

Enclosure № 3

To the General Terms and Conditions of Eurobank EFG Bulgaria AD applicable to the contracts with clients for provision of investment and/or ancillary services

General description of the financial instruments of Art. 10 of Regulation № 38

- Shares listed for trading on the Bulgarian Stock Exchange - Sofia (BSE) and/or on the foreign markets in financial instruments;
- Rights in capital increase procedures of listed companies, issuers of such shares;
- Depository receipts of shares listed for trading on a regulated market for financial instruments (ADR, GDR etc.);
- Corporate, municipal and mortgage bonds listed for trading on the BSE and/or on foreign markets in financial instruments;
- Bulgarian treasury bills and other government bonds;
- Shares of collective investment schemes, listed for trading on the BSE and/or on foreign markets in financial instruments;
- Compensatory instruments;
- OTC derivatives on interest rates or currency;
- Money market instruments, including OTC money market instruments.

In general, securities are divided into equity and debt instruments. Shares of public companies and shares of collective investment schemes are equity instruments because they give rights over respective share of the capital of a company or a collective investment scheme, respectively, as well as share of the profits. Bonds are debt instruments because they represent a liability (debt) of the issuer to their owner. There are other financial instruments such as derivative financial instruments may be based on equity instruments, debt instruments or other assets.

Investment in financial instruments entails certain risks to the investor. The risks are usually in direct relation to the expected return of the investment. The main risks of investing and trading with financial instruments are as follows:

- **Market risk** - it consists of the risk of a decrease in the market price of the financial instrument due to certain market factors, leading to a loss of part of the investment;
- **Risk of the issuer** - it consists of the risk that the issuer of the financial instrument does not realize any profit or realizes loss from the business, as well as falls into financial difficulties, insolvency or bankruptcy;
- **Liquidity risk** - it consists of the risk that the owner of the financial instrument, in case he/she has decided to sell it, can not find buyers willing to buy them on the bid price or can not find any buyers quickly. The more developed a market is, respectively, with large trade volumes and greater market capitalization, the lower the liquidity risk is and vice versa. Liquidity risk on the BSE is relatively high, while this risk on the markets in New York, Frankfurt and London is relatively lower.
- **Risk related to the other party to the transaction, and risk associated with the settlement** - they consist of the risk that the settlement of the transaction is delayed or not executed due to a fault of the counterparty, a fault of the investment intermediaries involved in the transaction or due to technical reasons.

Although the principle of operation of the BSE and the CD, as well as the other foreign regulated markets and depository institutions is well tested and their organization have provided mechanisms to ensure completion of the transaction, there is some risk of settlement delay or impossibility to be carried out. Since transactions are executed on a „delivery versus payment“ principle (DVP), i.e. the buyer will not receive the shares unless having paid for them and vice versa, as a last resort there is a possibility that a deal will not be finalized through DVP. Indeed, this risk is reduced to some extent due to the application of the DVP principle and is limited to the effect of adverse market effects from the time of the deal until its completion.

- **Currency risk** - it exists only when an investor purchases financial instruments denominated in currencies

other than the currency in which he/she receives his/her main income and/or in which he/she incurs his/her basic costs. For Bulgarian investors there is no currency risk for financial instruments denominated in BGN and the risk for euro-denominated financial instruments is minimal due to the existing currency board in Bulgaria and the fixed exchange rate.

- **Risk based on the use of leverage: effects of leverage and the risk of losing the entire investment made** - it consists of the risk that the investor suffers greater losses as greater amount of loans is used for stock investment. With the use of high leverage (high loan/equity ratio) it is possible that the investor loses the full amount invested.

Leverage - a term with several meanings - in the investment terminology consists of methods and means to search for ways to increase the potential return on investment through borrowed capital, such as margin, i.e. a loan given by the investment intermediary with the adherence to certain regulatory requirements.

The use of leverage results in the so-called "lever effect" (hence its name is derived), i.e. with the same amount of equity, the use of leverage increases the profitability in a proportion equal to the loan/equity ratio. Take for example an investment in 100 shares that, for instance, after 1 year carry a return of 15%. Of course, it is feasible to take money on loan at 5% interest and invest in another 100 shares; then - but only under the favorable circumstances in the example - the yield for the investor would be another 10% on the additional 100 shares (15% after deduction of interest expense).

The main risk in the use of leverage is that the "lever effect" increases both potential gains and potential losses, i.e. in case of a negative return on the investment, an investor who uses 50% leverage will lose at least 2 times more than an investor who uses only own capital. Thus, leverage increases the volatility of the investment.

Moreover: the investor, using only own capital in theory can lose only this capital, but no more. By using leverage, however:

1. the risk of losing the entire investment is much higher;
2. it is possible that an investor loses his/her entire investment;
3. in some cases it is even possible for an investor to lose more than the value of his/her equity.

In margin trading, for example, the position is closed at the time the loss reaches the equity of the investor. But if the investor uses a bank loan, for example 50:50 to own capital (50% leverage) and his/her investment for some reason depreciates by 60 percent, he/she not only loses the entire own capital, but he/she will not be able to cover the entire amount of the loan to the bank and will have to pay 10% of the amount of the investment plus an interest from his/her current income.

There are other ways to invest with leverage, for example, options, futures and other financial instruments (which are not yet popular in the Bulgarian capital market, but are applied in the practice of other countries), more or less complex than the usual way of leverage investing.

The Bank recommends to its retail and professional clients to avoid leverage investing. This is an investment strategy suitable only for the most experienced institutions specializing in analyzing and investing in certain types of financial instruments.

Below is presented a general description of the types of financial instruments, as well as information about specific risks associated with them.

Key features of the financial instruments on which the Bank executes, respectively transmits for execution orders, and the specific risks associated with them.

1. Shares listed for trading on the Bulgarian Stock Exchange - Sofia (BSE) and/or on foreign markets for financial instruments

The shares listed for trading on a regulated market for financial instruments are freely transferable securities issued by the so-called public companies.

Public companies are required to publish their financial statements periodically (e.g. quarterly) and to disclose any relevant information about their activities. Reports and information about the activity are among the major factors affecting the share price.

Shares belong to the group of the so-called „equity instruments“, i.e. the owner of the share possesses a share of the capital of the issuing company (issuer). There are different types of shares that may give different rights to the owner: the most common shares - the ordinary shares give to the owner a single vote at the General Meeting of the Shareholders (GMS), the right for a dividend and a liquidation quota in case of liquidation of the issuer. There are also the so called „preferred shares“ which usually entitle a guaranteed dividend, but often they do not entitle a vote at the GMS. All holders of shares of the same class have equal rights in proportion to the number of shares held.

