

GENERAL TERMS AND CONDITIONS

APPLICABLE TO CONTRACTS WITH CLIENTS OF DELTASTOCK INC.

Pursuant to Art. 13, Para. 2, point 5 of the Markets in Financial Instruments Act /MFIA/ and Art. 22 of Ordinance № 38 of 01.11.2007 on the Requirements for the Activities of Investment Intermediaries (Ordinance № 38), in connection with Art. 298 and Art. 348-360 of the Commercial Code (CC) and Art. 16 of the Obligations and Contracts Act (OCA), the Board of Directors of **DELTASTOCK INC.** approved the following General Terms and Conditions applicable to contracts with **CLIENTS** of **DELTASTOCK INC.**

SECTION I

GENERAL PROVISIONS

Art. 1 (1) The Investment Intermediary **DELTASTOCK INC.** with:

- **Seat and business address:** 6 Stefan Stambolov Blvd., Vuzrazhdane Region, Sofia 1301, Bulgaria;
- **Registration with the Sofia City Court** under company file №. 9498/1998, volume I, register 1, p. 105;
- **BULSTAT number:** Ю 128042807;
- **Tax №** 1280114487, Territorial Directorate of the National Revenue Agency - Sofia City, Vuzrazhdane Office;
- License to perform investment services as an investment intermediary on the territory of the Republic of Bulgaria and abroad: Decision №. 400-ИП/15.06.2006 of the Financial Supervision Commission with address 33 Shar planina St., Sofia, Bulgaria;
- Number of entry into the register of the Commission: № ПГ 03_0146;
- **License to enter into transactions in foreign means of payment:** № 045/31.03.2000 of the Bulgarian National Bank,

has the following core business:

DELTASTOCK INC. shall provide the following investment services and will perform the following investment activities on the territory of the Republic of Bulgaria and abroad: acceptance and transmission of orders in relation to securities, including intermediacy with a view to concluding transactions in relation to securities; execution of orders to buy or sell securities for the account of **CLIENTS**; transactions in securities for its own account; management, in accordance with a contract concluded with a **CLIENT**, of an individual portfolio including securities upon its discretion without any special orders from the **CLIENT**; provision of individual investment advice to a **CLIENT** upon its initiative or upon request from the **CLIENT** with respect to one or more transactions related to securities; underwriting of issues of securities and/or initial public offering of securities in the conditions of unconditional and inalienable obligation to subscribe for/acquire the securities for its own account; initial public offering of securities without an unconditional and inalienable obligation to acquire the securities for its own account; safe – keeping and administering of securities at **CLIENTS'** accounts, including custodial activities (holding of securities and cash of **CLIENTS** in a depository institution) and any related services such as management of cash credited/collateral provided; provision of loans for conclusion of transactions in securities if the person providing the loan participates in the transaction in accordance with terms and procedure set out in an ordinance; advice to companies about the capital structure, industrial strategy and any issues related to this as well as advice and services related to mergers and acquisition of companies; investment research and financial analyses or other forms of general recommendations related to transactions in securities; services related to activities of underwriting of issues of securities and/or offering for initial sale of securities in the conditions of an unconditional and inalienable obligation for subscription/acquisition of the securities for its own account and services related to the activity of offering securities for initial sale without an unconditional and inalienable obligation to acquire the securities for its own account; to enter into transactions in a foreign currency in cash or by wire transfer.

(2) DELTASTOCK INC. shall provide the services and activities under Para. 1 and in connection with financial instruments, different than the securities under Para. 1, point 2, namely:

- a) Instruments in the money market;
- b) Shares in collective investment schemes;

c) Options, futures, swaps, forward contracts and other derivative financial instruments based on securities, currencies, interest rates, incomes, financial indicators, the liabilities on which can be settled through real delivery or by cash payment;

d) Options, futures, swaps, forward contracts and other derivative financial instruments in connection with commodities, the liabilities on which can be settled through a cash payment at the request of one of the parties (except for the cases of non-execution or other grounds for termination of the contract);

e) Options, futures, swaps and other derivative financial instruments based on commodities, the liabilities on which can be settled through a real delivery, when they are traded on a regulated market;

f) Options, futures, swaps, forward contracts and other derivative instruments based on commodities, which are not commercial securities, the liabilities on which can be settled through real delivery, or similar to the other derivative financial instruments are due to clearing and settlement, including through acknowledged clearing houses, they are also used as collateral on margin purchases or short sells;

g) Derivative financial instruments for transfer of credit risk;

h) Contracts for Differences;

i) Any other derivative financial instruments in connection with assets, rights, liabilities, indices, indicators, different that the instruments indicated in point 1-8 of the Additional Provisions of the Law for Public Offering of Securities, which, similar to the other derivative financial instruments are traded on a regulated market and are due to clearing and settlement, including through acknowledged clearing houses, or are used as collateral on margin purchases or short sells.

Art. 2 (1) Within the meaning of these General Terms and Conditions:

a) A professional **CLIENT** is a person, under the meaning of §1, point 9 of the Additional provisions of the Market in Financial Instruments Act and pursuant to the adopted by **DELTASTOCK INC.** procedures and policies for classification of **CLIENTS** as professional **CLIENTS**.

b) Securities are stocks, shares in collective investment schemes, government, municipal and corporate bonds and other debt securities, rights, warrants, options and other securities pursuant to §1, point 9 of the Additional Provisions of the Market in Financial Instruments Act.

c) Investment Intermediary is a company, which has received a license to perform by occupation one or more investment services and/or perform one or more investment activities.

(2) Any words and phrases with a legal and technical meaning used in the General Terms and Conditions, which are not defined in Para. 1 or in the specific contract with the **CLIENT**, have the meaning attributed to them in the Market in Financial Instruments Act and the legal framework for its enforcement. The present General Terms and Conditions are applicable to contracts with **CLIENTS**, concerning accepting of orders execution of deals on a regulated market in the country and abroad. Upon a request from the **CLIENT**, **DELTASTOCK INC.** shall provide the latter with a list of all words and phrases defined in the Market in Financial Instruments Act and the provisions for its enforcement.

Art. 3 The correspondence and communication with the **CLIENTS** of **DELTASTOCK INC.** are in Bulgarian and English.

Art. 4 The means of communication between **DELTASTOCK INC.** and its **CLIENTS** are as follows:

- Through visits at the offices of **DELTASTOCK INC.**;
- By exchanging documents with electronic signatures;
- Over the telephone;
- Via electronic mail;
- Through the website of **DELTASTOCK INC.**

Art. 5 (1) In the cases when **pursuant to the law**, information should be submitted to the **CLIENT** on a durable medium, **DELTASTOCK INC.** shall provide this information on a paper carrier or in another way, under the condition that the following requirements have been met:

- The submission of information in this way is appropriate in view of the relationship with the **CLIENT**;

- The **CLIENT** has explicitly requested to receive information in this manner, rather than its submission on a paper carrier.

(2) When the information is submitted to **CLIENTS** over the website of **DELTASTOCK INC.** and is not addressed to a certain **CLIENT**, it must comply with the following conditions:

- The submission of information in this way is appropriate in view of the existing or the forthcoming relationship with the **CLIENT**;

- The **CLIENT** has explicitly agreed to this means of submission of information;

- The **CLIENT** has been informed electronically about the address of the website of the Investment Intermediary and about the specific section of the website, where this information can be located;

- The information is up-to-date;

- The information is accessible all the time on the website of the Investment Intermediary for the time interval, usually required by the **CLIENTS** to get familiar with it.

(3) The submission of information through electronic means for communication is deemed to be suitable in view of the existing or forthcoming relations with the **CLIENT**, if there is information that the

CLIENT has regular access to the Internet. It is considered that the **CLIENT** has regular access to the Internet if the **CLIENT** has provided an e-mail for the purposes of communication in view of the existing relationship with **DELTASTOCK INC.**

Art. 6 Every document which must be compiled in writing pursuant to Ordinance N° 38 can be compiled as an electronic document, under the condition that it has been signed according to the Law for the Electronic Documents and Electronic Signatures and pursuant to the other requirements of Ordinance N° 38.

Art. 7 When the contracts have prolonged execution, the changes and/or the replacement of the General Terms and Conditions shall be deemed valid for the contracting party to an existing contract, only if the contracting party has been notified and if the contracting party failed to state within the given to it in writing reasonable term that it rejects the changes/replacement.

SECTION II

GENERAL REQUIREMENTS AND RESTRICTIONS TOWARDS THE ACTIVITIES OF DELTASTOCK INC.

Art. 8 (1) DELTASTOCK INC. shall perform investment and other services for the account of **CLIENTS** on the basis of a contract in writing, concluded with the **CLIENT**.

(2) Before the conclusion of the contract, **DELTASTOCK INC.** shall provide the **CLIENTS** with the opportunity to familiarize themselves with the present General Terms and Conditions, will inform them that they have been submitted at the Financial Supervision Commission, and that no instructions for the removal of incompleteness, discrepancies and contradictions have been proposed, and, upon a request, will give an explanation about their content. **DELTASTOCK INC.** shall notify the **CLIENT** that the contract may contain clauses, deviating from the General Terms and Conditions, if they do not contradict the law. These General Terms and Conditions shall become a part of the contract with the **CLIENT** only if he/she confirms in writing that they are accepted (this shall be a separate clause in the contract) and they do not contradict explicit clauses in the contract.

