

# **GENERAL TERMS FOR PERFORMANCE OF TRANSACTIONS WITH FINANCIAL INSTRUMENTS**

INTRODUCTION .....	3
I. CLIENTS CLASSIFICATION.....	3
II. PRODUCT GOVERNANCE .....	4
III. INFORMATION ABOUT THE CLIENT. APPROPRIATENESS ASSESSMENT.....	4
IV. THE DECISION MAKER.....	5
V. PROVISION OF <i>EX ANTE</i> AND <i>EX POST</i> INFORMATION .....	5
(i) <i>Ex ante</i> information about the costs.....	6
(ii) <i>Ex post</i> information about the costs .....	6
VI. REPORTS AND RECORD KEEPING .....	6
VII. INCENTIVES .....	6
VIII. RULES APPLICABLE TO RELATIONS WITH ‘ELIGIBLE COUNTERPARTIES’ / ‘PROFESSIONAL CLIENTS’ .....	7
IX. TYPES OF FINANCIAL INSTRUMENT TRANSACTIONS .....	8
(i) Transactions with financial instruments .....	8
(ii) Sale/purchase instructions for financial instruments .....	8
(iii) Financial instrument custody. Conditions for custody .....	8
X. RULES CONCERNING THE EXECUTION AND HANDLING OF CLIENTS’ INSTRUCTIONS.....	9
XI. INFORMATION PROVISION VIA A SUSTAINABLE MEDIUM .....	9
XII. APPLICATION OF GENERAL TERMS OF TRANSACTIONS WITH FINANCIAL INSTRUMENTS.....	9
XIII. AMENDMENTS .....	10
XIV. PERSONAL DATA PROTECTION (‘PERSONAL DATA’) .....	10
XV. GENERAL INFORMATION ABOUT THE BANK.....	11

## INTRODUCTION

These 'General Terms for Performance of Transactions with Financial Instruments' govern the general framework for the provision by UniCredit Bank S.A., a dual tier management system, with its headquarters in Romania, Bucharest, 1F Expozitiei Blvd., registered in the Trade Registry no. J40/7706/1991, registered in the Banking Registry under no. RB-PJR-40-011/18.02.1999 and with the ANSPDCP under notice no. 10964, sole registration number 361536, fiscal attribute RO, European Union Unique Identifier (EUID) ROONRC.J40/7706/1991, share capital subscribed and paid-up RON 455,219,478.30, through its territorial units (hereinafter referred to as the '**Bank**') to its clients, (hereinafter referred to as the '**Clients**', and individually, the '**Client**') of the services with financial instruments falling under the scope of the following legislation:

- (i) Directive 2014/65/EU on markets in financial instruments and amending the Directive 2002/92/EC and the Directive 2011/61/EU ('**MiFID 2 Directive**') and all related secondary regulations, as well as the related instructions and documents (of the type Questions and Answers) issued by the European Securities and Markets Authority (ESMA) in order to define the minimum requirements of the MiFID 2 Directive;
- (ii) Law on markets in financial instruments no. 126/2018 transposing into national legislation, among others, the MiFID 2 Directive ('**Law 126**'); and
- (iii) Regulation (EU) No. 600/2014 on markets in financial instruments and amending the Regulation (EU) no. 648/2012 ('**MiFIR Regulation**').

These legislative provisions are intended, among other things, to harmonize at European level the regulations regarding the provision of financial investment services and to ensure a high level of protection for the investors and of transparency of transactions.

The General Terms for Performance of Transactions with Financial Instruments have the legal force of a contract, being binding both for the Bank and for the Client.

## I. CLIENTS CLASSIFICATION

In accordance with the above legislative provisions, before providing any investment activity or service, the Bank has the obligation to classify the Clients into one of the following categories:

- (i) **Professional Client** – is the client who has the experience, knowledge and competence required in order to make their own investment decisions and to assess correctly the related risks. The categories of professional clients are those listed in Annex 2 to Law 126;
- (ii) **Eligible counterparty** – this is a sub-group of the Professional Client category, which only refers to the provision of services involving the execution of orders on behalf of the client and/or trading on own account and/or the reception and transmission of orders; as regards other investment services, these clients shall be classified as Professional Clients; Law 126 recognizes as eligible counterparties the investment firms, credit institutions, insurance companies, the UCITS (undertaking for collective investment in transferrable securities) and their management companies, pension funds and their management companies, other financial institutions authorized and regulated under the European Union law or under the domestic law of another Member State, the national government and their services, including public bodies in charge of the management of public debt at national level, central banks and supranational organizations;
- (iii) **MiFID Retail Client** – a client who is not professional.