Shares listed for trading on the BSE are dematerialized, i.e. they exist as electronic entries in the records of Central Depository AD (hereinafter, „Central Depository“, „CD“) - an institution specifically designed for the maintenance of records of dematerialized securities in Bulgaria and the fulfillment of the settlement of transactions on the BSE. Through dematerialization different objectives are achieved, one of the most important of which is to avoid the uncertainty associated with shares that exist as physical securities (for example, reduces the risk of loss, counterfeiting etc.).

Shares listed for trading on foreign markets in most cases also are dematerialized and likewise with the CD are stored in a depository institution. Shares listed for trading on foreign markets that are materialized are also physically stored in a depository institution and thus the technology of trade and settlement with them is identical to that of dematerialized shares.

Public companies, shares listed for trading on the BSE, the activity of BSE for acceptance of shares for trading and the activity of the Central Depository of record keeping for such shares are regulated by many regulations, the main of which are The Law on Public Offering of Securities (LPOS) and The Law on Commerce, as well as the rules of the BSE and the Central Depository.

In investing and trading with shares, the following risks exist for the investor:

- market risk (see description above) – with regard to shares, the market risk exists both in the likelihood of abrupt changes in the price and the relatively large volatility, which may lead to both gains and serious losses for the investors. There is also no guarantee for the preservation of the amount of the investment and a lack of a guaranteed return.
- risk of the issuer (see description above) - with deterioration in the financial condition of the issuer or negative news about its prospects, the probability of a decline in the share price is very high, and the declaration of bankruptcy may lead to complete loss of the value of the shares.
- risks associated with the counterparty of the transaction, and risk associated with the settlement (see description above)
- liquidity risk (see description above) - in case of a reduction in the liquidity of the shares, the likelihood of a fall in their price is high.
- currency risk (see description above)
- risk associated with the use of leverage (see description above)

All of the abovementioned risks can lead to increased volatility of stock prices, which means prices can fluctuate for a period of time in relatively wide ranges. This means that the execution of a particular deal - despite all possible reasonable assumptions – in a moment of a price increase or decrease is affected by the price volatility, rather than other market factors.

The Bank will disclose any specific information about the volatility of prices of the shares covered by the order of a customer or potential customer interest in compliance with Art. 10, para. 2, item 2 of Ordinance № 38.

Also, the Bank will inform its retail customers - both present and future - where the prospectus of the specific issue of shares is accessible to the public.

An important advantage of the shares listed for trading on the BSE as a tool for investment is the favorable tax regime, namely that capital gains realized through a transaction on the BSE are not subject to taxation. Note that this is not the only tax aspect of the investment in such shares.

2. Rights in capital increases of listed companies, issuers of shares

The rights are securities giving the right to subscribe a certain number of shares in relation to the decision to increase the capital of a public company. They ensure the equality of shareholders in a capital increase of the issuer. In practice these are term securities whose return depends on the expected yield on the type of shares to which they relate. They are traded on the BSE and are dematerialized securities, like the shares to which they relate. They are regulated by the LPOS. On the foreign markets of financial instruments similar arrangements exist about the participation of shareholders in the capital increase of the issuing company.

Besides the risks associated with investment in shares (mentioned above), the additional risk of investing in rights should be taken into account, namely the complete loss of the invested value within the short period of existence of the rights - if the exercise of the rights turns out to be inexpedient due to downward trend of the share price below the subscription price indicated in the decision to increase the capital of the issuing company.

When there are orders for investing in rights, the Bank will disclose information for the shares subject to the rights.

3. Depository receipts of shares listed for trading on a regulated market of financial instruments (DR, ADR, GDR etc.).

Depository receipts of shares (DR) are a financial instrument that allows participants in a market (usually developed markets) to invest in the capital of companies whose shares are admitted for trading on another market (usually developing) in which these participants have no access or it would be difficult to be granted with such. DR are issued by a bank that has bought a number of shares of a company and holds these shares as an underlying assets. DR are issued with a value equal to the value of the shares (the underlying asset) and usually the bank issuer regularly announces bid and ask rates of the DR, and profits from spreads between the two, while the investors have a tool that follows the share price of the company in the market, on which they are admitted for trading. Most DR are traded on the U.S. markets, where they are called ADR - American Depository Receipts, and in the UK, where they are called GDR - Global Depository Receipts.

The risks associated with investing and trading with DR are identical to those of stocks, with the difference that part of the liquidity risk, and risk associated with the counterparty of to the transaction and the risk associated with the settlement are related to the market on which the DR are traded, rather than the one on which the shares are traded, but currency risk depends on both the currency in which shares are denominated and the one in which the DR are denominated.

4. Municipal, corporate and mortgage bonds admitted for trading on the BSE and/or foreign regulated markets

These are debt securities giving entitlement to payment of principal and floating or fixed interest (often depending on a specific indicator of market interest) and possibly other rights. When traded on the BSE, they are also dematerialized securities (and in this respect the same rules apply as the ones for the shares, mentioned above), and when traded in the international regulated markets they may be materialized or dematerialized. In the first

case, their regulation is contained mainly in the LPOS and the Law on Commerce and the rules of the BSE and the Central Depository. In the second case, usually the issuance of the bonds is subject to English law, regardless of the location of the regulated market.

Compared with stocks, bonds generally involve lower risk because they contain a promise of profitability and return of principal. However, the following risks should be taken into consideration:

- market risk (see description above) - a specific manifestation of market risk on bonds is the risk associated with interest rate changes. More precisely, there is possibility of a change in market interest rates after the time of issuance of certain securities with fixed interest rate. The change of market interest rates may result - among other possibilities - from changes in economic conditions and policies that the relevant Central bank undertakes as a result of these changes. If the level of interest on the debt markets increases, then generally the price of securities issued with fixed income declines. But if the amount of interest on the debt markets falls, then the price of issued securities with fixed income increases. In both cases the movement of interest rates leads to the conclusion that securities' yields generally depend on market rates. Fluctuation of market rates reflect the price of securities with fixed income in a different way depending on their maturity. Therefore, short-term securities with fixed income are associated with a lower interest rate risk compared to the long-term. However, as a rule short-term securities with fixed interest rates have lower yields than long-term securities with fixed income.
- risk of the issuer (see description above) - although there is a promise of payment of principal and interest, the possibility that the company, bank or municipality, may fall in financial difficulty or even not be able to repay the debt cannot be excluded. Mortgage bonds are secured by real estate, but the price of collateral may also change and become insufficient to cover the obligation on the mortgage bond.
- risks associated with the counterparty of the transaction, and risk associated with the settlement (see description above)
- liquidity risk (see description above) - in case of a reduction in the liquidity of the bonds, the likelihood of a fall in their price is high.
- currency risk (see description above)
- risk associated with the use of leverage (see description above)

The rules about the shares, in regard to the disclosure of information about price volatility and the prospectus, mentioned above, apply also to the bonds.