(3) The **CLIENT**, respectively his/her authorized representative, signs the contract in the presence of an entity pursuant to Art. 39, Para. 1 of Ordinance N° 38, after the identity of the **CLIENT** has been verified.

(4) An individual from the Internal Control Department at **DELTASTOCK INC.** examines whether the contract is compatible with the requirements of the Market in Financial Instruments Act, with the legal framework for its enforcement and with the internal policies of **DELTASTOCK INC.** In this case, the individual from the Internal Control Department compiles a document by the end of the working day, verifying the examination.

(5) For the purposes of execution of the contract and in accordance with the accounting legal framework, **DELTASTOCK INC.** opens analytical accounts for the financial instruments and cash of the **CLIENT**.

(6) A copy of the identification document of the **CLIENT**, respectively of the **CLIENT'S** authorized representative, verified by him/her and by the entity under Art. 39, Para. 1 of Ordinance No 38, which signs the contract on behalf of **DELTASTOCK INC.**, is enclosed to the contract. The entity that verifies the copy of the identification document handwrites "A true copy of the original", places the date and their signature.

(7) The contract contains the personal data of the individuals signing it, the authority of the person representing **DELTASTOCK INC.**, the place and date of contract signing, and the active at the moment of its signing General Terms and Conditions, if there are such, the main rights and obligations of the parties and the information, which **DELTASTOCK INC.** is obliged to provide to the **CLIENT**.

(8) A contract can be concluded via an attorney only if a notary certified power of attorney is provided, which must confer the representative's authority to perform management or disposing activities with financial instruments, as well as a declaration from the attorney that they do not perform transactions in financial instruments and they haven't concluded such transactions by occupation in a period of one year before the signing of the contract.

(9) **DELTASTOCK INC.** shall keep in its archive the declaration and the original notary certified power of attorney under Para. 8 or a notary certified duplicate of it. If the power of attorney grants continuous authority, **DELTASTOCK INC.** keeps a copy, verified by the attorney and by a representative of the Internal Control Department.

(10) **DELTASTOCK INC.** cannot enter into a contract under Para. 1 if the **CLIENT**, respectively their attorney, has failed to present and sign all necessary documents under Para. 1 – 9, have presented documents with obvious irregularities or there is another circumstance, which raises doubts about the due legitimacy or representation. **DELTASTOCK INC.** cannot conclude a contract under Para. 1 if the contracting party is represented by an attorney, that declares that they conclude transactions in securities by occupation.

(11) DELTASTOCK INC. shall open a sub account for the **CLIENT** in a depository institution on the basis of the executed contract in writing under Para. 1, in compliance with the stated in it conditions and in keeping the requirements under Art. 28 of Ordinance № 38.

Art. 9. (1) When providing investment services, **DELTASTOCK INC.** is obliged to act honestly, fairly, as a professional, with due care, in the interest of its **CLIENTS** and prefer their interest to its own and also notify them about any risks arising from transactions in financial instruments.

(2) When concluding transactions with financial instruments at the account of the **CLIENTS**, **DELTASTOCK INC.** shall be obliged to inform them about any risks arising from the transactions with these instruments.

(3) DELTASTOCK INC. concludes transactions with financial instruments for the **CLIENTS** account in the best conditions and shall be deemed to have made reasonable efforts to reach the best price for the **CLIENT**, pursuant to the conditions of the order of the **CLIENT**. When executing an order submitted by a non-professional **CLIENT**, the best execution price is determined on the basis of the total value of the transaction, including the price of the financial instrument and the execution costs. The execution costs include all costs that are directly connected with the execution of the order and include costs on the execution location, clearing and settlement costs, as well as other costs and remunerations, due to third parties, committed with the order execution.

(4) DELTASTOCK INC. is obliged to execute the orders of its **CLIENTS** as soon as possible, respectively to conclude transactions for the management of individual portfolios of **CLIENTS'** securities, unless this will put the **CLIENTS** at an obvious disadvantage.

(5) DELTASTOCK INC. does not have the right to determine or receive commissions in a manner that obviously and unjustly determine the places of order execution.

Art. 10. (1) DELTASTOCK INC. shall be obligated to treat its **CLIENTS** equally and fairly.

(2) DELTASTOCK INC. shall enter all orders of its **CLIENTS** in the order of their placement in a special register, including any identical orders, and shall execute them in accordance with this order. Identical shall be any orders which are the same with respect to their type, manner and term of fulfillment and parameters of the price.

(3) DELTASTOCK INC. shall enter all orders of its **CLIENTS** in a special register in the order of their execution, not later than the end of the business day.

Art. 11 (1) When providing investment advice or portfolio management, **DELTASTOCK INC.** must require of its **CLIENT**, respectively of the potential **CLIENT**, information about their financial resources, investment purposes, knowledge, experience and willingness to take risks, as well as to update this information and to adjust its services and advice to the received information. **DELTASTOCK INC.** shall not have the right to provide investment advice or to manage the portfolio of a **CLIENT**, who hasn't provided the information under the previous sentence.

(2) When providing investment services pursuant to Art. 1 to a **PROFESSIONAL CLIENT**, **DELTASTOCK INC.** can consider that in relation to the products, transactions and services for which the **CLIENT** has been categorized as a **PROFESSIONAL CLIENT**, has the necessary experience and knowledge, required to understand the risks associated with the transaction or with the management of his/her portfolio.

(3) When providing investment advice to a **PROFESSIONAL CLIENT**, according to the Procedures and policies of **DELTASTOCK INC.** for classification of **CLIENTS** as professional, **DELTASTOCK INC.** can consider that the **CLIENT** has the financial ability to bear all investment risks, arising from the investment purposes of the **CLIENT**.

(4) The information on the financial condition of the **CLIENT**, respectively of the potential **CLIENT**, includes, when applicable, information on the sources and the amount of the fixed income, the assets, including liquid assets, investments and real estate, as well as the regular financial liabilities of the **CLIENT**.

(5) Information about the investment purposes of the **CLIENT**, respectively of the potential **CLIENT**, includes, when applicable, information of the time period, for which the **CLIENT** desires to hold the investment, the preferences of the **CLIENT** in relation to the undertaken risks, the risk profile and the purposes of the investment.

Art. 12 (1) When providing investment services, different than investment advice and portfolio management, **DELTASTOCK INC.** requires of the **CLIENT**, respectively of the potential **CLIENT**, information whether the **CLIENT** has the required experience and knowledge, in order to understand the risks, associated with the product or with the investment service offered or requested, as well as to update this information regularly.

(2) On the basis of the information received under Para. 1, **DELTASTOCK INC.** decides whether the investment service is suitable for the **CLIENT**, respectively for the potential **CLIENT**. In the cases when **DELTASTOCK INC.** judges on the basis of the provided information that the investment service is not suitable, **DELTASTOCK INC.** warns the **CLIENT**, respectively the potential **CLIENT** in writing.

(3) In the cases when the **CLIENT** does not provide the information under Para. 1 or the provided information is incomplete for the purposes or preparing the assessment under Para. 2, **DELTASTOCK INC.** is

obliged to notify the **CLIENT**, respectively the potential **CLIENT** in writing that a decision cannot be made on whether the offered investment service is appropriate for the **CLIENT**.

(4) When performing investment services under Art. 5, Para. 2, point 1 and/or 2 of the Markets in Financial Instruments Act, **DELTASTOCK INC.** can provide these services without obtaining the information under Para.1, in the cases when:

a) The subject of the services are shares, which have been admitted for trading on the regulated market or on an equivalent market in a third country, according to a list of the European Commission, bonds or other debt securities, except for the bonds and other debt securities, which secure a derivative instrument, instruments on the money market, shares in collective investment schemes and other non-complex financial instruments;

b) The service is performed at the initiative of the **CLIENT**, respectively of the potential **CLIENT**;

c) The **CLIENT**, respectively the potential **CLIENT**, has been informed in writing that **DELTASTOCK INC.** shall not keep the obligations under Para. 1;

d) **DELTASTOCK INC.** adheres to the requirements for treating conflicts of interest.

(5) **DELTASTOCK INC.** can accept that the **PROFESSIONAL CLIENT** has the necessary experience and knowledge to understand the risks associated with the particular investment service, transaction or product, for which the **CLIENT** has been classified as a professional.

Art. 13 (1) The information which **DELTASTOCK INC.** requires of the **CLIENT**, respectively of the potential **CLIENT**, about the experience and knowledge in investment activities, includes:

a) The type of services, transactions and financial instruments, which the **CLIENT** is familiar with;

b) The nature, volume and frequency of the trades with financial instruments at the account of the **CLIENT**, as well as the period within which they will be executed;

c) The educational degree, the professional experience and the relevant previous work experience of the **CLIENT**, respectively of the potential **CLIENT**;

(2) **DELTASTOCK INC.** requires the amount of information under Para. 1, which is deemed to be suitable in view of the characteristics of the **CLIENT**, the nature and the scope of the services provided, and the types of products and services, which are forthcoming, including their complexity and the risks associated to them.