The MiFID Retail Clients enjoy the highest level of protection, while the Eligible counterparties enjoy minimum protection.

Every Client is informed by the Bank about the category of clients to which they were assigned under Law 126 and about their right to request the reclassification into another category in compliance with the conditions laid down in Law 126.

Insofar as the legal requirements laid down in Law 126 are fulfilled, the Clients have the right to be reclassified as follows:

- (i) A Professional Client, if they were originally classified as MiFID Retail Client and they comply with the legal requirements for the category of Professional Clients;
- (ii) A MiFID Retail Client, if they were originally classified as a Professional Client;
- (iii) An Eligible counterparty, if they were originally classified as a Professional Client and they comply with the legal requirements for the category of Eligible counterparty; or
- (iv) A Professional Client or MiFID Retail Client, if they were originally classified as an Eligible counterparty.

The Client confirms that every transaction bears a certain market risk and they will be informed by the Bank about the respective risks and that they are able to assess the fund and to understand the transactions (by themselves or by using independent specialized consultancy), and they understand and accept the terms, conditions and the corresponding risk, presented in advance by the Bank in accordance with the protection level provided to the Clients according to their category. In addition, the Client is able to assume and assumes the risks of the transaction enjoying the adequate level of investor protection and the transparency of transactions.

## **II. PRODUCT GOVERNANCE**

In order to reduce any potential conflicts of interests and risks of inadequate sale, the Bank implements the product governance requirements introduced by the MiFID 2 Directive and the ESMA MiFID 2 Guideline regarding the requirements for product governance concerning the creation and distribution of financial instruments.

Hence, for every financial instrument created and/or distributed by the Bank to Clients, the Bank will identify a 'target market', both positive and negative. The Bank will only sell/distribute the financial instruments if the Client fits into the positive target market for the respective product. For the purpose of an adequate classification, the Bank will request the Client to provide additional information in order to verify the compatibility of the product with the situation, objectives and needs of the Client.

As the negative target market represents a specific indication of those Clients whose needs, characteristics and objectives are not compatible with the product and to whom the product should not be distributed, the sale to Clients of this group could only take place in exceptional situations and when all the other legal requirements are complied with (including those regarding the information, appropriateness assessment, identification and management of the conflicts of interests).

## **III. INFORMATION ABOUT THE CLIENT. APPROPRIATENESS ASSESSMENT**

When providing investment services, the Bank will obtain from the Client or potential Client information regarding their knowledge and experience in the investment field, which is relevant for the type of instrument or service provided or requested.

The appropriateness assessment implies the confirmation, based on the information provided by the Client, of the fact that the Client has the level of experience and knowledge necessary to understand the risks implied by the financial instrument or the investment service provided or requested.

The Bank is entitled to assume that a Professional Client has the experience and knowledge necessary to understand the risks implied by a certain investment service or transaction or types of transactions or products for which the Client is classified as a Professional Client.

The Bank will warn the Client when, based on the information obtained and on the appropriateness assessment, it estimates that the requested product or service is inappropriate. Although the appropriateness assessment returns a negative result, the Client may still request the provision of the investment service.

#### **IV. THE DECISION MAKER**

Under the Delegated Regulation (EU) 2017/590 supplementing MiFIR Regulation, where the Client is not the person who makes the investment decision regarding a transaction which is subject to reporting under the MiFIR Regulation, the transaction report shall identify the person who makes such decision on behalf of the Client.

Therefore, the Client undertakes to inform the Bank in case the Client is not the person who makes the investment decision and to communicate to the Bank all the details regarding the decision maker in order to fulfill correctly and completely the reporting obligation.

#### **V. PROVISION OF *EX ANTE* AND *EX POST* INFORMATION**

The Bank provides its Clients with adequate information concerning the characteristic of the financial instrument and investment service, the corresponding risks and costs, in order to allow their Clients to make informed investment decisions.

When provided in a standard format, the information refers to: (i) the Bank and the investment services, financial instruments, including warning about the investment-related risks; (ii) the execution venues; (iii) all the costs and expenses related to the transaction and the service provided; and (iv) the protection of clients assets and financial instruments.

With regard to the *ex ante* and *ex post* information to the Clients about the costs and expenses, the Bank will agree the following:

- (i) all the costs and expenses levied by the Bank or by third parties in case the Client was directed to third parties, corresponding to the investment service (s) and/or auxiliary services provided to the Client; and
- (ii) all the costs and expenses related to the production and management of financial instruments.