5. Bulgarian treasury bills and other state bonds (incl. issued by a government other than Republic of Bulgaria);

These are securities containing the principal legal characteristics of corporate and municipal bonds, but differing mainly in that their issuer is the Bulgarian or other state. Moreover, the main markets, on which these securities are traded are the primary and secondary markets of government bonds, as for the government issued by Republic of Bulgaria, they are organized under the Law on Public Debt and Ordinance № 5 of 4.10.2007 on the terms and conditions for acquisition, registration, payment and trading of government securities.

The main principle risks associated with investing in government bonds are similar to those on other types of bonds as it may be noted that the market for government bonds is usually highly liquid and that the risk associated with the issuer, is usually considered lower than the risks associated with the Bulgarian corporate or municipal issuers.

6. Shares/units of collective investment schemes, listed for trading on the BSE and/or foreign markets of financial instruments

Collective investment schemes in their economic nature are a collective pool for investing in transferable securities and other financial instruments on the principle of diversification, i.e. the allocation of risk by investing in various securities issued by different issuers. They are divided broadly into three types:

- a) Mutual Funds;
- b) Closed-End Funds;

c) ETF – Exchange Traded Funds

a) Mutual Funds

Mutual Funds is a general term for open-end collective investment schemes. They have the obligation to issue shares and to redeem issued shares under certain strict conditions and at regularly calculated and announced prices, thereby creating liquidity of the issued by themselves financial instruments. Each investor may at any time buy shares of a desired amount and present a claim for redemption of his/her shares of a desired amount. This obligation contributes to the variability of the mutual fund equity.

Issuing and redemption of shares of mutual funds is carried out „over the counter“ and is organized by the management company which manages the fund. Shares of most Bulgarian mutual funds are listed for trading on BSE, but there the management company has no obligation to issue or buy them and price is based on supply and demand, which is often quite limited given the opportunity to conduct transactions „over the counter“ at set prices.

In Bulgaria, mutual funds may be in the form of open-end investment companies or mutual funds. Investment companies are open-ended joint-stock companies and their capital is divided into shares. Mutual funds represent separate property distributed into shares.

The main risks of investing in shares of mutual funds are:

- market risk (see description above) - prices of issuance and redemption of shares of mutual funds are determined by the management company based on the net asset value of the fund and are controlled by a custodian bank. Therefore, the market risk in mutual funds is entirely connected to their investment portfolios. Depending on the investment - mainly in equities (or other equity securities), predominantly in bonds (or other debt securities), or balanced - the risks of investing in shares of collective investment schemes are identical to those investing in shares and/or to those investing in bonds in the corresponding proportion.
- risk of the issuer (see description above) – as far as the only activity of mutual funds is to raise funds and invest them, this risk is related more to the competence of the management company and is significantly lower than that of ordinary commercial companies, because mutual funds are very limited to the use of leverage;
- risks associated with the counterparty of the transaction, and risk associated with the settlement (see description above) – this risk exists with trades on regulated markets on which shares of mutual funds are listed for trading, while with „over the counter“ transactions, this risk is minimal;
- liquidity risk (see description above) - in “over the counter” transactions this risk is minimized, but such a risk exists in respect to the investment portfolio. An eventual decrease in the liquidity of a portfolio position can lead to a decline in its price, respectively, a decline in the price of the shares of the fund. This risk is identical to that of shares (see p. 1) and that of bonds (see p.4) in fixed proportion according to the profile of the fund;
- currency risk (see description above)
- risk associated with the use of leverage (see description above)

b) Closed-End Funds

Shares of “closed-end funds” are traded on regulated markets for financial instruments. In Bulgaria, they are organized in the form of joint-stock company called „investment closed-end company”. They can be managed by their own management units or by a management company.

Closed-end funds have a fixed capital that may be increased following the rules for capital increase of public companies. The realized income is usually distributed among investors in the form of dividends or free shares.

The main risks of investing in shares of closed-end funds are:

- market risk (see description above) - In the closed-end funds market risk exists in respect to the issued shares,

as well as with regard to their investment portfolios. The risks of investing in shares of closed-end funds are similar to those of investing in the assets contained in their portfolios.

- risk of the issuer (see description above) - as far as the only activity of these funds is to raise funds and invest them, this risk is related more to the competence of the management bodies, respectively, the management company, but is relatively limited compared to ordinary companies;
- risks associated with the counterparty of the transaction, and risk associated with the settlement (see description above)
- liquidity risk (see description above) - this risk exists in respect to the issued shares, as well as with regard to their investment portfolios. A possible reduction of the liquidity of a portfolio position can lead to decline in its price, respectively, a decline in the price of the shares of the fund. This risk is similar to the one associated with investing in assets contained in the portfolio;
- currency risk (see description above)
- risk associated with the use of leverage (see description above)

c) ETF – Exchange Traded Funds

Exchange Traded Funds (ETFs) are funds that combine the characteristics of mutual funds and closed-end funds. Like mutual funds, ETFs carry the issuance and redemption of shares and therefore have a variable capital, but unlike mutual funds, issuance and redemption takes place on large packages (lots) and accordingly is available predominantly for institutional investors, which in turn may offer retail shares on regulated markets on which they are listed for trading. Usually, some of these institutional investors are also market-makers of the shares of ETFs. Clients of Eurobank EFG Bulgaria AD may buy and sell shares of ETFs on the regulated markets on which they are listed for trading.

A typical characteristic of ETFs is the fact that most of them follow the so-called „passive management strategy“, i.e. they invest raised funds following the rules and criteria of a predefined prospectus rather than subjective investment decisions by fund managers. Typically ETFs are designed to follow (approximately) the movement of the market price of an underlying asset, which may be: stock index, exchange-traded commodity (oil, metals, grains, etc.) or a basket of goods, currency or basket of currencies, as well as the movement of shares of companies in certain economic sectors. This gives the opportunity for investors to achieve global diversification, extending on countries and regions worldwide, as well as other asset classes, by investing a minimum amount.