Art. 14 (1) When performing activities, **DELTASTOCK INC.** is obliged to keep the secrets entrusted by the **CLIENT**, as well as the prestige of the **CLIENTS**;

(2) The members of the Board of Directors of **DELTASTOCK INC.** as well as the personnel and all persons working at **DELTASTOCK INC.** cannot make public, unless they are authorized to do so, and to use for their own favor or for the favor of other entities, facts and circumstances, concerning the account balance and operations on accounts with financial instruments and cash of **CLIENTS** of the Investment Intermediary, as well as all other facts and circumstances, which are a commercial secret, with which they have acquainted themselves while performing their business and professional duties.

(3) Except to the Financial Supervision Commission, to its deputy-chairman and to the authorized officials of the administration of the Financial Supervision Commission or of the regulated market, whose member the official is, and for the purposes of their controlling duties and pursuant to an order for an examination, **DELTASTOCK INC.** can submit information under Para. 2 only in the cases when:

1. The **CLIENT** has explicitly agreed to announce this information;

2. At a decision of the court, issued pursuant to the conditions and according to Art. 35, Para, 6 and 7 of the Market in Financial Instrument Act.

Art. 15 (1) **DELTASTOCK INC.** is not authorized to perform transactions for financing securities, using the held financial instruments of **CLIENTS** or to use in any other way for its own account or in favor of another **CLIENT** these financial instruments, unless the **CLIENT** has explicitly agreed in advance that the **CLIENT'S** financial instruments can be used under certain circumstances and they will be used in compliance with these conditions. The consent on the terms in the previous sentence must be submitted in writing, if the **CLIENT** whose financial instruments are being used is a non-professional **CLIENT**.

(2) **DELTASTOCK INC.** is not allowed to perform transactions for financing securities with financial instruments of **CLIENTS**, held in a joint **CLIENT'S** account at a third party, or to use in another way at its own account or at the account of another **CLIENT** such financial instruments of **CLIENTS**. The prohibition pursuant to the previous sentence is not applied if the terms under Para. 1 are met and if at least one of the following conditions is in evidence:

a) All **CLIENTS** whose financial instruments are held together in a joint account have explicitly given their consent in advance, in accordance with Para. 1;

b) **DELTASTOCK INC.** has established procedures that guarantee that only financial instruments of **CLIENTS** who gave their consent in advance are used, pursuant to Para. 1, and has established mechanisms for the control on the observation of this requirement.

(3) In the cases under Para. 2, in the reporting of **DELTASTOCK INC.** information is included regarding the **CLIENT**, by whose order the financial instruments have been used, as well as about the

number of the financial instruments of every **CLIENT** used, in view of the correct distribution of the potential losses.

Art. 16 (1) DELTASTOCK INC. maintains a report and keeps account of the held assets of the **CLIENTS** in a manner, which allows in every moment the assets of the **CLIENT** to be immediately distinguished from the assets of other **CLIENTS** and from the private assets of **DELTASTOCK INC.**

(2) The reporting and accounts are maintained in such a manner that guarantees their accuracy and conformity with the held financial instruments and cash for the **CLIENTS**.

(3) DELTASTOCK INC. regularly coordinates its reporting and the accounts held with these, maintained at third parties, where the assets of the **CLIENTS** are safe-kept.

Art. 17 DELTASTOCK INC. segregates its own financial instruments and cash from the financial instruments and the cash of the **CLIENTS**, and is not held liable to its creditors with the financial instruments and cash of its **CLIENTS**, as well as with the securities on which are based the depository notes.

Art. 18 (1) DELTASTOCK INC. does not keep with itself the cash of its **CLIENTS**.

(2) DELTASTOCK INC. deposits the cash of its **CLIENTS** at:

1. Central Bank;
2. Credit Institution;
3. Bank, licensed to operate in a third country;
4. In a collective investment scheme that has been authorized to pursue activity according to Council

Directive 85/611/EEC or undertaking for collective investment, which is subject to control by the competent supervisory authority in a Member State, provided it meets the following conditions:

- a) Its major investment objective is to maintain certain average net asset value (net profit) or net asset value equal to the capital attracted from investors plus profit;
- b) It invests the raised pecuniary funds exclusively in money market instruments with highest possible credit rating, awarded by a credit rating agency, whose maturity or residual term till maturity is not more than 397 days, or in instruments with fixed yield, close to that of the preceding instruments, or in instruments whose average residual term till maturity is 60 days; it may additionally invest pecuniary funds in bank deposits;
- c) Ensures liquidity on the same day or a settlement on the next day.

(3) DELTASTOCK INC. can deposit the cash of **CLIENTS** at the parties under Para. 2, which are related parties, only if the **CLIENTS** have submitted their explicit consent in writing.

(4) DELTASTOCK INC. deposits the cash of **CLIENTS** or the cash received as a result from investment services concluded for the **CLIENT'S** account, at an entity under Para. 2 by the end of the next business day at the latest.

(5) DELTASTOCK INC. is not allowed to invest the cash of its **CLIENTS** in a collective investment scheme, if the **CLIENT** has opposed to this way of safe-keeping of the provided by the **CLIENT** cash.

Art. 19 (1) DELTASTOCK INC. safe-keeps the financial instruments of its **CLIENTS** at a depository institution, in **CLIENTS'** accounts opened to the account of **DELTASTOCK INC.** or in account opened in the name of a third person, in compliance with the requirements and conditions pursuant to Ordinance № 38.

Art. 20 (1) The provided to **DELTASTOCK INC.** cash and/or financial instruments are held at: The First Investment Bank – Sofia, Bulgaria, The Central Depository, Interactive Brokers - USA (London branch), Confident Invest – Romania.

(2) DELTASTOCK INC. does bear responsibility, pursuant to the national legal framework, concerning the activity or inactivity of the entity, which safe-keeps funds and/or financial instruments of the **CLIENT**. The consequences for the **CLIENT** from the insolvency of this entity are settled according to the Bulgarian legal framework.

Art. 21 The financial instruments of the **CLIENT** can be safe-kept in a joint account opened with a third party when the requirements of the law are observed.

Art. 22 Except in the cases settled with an Ordinance, **DELTASTOCK INC.** is not allowed to use:

- for its own account the cash and financial instruments of its **CLIENTS**;
- for the account of its **CLIENT** the cash and financial instruments of other **CLIENTS**;
- for the account of a **CLIENT** its own cash and financial instruments.

Art. 23 (1) DELTASTOCK INC. explicitly notifies the **CLIENT**, respectively the potential **CLIENT**, in the cases when the accounts where the cash and financial instruments of the **CLIENT** are held, are subject or will be subject of the regulatory framework of a country, which is not a member-state of the European Union. The notification should indicate that the rights of the **CLIENT**, resulting from the financial instruments or cash can differ due to the applicability of the regulatory framework of a third country.

Art. 24 (1) DELTASTOCK INC. has the right to detain the obtained as a result of an executed order of the **CLIENT** financial instruments and cash, if the **CLIENT** falls into delay regarding the due amount for expenses and or compensation, and to indemnify itself from the detained financial instruments, including by selling them. **DELTASTOCK INC.** is obliged to notify the **CLIENT** of the sale and give the surplus of the received cash amount to the **CLIENT**.

(2) DELTASTOCK INC. has the right to offset the cash or financial instruments of **CLIENTS** pursuant to the Law on Obligations and Contracts.

(3) There is a possibility that the depository institution has the right to receive compensation, right to detain or offset the financial instruments or cash of the **CLIENTS**, when applicable.

Art. 25 DELTASTOCK INC. provides information to its **CLIENTS** on a durable medium in reasonable term information on its liabilities and responsibilities in connection with the usage of financial instruments, including the conditions for their return and the associated risks.

Art. 26 A Fund for compensation of investors is established with as a legal entity with its head office at 31 Tsar Sishman St., Sofia 1000, Bulgaria. The Fund shall guarantee the payment of compensation to the **CLIENTS** of an investment intermediary and to its subsidiaries in the host member states under the conditions and procedure of the Law on Public Offering of Securities, with the money raised in the fund, in the cases where the investment intermediary is not able to pay its liabilities to the **CLIENTS**, due to reasons directly linked to its financial situation.

Any investment intermediary, which holds, administers or manages money and/or financial instruments of **CLIENTS** and for which, due to it, liabilities to **CLIENTS** may arise, is obligated to contribute pecuniary premiums in the fund. The failure to pay the premiums due by the investment intermediary shall not deprive the entitled **CLIENTS** of compensation up to the amounts, envisaged below.

The Fund shall pay compensations to the investment intermediary's **CLIENTS** up to the amounts, envisaged below, in the cases where:

1. By a decision of the respective district court, bankruptcy proceedings have been instituted for the investment intermediary, including in the cases when the bankruptcy proceedings have been terminated on the grounds of Art. 632 of the Commercial Code;
2. The license or the authorization for performing activities as an investment intermediary has been withdrawn, by a decision of the competent authority in the cases under Art. 20, Para. 2, point 3 of the Markets in Financial Instruments Law, and with regard to the investment intermediaries which pursuit business as banks – in the cases under Art. 36, Para. 2 of the Law on Credit Institutions.