When providing investment services, the Bank will provide the Clients, in the *ex ante* and *ex post* information, with an example to prove the cumulated effect of costs on return. Where a part of the total costs and expenses is to be paid in a foreign currency or represents an amount expressed in foreign currency, the Bank will indicate the currency and the applicable exchange rate, as well as the conversion-related expenses.

All the costs and expenses, including tax-related ones, will be indicated in the report presented to the Client as required by law.

**(i) Ex ante information about the costs**

The Bank's obligation to provide in due time a complete *ex ante* information about the costs and expenses agreed for the financial instrument and investment or the auxiliary service provided shall apply in case of selling financial instruments to the Clients or in case the Bank is obliged to provide the Clients with a KIID (under the applicable UCITS regulations) or a KID (under PRIIPs) concerning the respective financial instruments.

Where the Bank does not sell a financial instrument or it has no obligation to provide the Client with a KID/KIID, the Bank is however obliged to provide the Client with *ex ante* information about all the costs and expenses related to the investment service and/or auxiliary service provided.

The *ex ante* information concerning the costs related to the financial instrument or the auxiliary services may be provided based on a hypothetical value of the investment. However, the costs and expenses communicated should represent the costs that the Client would actually have to pay based on the respective hypothetical value of the investment. Where the actual costs are not available, reasonable estimates are required.

**(ii) Ex post information about the costs**

In case of *ex post* information, the information about the costs and expenses shall reflect the real value of the Client's transaction at the time when the communicated information is prepared.

The Bank provides annual *ex post* information about all the costs and expenses related both to the transactions made and to the investment service and the auxiliary service provided, in case the Bank traded the financial instrument or in case it submitted to the Client the document containing key-information and the document containing key-information dedicated to investors concerning the respective financial instrument and in case it had and when it has or had a permanent relationship with the respective Client throughout the year. This information is based on the costs incurred and is customized.

## **VI. REPORTS AND RECORD KEEPING**

The Bank will provide the Clients with reports about the services provided to them, under the applicable legal provisions.

In addition, the Bank will record any phone conversation or electronic communication as well as the face to face conversations with the Clients, concerning the transactions or those intended to result in transactions.

## **VII. INCENTIVES**

The incentives represent tariffs, commissions or any other financial or non-financial benefits related to investment services and auxiliary services. The incentives shall comply with certain requirements in order to be considered lawful and thus to be allowed to be received or paid by the Bank when it provides investment services.

With regard to the provision of investment services/activities, the Bank may collect or pay fees, commissions or other non-monetary benefits from or to third parties, other than the Client, subject to compliance with the following:

- (i) the incentives (monetary or not) are justified by the provision of additional services or services of a higher level to the respective Client;

- (ii) the incentives are not a direct benefit for the recipient company, its shareholders, employees without having any tangible advantages for the respective Client;
- (iii) where incentives are granted on a continuous basis these are justified by the provision of an additional service on a continuous basis to the Client.

The Bank will submit to the Client, in due time before the provision of the investment service or activity, an information about the incentives received or paid from or to third parties, with regard to the provision of investment services and activities. Moreover, the Bank will submit to its Clients at least once a year, a report indicating the total incentives received or paid.

## VIII. RULES APPLICABLE TO RELATIONS WITH ‘ELIGIBLE COUNTERPARTIES’ / ‘PROFESSIONAL CLIENTS’

The Clients classified as ‘eligible counterparties’ are excepted from most of the investor’s protection requirements set forth in the MiFID 2 Directive.

When providing investment services to ‘eligible counterparties’, the Bank shall always fulfil the following investor protection criteria set forth in the MiFID 2 Directive:

- (i) Article 24(4) and (5) of MiFID 2 Directive concerning the information to be provided in due time to clients or potential clients about the Bank and the services provided, financial instruments, execution venues and related total costs and expenses;
- (ii) Article 25(6) of MiFID 2 Directive concerning the reports to be submitted to the clients by the Bank in relation to the investment services provided;

With regard to the information and reporting obligations, the above provisions shall be complied with by the Bank in its relation with the ‘eligible counterparties’ having regard to the proportionality principle; with regard to information about the costs and expenses and the reporting obligations to eligible counterparties, the Bank shall comply with the following provisions set forth in the Delegated Regulation (EU) 2017/565:

- (i) Article 50 (1) **Information about related costs and expenses**: without prejudice to the obligations set forth in article 24 paragraph (4) of the MiFID 2 Directive, the investment companies providing investment services to Eligible Counterparties shall be entitled to agree with them on a limited application of the detailed requirements established herein, except for the situation where, irrespective of the investment service provided, the respective financial instruments contain a derivative financial instrument, and the Eligible Counterparty intends to provide them to its clients.
- (ii) Article 61 – **Obligations to report regarding eligible counterparties**: the requirements applicable to the reports dedicated to the MiFID Retail Clients or to the Professional Clients, under articles 49 (**Information on the protection of financial instruments or of clients’ funds**) and 59 (**Obligations to report on the execution of orders, others than portfolio management orders**), shall also apply in case of Eligible Counterparties, except for the case where the Bank enters into agreements with such counterparties to establish the content and deadlines for the reports.

