

Appendix No. 1

Information under item III.3.1 of the General Terms and Conditions of First Financial Brokerage House, Sofia

1. Information about the provisions of contracts with clients for investment services: annex A – current standard contract of First Financial Brokerage House for brokerage services on the Bulgarian Stock Exchange, Sofia; annex B – standard appendix to brokerage services contracts for trading on foreign regulated markets; annex C - current standard contract of First Financial Brokerage House for trust management; annex D - current standard contract of First Financial Brokerage House for a registration agent.

2. Name of the investment broker (investment intermediary): First Financial Brokerage House (ИП „Първа Финансова Брокерска Къща” ООД), Sofia

3. Address of the investment broker: Sofia, 2 Enos St., floor 4 and 5

4. Languages for communication and correspondence with the investment broker: Bulgarian and English

5. Methods of communication used by First Financial Brokerage House and its clients:

A) Personally or through a client's attorney holding powers pursuant to an express power of attorney issued as per the requirements of the effective legislation, in the investment broker's office;

B) By fax to the following numbers: +359 2 810 64 01

C) By telephone to the following numbers: +359 2 810 64 00 / +359 2 810 64 16 / +359 2 810 64 16 +359 2 810 64 18 / +359 2 810 64 24 / +359 2 810 64 62

D) By e-mail to the following addresses: ffbh@ffbh.bg; georgi.koynov@ffbh.bg; stoian.nikolov@ffbh.bg; katina.peneva@ffbh.bg; galina.konachka@ffbh.bg;

Contact persons in each of the offices of First Financial Brokerage House: Sofia – Stoyan Nikolov, Georgi Koynov, Katina Peneva, Galina Konachka

6. Placement and acceptance of orders from clients of First Financial Brokerage House

The investment broker may accept orders for transactions with financial instruments as follows: (1) both in its office and (2) through remote means of communications: by phone, fax or email. The investment broker may accept orders for transactions with financial instruments submitted by the phone or through another remote means of communication from clients whose identity has been verified by, and who have a contract with, the investment broker. If an order is placed by telephone, the investment broker is under the obligation to make a recording of the conversation with the client. If an order is placed by other remote means of communication, the investment broker is under the obligation to store electronically the data provided by the client in relation to the order. Fax messages are kept on hard copy.

By signing a contract for the provision of an investment service clients give their consent to the recording of telephone conversations with the investment broker's staff.

7. Sending confirmations of orders executed by the investment broker and reports under contracts with clients

If a client has provided an email for communication, all confirmations of executed orders, as well as the reports due under client contracts, will be sent by email. In such cases the investment broker

will send the relevant document in a file which can be copied but cannot be modified by the client's software.

In all other cases confirmations and reports are received in the investment broker's office in person or by a duly authorized representative or are sent to the mailing address indicated by the client by registered mail with advice on delivery or by fax.

8. First Financial Brokerage House holds License No. ПГ-03-0015/15.10.2008 to operate as an investment broker issued pursuant to Resolution No. 68-ИП/26.02.1997, Resolution No. 68a-ИП/03.12.1998, Resolution No.66-ИП/10.11.1999 of the Securities and Stock Exchange Commission, and Resolution No.102-ИП/08.02.2006 of the Financial Supervision Commission, and is registered in the Financial Supervision Commission Register by registration number ПГ-03-15. The address of the licensing authority, the Financial Supervision Commission, is as follows: 33 Shar Planina St., p.o. box 1303 Sofia, E-mail: bfsc@fsc.bg

9. Type, regularity and time limits for submitting reports and confirmations to clients in respect of investment services and operations:

The client is informed of its right to obtain at any time upon request information about the status of its order and its execution.

9.1. Submission of confirmations

a) confirmations to retail clients:

Confirmations of executed transactions of retail clients are provided on the first business day after the day on which the transaction has been concluded or on which First Financial Brokerage House has been notified by a third party that the transaction has been closed (if an order is executed with the assistance of a third party, First Financial Brokerage House is obliged to provide a confirmation to the client only provided that the third party has not already submitted such confirmation containing the minimum required information according to the current standard Retail Client Order Confirmation).

b) provision of material information about execution of professional clients' orders:

The material information provided to professional clients about the execution of their orders has the content agreed with the professional client and comprises the current standard document titled Professional Client Order Material Information. Material information is provided to professional clients promptly and as soon as practicable.