Within 7 days of receiving the notification under the points above, the Fund shall publish at least in two central daily newspapers and on its website announcement of the pronounced decision under the points above and of the term, within which the **CLIENTS** of the investment intermediary may raise a claim for payment of compensation from the Fund, as well as the bank, through which the payment of the compensation shall be made.

Compensation shall be paid for the receivables that have arisen as a result of the inability of the investment intermediary to return the **CLIENTS'** assets in compliance with the legal and contractual provisions. **CLIENTS'** assets shall mean the cash, financial instruments and other assets, of an investment intermediary's **CLIENTS**, which the investment intermediary holds, administers or manages for their account in connection with the services provided under Art. 5, Para. (2) and (3) of the Markets in Financial Instruments Act, including interests, dividends and other such payments.

The Fund shall pay compensation to every **CLIENT** of the investment intermediary, at the rate of 90 percent of the amount of the receivable, but not more than:

- Until 31 of December 2006 – 12 000 BGN;
- From 1 of January 2007 to 31 of December 2007 - 24 000 BGN;
- From 1 of January 2008 to 31 of December 2009 - 30 000 BGN;
- From 1 of January 2010 - 40 000 BGN.

The organizational structure and the activities of the Fund are settled in the Rules for the structure and the activity of the Fund for Compensation of Investors.

In case of further interest you will be presented details on the terms and conditions of the compensation procedure in accordance with the Law on Public Offering of Securities and the Regulation for the Structure and the Activity of the Fund for Compensation of Investors in Securities.

Art. 27 (1) DELTASTOCK INC. is not allowed to:

a) Execute transactions for the account of the **CLIENTS** with a volume or with a frequency, at a price or with a particular counterparties, for which, according to the circumstances can be accepted that they are executed exceptionally in the interest of **DELTASTOCK INC.**

b) To purchase financial instruments for its own account, for which the **CLIENT** has submitted purchase order, and to sell them to the **CLIENT** at a price, higher than the price at which **DELTASTOCK INC.** has bought them.

c) To perform for its own or for another party's account activities with cash and financial instruments of the **CLIENT**, without the proper authorization;

d) To sell for its own or for other party's account instruments, which **DELTASTOCK INC.** or its **CLIENT** do not possess, except in the cases defined under an Ordinance;

e) To participate in hidden purchases or sales of financial instruments;

f) To receive part or the entire benefit, if **DELTASTOCK INC.** has concluded and executed a transaction under conditions more favorable than the ones defined by the **CLIENT**;

g) To conduct activities in another manner that threatens the interest of its **CLIENTS** or the stability of the market in financial instruments,

(2) The restriction under point "a" is not applied on transactions, for the execution of which the **CLIENT** has presented explicit instructions on his own initiative.

Art. 28 In connection with the provided investment and additional services to **CLIENTS**, **DELTASTOCK INC.** does not have the right to pay, respectively to grant and receive compensation, commission or non-cash benefit, except in the cases when:

- (1) The compensation, commission or non-cash benefit, are paid or granted by or to the **CLIENT** or his/her attorney;
- (2) compensation, commission or non-cash benefit, paid or granted by or to a third party or his attorney if the following conditions are in evidence;

a) The presence, nature and the size of the compensation, commission or non-cash benefit are indicated to the **CLIENT** in a clear and accessible manner, precisely and intelligibly, before the respective investment service or other service has been provided and in the cases when the size cannot be determined, the manner for its calculation is indicated.

b) the payment, respectively granting of the compensation, commission or non-cash profit is in view of the improvement of the service provided and does not ruin the obligation of **DELTASTOCK INC.** to act in the best interest of the **CLIENT**.

- (3) The applicable fees, which arise or are necessary in view of providing the investment service, such as costs for custodial services and taxes for settlement and currency exchange, payment of legal services and public fees, and which in their nature do not cause conflicts with the obligation of **DELTASTOCK INC.** to act impartially and professionally in the best interest of the **CLIENTS**.

Art. 29 It is considered that **DELTASTOCK INC.** has executed its obligation under Para. 2, letter "a" in the cases when:

- a) Provides the essential conditions of the contracts regarding the compensation, commission and the non-cash benefit in a generalized form;
- b) Provides the **CLIENT** with detailed information on the remuneration, commission and the non-cash benefit at the **CLIENTS'** request;
- c) The provided information under this paragraph is fair, just and in the **CLIENTS'** interest.

SECTION III

INFORMATION PROVIDED TO CLIENTS

Art. 30. DELTASTOCK INC. accepts and applies Procedures and Policies to assess **CLIENTS** as professional, which are presented to the **CLIENTS**.

Information, presented to **NON-PROFESSIONAL CLIENTS** on a durable medium:

Art. 31. DELTASTOCK INC. assures that the information presented to **NON-PROFESSIONAL CLIENTS**, /including in the advertising materials and public presentations of members of the governing and controlling organs of **DELTASTOCK INC.** and the individuals, employed by contract/ or potential **NON-PROFESSIONAL CLIENTS** or distributes in a way, which it may reach such **CLIENTS**, and meets the following conditions:

- a/ contains the name of **DELTASTOCK INC.**;
- b/ it is accurate and does not accentuate potential benefits from a given investment service in financial instruments, without simultaneously showing clearly and in a visible manner the respective risks;
- c/ sufficient and shown in a understandable way for the common members of the group to which it is addressed and is likely to reach;
- d/ does not hide, omit or understate important announcements, statements or warnings.

Art. 32. DELTASTOCK INC. presents to the **NON-PROFESSIONAL CLIENTS** in a suitable timeframe, before it begins to providing services, including the execution of orders to their account, the following information for the policy of execution of orders:

a/ description of the relative significance of the factors, for execution according to Art. 30 of the Markets in Financial Instruments Act, determined by **DELTASTOCK INC.** in accordance with the criteria in Art. 5. Para. 1 of Ordinance N^o 38 of the requirements for the activities of the investments intermediaries /Ordinance N^o 38/ of the method according to which **DELTASTOCK INC.** determines the relative importance of these factors;

b/ a list of the locations of execution where **DELTASTOCK INC.** relies to a large extent on the achievement of the best execution of client's orders;

c/ a clear and exact warning that all special instructions of the **CLIENT** may hinder **DELTASTOCK INC.** to undertake all necessary actions for achieving the best result in execution of the **CLIENT'S** orders in

accordance with the policy for execution of orders, for the part of the order which the special instructions concern.

Art. 33. DELTASTOCK INC. presents to a **NON-PROFESSIONAL CLIENT** or to a potential **NON-PROFESSIONAL CLIENT** before the signing of a contract with **DELTASTOCK INC.** for the providing of investment or additional services, the following information:

a/ clauses of the respective contract;

b/ information according to Art. 9 of Ordinance N° 38 regarding the contract or the provided investment of additional services.

Art. 34. In connection with the performing of investment services and activities, **THE CLIENT** receives statements and confirmations described in Section V, Art. 64 and 65 of the current General terms.

Art. 35. DELTASTOCK INC. provides a brief description of the measures it takes for the guarantee of the financial instruments or funds of the **CLIENT**, in the cases when **DELTASTOCK INC.** holds such for the **CLIENT** including a brief description of the systems for compensation of the investors, or the guarantee of deposits in which **DELTASTOCK INC.** participates in connection with its activities in the member country, described in Art. 26 of the current General terms and Conditions.

Art. 36. The **CLIENT** receives information about the Policy on the Treatment of Conflicts of Interests described in Part VI, Art. 69 of the current General terms and Conditions.

Art. 37. DELTASTOCK INC. provides a general description of financial instruments:

- a detailed description of the type and characteristics of the specific type of financial instrument which allows the **CLIENT** to make an informed investment decision:

i. when the financial instruments are subject to public offering the investment intermediary informs where the prospect is available to the public.

ii. in the cases when the financial instruments include a guarantee of a third party **DELTASTOCK INC.** is obligated to present to the **NON-PROFESSIONAL CLIENT** and the potential **NON-PROFESSIONAL CLIENT** sufficient information about the guarantor and the guarantee, allowing him/her to make an objective assessment of the guarantee.

Art. 38 (1) DELTASTOCK INC. presents a general description of the risks associated with the financial instruments:

(2) The description of risks needs to include the following elements as much as they are applicable to the specific type of financial instruments, the status or the level of the client's knowledge:

- indicating the risks associated with the specific type of financial instrument including a description of leverage and its consequences, and the risk of losing the entire investment.

- the change in the price of financial instruments and all financial limitations regarding these instruments;

- the possibility, that the investor may undertake financial and other additional obligations as a result of trades with financial instruments including unpredicted obligations in addition to the expenses for acquiring the instruments;

- all margin requirements or similar obligations applicable to the instruments of this type.

(3) In the cases when the risks associated with a financial instrument consisting of two or more separate financial instruments or services, are likely to be higher than the risks associated with any of its components, **DELTASTOCK INC.** provides an adequate description of the components of the financial instrument and the way in which their interaction increases the risks.