On most regulated markets the rules for listing for trading of shares of ETFs require the managing companies of such funds to disclose the net asset value per share in real time on very short intervals - from one to several minutes. Thus, the awareness of investors does not allow for large deviations from the market price of the shares of ETFs of their net assets. However, in practice there are such deviations due to increased demand or supply, but they remain at a minimum compared to the changes of the value of net assets.

Besides ETFs, which follow the movements of the market price of an underlying asset, there are the so called „short“ and „leverage“ ETFs. Short ETFs follow movement in the direction opposite to the direction of the market price of the underlying asset. They achieve this effect by carrying out short sales and investing in derivative instruments. Leveraged ETFs use borrowed resources at a specific ratio to equity (funds raised from investors) and thus aim to increase the profitability of the underlying asset in proportion to the loan/equity ratio. Leveraged ETFs can be long (following the movement of the market price of the underlying asset), as well as short. They are called „double long“ and „double short“ (which corresponds to the debt/equity ratio 50:50) or „unltralong“ and „ultrashort“.

The legal form in which ETFs are organized primarily (in Europe) is an open-ended investment company. In the U.S., ETFs are organized also as mutual funds and unit investment trusts.

The settlement of shares of ETFs, as with public companies, takes place in a depository institution.

Most of the major European stock exchanges (London, Frankfurt, Vienna) have a requirement for admission for trading of such funds that the latter must meet the requirements of Council Directive 85/611/EEC on the

coordination of laws, regulations and administrative provisions in regard to the companies for collective investment in transferable securities (UCITS Directive). ETFs are also characterized by high transparency of operation and high liquidity.

The main risks associated with shares of ETFs are:

- market risk (see description above) - The movement of prices of shares of ETFs depends almost entirely on movements in market prices of the underlying assets, so the market risk when investing in ETFs is identical to that of the underlying assets. Market risk of ETFs, which follow the stock indices or performance of companies in certain sectors, is identical to the risk in investing in shares (see p.1). Market risk of ETFs, which follow the indices or baskets of bonds or government securities, is identical to the risk in investing in bonds (see p.4 and p.5). Market risk of ETFs, which follow the movement of prices of traded commodities and raw materials as well as currencies and baskets of currencies, is identical to the market risk of traded commodities and currencies themselves and lies in the lack of guarantees for the amount of investment the lack of a guaranteed income and in the likelihood of abrupt changes in price, which may lead to both gains and losses for the investors;
- risk of the issuer (see description above) - as far as the only activity of ETFs to invest raised funds, this risk is relatively small;
- risks associated with the counterparty of the transaction, and risk associated with the settlement (see description above) - since shares of ETFs are available to clients of Eurobank EFG Bulgaria only through the sale on regulated markets where they are admitted for trade, this risk also exists;
- liquidity risk (see description above) - Despite the relatively low liquidity risk of the shares of ETFs (see description) investment in them indirectly is related to the liquidity risk of the underlying asset. An eventual reduction in the liquidity of the underlying asset can lead to a decline in its price, respectively, a decline in the price of shares of the relevant ETF. Liquidity risk of ETFs, which invest in shares (including stock-index) is identical to that of shares (see p. 1). Liquidity risk of ETFs, which invest in debt securities is identical to that of bonds (see p.4). Liquidity risk of ETFs, which invest in commodities and/or currencies is similar to that in shares, but as far as commodity and currency markets are characterized by much higher liquidity, in this case, liquidity risk is less;
- currency risk (see description above) - Shares of the vast majority of existing ETFs are listed for trading on the most developed markets for financial instruments in the U.S. and Europe and are denominated in U.S. dollars, euros, British pounds and Swiss francs . Euro-denominated shares of ETFs bear minimal currency risk for investors receiving income in BGN (due to the existing currency board in Bulgaria) and bear no currency risk for investors receiving income in euros. Shares of ETFs, denominated in other currencies bear currency risk;
- risk associated with the use of leverage (see description above) - particular attention should be paid to the risk associated with leveraged ETFs (see description below of leverage and its consequences). Most leveraged ETFs use borrowed resources in the ratio 50:50 (double long) to equity, but there are such in which the ratio is 67:23 (triple long). This means that an increase in the price of the underlying asset with a given rate, price of shares of the double long ETF will grow by a double rate, but should a decline in the price of the underlying asset take place, the price of the shares of double long ETF will also decrease in a double rate. That is why, shares of the double long ETF are twice as volatile, while those of triple long ETF - three times more volatile.

The clients should be aware that the Bank will have no obligation to disclose information under Art. 10 of Regulation № 38 (described briefly in the beginning of this Enclosure) on stocks and shares of collective investment schemes in the cases when the bank provides the customer with the information contained in the brief prospectus according to art. 28 UCITS Directive.

7. Compensatory instruments

These are several types of instruments issued by virtue of several acts (e.g. acts aimed at the restitution of nationalised assets) which can be used as a special payment instrument under specific circumstances – e.g. in case

of privatisation or purchase of state-owned real estates and limited property rights over state-owned real estates, or used for other purposes.

They are issued in a dematerialised (book-entry) form, registered in the Central Depository, and traded on the BSE.

The investments in these instruments bear many risks; the main risk relates to the possibility and the extent to which such instruments can (or cannot) be used, either generally, or in the course of a particular transaction, as a payment instrument accepted by the state. Their economic value usually depends directly on such particular possibility to use them as payment, and for that reason compensatory instruments are usually the subject of purposive investments if there is such possibility or a project implying their use. In any particular case, the characteristics and functions of these instruments require a careful evaluation of the different risks associated with their purchase.

8. OTC derivatives

Derivatives are financial instruments, whose value is based on, derived from or follows the value of other underlying assets – the so-called “underlying instrument(s)”. Indicative underlying instruments may be exchange rates, interest rates, equities, bonds, stock exchange indices, commodities, other instruments (e.g. freight rates, climate variables, emission allowances, inflation rates or other official economic statistical indicators), assets or credits. The derivative contract specifies the rights and obligations of the parties with respect to their mutual debts, which are calculated on the basis of the value of the underlying instrument at a predetermined future date or at regular intervals. The main types of derivatives are futures, forwards, options and swaps.