9.2. Reports on the management of clients' portfolios by the investment broker

a) The investment broker submits regular six-month reports on the operations carried out on the client's account in relation to portfolio management, unless such report is provided to the client by a third party with content as per Ordinance No. 38. A sample report under the foregoing sentence is an annex to the portfolio management contract with the client;

b) The client is informed of its right to request three-month written portfolio reports from the investment broker;

c) The client may require submission of confirmations or material information in writing (depending on whether it is a professional or retail client) about each transaction on its portfolio. In such case the investment broker is under the obligation to provide 12-month portfolio reports.

In all cases the reports under items (a) through (c) above are submitted by the investment broker in the manner agreed with the client within 10 business days from the end of the relevant reporting

period. The duration of the reporting period is calculated from the date on which the client has first provided assets for management under a portfolio management contract.

9.3. Reports provided to clients whose money or other financial instruments are held by the investment broker for them

Reports under this item have the following mandatory minimum content:

1. data about the financial instruments or money held by the investment broker on behalf of a client at the end of the reporting period;
2. the amount to which the client's financial instruments or money have been subject of a transaction for financing of securities;
3. the amount of received dividend or other payments to the client for taking part in a transaction for financing of securities and the basis for their defining.

Individual reports of that kind are provided only to clients who have not signed a portfolio management contract with the investment broker. Otherwise the information is included in the portfolio reports described in item 9.2 above.

This report is provided by the investment broker once in 12 months, subject to the provisions of item 9.2.

10. Brief description of the measures taken by First Financial Brokerage House to guarantee clients' financial instruments or money. Brief description of the investor compensation systems in which the investment broker takes part in connection with its operations in Bulgaria.

10.1. Measures to guarantee the financial instruments and money of clients of First Financial Brokerage House

a) measures taken by the investment broker regarding the keeping of financial instruments or money owned by its clients separately from the broker's own assets

The investment broker ensures keeping of its assets separately from those of its clients. The investment broker deposits the cash provided by clients or received as a result of investment services provided on their account with a party under Article. 34, paragraph 3 of the Markets in Financial Instruments Act¹ no later than the end of the next business day into a bank account designated for client funds which is separate from the investment broker's account. Clients' financial instruments and cash are kept as follows:

- ▶ Dematerialized securities of Bulgarian issuers except government securities: on client subaccounts, opened within the investment broker's account with the Central Depository;

¹ The investment broker deposits its clients' money in:

1. central bank;
2. credit institution;
3. bank licensed in a third country;
4. collective investment scheme licensed to operate under Council Directive 85/611/EEC or another entity for collective investment which is subject to supervision by the competent supervisory authority in an EU Member State if it satisfies the following conditions:
 - a) its main investment purpose is to maintain a certain average net asset value (net profit) or a net asset value equal to the capital borrowed by investors plus profit;
 - b) it invests raised funds exclusively in money market instruments with the highest possible credit rating awarded by a credit rating agency, the maturity or residual maturity of which is no longer than 397 days, or in fixed income instruments with yield close to that of the foregoing instruments, or in instruments with average residual maturity of 60 days; may additionally invest the cash in bank deposits;
 - c) it provides liquidity on the same day or settlement on the next day.

First Financial Brokerage House

2 Enos St., 1408 Sofia, tel.: +359 2 810 6400, fax:: +359 2 810 6401, e-mail: ffbh@ffbh.bg

- ▶ Government securities: in the register of a primary dealer of government securities in the name of First Financial Brokerage House (in such cases the securities owned by the client are separated from the investment broker in an analytical subaccount) or of the client as defined in the orders and in compliance with the Regulations of First Financial Brokerage House on safekeeping clients' financial instruments and money and separating the broker's own financial instruments portfolio from that of investors;

- ▶ Materialized financial instruments provided to the investment broker by clients or acquired by the investment broker on clients' account in performance of this contract, certificates of dematerialized government securities and other similar documents are kept for whatever periods in a safe or own vault of First Financial Brokerage House according to the Regulations of First Financial Brokerage House on safekeeping clients' financial instruments and money and separating the broker's own financial instruments portfolio from that of investors;

- ▶ Clients' money are kept by the investment broker according to the Regulations of First Financial Brokerage House on safekeeping clients' financial instruments and money and separating the broker's own financial instruments portfolio from that of investors in a joint bank account for clients' money in the name of the investment broker with First Investment Bank, IBAN:BG86FINV915010BGN00044. The client also authorizes the investment broker to keep its money with other persons under Article 34, paragraph 3 of the Markets in Financial Instruments Act, including persons related to First Financial Brokerage House. The client has no objections to the keeping of its money in a collective investment scheme which complies with the requirements of Article 34, paragraph 3, subparagraph 4 of the Markets in Financial Instruments Act;