Art. 39 DELTASTOCK INC. provides information on the expenses and transaction taxes:

(1) The total price which will be paid by the **CLIENT** in connection with a financial instrument or a provided investment or additional service including:

a/ all payments commissions, taxes or expenses;

b/ all taxes payable through the investment intermediary.

In case the exact price may not be determined, the method of its calculation is shown in such a way that the **CLIENT** may check and confirm it; the commissions of **DELTASTOCK INC.** are shown separately for every specific case.

(2) The currency for payments, the exchange rate and the expenses for the exchange when a part of the total cost needs to be paid in a foreign currency or the equivalent of this currency:

(3) It is possible that other expenses may arise, including taxes associated with trading in financial instruments, or the provided investment services which are not paid through the intermediary and are not applied by it.

(4) Terms and methods of payment or other execution.

Art. 40 DELTASTOCK INC. provides information according to Section II, Art. 17-26 of the current General terms and Conditions.

Art. 41 When providing investment services, different from providing investment consultation to a new **NON-PROFESSIONAL CLIENT**, **DELTASTOCK INC.** will provide on paper carrier or on another durable

information medium the basic rights and responsibilities of the client and **DELTASTOCK INC.** including providing the current General terms and Conditions.

Art. 42 When **DELTASTOCK INC.** provides the service Portfolio Management, it will also provide the information included in Art. 81.

Information, provided to **PROFESSIONAL CLIENTS.**

Art. 43 DELTASTOCK INC. provides the **CLIENT** with the information described in Art. 23 and 24 of the current General terms and Conditions in a suitable timeframe before providing the investment or additional service to a **PROFESSIONAL CLIENT.**

**SECTION IV
RIGHTS AND RESPONSIBILITIES OF THE CONTRACTING PARTIES**

Art. 44 (1) The **CLIENT** and **DELTASTOCK INC.** have the right to expect from each other the precise fulfillment of the contract obligations.

(2) The responsibility for not fulfilling the contract obligations is realized according to the Art. 3, if it is not included as a clause in the specific contract with the **CLIENT.**

(3) When there is a delay or a partial execution of a monetary obligation the guilty party is assessed a penalty of 0.1% per day of the non-executed amount of the obligation until its fulfillment, respectively until the expiration (or ending) of the contract. In the cases when there is inaccurate execution of the obligations for providing financial instruments, the penalty is equal to the unfavorable for the justified party by contract, change in the value of financial instruments, at the last day of the period of the inaccurate execution, but no less than 0.1% per day of the non-executed amount of the obligation until its fulfillment, respectively until the expiration (or ending) of the contract.

Art. 45 (1) The risk, associated with the investing in deals with financial instruments, is entirely at the **CLIENT'S** expense.

(2) By signing the respective contract **THE CLIENT**, respectively his/her power of attorney, declares that he/she has received the information which **DELTASTOCK INC.** is required to provide to him/her according to the Law on Markets of Financial Instruments and the acts for its implementation, and is aware of the risks connected with investing and with transactions in financial instruments.

Art. 46 During the existence of the contract **DELTASTOCK INC.** is required to provide the **CLIENT** with easily accessible information which is of significance for the price of financial instruments - subject to trades, if this does not conflict with a legal prohibition. This requirement is applied for the execution of trades, placed exclusively at the **CLIENT'S** own initiative.

Art. 47 DELTASTOCK INC. executes the **CLIENT'S** orders for trades with financial instruments in its name and at the **CLIENT'S** account.

Art. 48 DELTASTOCK INC. may contract with itself the execution of a **CLIENT'S** order if:

1. there is a specific clause in the respective contract;
2. such an agreement is not in contradiction with the Law on Markets in Financial Instruments, with its acts for implementation and the rules of the trading system of the regulated market, where the **CLIENT'S** order is executed.
3. such an agreement is not unfavorable to the **CLIENT** compared to another manner of order execution.

Art. 49 (1) The **CLIENTS** of **DELTASTOCK INC.** place their orders for the execution of trades with financial instruments, with a minimal content in keeping with the requirements of Art. 34 of Ordinance № 38.

(2) The placing of orders through a power of attorney is performed only if he/she presents a notarized authorization, including the authorization for performing custodial acts with financial instruments and a declaration according to Art. 8 clause 8 for a term of one year, prior to placing the order. Art. 8 Para 3 and Art. 8, clause 6 are applied respectively.

(3) DELTASTOCK INC. may accept orders for trading with financial instruments placed by **CLIENTS** via a telephone or through another distant means of communication. In this case the investment intermediary, until the end of the business day, compiles a document containing the data according to Art. 34 Para 1 of Ordinance № 38 and the data - subject to the declared Art. 50, Para 1, which certifies the content of the distantly placed order.

(4) Art. 3 is not applied to an order placed by a representative who has not certified his authorization powers to **DELTASTOCK INC.** or a power of attorney who has not primarily provided **DELTASTOCK INC.** with the documents according to Art. 8 Para 8.

(5) Art. 3 is not applied to the transfer of dematerialized financial instruments from the **CLIENT'S** personal account to a **CLIENT'S** sub-account with **DELTASTOCK INC.** in the Central Depository.

(6) DELTASTOCK INC. may accept **CLIENT'S** orders through the electronic system for trading, which guarantees the keeping of requirements according to Ordinance № 38 and allows the **CLIENTS** access

to the specified location of execution. Access to the system as mentioned in the previous sentence and the entry of **CLIENT'S** orders is executed through an electronic certificate issued in his/her name.

(7) The individual taking an order shall verify the identity of the **CLIENT**, respectively his/her representative.

(8) **DELTASTOCK INC.** provides the **CLIENT** with a signed copy of the order received, except if it is placed according to Art. 3 or Art. 6.

(9) **DELTASTOCK INC.** shall refuse to receive an order which does not meet the requirements of Art. 1 or is placed by a power of attorney not meeting the requirements in Art. 2.

Art. 50 (1) When receiving orders **DELTASTOCK INC.** requires of the **CLIENT**, respectively his/her representative to declare if:

a/ they have inside information for the financial instruments subject to the order, and for their issuer, if the financial instruments listed in the order or on the base of which the financial instruments - subject to the issued order, are traded on a regulated market ;

b/ the financial instruments - subject to an order for sale or exchange are blocked in the depository institution, in which they are kept, whether there is a pledge or distraint.

c/ the trade - subject to the order, is a hidden purchase or sale of financial instruments.

(2) **DELTASTOCK INC.** checks in the depository institution whether the financial instruments, listed in the order, are available in the sub account of the **CLIENT**, whether they are blocked or if there is a pledge or distraint.

(3) If the order is placed according to Art. 49, Para 6, an investigation according to Para 2, is not performed if the electronic system does not allow the execution of trades with distraint, garnished or pledged financial instruments, or with financial instruments which are not available in the respective account.

Art. 51 DELTASTOCK INC. executes **CLIENT'S** orders at the following conditions:

a/ immediate and precise registration and distribution of the orders for execution;

b/ immediate execution, in the order of receipt of clients identical orders, except when the characteristics of the orders or the majority of the market conditions make it impossible to execute, or if the **CLIENT'S** interests warrant another action.

c/ **DELTASTOCK INC.** shall inform the **NON-PROFESSIONAL CLIENT** of the arisen objective difficulties, hindering the exact execution of the orders immediately after their receipt.

(2) In the cases when **DELTASTOCK INC.** has taken the obligation to organize or follow the settlement of the executed order to the **CLIENT'S** account, it takes the necessary steps to ensure that all **CLIENT'S** financial instruments or funds received from the settlement, are immediately and accurately transferred to the accounts of the respective **CLIENT**.

(3) **DELTASTOCK INC.** does not have the right to abuse the information of non executed **CLIENTS'** orders and will take all necessary measures for the prevention of such abuse by any individual, employed by contract at **DELTASTOCK INC.**

Art. 52 (1) DELTASTOCK INC. applies the Policy for clients order execution and may not execute orders at the account of **CLIENTS**, if they have not given their prior consent to the Policy.

(2) **DELTASTOCK INC.** applies a policy for the separation of orders according to Art. 37 of Ordinance N^o 38.

Art. 53 (1) DELTASTOCK INC. does not have the right to execute a **CLIENT'S** order, if the **CLIENT**, respectively his/her representative, refuses to submit a declaration according to Art. 50, Para 1, clause 1 of this section; if it is declared that he/she has inside information or it is declared that the order is a hidden purchase or sale of financial instruments. The refusal in the first sentence is certified by a separate document signed by the **CLIENT**.

(2) **DELTASTOCK INC.** may not execute an order if it is declared or established that the financial instruments - subject to sale, are not available in the **CLIENT'S** account or are blocked in the depository institution, or if there is a pledge or distraint.

(3) The prohibition of Para. 2 regarding the pledged financial instruments does not apply in the following cases:

a/ the transferee is notified for the established pledged and has expressed his/her consent to acquire the pledged financial instruments, there is explicit consent of the pledged creditor according to the Law on registered pledges.

b/ the pledge is established on a compilation according to the Law on registered pledges.

(4) The prohibition under Art. 2 regarding the order for sale of financial instruments which are not present at the **CLIENT'S** account are not applied in the cases defined by an ordinance.