The main uses of derivatives are:

- **Hedging:** Those who invest in derivatives may aim at hedging existing or future risks, which may arise from other investments or other undertaken obligations (for instance, an exporter who has contracted in advance the price of a future delivery in a foreign currency and who wishes to lower down the market risk ensuing from the fluctuation of exchange rates may hedge the currency risk by entering into a transaction with a derivative instrument).
- **Speculation:** Derivatives investors may aim at generating profit (speculation). In this context, they use financial instruments according to their expectations about market performance to generate profit while also undertaking the relevant risk. A significant characteristic of derivative instruments is that they allow investors to hold positions whose value is a multiple of the amount invested (leverage) accompanied by the corresponding increase in the undertaken risks.
- **Arbitrage:** Derivatives investors may aim at generating profit without taking any risk, by taking advantage of short-term discrepancies in market prices, i.e. possible differences in prices of the same financial instrument in two or more different markets (arbitrage). Arbitrage requires the execution of several transactions within a limited timeframe, and therefore only investors who have a deep knowledge of the markets and have direct access to trading systems and extremely low or zero transaction costs can engage in it.

Two fundamental characteristics that differentiate derivatives are their trading venue and the settlement type.

The Bank has no obligation to control the aim of the conclusion of deal/s with derivative instruments on behalf of the Clients, respectively it shall not bear any responsibility in this connection.

Forwards

Forwards are bilateral contracts which relate to the purchase or sale of a specified quantity of a security at a specified time in the future and at a specified price. Forwards are similar to futures, their main difference being that forwards are not traded on regulated markets but are over-the-counter instruments.

As a result, forwards, unlike futures, do not have standardized features, but are flexible instruments that can be customized to meet the investors' needs. Forwards do not have a standard contract size and maturity and are not

marked-to-market on a daily basis. The price at which the underlying instrument is bought or sold is typically the forward rate of the instrument at the time the contract is drawn. When the forward is created (in the general case) it has a zero value and therefore at inception there is no monetary exchange between the seller and the buyer. Forwards are used for hedging, speculation or arbitrage purposes and in addition to the risks inherent in futures transactions, forwards expose investors to counterparty risk due to the fact that they are traded outside a regulated market and there is no clearing house.

With respect to the underlying financial instrument, forwards can be classified into the following types:

- **Index forwards:** forwards, whose underlying instrument is a financial or an exchange index;
- **Equity forwards:** forwards whose underlying instrument is a listed stock;
- **Currency forwards:** forwards whose underlying instrument is a currency exchange rate (pair of currencies);
- **Bond forwards:** forwards, whose underlying instrument is a bond;
- **Forward rate agreements (FRAs):** forwards, whose underlying instrument is reference interest rate, such as EURIBOR, LIBOR, etc.;
- **Commodity forwards:** forwards, whose underlying instrument is a commodity.

Currency forwards are typically used by investors that need to manage exchange rate risk, such as corporations that borrow in foreign currency, import-export companies, companies that have capital inflows from abroad in foreign currency or shipping companies, which, for instance have expenses in Euros (or Bulgarian Leva) and revenues in US Dollars.

The most widely used currency forwards are:

- **Forward:** An agreement that secures a fixed exchange rate on a predetermined future date.
- **Flexible forward:** A forward whose execution date is open.

Forwards: risks

1) Change in the value of contract or of underlying asset

The investor incurs a risk if the evolution of the actual value of the contract or of the underlying is not in line with the evolution forecasted by the investor when concluding the contract. Despite a rise in the price of the contract or the underlying, the forward seller will have to deliver the underlying asset at the initially agreed upon price, which may be far lower than the current price. For the seller, the risk is equal to the difference between the price agreed upon when concluding the contract and the market value on maturity date. As the market value may theoretically rise in an unlimited manner, the loss potential for the seller is unlimited. In case the value of the contract or the underlying asset decreases, the forward purchaser will still have to accept the underlying asset at the price agreed upon in the contract which can be potentially very much higher than the current market value. Therefore, the buyer's risk consists in the difference between the price agreed upon when concluding the contract and the market value on the maturity date. Thus, the maximum the purchaser may lose is the initially agreed upon price.

2) Purchase of the underlying in the case of a short sale

To sell an underlying on a forward basis without owning it when concluding the contract (short sale) entails the risk that the seller will have to buy the underlying asset at an extremely unfavorable market price in order to be able, upon maturity, to perform his obligation to deliver effectively the underlying.

3) Specific risks associated to over-the-counter (OTC) transactions

For standardized OTC transactions, the market is generally more transparent and liquid; thus, the selling off of contracts may sometimes be done. However, no market exists for over-the-counter transactions agreed individually between the purchaser and the seller. That is why the closing-out is only possible with the agreement of the other party.

4) Specific risks related to foreign exchange forward transactions

Foreign exchange forward transactions allow the selling or the purchase of a currency at a future date and at a price fixed when the contract is concluded. This type of investment allows foreign exchange risk hedging. Furthermore, upon the conclusion of the contract, the payment of a premium is not required. The main risk for the investor is the loss of profit in the event the evolution of market rates is more favorable than the evolution of exchange rates anticipated when concluding the contract.

5) Specific risks associated to combined transactions

The number of possible combinations is of importance. Therefore, it is difficult to describe the risks related to any particular combination in the present document. Consequently, the investor must inquire about the specific risks associated to the contemplated combination. Still, it could be noted that, generally, the risks associated to such combined transactions may vary when elements of this combination are sold off.

Futures

Futures are bilateral contracts whereby the purchase or sale of a security at a specific quantity at a specific future date for a specific price is agreed.

Futures are exchange traded derivatives instruments, i.e. products with standard terms that are listed in regulated markets. They are used for hedging, speculations and arbitrage.

Every regulated derivatives market has a clearing house, whose mission is the clearing of derivative transactions and the assurance that both counterparties will fulfill the obligations that derive from those transactions. The clearing house of the Athens Derivative Exchange (ADE), for instance, is the Athens Derivatives Exchange Clearing House (ADECH).

The risk associated with these instruments is considerably high.

Some fundamental terms relating to futures are:

- **Contract Size:** The quantity of the underlying instrument covered by a futures contract. For instance, in the Athens Exchange the contract size for an equity future is 100 shares;
- **Expiration date:** The date on which the contract expires;
- **Price of the contract:** The trading price of the contract, i.e. the price at which the future is bought/sold;
- **Settlement price:** The price published by the clearing house at the close of each trading session.

