

## **INFORMATION ABOUT THE BANK AND ITS SERVICES, SAGEGUARDING OF FINANCIAL INSTRUMENTS AND/OR CASH OF CLIENTS AND THE MANNER OF CALCULATION OF ALL EXPENSES AND FEES**

### **I. INFORMATION ABOUT THE BANK AND ITS SERVICES**

#### **1. General Information**

The investment intermediary ("II") DSK Bank AD ("the Bank") is entered in the Trade Register with the Registry Agency under UIC 121830616. The registered office and management address of the Bank is at Sofia, 19 Moskovska Str.

Clients can contact DSK Bank AD in connection with its investment services and activities at the following phone numbers: +359 2 80 10 862, +359 2 93 91 364, +359 2 93 91 365, +359 2 93 91 126, +359 2 93 91 130, +359 2 93 91 133, +359 2 97 66 232, +359 2 97 66 233, +359 2 97 66 234, +359 2 97 66 236, as well as by e-mail at: [Treasury.Sales@dskbank.bg](mailto:Treasury.Sales@dskbank.bg). Clients can also visit the head office of the Bank, located at 5 Georgi Benkovski Str.

Clients can make inquiries, exchange correspondence and receive documents and information in Bulgarian and English.

The Bank operates as an investment intermediary pursuant to a license issued and updated by the Bulgarian National Bank (BNB) and a decision of the State Securities Commission No. 58/18.10.2000 for entry in the Register of Investment Intermediaries (currently Financial Supervision Commission with correspondence address at 1000 Sofia, 16 Budapest Str.).

#### **2. Ways of maintaining a relationship between the Bank and the client and ways of sending and receiving orders**

Except in cases explicitly provided for in the individual contracts with clients (where the ways of communication explicitly provided for therein shall be used), any communication between the Bank and the client with regard to their contractual relations shall be in writing and will be deemed received if sent by email, fax or by personal delivery, by courier or by mail with return receipt, and if it has reached the addresses of the parties specified in the relevant contract or by any of the ways specified above. Unless otherwise agreed between the Bank and the client and in order to avoid any doubt, the telephone communication between the parties shall be confirmed in any of the ways specified above.

#### **3. Nature, frequency and frequency of the reports for the service to be provided by the investment intermediary to the client**

The Bank shall provide reports and additional information about the investment services and activities as specified in Section V of the General Terms and Conditions applicable to contracts for provision of investment services and activities to clients of DSK Bank AD (the "General Terms and Conditions") in accordance with a procedure specified therein and as agreed in the relevant contract.

The Bank shall provide confirmation of completed transactions in financial instruments in accordance with the requirements of the applicable law, the contract with the client and the General Terms and Conditions applicable to contracts for provision of investment products and activities. The Bank shall promptly provide to the client, on a durable medium, basic information on the execution of transaction order. In addition to the basic information, the Bank shall send, on a durable medium, a confirmation to the client verifying the order execution, not later than the end of the next business day following execution and containing the information required under the applicable law.

#### **4. A way to compensate investors in financial instruments**

According to Article 77a of the Public Offering of Securities Act ("POSA"), a Fund for Compensation of Investors in Financial Instruments has been established. The Fund shall ensure payment of compensation to clients of investment intermediaries if they are unable to meet their obligations to the clients for reasons directly relating to their financial standing and subject to prerequisites under Article 77b of POSA, namely:

1. Upon initiation of insolvency proceedings for the investment intermediary
2. Upon withdrawal of the license/permit to carry out activities as an investment intermediary (in cases provided for in the Markets in Financial Instruments Act and the Credit Institutions Act);
3. Where a decision of the Financial Supervision Commission (FSC) has determined that any of the following conditions are simultaneously met:
  - a. financial instruments and/or funds held by the investment intermediary on behalf of its clients are not available in the relevant accounts for reasons other than the performance of contractual relations with clients;
  - b. at the discretion of FSC at that time, the investment intermediary is unable, for reasons directly related to its financial condition, to pay cash to clients or recover the financial instruments respectively and will not be able to do so in the near future.

The Fund shall pay a compensation in accordance with Article 77d, para. 1 of POSA to each client of the investment intermediary in the amount of 90 per cent of the value of its receivables, but not more than BGN 40,000.

No compensation shall be paid to the persons under Article 77d, para. 2 of POSA, including clients who are professional clients within the meaning of the Markets in Financial Instruments Act ("MFIA") or to the parties referred to in Article 77d, para. 2 of POSA that are close to the investment intermediary.

#### **5. Measures to prevent conflicts of interest**

The Bank shall apply a Policy on Detection and Prevention of Conflicts of Interest ensuring fair and equal treatment of its clients in the provision by the Bank of investment services and activities, which policy also aims to detect, identify and manage any potential conflict of interest that may occur between it, the parties involved in the provision of investment services and activities on its behalf and its controlled related parties, on the one hand, and its individual clients on the other hand, as well as between any clients of the Bank.