(5) **DELTASTOCK INC.** does not have the right to execute a **CLIENT'S** order for trading with financial instruments, if this would violate the Markets in Financial Instruments Acts, the Law on Measures against Market Abuse with Financial Instruments, the Act on the Special Investment Purpose Companies or other operational regulatory acts.

Art. 54 DELTASTOCK INC. signs contracts and receives **CLIENT'S** orders only through physical individuals who are employed by it and are:

a/ brokers;

b/ persons who meet the requirements of Art. 3, clause 1-6 of Ordinance № 7 from 2003 of the requirements for the individuals which by contract execute trades with financial instruments and investment consultations regarding financial instruments, as well as the procedure for obtaining and losing the right to practice such activities (Durzaven Vestnik, issue 101 from 2003) and are written in the register according to Art. 30, Para 1, clause 2 of the Law of the Financial Supervision Committee;

c/ managers, executive members of the management or procurators of **DELTASTOCK INC.**

Art. 55 (1) DELTASTOCK INC. requires from a **CLIENT** who is submitting an order for the purchase of financial instruments, to present the funds necessary for the payment of the trade-subject to the order, at the time of the order, except if the **CLIENT** verifies that he/she will perform the required payment, as well as in other situations stipulated in the ordinance.

(2) If the rules of the execution location, where the trade will be executed, allow the execution of a trade where the payment of financial instruments will not be realized simultaneously with their transfer, **DELTASTOCK INC.** may not require the payment from the buyer if there is an explicit written consent of the seller. This is also applied respectively for transfer transactions with financial instruments.

Art. 56 The conditions and terms for the execution of orders and other obligations are determined in the specific contract with the **CLIENT**, as they consider the specifics of the separate types of financial instruments, subject to the contract, the rules of the regulated market where these securities are traded; the regulations of the Central Depository, other rules of the institutions of the capital market, as well as trade practice.

Art. 57. The **CLIENT** may cancel the order at any time up to the amount of the unprocessed part of his/her order. In all other cases the **CLIENT** is bound to the trades which **DELTASTOCK INC.** has executed to his account.

Art. 58. (1) The **CLIENT** is obligated, when placing an order for the sale or exchange of financial instruments, to present to **DELTASTOCK INC.** the entire agreed upon amount of financial instruments, respectively their documents, which need to be in proper condition, including from a legal point of view, allowing the legal execution of the order.

(2) If the securities, respectively their documents do not meet the criteria of Art. 1, The **CLIENT** needs to replace them with proper and acceptable ones in a timeframe stated by **DELTASTOCK INC.** or to withdraw his order. In the latter case the relations between the parties are handled the same as a guilty case of non performance of the obligations concerning the transaction. If there is an execution of an order for a sale or exchange of securities which do not meet the condition in Art. 1, the **CLIENT** is responsible for the material damages suffered by **DELTASTOCK INC.** during and due to the execution of the given order.

Art. 59. (1) DELTASTOCK INC. keeps the **CLIENT'S** securities and/or funds provided to or acquired by **DELTASTOCK INC.** for their account as follows:

1. Dematerialized securities as defined in Art. 2 of the Law on Public Offering of Securities which exist as an electronic record in the register of the Central Depository and are listed in the **CLIENT'S** open sub account of the main account of the Investment Intermediary for dematerialized securities in the Central Depository;

2. The dematerialized government securities issued by the Ministry of Finances which exist as an electronic record in the registers of the Bulgarian National Bank, respectively in the primary dealer of government securities, are listed in the name of the **CLIENT** or **DELTASTOCK INC.** according to the contract and in keeping with the respective requirements of the operating law.

3. The dematerialized securities of foreign issuers which are traded on an unregulated market are listed in the account of **DELTASTOCK INC.** at a foreign depository or clearing institutions, including banks and brokerage houses, according to the local legislature and the practice established on these regulated markets;

4. The dematerialized securities of foreign issuers, which are traded on the unregulated market in the form of a base asset in Contracts for Difference or other derivatives, are listed on the account of **DELTASTOCK INC.** at the foreign contracting party - brokerage house or bank.

5. The materialized securities, the certificates for dematerialized government securities or other similar documents are kept in a bank, in the safe or in the company treasury of **DELTASTOCK INC.** according to the operating legislature.

6. The funds are kept in the common bank account in the name of **DELTASTOCK INC.**, specifically opened for such **CLIENTS'** funds for transactions with securities, or in individual bank accounts of the **CLIENTS**, managed by **DELTASTOCK INC.** The funds received in cash from or to the account of the **CLIENTS** are deposited in the bank accounts mentioned in the previous sentence, no later than the end of the next business day.

(2) The specific requirements for keeping of the property rights according to Art. 1 are determined in the specific contract with the **CLIENT** and in the internal rules of **DELTASTOCK INC.**

Art. 60. If **DELTASTOCK INC.** executes the **CLIENT'S** order at more favorable conditions than the ones specified in the order, the entire benefit belongs to the **CLIENT**.

Art. 61 (1) DELTASTOCK INC. has the right to require from the **CLIENT** a compensation for the provided service as well as the restoration of the expenses for providing the service of a type, amount, timeframe and the manner specified in the contract.

(2) If the payment or the expenses by contract differ from the approved by **DELTASTOCK INC.** tariff and the difference is not clearly in the interest of the **CLIENT**, the contract has to include a declaration by the **CLIENT**, stating that he/she is familiar with the tariff and understands the meaning of the difference.

Art. 62. (1) When paying the **CLIENT** the sum from the realized sale of financial instruments, **DELTASTOCK INC.** has the right to subtract for it's own benefit the sum due for the expenses and compensation.

(2) DELTASTOCK INC. has the right to receive a compensation corresponding to the provided by it service and expenses, even in cases when the execution of the order becomes impossible, through no fault of its own.

SECTION V

ONGOING AND PERIODICALLY INFORMING OF THE CLIENTS

Art. 63 (1) In the cases, when **DELTASTOCK INC.** performs a transaction on behalf of an **non-professional CLIENT**, which is not in compliance with the contract for management of individual portfolios, at the first opportunity Deltastock Inc. must send a **confirmation** for an executed deal on a durable medium, but no later than the first business day following the execution of the deal. If the confirmation is accepted by **DELTASTOCK INC.** through a third party, the **CLIENT** is notified no later than the first business day after the day **DELTASTOCK INC.** has received the confirmation of the third party.

(2) When the order is executed partially, **DELTASTOCK INC.** may provide the **CLIENT** with information regarding the price of every transaction or the average price. When an average price is presented, **DELTASTOCK INC.** upon a request will offer the **non-professional CLIENT** information on the price of every individual deal.

(3) When the deal under Para. 1 is executed for the account of a **PROFESSIONAL CLIENT**, **DELTASTOCK INC.** immediately grants him/her vital information regarding the executed transaction on a durable medium.

(4) If the settlement is not concluded by the indicated date or another change occurs in the information, indicated in the confirmation, **DELTASTOCK INC.** informs the **CLIENT** in an appropriate manner at the end of the business day, on which **DELTASTOCK INC.** has come to know of the change.

(5) DELTASTOCK INC. provides at the **CLIENT'S** disposal information regarding the status of the order and its execution, if such is requested.

(6) In the cases when orders have been placed by a **NON-PROFESSIONAL CLIENT** for trading with shares of a company for collective investing, which are executed periodically, **DELTASTOCK INC.** undertakes actions according to Art. 1 or provides the **CLIENT** with information regarding these deals at least once every 6 months.

(7) In the cases of orders placed through an electronic trading system, the confirmation under Art. 1, respectively the information under Art. 2 and 3 will be given to the **CLIENT** through the electronic system.

Art. 64 (1) In the cases when **DELTASTOCK INC.** offers the **CLIENT** the service of portfolio management, a periodic report regarding the realized deals is given to the **CLIENT** on a durable medium, unless such is offered to the **CLIENT** by a third party.

(2) DELTASTOCK INC. gives a financial report every 6 months, when a contract has been signed with a **non-professional CLIENT**, apart from the cases when:

- the **CLIENT** has requested for a financial report every 3 months;
- under Para 3 the report is given every 12 months;
- the contract between **DELTASTOCK INC.** and the **CLIENT** allows leverage for the portfolio management; in this case the report is made at least once a month.

(3) The CLIENT has the right to receive a report for every executed deal on his managed portfolio account after its execution. **DELTASTOCK INC.** provides the **CLIENT** with the information regarding the deals on a durable medium immediately following their execution.

Art. 65 In the cases when **DELTASTOCK INC.** performs transactions associated with account management of a **NON-PROFESSIONAL CLIENT** or holds accounts of such **CLIENTS**, which include uncovered open positions on deals or transfers, depending on future conditional events, **DELTASTOCK INC.** informs the **NON-PROFESSIONAL CLIENT**, when the losses exceed the preliminarily defined by the **CLIENT** threshold. The above mentioned confirmation is sent no later than the end of the business day, in which the threshold is reached, or if this has occurred during a non-business day – by the end of the next business day.