With respect to the underlying instrument, futures can be classified into the following types:

- **Index futures:** futures, whose underlying instrument is a financial or an exchange index;
- **Equity futures:** futures whose underlying instrument is a listed stock;
- **Currency futures:** futures whose underlying instrument is a currency exchange rate (currency pair);
- **Bond futures:** futures, whose underlying instrument is a bond;
- **Commodity futures:** futures, whose underlying instrument is a commodity.

A future contract involves the following margins:

- **Margin:** The Margin constitutes the amount the clearing house demands as collateral in case the investor cannot meet his/her obligations derived from the daily settlement.
- **Initial margin:** The amount demanded by the clearing house when a transaction takes place.
- **Variation margin:** In case the value of the assets used as initial margin is under a predetermined limit, the derivative contract holder is obliged to deposit the amount of the difference (margin call); otherwise the clearing house will proceed to the liquidation of the contract.
- **Mark-to-Market and Daily Settlement Process:** to minimize losses due to breaches of obligations by the investors, futures are marked-to-market daily. The daily profits or losses are credited or debited to the investor's account.

Futures: risks

Similar to forwards, futures are contracts for the purchase or sale of a given amount of specific asset at a specified future date and at a specified contractual price. Thus, the risks described hereinabove in reference to the conclusion of forward transactions need to be taken into consideration upon the conclusion of the futures contracts by taking into account the difference between the two instruments:

- Futures are **standardized**, and **the counterparty is an exchange**, as a result thereof the credit risk related thereto is lower as compared to that of the forward transactions, where the counterparty is not an exchange;
- In contrast to forwards, futures have certain **margin requirements** (which contribute to the reduction of the overall credit risk), which however should be **funded**.
- Futures transactions are subject to **strict regulations, etc.**

Options

Options are bilateral contracts that convey to one of the contracting parties the right (but not the obligation) to purchase or sell the agreed underlying security at a specified price (strike price) at a future point in time within a specific hour or deadline at a premium simply by making a unilateral declaration to the other party, on condition that such unilateral declaration is actually made. Indicatively, the underlying instruments may be commodities, currencies, interest rates, stock exchange indices etc. Options are used for hedging, speculation and arbitrage purposes. The risk that is undertaken by the buyer is limited to the loss of the premium paid. The seller of the option on the other hand, undertakes significantly high risk.

Options are derivatives that may be exchange traded (listed), i.e. financial instruments that have standardized terms (standardized contracts) and are traded in a regulated market; or, over-the-counter (OTC), i.e. instruments that are traded outside regulated markets and they are designed by a financial institution to match the particular needs of every client.

Some of the fundamental terms relating to options are the following:

- **Strike Price:** The price at which the buyer of a call or put option may choose to exercise his/her right to buy or sell the underlying financial instrument, respectively;
- **Expiration Date:** The date when the option expires (i.e. the last date on which the option can be exercised);
- **Settlement Date:** The date on which the contract is settled, either via physical delivery (i.e. by exchange of the underlying instrument for cash) or via cash settlement (i.e. a cash transfer to the options buyer), and is usually two business days after the option expiration date;
- **Contract Size:** The quantity of the underlying instrument which the contract relates to;
- **Premium:** The cost of acquiring the call or put option.

Depending on the type of the underlying financial instrument, options may be classified into the following categories:

- **Index option:** An option, whose underlying instrument is an exchange index;
- **Stock option:** An option whose underlying instrument is a listed stock;
- **Currency option:** An option whose underlying instrument is an exchange rate (pair of currencies);
- **Interest rate option:** an option, whose underlying instrument is a reference interest rate such as EURIBOR, LIBOR, etc.
- **Commodity option:** an option, whose underlying instrument is a commodity, such as gas, oil, etc.

There are financial instruments consisting of positions in options. These instruments address companies' needs for managing foreign exchange risk. Companies that may have such needs are companies with loan obligations in foreign currency, import-export companies, companies with capital inflows in foreign currency and shipping companies that have expenses in Euros (or Bulgarian Leva) and revenues in Dollars. The most widely used are the following:

- **Forward Plus;**
- **Knock-out Forward;**
- **Knock-out Forward Plus;**
- **Zero Cost Collar;**
- **Target Profit Forward;**
- **Accumulator Forward;**
- **Cancellable Forward;**

Financial instruments consisting of positions in options may also address the needs of companies for managing interest rate risk. Companies with loan obligations may have those needs. Some of the most widely used are the following:

- **Interest Rate Cap;**
- **Interest Rate Collar;**
- **Interest Rate Knock-out Collar;**
- **Swaption;**
- **Interest Reduction.**

The example positions in derivatives examined above do not constitute a complete or exhaustive list. They are discussed in the present document solely to illustrate the potential possibilities for combining instruments for the purposes of meeting the particular hedging needs of the client. It should be noted again that as with other over-the-counter (OTC) deals the instruments discussed above do not constitute standardized products and the respective instrument names do not identify uniquely typified contracts – they may be customized according to the investor's needs and may to a greater or lesser extent correspond to certain terms used in practice to broadly/conditionally refer to an over-the-counter derivative product.

Options: Risks.

1) Price risk

Options may be traded on regulated markets or over-the-counter (OTC) and follow the law of offer and demand. An important point for the determination of the price of an option consists, on the one hand in determining whether there is a sufficient liquidity of the market for the relevant option, and on the other hand in determining the actual or expected evolution of the price of the corresponding underlying asset. A call option loses value when the price of the underlying asset decreases, whereas the opposite is true for put options. The price of an option does not solely depend on the price fluctuations of the underlying asset but a series of other factors may come into play, such as for instance the duration of the option or the frequency and intensity of the fluctuations in the value of the underlying asset (volatility). Consequently, drops in the value (and the price) of the option may appear although the price of the underlying asset remains unchanged.

2) Leverage risk

Due to the leverage effect, the changes in the values and prices of options are typically more significant than the changes in the prices of the underlying asset. Thus, throughout the life of the option, both possible profits and possible losses stand higher for its holder. The risk attached to the purchase of an option increases with the importance of the leverage effect of the relevant option.

3) Risks related to option purchase

The purchase of an option represents a highly volatile investment and the likelihood that an option reaches maturity without any value is relatively high. In this case, the investor loses all the funds used for the payment of the initial premium as well as commissions. Pursuant to the purchase of an option, the investor can maintain his position till maturity, he can enter into an opposite transaction or, for „American-style“ options, exercise the option before maturity. The exercise of the option may either entail the payment in cash of a differential amount or the purchase or the delivery of the underlying asset.