- ▶ The client is notified that if it wishes to use investment services connected with the purchase or holding of financial instruments traded on markets other than the Bulgarian market, its financial instruments may be kept in a joint account (together with other financial instruments held in the name of First Financial Brokerage House) with a third party if that is permitted by the local legislation.

b) measures taken by the investment broker to guarantee the money and financial instruments of its clients if the rendering of the investment service involves actions of a third party other than First Financial Brokerage House

- ▶ When the investment broker acts for its client and opens an account for its client's investment instruments with a third party, it applies due care for the client's interest when selecting that third party and assigning thereto the keeping of the client's financial instruments; the investment broker review annually and with the same care the selection of that party and the conditions under which the latter keeps the client's financial instruments;

- ▶ In performance of its obligations under the foregoing sentence the investment broker considers the professional qualities and market reputation of the third party as well as the legal framework and market practices related to the keeping of such financial instruments which might prejudice to the clients' rights;

- ▶ Clients are informed that their financial instruments traded on markets other than the Bulgarian market will be kept with the following third parties: depository institution

- ▶ Clients are informed that for the acquisition/disposal of financial instruments on their account traded on markets other than the Bulgarian market (Bucharest Stock Exchange, Romania) the investment broker will use the services of the following third parties: KBC Securities Romania S.A.

The client has no objections to the safekeeping of its financial instruments by a third party other than those mentioned above, or to the use of services of third parties other than those listed above for rendering investment services on its account, if necessary. Should any such need arise, the investment broker shall immediately notify the client of the selection of a new third party by means of communication as per the latter's preferences.

If a client has not been notified of the identity of the third party which may keep its money and/or financial instruments, the investment broker is liable for the actions of that party as if they were its own actions and the client may choose either party (the investment broker or the third party) for directing its claims, if any.

▶ clients are informed that the accounts where their money and/or financial instruments are kept may be subject to regulation by the legal systems of countries that are not EU Member States and, respectively, the rights of the client concerning financial instruments or money may differ due to the specifics of the local legislation;

10.2. Investor compensation measures

The client declares that it is familiar with the existing system for compensation of investors in securities as described below. The scope of the compensation system is as follows: the Investors Compensation Fund pays compensation to each client (excluding the persons or the cases under the last sentence of this article) of the investment broker up to the amount of 90 per cent of the receivable but no more than the statutory maximum at the time. The Investors Compensation Fund pays compensations to clients of the investment broker up to the amounts specified in the foregoing sentence when:

1. a bankruptcy procedure is initiated in respect of the investment broker by a ruling of the Sofia City Court, even if the bankruptcy procedure has been dismissed pursuant to Article 632 of the Companies Act;
2. the license of the investment broker, respectively, the permit to operate as investment broker, has been revoked by the competent authority in the cases provided for in the law.

The compensation decision of the Investors Compensation Fund is published in at least two daily newspapers and on the Fund's website for the period during which the investment broker's clients may claim compensation from the Fund, as well as the bank through which the compensation will be paid.

The client is informed that no other schemes exist for compensation of loss from investment in securities applicable under this contract, save for those described above. The Investors Compensation Fund pays no compensations **(a)** to the following persons: 1. members of the management and supervisory board of the investment broker, and to its authorized signatories; 2. persons that hold, directly or through related parties, 5 or more than 5 per cent of the votes in the general meeting of the investment broker or that may control the latter, and to persons that belong to the same group with the investment broker in respect of which consolidated financial statements are made; 3. the registered auditor that audits the investment broker's annual financial statement; 4. spouses, relatives: direct line of descent without limitation, collateral line of descent to the second degree, in-laws to the second degree, to the persons under item 1, 2 and 3; 5. investment brokers; 6. credit institutions; 7. insurers; pension and social insurance funds; 9. closed-end investment companies, collective investment schemes and special purpose vehicles; 10. the government and government authorities; 11. municipalities; 12. the Investors Compensation Fund, the Bank Account Guarantee Fund and the Guarantee Fund under Article 287 of the Insurance Code; 13. investors that have benefited from circumstances connected with the investment broker and have damaged its financial stability, as well as to investors that contributed to such damage; 14. other professional clients within the meaning of § 1 item 9 of the Additional Provisions of the Markets in Financial Instruments Act; and **(b)** in the following cases: compensation for receivables originating from and/or connected with transactions and actions qualifying as "money laundering" pursuant to Article 2 of the Measures Against Money Laundering Act if the perpetrator has been effectively convicted.