With regard to Professional Clients, without prejudice to the obligations set forth in article 24 paragraph (4) of MiFID2 Directive, the investment companies providing investment services to Professional Clients shall be entitled to agree with them on a limited application of the requirements of information on the related costs and expenses, except for the situation where, among other things, the respective financial instruments contain a derivative financial instrument.

## **IX. TYPES OF FINANCIAL INSTRUMENT TRANSACTIONS**

### **(i) Transactions with financial instruments**

For the purpose of trading government bonds, corporate bonds and municipal bonds, domestic or international, the Client shall enter into a contract with the Bank for the trade of financial instruments, and for trading derivative financial instruments, a master agreement for transactions with derivative financial instruments shall be entered into, and such contracts shall be supplemented by the terms and provisions of these General Terms for Performance of Transactions with Financial Instruments and by the provisions of the applicable legislation.

### **(ii) Sale/purchase instructions for financial instruments**

- (1) The Bank shall execute the sale or purchase instructions for financial instruments listed or traded in the official markets under the legislation in force.
- (2) For all instruments traded in foreign markets, the Bank shall be authorized by the Client to choose the execution venue; the execution shall in this case be subject to the rules and customs of the stock exchange or of the free market at the execution venue.
- (3) The Bank has the right not to execute, totally or partially, the instructions or to cancel the execution thereof in case of insufficient balance in the Client's current account.
- (4) The Bank may not be involved in financing transactions with financial instruments concerning the financial instruments held on behalf of a Client or to use such instruments in any other way for its own account or for the account of another Client of the Bank, unless the conditions required by the applicable legislation in force are fulfilled.
- (5) Any objections against the approval of transactions with financial instruments shall be submitted immediately, using the fastest means of communication, but no later than 24 hours from the reception of the confirmation of transaction performance.

### **(iii) Financial instrument custody. Conditions for custody**

- (1) Upon Client's request, the Bank safekeeps the financial instruments belonging to its Client, which are held in custody, in accordance with the legislation in force.
- (2) The Bank does not use any of the financial instruments kept in custody or the rights arising from such instruments and does not transfer these financial instruments without the Client's explicit consent.
- (3) The Bank shall return to the Client according to the law, upon the Client's request, the entrusted financial instruments.
- (4) The Bank shall have the right to keep in custody the financial instruments belonging to its Clients, into separate accounts, opened on each Client's name.
- (5) The Bank shall be liable, under the norms of the Financial Supervisory Authority, for keeping carefully and safely the financial instruments entrusted to it.
- (6) Custody accounts shall be opened according to the internal procedure and to the legal regulations in force provided that the Client complies with the rules established by the Bank for opening such accounts, based on the documents requested by the Bank and made available by the Client when they apply for an account opening.
- (7) The Bank shall be authorized to register the financial instruments held by the Client on the Client or the Bank's name.



- (8) Neither the Client nor any other person may raise claims against the third party (sub-custodian) keeping the financial instruments in custody, such claims may only be raised by the Bank that entrusted the financial instruments to the third party (sub-custodian) for safekeeping.

## **X. RULES CONCERNING THE EXECUTION AND HANDLING OF CLIENTS' INSTRUCTIONS**

- (1) When executing the Client's instructions, the Bank shall take all the measures required in order to obtain the best results possible for its Client.
- (2) When the Client submits a specific instruction, the Bank shall execute the transaction accordingly.
- (3) The Bank shall provide the Client with adequate information about the transaction execution policy and shall submit to the Client a copy of the respective policy.
- (4) In case of instructions submitted by phone, the Bank shall ensure their registration as required by the law.
- (5) The Bank shall promptly communicate to the Client its refusal to perform an instruction and the corresponding justification.
- (6) The Bank shall not use abusively the information about the Client's pending instructions and shall take all the measures necessary in order to prevent such abusive use of this information by any relevant person within the Bank.
- (7) In case of instructions received by phone, the Bank may, as a precautionary measure, and before executing them, request the Client to confirm them by e-mail, on the Client's expense, depending on the nature of the existing situation.