4) Risks related to option sale

The sale of an option entails, generally speaking, higher risk-taking than its purchase – the losses that the seller may incur are potentially unlimited. If the sold option is an „American-style“ option, the seller may be required at any moment to settle the transaction in cash or to purchase or deliver the underlying asset. The seller’s risk exposure may be reduced by keeping a position on the underlying asset (financial instruments, index or other) corresponding to the sold option.

5) Purchase of the underlying asset in case of short sale

The seller of an uncovered call option does not have a corresponding quantity of the underlying asset at his disposal upon the conclusion of the contract (short sale). In the case of options with physical settlement, the potential loss for the investor amounts to the difference between the strike price paid for the delivery of the underlying assets in case the option right is exercised and the price he will have to pay to acquire the relevant underlying asset. For options with cash settlement, the risk of loss for the investor amounts to the difference between the strike price and the market value of the underlying. Since the market value of the underlying can move well above the strike price when exercising the option, the risk of loss for the investor cannot be determined in advance and theoretically it is unlimited. This risk is more important for “American-style” options which may be exercised at any time and thus at a highly unfavorable time for the seller of the option. Another risk for the investor selling the option is also to be unable to obtain the required underlying when the option is exercised or to have the possibility to obtain it only at very unfavorable conditions (in particular for costs) due to the specific market situation.

6) Specific risks associated to options traded over-the-counter (OTC)

A position arising from the purchase or the sale of an OTC option can only be closed with the approval of the counterparty.

7) Specific risks associated to combined options

The combination of options consists in the conclusion of two or more option contracts based on the same underlying instrument (or asset, index, etc.), which differ in the option type or the characteristics of the option. The number of possible combinations is also important, so in this type of document it is difficult to describe the risks, related to all specific combinations – the investor should seek the services of a qualified investment professional inquiring about the specific risks related to the combination of interest. It can nonetheless be noted that for any combination, the cancellation, at a certain point, of one or more options may entail substantial changes in the risk position of the investor.

8) Specific risks associated to “exotic” options

These options are subject to additional conditions or agreements. Their payment structures cannot be obtained by using a combination of transactions. They can take the form of tailor-made over-the-counter (OTC) options or warrants. The range of exotic options is unlimited, so, in this document it is impossible to describe the multitude and variety of risks entailed by each “exotic” option. Some of the more frequently used exotic options are the options depending on the overall evolution of the underlying. In this case, the market value of the underlying asset is important not only at the expiry date (or exercise date) - the investor needs to take into account potential fluctuations in the market value of the underlying during all the life of the option in order to assess the chances of gains or risks of losses. This group includes barrier options: the rights attached to such options arise (knock-in options) or expire (knock-out options) fully and irrevocably only when, during a period determined in advance, the market value of the underlying reaches a fixed threshold.

Swaps

A swap is a bilateral contract by which the parties agree to exchange one stream of cash flows against another stream based on a predetermined nominal amount of a specific currency at predetermined periodical dates until the maturity date of the contract.

Swaps are over-the-counter instruments and are usually used for hedging, speculation or arbitrage. The risk associated with these instruments is significantly high.

Swaps are distinguished in the following main categories:

- **Interest rate swaps:** swaps, which involve an exchange of cash flows determined on the base of different interest rates and/or reference interest indexes; these are typically used for interest rate risk hedging;
- **Currency Swaps:** Swaps involving two different currencies that are offered for hedging foreign exchange and interest rate risk;
- **Commodity Swaps:** Swaps whose payments are based on the return of indices on commodities and are offered for hedging from commodities' price volatility;
- **Freight Rate Swaps:** Swaps whose payments are based on freight rate indices for transporting goods by sea.

Here are some specific instruments in the Interest Rate Swaps category:

- **Floating to Fixed Interest Rate Swap;**
- **Forward Starting Interest Rate Swap;**
- **Variable Swap** - a financial product used to fix the floating reference interest rate (Euribor/Libor) at a lower interest rate than that of the plain vanilla interest rate swap up to a certain upper barrier or a reference rate.
- **In Arrears Swap;**
- **Quanto Swap;**
- **Range Accrual Swap** - a financial product for fixing the floating reference interest rate (Euribor/Libor) at a lower interest rate than that of the plain vanilla Interest Rate Swap within a range of certain interest rate limits;
- **Multiplier Swap** - a financial product for fixing the floating reference interest rate (Euribor/Libor) at a lower interest rate than that of the plain vanilla Interest Rate Swap up to a certain upper barrier;
- **Cancellable Swap;**
- **Floating to Floating or Basis Swap.**

Swaps: risks

1) Forex Swap: FX swaps typically consist of two legs – a spot foreign exchange transaction and forward foreign exchange transaction; the forward-forward swap where the two transactions are performed at two different forward dates is also common. Thus, the risks relevant to forward transactions described hereinabove must be taken into account.

2) Interest Rate Swap: The major risks that need to be taken into account are, as follows:

- **Counterparty risk:** non-payment by the counterparty of the amount required under the contract. If the swap is terminated before the date of the last scheduled cash flow and the market value of the position of any of the parties is positive, it will be owed a termination amount and therefore will have credit exposure to its counterparty.
- **Termination risk:** the risk that the contract will be terminated before the initially contracted date while the party concerned will not succeed in contracting a replacement transaction with similar parameters including due to poor creditworthiness of this party.
- **Collateral posting risk:** the risk that the party might be required to provide a security for its obligations under the swap.
- **Basis risk:** the risk of mismatch between the actual floating rate of servicing the debt service obligation and the floating interest rate indices used to determine the payments under the swap.
- **Tax risk:** the risk ensuing from potential tax events that might influence the sufficiency of payments under the swap.
- **Rollover risk:** the risk of mismatch between the maturity date of the swap and that of the hedged instrument (or loan).
- **Credit risk:** the risk of an event that might change the credit quality or credit rating of one of the two parties under the transaction.
- **Market value risk** (arising from the involvement of fixed payments) and **cash flow risk** (arising from the involvement of floating payments);

- **Volatility and correlation risk:** some swaps exhibit considerable convexity and their value depends to a large extent on the volatility and the correlations of the relevant forward rates.

Investment risks

The present document gives a brief outline of the main characteristics and risks associated with financial instruments; specific queries require the services of a qualified investment professional. This document does not deal with the tax consequences pertaining to transactions in financial instruments; the services of tax experts are recommendable in this connection prior to any investment decision.

