as the remuneration of the investment intermediary and the expenses of the client, not included in the remuneration are determined with the contract under Art.15 when they are not determined in accordance with the tariff.

(2) For the outstanding issues in the present general terms and conditions and the contract with the client under Art.15, Par.1, the existing Bulgarian legislation.

### Final Provisions

**§ 1** (Amended with a decision by Board of directors from 14.04.2016) Words, phrases and terms used in these general terms and conditions have the meaning that the Law on the Financial Instruments Market, Regulation No: 38, Regulation 1287/2006 of the European Commission and the Directive 2004/39/EN from 21<sup>st</sup> of April, 2004 for the markets on the financial instruments assign to them. Within the meaning of the present general terms and conditions, the following words and phrases have the following meaning:

1. "OCO" – "One cancels the other" type of order, where at the same time are placed either two limit orders for purchase or two limit orders for sale at different prices. One of them is above and the other is below current market price. If one of these orders is executed, the other is cancelled automatically.
2. API – Application programming interface is software provided by computer system allowing its connection and interaction with other computer systems. API is set of software functions allowing automatic placement of commands to the trading platforms and can allow connection with other software systems.
3. Script – a programme (series of instructions) which is interpreted and executed by another programme. It is not compiled in advance in order to be executed from the processor.
4. LEI – Legal Entity Identifier for the needs of EMIR is unique identification code by which the parties of the transactions with derivatives and central counterparties should report the data with every concluded with them contract for derivatives in front of Transactions Register. LEI is issued by the organizations or Local Operating Units, belonging to the LEI/GEI system, that are approved to issue LEI from ESMA. Their list can be found on the website of the LIEROC - <http://www.lieroc.org>
5. EMIR – Regulation (EU) No: 648/2012 from the European Parliament and the Board of OTC derivatives, central counterparties and the transactions registers. At the use of the name EMIR, it is referred not only to the Regulation (EU) No: 648/2012, but also all other related to it regulations and legislative acts of the European commission, Board, European Parliament and ESMA.

**§ 2.** The general terms and conditions are produced in accordance with the requirements of the Law on the Financial Instruments Market and Regulation No:38 for the requirements of the activity of the investment intermediaries.

**§ 3** The general terms and conditions are accepted on a meeting of Board of directors of BenchMark Finance JSC, conducted on 26.01.2009 and complemented with the execution of recommendations given by the Financial Supervision Commission with a decision of Board of Directors from a meeting conducted on 20.01.2011, complemented with decision by Board of directors on 08.02.2012, amended and complemented with a decision by Board of directors on 02.12.2013, amended and complemented with a decision by Board of directors on 08.01.2014 and 26.02.2014, amended with a decision by Board of directors on 14.04.2016 and 30.05.2016, amended with a decision by Board of directors on 12.10.2016.

**§ 4** (Amended with a decision by Board of directors from 14.04.2016) For all changes in these General Terms and Conditions and the Tariff, BenchMark Finance notifies the clients on its offices and website: [www.benchmark.bg](http://www.benchmark.bg) in Bulgarian, [www.benchmarkfx.es](http://www.benchmarkfx.es) in Spanish, [www.benchmarkfx.co.uk](http://www.benchmarkfx.co.uk) in English and each page in another language, if specified in the contract with the customer as the site of BenchMark Finance.

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Lyubomir Boyadzhiev  
Executive Director

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Veselin Genchev  
Executive Director

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<sup>1</sup> *This document is a translation of the Bulgarian original. The Bulgarian version shall be the sole authentic version and, in the event of discrepancies, shall prevail*