Conflict of interest may be deemed any actual or a potential conflict of interest that may result in adverse consequences for the client. The Bank shall consider as conflict of interest any of the following cases in which the Bank or any person that is in contact with the Bank:

- a. can make a financial gain or avoid a financial loss, at the expense of the client. Such a conflict of interest may arise where the Bank is trading for its own account outside a trading venue where the Bank is the counterparty to the client on a particular transaction;
- b. has an interest in the outcome of a service provided to the client or has an interest in a transaction executed on behalf of the client, which is distinct from client's interest in that outcome. Such a conflict of interest may occur if the Bank has executed a large client order in conflict with the current market conditions, dividing it into several different transactions while receiving a separate commission for each one of them;
- c. rise in the provision of services or execution of orders where the Bank has chosen to execute its own trading order before the one of its client, although it has decided to do so only after the client's order has been received;
- d. has an interest in favoring the interests of another client or a client group over a client's interest. Such a conflict of interest may arise when two clients submit orders with the same details and the client, who submitted its order later, is a related party to the Bank;
- e. may obtain from a third party, in connection with the provision of a service to the client, other than the publicly announced commission, fee for the product or service, other material or non-material remuneration. Such a conflict of interest may arise in the provision of an investment advice on an investment product by the Bank to its clients where portion of the price paid by the client to the product manufacturer returns as a commission to the Bank.

In order to eliminate those and any other conflicts of interest that put the client interest at risk, the Bank shall apply a system of measures to detect and prevent conflict of interest, and where such a conflict is inevitable, as a last resort it shall disclose to the client, on a durable medium, the general nature and/or sources of conflict of interest and measures taken to eliminate or mitigate such risks before undertaking any further action for provision of investment services, so that the client is able to make an informed decision.

The system of measures to prevent conflict of interest shall include:

1. Organizational structure - ensures the necessary separation of the structural units having responsibilities relating to investment activities, their independence and clear distribution of functions and responsibilities in accordance with requirements of the applicable law. In the Bank, there is a distinction/physical separation of organizational units dealing with financial and investment services in order to ensure their independent activities.
2. Functional rules and procedures - comprehensively regulate the functions of structural units and the specific actions performed between them, including exchange of information on the provision of investment services. To that end, the Bank has adopted and is applying Rules on the Use of Insider Information and Prevention of Market Abuse, Rules on Personal Transactions Entered into by its Employees, regulations excluding any direct link or connection between the remuneration of employees performing tasks that may cause conflict of interest in the framework of providing investment services and additional services. Moreover, the Bank is also applying a Client Order Execution Policy providing for measures for fair pricing of products in transactions concluded outside of a trading venue, execution of orders in the order of

their receipt, etc.

3. Special rules to prevent and deal with conflict of interest and protect the clients' business secrets, specifying the Bank's regulatory obligations and determining the procedure for resolving situations where a conflict of interests is suspected or where the occurrence of such conflict is inevitable. Specific rules and policies also regulate the internal exchange of information and notification regimes as well as the specific obligations of structural units relating to prevention and treatment of conflict of interest in accordance with provisions of the applicable law. To that end, the Bank has adopted and is applying Rules on Conflict of Interest and a Policy on Detection and Prevention of Conflict of Interest, as well as a Register of Exemplary Conflicts of Interests in the provision of investment services and measures for their resolution.
4. Ensure an efficient and continuous system for monitoring, analysis and evaluation of the compliance of existing internal organization, rules and procedures with requirements of the Markets in Financial Instruments Act and bylaws for its implementation, as well as taking measures for their improvement. To that end, rules of compliance and internal control of investment activities have been adopted and applied.
5. The Bank has also established a system for efficient and continuous internal control over the individual units and employees with responsibilities to implement the investment activities in the Bank, in accordance with the adopted rules and procedures. To that end, the Internal Control of Investment Activities Section is exercising ongoing monitoring and control of investment activities carried out in line with a monitoring program drawn up and maintained based on the internal risk assessment.

**Upon client request, the Bank shall provide additional details on the Policy on Detection and Prevention of Conflict of Interest.**

## **II. SAFEGUARDING OF FINANCIAL INSTRUMENTS AND/OR CASH**

When holding its clients' assets for the purpose of provision of investment and/or additional services and activities within the meaning of Article 6, para. 2 and 3 of the MFIA, the Bank shall keep its client's cash, in cases where they do not have signed a current account contract with the Bank. The Bank shall keep its clients' financial instruments in a sub-depository on personal client accounts, on a joint client sub-account to its own account (omnibus account) and on joint accounts to third party accounts, in accordance with the terms and procedures set forth in the acting legislation.

Clients shall keep in mind that depending on the specifics of financial instruments the Bank is holding on their behalf, it is possible the accounts containing those financial instruments to be subject to a legislation of a jurisdiction other than the Bulgarian or that of another EU Member State. Therefore, the clients' rights in relation to such instruments may differ from those provided under the Bulgarian legislation or the legislation of another EU Member State.

When entering into a contract with a foreign sub-depository for keeping the financial instruments of its clients, the Bank shall take into account the legislative framework and the established market practices in the jurisdiction of that sub-depository that are applicable to safekeeping of client assets and may have an adverse effect on the clients' rights (such as institution of pledges and other encumbrances on client assets, vulnerability of assets of the

Bank's clients in case of bankruptcy of the sub-depository). To the extent possible, the Bank shall choose such depositories that do not require the establishment of security rights on financial instruments or any retention or offsetting rights on client assets that enable such sub-depository to dispose of the client assets in order to collect any debts not related to the client or the provision of services to the client. The Bank shall also take into account the market reputation of the relevant foreign sub-depository in order to minimize the risk of loss or reduction of its clients' assets as a result of factors not resulting from the law and applicable to the activity of that foreign sub-depository, such as fraud, bad management, poor safekeeping and storing of reporting information, etc. Where the contract provides for the foreign sub-depository to be able to safekeep assets of clients of the Bank in its other designated sub-depositories, the Bank shall monitor, to the extent possible, these factors also in the jurisdiction of the relevant other sub-depositories.

Where the Bank is keeping its clients' financial instruments on client omnibus accounts, it shall take measures in accordance with the applicable law, best market practices and due care applied by the depository, to protect any such instruments from detention or sale for the purpose of performing obligations that are not related to a particular client or the provision of services to such client, by providing for immediate and complete differentiation of such client's assets before taking steps to exercise any contractual or regulatory rights on the financial instruments kept by a relevant depository.

The Bank shall currently monitor whether its chosen foreign sub-depositories continue to ensure safety keeping conditions for the assets of its clients in accordance with the applicable law, good market practices and due care applied by the depository. Although when keeping its clients' financial instruments with third parties, including in client subaccounts and client omnibus accounts, the Bank shall take due care to ensure the safety of such instruments, it can never preclude the option of potential insolvency of the selected third party. In such case clients of the Bank shall keep in mind that due to laws applicable in the jurisdiction of the relevant depository, it may turn out that their financial instruments held therein on behalf of the Bank, cannot be separated from those of other clients of the Bank and/or the bankruptcy estate, and therefore, are not subject to a special protection. Holding clients' financial instruments on the client omnibus accounts of the Bank may also make more difficult their access to an investor compensation system corresponding to the one described in Section I herein.

Clients of the Bank shall be aware that keeping financial instruments on omnibus accounts has also other disadvantages. It may, for example, make it difficult to distinguish one client's financial instruments from those of other clients of the Bank. This can result in a risk of paying one client's obligations with financial instruments of another client. Keeping of client's financial instruments on a joint account of the Bank may also complicate the exercise by a client of rights in connection with corporate events arising from such instruments.

To avoid the above-mentioned deficiencies, the Bank shall maintain and keep analytical accounts for the client's financial instruments it keeps, allowing it to individualize and separate them from the Bank's own assets and from the assets of its other clients at any time.

Clients of the Bank shall bear in mind that when their financial instruments are held by a third party on behalf of the Bank, the Bank shall be responsible for the actions or omissions of such trustee - third party, in accordance with the general principles of civil liability. The Bank, however, shall not be liable for actions or omissions of the respective central depository of financial instruments of its clients.

The Bank also notifies its clients that the depository institution in which the Bank is holding



their financial instruments has no security interests, retention or offsetting rights with regard to client assets held in individual and/or omnibus client sub-accounts therein. The Bank's security interest and rights on client assets are regulated in the relevant contract for provision of investment services and activities.

### **III. MANNER OF CALCULATION OF ALL EXPENSES AND FEES**

For the investment and ancillary services and activities carried out by the Bank under contracts with clients, the clients shall owe fees and commissions in the amount specified in the DSK Bank's Tariff of Fees and Commissions, the section regarding transactions in financial instruments (the "Tariff"). Fees shall be payable in BGN. Where a portion of such charges and fees is an amount in a foreign currency, the Bank shall indicate the relevant currency, the applicable exchange rates and the cost of exchange of the amount due in BGN by using the buy/sell rate of the Bank for the respective day, unless otherwise agreed between the parties.

The exact amount of fees and commissions shall be specified upon acceptance of the relevant order for execution of transaction in financial instruments or in the respective contract for provision of an investment service or activity. If the Bank is recommending or advertising certain financial instruments or if under the applicable law it is required to provide its clients with a key information document (KID) or a key investor information document (KIID) in relation to the relevant financial instruments, it shall provide its clients, on an annual basis, with summarized information on all costs and fees associated with the respective financial instruments or the investment and ancillary services provided by the Bank in relation thereof.

Fees and commissions shall be payable in advance or upon submission of the order for execution of transaction in financial instruments or otherwise as agreed in the relevant contract. Transaction fees and commissions shall be communicated to the client upon order submission.

The manner of payment shall be agreed in the contract for provision of a specific investment service between the Bank and the client.

This information has been prepared pursuant to the requirements of the Markets in Financial Instruments Act, Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards the organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive and the bylaws for its implementation.