Historical returns of the various financial instruments do not ensure future performance. Every investment on any financial instrument is exposed to one degree or another, to all or some of the following risks:

- **Economic risk:** Changes in the activity of a market economy always influence prices of financial instruments and exchange rates. Prices are fluctuating more or less according to the downward or growth trends of the economic activity. The duration and scope of the economic downward or growth trends are variable, as are the repercussions of those variations on the different sectors of the economy. In addition, the economic cycles may vary depending on the different countries. Failure to take these factors into account as well as a mistaken analysis of the development of the economy when taking an investment decision may lead to losses. In particular, one must take into account the impact of the economic trends on the evolution of investment prices. Depending, inter alia, of economic trends, good past performance of a financial instrument is no guarantee of good future performance of the same investment. Price losses, entailing losses to the investor, are always possible. Therefore, an investor must at all times ensure that his investments are appropriate in view of the economic situation and, if necessary, make necessary changes in his portfolio.
- **Systemic Risk:** It is the risk of a change in the value of a financial instrument due to specific market-related factors;
- **Non-Systemic Risk:** Non-systemic or specific risk is the risk of a change in the value of a financial instrument due to specific factors that influence the issuer of the instrument (issuer's financial results, market sector);
- **Market Risk:** It is the risk of unfavorable changes in general market factors such as interest rates, stock and index prices, exchange rates, commodity prices, changes in volatility.
- **Interest Rate Risk:** The risk derived from unfavorable changes in interest rates and their consequent effect on the present value of an investment's future cash flows.
- **Inflation Risk:** The loss of the real value (buying power) of the capital due to a larger than expected increase in the level of inflation. This might result in negative consequences for the value of the investment, as well as for the actual return on investment. Hence, the investor should take into account actual yields, i.e. the difference between the nominal interest rate and the inflation rate for fixed-rate products. Therefore, when the inflation rate exceeds the yield generated by the financial instruments (gains in capital and interests), this will lead to a loss in the value of the capital actually invested.
- **Portfolio Management Risk:** It is the risk that depends on the investment strategy that is being followed or on the ability of the portfolio manager to act according to the best portfolio management practices.
- **Credit Risk:** It is the risk of loss due to the possibility that the counterparty will not meet his/her contractual obligations.
- **Early Redemption Risk:** Some types of bonds give the issuer the right to recall and redeem them before their maturity date. The risk originates from the possibility that the bonds will be recalled at an unfavorable price for the investor;
- **Foreign Exchange Risk:** The risk originating from unfavorable changes in the exchange rate of the currency at which the financial instrument is valued.
- **Liquidity Risk:** The risk of not being able to liquidate a financial instrument within a reasonable time at a price close to its current market price. Financial instruments that historically present large marketability entail low liquidity risk (e.g. US T-Bills).
- **Legal Risk:** The risk that financial instruments contracts do not include detailed and clear information on the financial instruments' characteristics and value at maturity. This may happen in over-the-counter transactions whereas in regulated markets transactions the legal risk is lower.
- **Operational Risk:** The risk originating from factors such as people, systems and processes. For example, the risks of a client's order being executed incorrectly or not in timely manner by the broker, or the risk of having

the trade – matching system or derivatives settlement system broken down.

- **Basis Risk:** The risk of deviation between the prices of derivatives and the prices of their underlying financial instruments due to the exchange market conditions or rules imposed by the derivatives or underlying instruments market regulators.
- **Country risk and transfer risk:** It may happen that a foreign debtor, although solvent, be unable to pay interest or repay his/her debts upon maturity or even completely defaults on his/her debts due to the unavailability of the foreign currency or to currency exchange controls triggered, for instance, by economic, political or social instability in the relevant country. The ensuing unavailability of the foreign currency or currency exchange controls may indeed lead to defaults on payments for the investors. Concerning financial instruments issued in a foreign currency, the investor risks to receive payments in a currency which turns out not to be convertible anymore because of exchange controls. Moreover, even in the absence of any crisis, state intervention in some economic sectors (e.g. nationalization) may have an influence on the value of investors' assets. In certain extreme cases, investors' assets can even be confiscated or frozen by local authorities or investors' rights can be restricted. As a matter of principle, there is no means to hedge against such risks. Yet, still, the credit ratings of the countries, as determined by the major credit rating agencies and published in the financial press, may be used as a useful reference point for investors from that point of view. In general, instability in the political and/or economic and/or social situation of certain countries may lead to quick price fluctuations.

The markets in which the various financial instruments are traded are subject to considerable fluctuations and the Bank can not guarantee specific returns or the quotation of the above mentioned instruments at any given time.

This document does not pretend to describe all risks inherent to investments in financial instruments. Its objective is rather to give basic information and to make clients aware of the existence of the risks inherent to all investments in financial instruments. Clients should not enter into any investment transaction before being sure to master all the risks and having adapted their investments to their assets, needs and experience.

Eurobank EFG Bulgaria AD notifies explicitly its (potential) clients of the risk by concluding of deal/s with derivative instruments of losing the whole investment made, as well as to incur other financial losses. By signing of the General Terms and Conditions the Client declares explicitly that he/she is aware of all possible risks by conclusion of deal/s with derivative instruments, incl. of risks described in the present Enclosure № Enclosures 3, and that he/she is notified in written by the Bank that the offered investment service might be inappropriate for the Client in view of his/her knowledge and experience. By submitting an order for conclusion of deal with financial instruments, the Client declares, without necessity of additional explicit expression from him/her, that the service is provided on his/her own initiative, as well as the Client bears and shall bear all of risks and possible financial losses, caused by or related with the deal.

9. Money market instruments, including OTC money market instruments.

This category includes a number of financial instruments commonly traded on the money market, such as short-term government securities (treasury bills – refer above for further information), certificates of deposit and other commercial paper except for payment instruments. It is commonly perceived that within this category fall such money market instruments are the debt securities or other debt financial instruments having original or remaining maturity of less than 1 year.

Although they are usually considered as less risky- mainly because of the short maturity- these instruments carry all risks typical for the debt securities (for comparison, refer to items 3 and 4 above concerning corporate, municipal and government bonds).

The rules established above in respect of the shares concerning the disclosure of information by the Bank on price volatility, on the prospectuses (when the money market instruments are issued through public offering or are listed on a regulated market), and on margin purchases, apply also to the money market instruments specified herein.

By signing the General Terms and Conditions applicable to contracts with clients for provision of investment and ancillary services the Client declares that he has received the general description of the financial instruments subject of transactions for which the Bank provides investment and/or ancillary services, as well as description of the relevant risks, he is aware of this information, understands it and accepts it.