11. General description of the investment broker's policy for handling conflicts of interest

The investment broker establishes a structure that allows fair handling of conflicts of interest between the company and its clients, and also between clients. One of the fundamental principles

of the internal structure is the limitation of information flow within the company through "Chinese walls".

Control of the information flow within the investment broker for the purposes of these rules will mean development and maintenance of mechanisms to prevent sharing or using information available to a person in connection with one of the activities of the investment broker with or by other persons the broker works with (partners or clients). In order to achieve this purpose the investment broker may:

- keep for itself or refrain from using the obtained information;
- allow its employees who have initially acquired certain information during the performance of their duties not to share that information with other employees involved in another activity of the investment broker or working for other clients/partners of the broker.

The above limitation for distribution of information applies only to the extent one or both activities are connected with the performance of investment services or operations included in the business of the investment broker, or of related operations.

Based on the above, no employees of the investment broker shall be entitled to (and will be restricted from) acting to the best interest of one client at the expense of another. The work organization and information exchange described above will minimize the risk of front running (trading before the client) whenever the investment broker or some of the persons related to the investment broker make transactions with securities for their own account from insider trading under Article 4, paragraph 3 of the Measures against Market Abuse with Financial Instruments Act and will comply with Article 21 of the same Act.

Additional detailed information about the investment broker's policy for handling conflicts of interest is available to the clients and the potential clients on the website of First Financial Brokerage House at www.ffbh.bg.

12. Detailed information about the inherent risks by types of financial instruments with regard to which the investment broker renders services, in accordance with the type of clients (retail and professional), is available to clients on the investment broker's website.

13. The investment broker provides to its retail clients and potential retail clients the following information about the expenses and fees in respect of each transaction, as applicable:

1. the total price to be paid by the client for the financial instrument or the investment or additional service to be provided including all fees, commissions, charges and expenses as well as all taxes payable through the investment broker; in case the exact price cannot be estimated, a basis for calculation and verification of the price shall be provided in a manner enabling the client to verify and confirm it; the commissions of the investment broker are indicated on a case by case basis;
2. if any portion of the total price under item 1 is due to be paid in a foreign currency or by the equivalent of that currency, the payment currency, exchange rate and expenses for the exchange shall be specified;
3. notification of the possible occurrence of any other costs including taxes concerning transactions with financial instruments or provided investment services which are not paid through the broker and are not imposed by the latter;
4. the rules and methods for payment or other performance.

(2) The obligation under paragraph 1 shall not apply to shares in collective investment schemes if the investment broker provides the client with the information contained in the short prospect of the collective investment scheme.

The information described above which is of a permanent nature shall be provided once to the client (the potential client) and shall be updated by the investment broker upon any changes therein.

First Financial Brokerage House

2 Enos St., 1408 Sofia, tel.: +359 2 810 6400, fax:: +359 2 810 6401, e-mail: ffbh@ffbh.bg

14. The client is notified about its obligation to disclose its shareholdings under Chapter XI, Section I of the Public Offering of Securities Act, i.e. to inform the public company and the Financial Supervision Commission immediately but no later than the end of the day following the acquisition/transfer (in case of direct acquisition) or within 4 business days from becoming aware of the fact or from the arising of an obligation to become aware of the fact (in case of acquisition through other persons that have a relation to the client relevant for the purposes of Chapter XI, Section I of the Public Offering of Securities Act), if its voting right in the general meeting of that public company directly and/or pursuant to Article 146 of the Public Offering of Securities Act reaches, exceeds or falls below five per cent or a number divisible by 5 per cent of the votes in the general meeting of the said public company.

15. If the investment broker executes a contract for portfolio management with a retail client or a retail client concludes transactions under Ordinance No. 16 from 07.07.2004 on the terms and procedures for margin purchases, short sales and lending of securities through investment brokers, the retail client may require the inclusion of stop-loss clauses in the contract providing that the investment broker should notify the retail client if any defined loss limit is exceeded.

16. The client is notified that the investment broker shall not be liable in case of communication failure that impedes the transmission or acceptance of client orders, their modification or cancellation, provided the broker has taken all necessary and adequate measures in compliance with its risk management rules and nevertheless is unable to ensure a connection (via the internet, by telephone, etc.) with the person keeping the financial instruments/money, owned by the client, with the regulated market and/or with the client.

I have read and agree to the information in this Appendix.

Client: _____