Art. 66 DELTASTOCK INC. informs the **CLIENT** immediately via electronic mail, fax or telephone, when there have arisen obligations on behalf of the **CLIENT** under Art. 145 of the Law on Public Offering of Securities resulting from executed deals with financial instruments at his/her account, including in the event of a managed individual portfolio of financial instruments and/or cash.

Art. 67 (1) When **DELTASTOCK INC.** holds money or financial instruments of a **CLIENT**, a financial report is offered to him/her on a durable medium at least once a year with the following contents, unless the information has been given in another periodical report to the **CLIENT**:

a) data regarding the financial instruments or funds, held by **DELTASTOCK INC.** for the account of the **CLIENT** towards the end of the fiscal period;

b) the amount of the **CLIENT'S** financial instruments or funds, which has been used as an object for the financing of securities;

c) the value of the received dividends or other payments made by the **CLIENT**, due to his/her participation in deals associated with the financing of securities, as well as the foundation on which they are defined.

(2) In the cases where one or more deals were executed in the **CLIENT'S** portfolio, on which the settlement has not concluded, the information under Para. 1, b. "a" can be shown on the day of order execution or on the day of the settlement conclusion, the chosen method is used in the presentation of all such deals in the report under Para. 1.

(3) When **DELTASTOCK INC.** holds financial instruments or funds belonging to **CLIENTS** and offers the service of portfolio management, reports under Para. 1 may be included in the contents of the report under Art. 65, Para. 1.

SECTION VI

CONFLICTS OF INTEREST

Art. 68 DELTASTOCK INC. applies its Policy on Conflicts of Interest, which creates the conditions necessary for avoiding conflicts of interests, and when such arise provides their impartial resolution, such as:

- Prevents, respectively controls the exchange of information between the entities, performing actions, including conflicts of interests, when the exchange of this information might cause damages to the interests of one or more **CLIENTS** of **DELTASTOCK Inc.**;
- Performs individual control on the entities, whose main roles include performing services on account of and/or at the expense of the **CLIENTS** or offering services to **CLIENTS**, when a conflict of interest may arise between the **CLIENTS**, or such that represent different conflicts of interests, between which a conflict may arise, including the interests of **DELTA STOCK Inc.**;
- There isn't a direct commitment between the reward of an individual, conducting mainly one activity, and the rewards of the individuals, conducting primarily another activity for **DELTASTOCK INC.** or the revenue realized by the latter, if a conflict of interests may arise in connection with these activities;
- Prevents or limits the possibility to cause an inappropriate impact by any entity on the manner, of which an individual, working on a contract for **DELTASTOCK INC.** performs investment services and activities;
- Prevents, respectively controls the simultaneous or consecutive participation of an individual, working on a contract for **DELTASTOCK INC.** from conducting various investment or additional services and activities, when this participation might be damaging to the proper management of conflicts of interest;
- Implements other useful and appropriate means and procedures, alternatives or additions to the above mentioned, if the above mentioned cannot ensure the required level of independence.

SECTION VII

ASSIGNATION FOR EXECUTION TO A THIRD PARTY

Art. 69 (1) DELTASTOCK INC. may delegate the execution of important operational functions or investment services and actions to a third party. The assignment is carried out with the help of a written contract between **DELTASTOCK INC.** and the third party, in which the obligations of both sides are clearly stated.

(2) The delegation of important operational functions, as well as investment services and actions must be conducted in a way, so as not to exempt the investment intermediary from its obligations under the

Markets in Financial Instruments Act, as well as to concur with the requirements of Art. 50 and consequently Ordinance № 38.

SECTION VIII

SAFE – KEEPING AND ADMINISTERING FINANCIAL INSTRUMENTS FOR THE CLIENTS’ ACCOUNT

CUSTODY

Art. 70 When offering services associated with the safe – keeping or administering of financial instruments or conducting custody activities, **DELTASTOCK INC.** is obliged to apply the necessary means for the preservation of the property rights of the **CLIENT**, associated with the financial instruments and funds belonging to him/her.

Art. 71 (1) DELTASTOCK INC. holds financial instruments and cash funds of the **CLIENT** at the Central Depository and/or Bank, and the dematerialized government securities issued by the Ministry of Finance are held in the register of the Bulgarian National Bank, respectively by a primary dealer of government securities, on the name of the **CLIENT** or on the name of **DELTASTOCK INC.**, as stipulated in the specific contract and in accordance with the active legislation.

(2) Foreign securities of the **CLIENT** are kept and administered as stipulated in the specific contract and in accordance with the existing legal framework in their place of registration.

Art. 72 DELTASTOCK INC. may perform management functions, associated with financial instruments, such as receiving information and reports from their issuers, exercising voting rights, receiving dividends, interests, principals.

Art. 73 DELTASTOCK INC. and the **CLIENT** define in the specific contract clearly and thoroughly the managerial functions, for which **DELTASTOCK INC.** is obliged and acts as a custodian.

Art. 74 (1) DELTASTOCK INC. is informed about the need to undertake managerial functions, associated with financial instruments, for which the above mentioned person is obliged to act as a custodian, through publicly accessible and legally regulated sources, through which the information regarding the public companies and the issuers of financial instruments is revealed and distributed, as a daily newsletter on the regulated market, on which the securities are traded, the register of the committee under Art. 30, Para. 1 of the Financial Supervision Commission Act.

(2) DELTASTOCK INC. is considered duly informed about the need to undertake managerial activities from the date of the initial public distribution of the information.

Art. 75 The terms for performing managerial functions, associated with financial instruments, for which **DELTASTOCK INC.** is obliged to act as a custodian, are defined in the specific contract.

Art. 76 (1) DELTASTOCK INC. coordinates the undertaking of managerial activities, associated with financial instruments, for which **DELTASTOCK INC.** acts as a custodian for the **CLIENT** by notifying him/her.

(2) In the notification **DELTASTOCK INC.** indicates to the **CLIENT** the term, in which he/she must answer and what kind of managerial activities **DELTASTOCK INC.** will undertake in case the **CLIENT** does not answer within the terms specified in the notification, unless the managerial activities, which need to be undertaken in this case, are illustrated in the specific contract.

(3) In the notification **DELTASTOCK INC.** indicates where and when, in accordance with the Markets in Financial Instruments Act and the sub-legal acts for its enforcement, the **CLIENT** has the opportunity to personally acquaint themselves with the necessary materials and to make a reasoned decision to undertake the actions in question.

(4) If the specific contract has stipulated that the **CLIENT** be informed about increases in the capital of the public company through the issuing of new shares and exercising the associated rights, reformation of the Commercial Act, acceptance of a trade proposal and other such corporate events, **DELTASTOCK INC.** duly informs the **CLIENT**, in a way that allows the necessary actions to be taken so as to implement the rights of the **CLIENT** in the predetermined time frame.

Art. 77 The other sections in these General Terms and Conditions shall apply to the safe-keeping and storing of securities and the custodian activities to the extent to which they do not contradict them.

SECTION IX

MANAGING AN INDIVIDUAL PORTFOLIO

Art. 78 (1) In the event of discretionary management of individual portfolios of securities and/or cash upon its consideration, **DELTASTOCK INC.** shall be liable only for the good-will and competent performance of any contractual obligations, but not for the end financial result achieved for the **CLIENT**.

(2) DELTASTOCK INC. shall not have the right to enter into transactions which the **CLIENT** may not enter pursuant to the existing legislation.

Art. 79 A contract for management of an individual portfolio under Art. 80 shall be concluded in writing and it shall contain the following clauses:

1. **DELTASTOCK INC.** shall not promise any interest or another fixed positive income as a result of the management of a portfolio;

2. The management of a portfolio of securities and/or cash shall be entirely at the account and risk of the **CLIENT**;

3. The **CLIENT**, when signing a contract for management of an individual portfolio in advance, shall give a confirmation for each operation or transaction concluded by **DELTASTOCK INC.** pursuant to the contract;

4. Investment goals and strategy of the **CLIENT**;

5. Any investment restrictions which **DELTASTOCK INC.** shall be obligated to comply with when managing the portfolio, if any;

6. Clear and accurate indication of the investment operations for the carrying out of which the **CLIENT** authorizes **DELTASTOCK INC.**;

7. The securities and/or cash of the **CLIENT** subject to a contract of portfolio management shall be individualized clearly and accurately in the specific contract by indication of the ISIN code of issue and bank account, especially if **DELTASTOCK INC.** holds other assets of the **CLIENT** which are not subject to the contract of management of an individual portfolio under Art. 80;

8. Valuation methods for the securities included in the individual portfolio of the **CLIENT**;

9. The remuneration of **DELTASTOCK INC.**, any expenses and manner of determining them;

10. Terms and manner of reporting.

Art. 80 (1) Any securities in the portfolio of the **CLIENT** shall be valued by **DELTASTOCK INC.** and every position shall be valued at current market price, as of the last working day of the respective month.

The current market price of the securities in the portfolio of the **CLIENT** shall be valued as follows:

1. Shares traded on Bulgarian Stock Exchange – Sofia AD – at the average weighted price of the executed transactions on the day closest to the last 90-day period. If such cannot be defined, another valuation method is used. These could be: method of the net value of the assets, method of the discounted cash flows or peering method, as the choice is made by the financial consultant, managing the **CLIENT'S** portfolio.