## **XI. INFORMATION PROVISION VIA A SUSTAINABLE MEDIUM**

Under the Delegated Regulation (EU) 2017/565 supplementing the MiFID2 Directive, the Client gives their explicit consent to the provision by the Bank using the website of the following information which is not intended for the Client personally:

- (i) information about the Bank and the services provided to the clients;
- (ii) information about the financial instruments;
- (iii) information about the protection of financial instruments or of the clients' funds;
- (iv) information about the related costs and expenses;
- (v) details about their execution policy.

## **XII. APPLICATION OF GENERAL TERMS OF TRANSACTIONS WITH FINANCIAL INSTRUMENTS**

- (1) Where a Client requests the Bank to perform transactions with financial instruments, the Client shall accept the General Terms for Performance of Transactions with Financial Instruments and the General Terms of Use/General Terms of Business of the Bank (as applicable) with regard to the performance of transfers/cash operations related to transactions with financial instruments.
- (2) The Bank shall not enter any contractual relationship with the Client unless the Client accepted these General Terms for Performance of Transactions with Financial Instruments.
- (3) As of the date of reception of the General Terms for Performance of Transactions with Financial Instruments, Clients shall submit to the Bank their true situation and any documents and information requested by the Bank.

- (4) These General Terms for Performance of Transactions with Financial Instruments shall be supplemented by (i) the provisions of the General Terms of Use/General Terms of Business of the Bank, as applicable, (ii) any contracts entered into between the Client and the Bank for the performance of such transactions as well as (iii) the legal provisions applicable and the international rules and customs.
- (5) In case of conflict between the provisions of these General Terms for Performance of Transactions with Financial Instruments and the provisions of the contracts whereby various banking products and services are made available to the Client, the respective provisions from the specific contracts shall prevail.
- (6) In case of conflict between certain provisions of these General Terms for Performance of Transactions with Financial Instruments and the provisions of the General Terms of Use/General Terms of Business of the Bank, the respective provisions of the General Terms for Performance of Transactions with Financial Instruments shall prevail.
- (7) In the event of discrepancies between the Romanian language version of these General Terms for Performance of Transactions with Financial Instruments and its English translation, the Romanian language version shall prevail over the English translation.

### **XIII. AMENDMENTS**

- (1) When deemed appropriate, the Bank may decide unilaterally to amend these General Terms for Performance of Transactions with Financial Instruments.
- (2) Any amendments to these General Terms for Performance of Transactions with Financial Instruments shall be notified to the Client in writing or by any other means of communication agreed with the Client or displayed at the headquarters of the territorial units of the Bank or published on the webpage of the Bank and will become binding upon the Clients starting with the date of notification/display/publication, as applicable.

### **XIV. PERSONAL DATA PROTECTION ('PERSONAL DATA')**

The personal data of the natural person clients and of the representatives of legal person clients shall be processed under the Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (the "Regulation"), for the purpose of performance of the contract, fulfilment of legal obligations and for legitimate purposes (e.g. fraud prevention, production of internal reports, application of client analysis measurements according to the applicable legislation, etc.).

The Bank and the legal person client shall ensure the security standards for Personal data processing under art. 32 of the Regulation, by making and applying all the technical and operational measures adequate for Personal data protection against any accidental or unlawful destruction, loss, modification, disclosure or unauthorized access and against unlawful processing.

The Bank and the legal person clients shall inform directly, according to art. 12 and 13 of the Regulation, their representatives/employees mandated in relation to the other party regarding the latter's Personal data processing for the above-mentioned purposes.

The natural person client was informed about his/her Personal data processing (including the rights set forth in the Regulation and how to exercise them), in the Information Notice.

## **XV. GENERAL INFORMATION ABOUT THE BANK**

The Bank holds all the licenses required for the performance of the investment activities and services it provides to its Clients.

### **Contact details:**

Address: 1F Expozitiei Blvd., district 1, postal code 012101, Bucharest

Phone: +40 21 200 2020 (normal fee from the landline network Telekom Romania)

\*2020 (normal fee in mobile networks Orange, RCS&RDS, Telekom Romania, Vodafone)

Email: [infocenter@unicredit.ro](mailto:infocenter@unicredit.ro)

Website: [www.unicredit.ro](http://www.unicredit.ro)

### **Supervisory authorities of the Bank:**

- (i) The National Bank of Romania (NBR), having its headquarters in Romania, Bucharest, 25 Lipsani Street, district 3, postal code 030031; and
- (ii) The Financial Supervisory Authority, having its headquarters at 15 Splaiul Independentei Street, Bucharest, fax 021.659.60.51 or 021.659.64.36, e-mail: [office@asfromania.ro](mailto:office@asfromania.ro).