2. Bonds traded on Bulgarian Stock Exchange – Sofia AD – at the average weighted price of the executed transactions on the day closest to the last 90-day period. If such cannot be defined, the valuation method used is the Method of the discounted cash flows.

3. Bulgarian securities traded outside the exchange market – at the price at which the last transaction for the day was concluded and, if there is no such transaction or information about it, at the acquisition price or “net” price of acquisition of bonds, increased with the interest accrued to that point provided for in the coupon of the instrument;

4. Government securities – in accordance with the expert’s evaluation of **DELTASTOCK INC.** and, if there is none, at the buy price of a primary dealer keeping a register pursuant to Art. 14 of Ordinance No. 5 of the BNB and Ministry of Finance;

5. Foreign shares traded on a regulated securities markets – at the closing price for the respective regulated market;

6. Foreign bonds – at the buy price from the foreign contracting party keeping the respective securities or from the website of a specialized agency, disseminating financial information;

7. Cash – at the exchange rate of the Bulgarian National Bank for the respective currency to the BGN.

With the following periodicity:

DELTASTOCK INC. conducts a valuation of the financial instruments on every 3 (three) calendar months from the date of the contract signing.

Art. 81 DELTASTOCK INC. also provides the following information:

(1) Data for every devolution of the management of all or part of the financial instruments and/or cash in the **CLIENT'S** portfolio.

(2) Characteristics and information for every standard, by which the results of the management of the portfolio will be compared:

DELTASTOCK INC. requires information from the **CLIENT**, which is necessary to determine the essential factors concerning the **CLIENT**, with whose help **DELTASTOCK INC.** has the rational grounds to consider, bearing in mind the essence of the offered service – management of **CLIENT'S** portfolio, that the

service that corresponds best to following **CLIENT** criteria: investment targets; risk bearing ability, associated with the execution of the service; enough knowledge and know-how, to understand the risks, associated with the management of his/her portfolio. With the availability of publicly announced characteristics and information for a socially accepted standard, by an independent source, **DELTASTOCK INC.** supplies information to him/her.

(3) Data on the financial instruments, which can be included in the **CLIENT** portfolio and data on all types of transactions that may be conducted with them.

(4) Restrictions for conducting transactions, if such exist.

(5) Goals of the management, level of risk, contained in the judgment of the portfolio manager, as well as all specific restrictions of this judgment.

Art. 82 DELTASTOCK INC. shall enter into transactions and carry out activities related to the management of an individual portfolio on its behalf, but for the account and risk of the **CLIENT**. When it is necessary or the **CLIENT** wishes so, **DELTASTOCK INC.** shall act on behalf of the **CLIENT** and the contract and Power of Attorney shall set out the volume and parameters of representative authority.

Art. 83 (1) Unless decided otherwise in the contract, **DELTASTOCK INC.** shall be deemed to have been authorized by the **CLIENT** upon its consideration to invest the funds and securities provided in view of its core business and the license held, sell and exchange the securities in the portfolio and reinvest any funds received in new securities under the guidance of the investment goals and strategies of the **CLIENT** and accept any interest and dividends for its account which it may also reinvest in securities.

(2) Any securities, cash or other property received in relation to or acquired due to the transactions concluded, shall be kept pursuant to these General Terms and Conditions and the provisions of the specific contract with the **CLIENT**.

Art. 84 (1) Any securities in the portfolio of the **CLIENT** shall be valued by **DELTASTOCK INC.** and every position shall be valued at current market price as of the last business day of the respective month.

(2) The current market price of the securities in the portfolio of the **CLIENT** shall be valued as follows:

1. Securities and compensatory instruments traded on Bulgarian Stock Exchange – Sofia AD – at the average weighted price of the transactions in the securities subject to the valuation concluded on a regulated market for the day closest to the last 30-day period;
2. Bulgarian securities traded outside the exchange – at the price at which the last transaction for the day was concluded and, if there is no such transaction or information about it, at the acquisition price or “net” price of acquisition of bonds increased with the interest accrued to that point provided for in the coupon of the instrument;
3. Government securities – in accordance with the expert’s evaluation of the Trustee and, if there is none, at the buy price of a primary dealer keeping a register pursuant to Art. 14 of Ordinance No. 5 of the BNB and Ministry of Finance;
4. Foreign securities traded on regulated securities markets – at the closing price of the respective regulated market;
5. Foreign securities with a fixed income – at buy prices from the foreign contracting party keeping the respective securities or from the site of a specialized agency disseminating financial information;
6. Cash – at the exchange rate of the Bulgarian National Bank for the respective currency to the BGN.

Art. 85 Any remuneration of **DELTASTOCK INC.** under the contract for management of portfolio shall be calculated as the absolute sum or percentage of the value of the portfolio or as a percentage of the achieved positive result of the management of the cash of the **CLIENT**.

Art. 86 In the event of termination of the contract pursuant to the provisions of these General Terms and Conditions, **DELTASTOCK INC.** shall be obligated to report to the **CLIENT** within seven days and the latter shall be obligated to accept the results of the management of the portfolio and receive the securities and/or cash.

Art. 87 Other sections of these General Terms and Conditions shall apply to the management of individual portfolios of securities and/or cash to the extent to which they do not contradict them.

SECTION IX

TERMS AND PROCEDURES FOR AMENDING, SUPPLEMENTING AND TERMINATION OF CONTRACTS WITH CLIENTS

Art. 88 "Portfolio management", is the management of an investment portfolio, delegated by **CLIENTS**, which is made at the assessment of **DELTASTOCK INC.** for every individual **CLIENT** and the investment portfolios, which include one or more financial instruments.

Art. 89 A contract concluded between **DELTASTOCK INC.** and a **CLIENT** shall be amended with the express written permission of both parties in the form of an additional agreement and shall enter into force as of its signing by the two parties.

Art. 90 (1) A contract concluded between **DELTASTOCK INC.** and a **CLIENT** shall be terminated:

1. Upon mutual consent, expressed in writing;
2. With the elapse of the duration of the contract in the event of a contract with a specified duration or with a 30-day written notice on the benefit of each party in the event of a contract with an unlimited duration;
3. In the event of death or placement under custody of an individual **CLIENT** or the discontinuation of an institutional **CLIENT**;
4. In the event of a revocation of the license of **DELTASTOCK INC.** to carry out activities as an investment intermediary;
5. If there are other events or conditions provided for in the contract, or resulting from a law that came into being.

SECTION X

EXPENSES, INTERESTS, COMPENSATIONS

Art. 91 (1) The **CLIENT** is obliged, on demand by **DELTASTOCK INC.**, to consign the resources, necessary for the order placement or execution, as well as pay the expenses made, along with the interests and compensations for damages, sustained due to order execution.

(2) If the order execution becomes impossible because of reasons not due to any of the two parties, the **CLIENT** is obliged to pay to **DELTASTOCK INC.** the expenses made and the remuneration, respectively for the accomplished service.

SECTION XII

RISK AND RESPONSIBILITY

Art. 92 (1) As a party in the specific contract, the **CLIENT** consciously bears the full extent of the risk, associated with dealing in securities and the management of the conceded financial assets. **DELTASTOCK INC.** is obliged to explicitly mention the existence of such risk, its probable source and the possibility of realizing loss by the contracting party as a result of this. In this case **DELTASTOCK INC.** is held responsible only for the accurate execution of the contract obligations in conformity with the care for the successful trader, not for the realized by the **CLIENT** end result.

(2) **DELTASTOCK INC.** is held responsible for damages to its **CLIENTS** only when they are caused by wrongful or incompetent actions by its employees or due to circumstances, for which **DELTASTOCK INC.** has been proved guilty.

(3) The **CLIENT** bears full responsibility for the truthfulness of the given information and the accuracy of the given data.

(4) The responsibility of the parties regarding failure to carry out the contract obligations are defined in the specific contract.

SECTION XIII

SETTLEMENT OF DISPUTES

Art. 54. (1) Any disputes arising between **DELTASTOCK INC.** and its **CLIENT** in relation to the interpretation and execution of a contract shall be settled by mutual consent.

(2) If any disputes cannot be settled in accordance with Para. 1, they shall be referred for resolution to the competent court in the Republic of Bulgaria pursuant to the provisions of the Bulgarian law.

FINAL PROVISIONS

§1. If a clause of these General Terms and Conditions or any other special condition under a contract concluded between **DELTASTOCK INC.** and a **CLIENT** contradicts an imperative legislative provision, the provisions of regulations shall apply and they shall be mandatory.

§2. These General Terms and Conditions shall be provided to foreign **CLIENTS** in English. The version in English shall completely and accurately reflect the content and meaning of the Bulgarian original. If necessary, the meaning, rendition and interpretation of the Bulgarian text shall prevail.

§3. These General Terms and Conditions were adopted at a meeting of the Board of Directors of **DELTASTOCK INC.** with a decision under the Minutes of 31 October 2007 and replace the General Terms and Conditions adopted with Minutes of 16 May 2006 of the meeting of the Board of Directors of **DELTASTOCK INC.**

Executive Director:

Procurator: