

## **GENERAL PROVISIONS FOR PAYMENT SERVICES PART OF FRAMEWORK AGREEMENT WITH MKB UNIONBANK AD**

These General Provisions shall govern the terms of MKB Unionbank AD (the Bank), entered in the Companies Registry of the Registry Agency under UIC 831596033, having its seat and address of management in Sofia, 30-32 E.I. Totleben blvd., for provision of payment services to individuals and legal persons (Clients).

### **A) Information for Clients, which the Bank supplies before proceeding with a payment service**

#### **I. Payment services, characteristics**

##### **1. Types of payment services provided by the Bank:**

- 1.1 Depositing of available cash to a current account and the related operations for servicing the current account;
- 1.2 Drawing available cash from a current account and the related operations for servicing the current account;
- 1.3 Payment transactions, including transfer of funds to a Client's current account with the Bank or another credit institution:
  - a) direct debiting in BGN, including single direct debits in BGN;
  - b) payment transactions from debit cards or other similar instruments;
  - c) credit transfers;
  - d) orders for periodic credit transfers in BGN;
- 1.4 Payment transactions when the funds are part of a credit granted to the Client:
  - a) direct debiting in BGN, including single direct debits in BGN;
  - b) payment transactions from debit cards or other similar instruments;
  - c) credit transfers;
  - d) orders for periodic credit transfers in BGN;
- 1.5 Issuance of payment instruments and/or acceptance of payments with payment instruments;
- 1.6 Performance of available cash payments in national currency;
  - 1.6.1 Performance of available cash transfers in foreign currency by order of a Client who is a individual person for up to EUR 1,000 or its equivalent in another currency.
- 1.7 Payment transactions for which the Client's consent for performance of the transaction has been given from a telecommunication, digital or information device and the payment has been effected to the operator of the telecom or information system or network who shall only be a mediator between the client and the supplier of commodities or services.

##### **2. Mandatory information to be provided by the client for the purpose of correct execution of a payment order:**

- 2.1 Correct and full name of the counterparty to the payment operation, his/her unique identifier (IBAN) and BIC code of the counterparty's bank;
  - 2.1.1 "Type of payment" (to the account of the beneficiary), when the payment order/deposit slip for payment from/to the budget is directed to an account whose account identifier begins with 8 (administrators of public receivables).
- 2.2 All duly completed statistical forms, declarations and other documents in accordance with the requirements of the applicable legislation, the provisions of the Law on the Measures against Money Laundering, as well as other statutory instruments effective on the territory of the Republic of Bulgaria.
- 2.3 Documents required in compliance with the measures against money laundering and anti-terrorism – for client identification, identification of his/her legal representatives and persons authorised thereby, and the Bank shall also have the right to copy the documents submitted.
- 2.4 The Bank operates in compliance with the provisions of the European Regulation No. 1781/2006 on information on the payer (ordering client) accompanying transfers of funds and Regulation (EC) No. 924/2009 of the European Parliament on cross-border payments in the Community.

##### **3. Permission of payment transactions:**

- 3.1 The Bank shall assume that the payment transaction has been authorized when the Client has ordered it and has given a written consent for its performance on paper or electronically.
- 3.2 The Client shall declare such consent prior to the payment transaction or, if anything else is agreed with the Bank pursuant to the Framework Agreement for the respective bank product – after it is performed.
- 3.3 The Client may at any time withdraw the submitted pay order or consent, but not later than the time at which the payment transaction has become irrevocable as per Section IX hereof.
- 3.4 The orders and consents for performance of payment transactions should be in conformity and shall contain the requisites under Regulation # 3 for the terms and procedures for performance of payment transactions and use of payment instruments (Regulation # 3).

#### **4. Time frames for receipt and acceptance of payment orders:**

- 4.1 Pay orders shall be received within the office hours for clients. The Bank shall accept client orders through Internet Banking 24 hours a day.
- 4.2 The Bank shall accept for execution with current value date transfer orders for payment in BGN, received at the Bank until 2:00 p.m. on the same business day, and those received after said hour, with value date of the next office day.
- 4.3 The Bank shall accept for execution payment transactions which have been electronically ordered through Internet Banking within the following time frames:
  - 4.3.1 Orders for payment in BGN, received by the Bank not later than 2.45 p.m. shall be executed at the value for the same date. Orders received after 2.45 p.m. shall be ordered for execution on the same day but with the value date of the next business day.
  - 4.3.2 Orders for payments in BGN through the RINGS system, received by the Bank not later than 3 p.m. shall be accepted for execution on the same office day. Orders received after 3.00 p.m. shall be ordered for execution on the same day but with the value date of the next business day.
  - 4.3.3 Orders for payments between the Financial Centers of the Bank or within a single Financial Center, received not later than 4:30 pm, shall be processed on the same day. Orders received after 4:30 p.m. shall be accepted for execution on the same office day and shall be processed on the following office day.
- 4.4 The Bank shall deem payment orders in foreign currency received not later than 3:00 p.m. accepted on the same business day. Those received after 3:00 p.m. the Bank shall deem received on the next business day.
- 4.5 The Bank shall execute the payments in the chronologic order of the payment documents submitted to it.
- 4.6 Where the time of receipt is a non-business day for the Bank, the payment order shall be deemed received on the first next business day.
- 4.7 When the client submitting a pay order and the Bank agree that this pay order shall be executed on a definite day or on the day following the expiration of a set period, or on the day on which the client submits to the Bank the relevant funds for execution of the order, the time of receipt of the pay order shall be the agreed day and, should this day be off-business for the Bank, on the next business day. To transfers with client-defined conditions of execution which are different from those above, the relevant paragraphs of the Tariff for Conditions, Fees and Commissions applied by MKB Unionbank AD (the Tariff) shall be applicable to bank services for individuals and legal persons.
- 4.8 Upon receiving a transfer in a foreign currency to an account in currency which is different from the transferred currency, the Bank shall revalorize ex-officio the amount at the official exchange rate on the day of crediting the Client's account and shall credit the account instructed by the correspondent.
- 4.9 Upon receiving a transfer in BGN to a bank account kept in a currency different from BGN, the Bank shall revalorize ex officio the amount at the "sell on account" exchange rate of the Bank for the day of receipt of the transfer and shall credit the account indicated in the transfer order.
- 4.10 The pay order may be executed only up to the available amount in the current account, the amount of the funds provided by the client for execution of a payment transaction or the size of the agreed credit, if any. The Bank shall not execute partial transfers on individual pay orders or requests for direct debit.
- 4.11 In the event of receiving a transfer in BGN, which is directed to a closed IBAN, the Bank shall return it to the ordering client.
- 4.12 In the event of receiving a foreign currency transfer directed to a closed IBAN and where the bank of the ordering customer is on the territory the European Community and the beneficiary indicated in the transfer has other active accounts with the Bank, the Bank shall account for the transfer on such other account of the beneficiary subject to obtaining the consent of the bank from which it received the SWIFT transfer message. If the bank from which the SWIFT transfer message is received does not authorize or does not reply to the Bank's enquiry within 20 business days, the Bank shall return the transfer to the ordering client.
- 4.13 In the event of receiving a foreign currency transfer directed to a closed IBAN B and where the bank of the ordering client is outside the territory the European Community, the Bank shall apply the customary banking practices.

#### **5. Value date and maximum term for execution of payment services**

- 5.1 In the event of payment orders in national currency, the Bank shall credit the payment account of the beneficiary's bank with the amount of the payment operation not later than the end of the next business day after receipt of the payment order by the client. This term may be extended with another business day upon initiation of payment operations on hard copy.
- 5.2 In the event of execution of payment operations in BGN via RINGS, the Bank shall secure crediting of the payment account of the beneficiary's bank on the business day of receipt of the payment order.

- 5.3 In the event of execution of transfer orders in foreign currency, the Bank shall credit the account of the beneficiary's bank not later than 3 business days from the date of receipt of the transfer order. For transfer orders submitted on hard copy this term may be extended with another business day.
  - 5.4 The Bank shall debit the client's current account with a value date not later than the business day on which the account of the Bank has been credited with the amount of the payment operation.
  - 5.5 The Bank shall debit the client's current account with a value date not earlier than the time of debiting the account with the amount of the payment operation.
  - 5.6 When the bank accounts of the ordering client and the beneficiary are opened with the Bank, the value date of crediting the payment account of the beneficiary shall be on the same business day.
  - 5.7 The Bank shall fix the value date of the crediting and shall make the amount of the payment operation available to the client upon receipt of the funds from the bank of the client's counterparty.
  - 5.8 When the client has no payment account with the Bank, the funds shall be made available to the client within the time frames referred to in items 5.1 – 5.7.
  - 5.9 When cash is deposited by the client to a current account with the Bank in the currency in which the respective current account is opened, the Bank shall make such amount available and shall fix the value date of crediting immediately upon receipt of the funds.
6. Limits for payments through payment instruments
- 6.1 The Bank and the Client may negotiate limits on payment transactions through payment instruments.
  - 6.2 The Bank shall set limits on the payment cards issued by it to the client in accordance with the General Terms for issuance and use of international debit and credit cards.

## **II. Fees, commissions, interest rates and exchange rates applied by the Bank to payment services**

7. All fees and commissions due by the client are specified by type and/or amount in the Tariff for the conditions, fees and commissions applied by MKB Unionbank AD in providing bank services to individuals and legal entities.
- 7.1 In case there is not sufficient availability in the client's current account for the payment of due fees and commissions, the Bank may collect the due amount from any other account of the client with the Bank. When the account is in another currency, the exchange rate of the Bank shall be applied to the respective currency on the day of the transaction.
8. The interest rates applied by the Bank to current accounts through which payment services are executed shall be according to the Interest Terms for current accounts and deposit products of MKB Unionbank AD for individuals and legal persons.
- 8.1 For determining the interest rates on current accounts in BGN, the Bank shall take into consideration the basic interest rate set by the BNB, the level of demand and supply of unengaged cash funds on the inter-bank market and the efficiency criteria in the Bank's interest policies. For determining the interest rates on current accounts in foreign currency, the Bank shall take into consideration the situation on the international market, as well as the demand and supply of foreign currencies on the local financial market.
9. Exchange rates (reference exchange rate) applied by the Bank in execution of payment services are determined in accordance with the "General Terms and Conditions of MKB Unionbank AD for spot transactions in FX sale/purchase with clients".
10. Any alterations in the interest rates applied by the Bank and the exchange rate shall become applicable immediately, unless other has been agreed in the Framework Agreement for the respective bank product.
11. The Bank shall supply the information under items 7-9 by type and/or value prior to execution of the Framework Agreement.

## **III. Manner of communication between the Bank and the client**

12. The Bank shall, at least once a month, notify the client about the executed transactions and any movement in the availability in his/her current account/s by periodic reports in the following form:
- a) on paper at the tellers' points in the bank office, given personally to the client or his/her authorized representative. The client shall receive at least once a month the reports provided to him/her, otherwise the Bank shall deem that the notification about the transactions under the accounts has been delivered.
  - b) by SMS or E-mail;
  - c) electronically – through the Internet Banking service;
  - d) in another way agreed with the client.
13. The Bank shall provide the client with the possibility of receiving upon request at any time a paper copy of the terms of the framework agreement and other information, excluding that under item 12, on the pay services used by the client end executed by the Bank.
- 13.1 The Bank may inform its clients by posting announcements and notifications on information boards in its offices and on its Website.
14. In cases when the Bank provides additional information or in periods shorter than those stipulated by item 12, the client shall pay fees in accordance with the applicable Tariff.

15. The Bank shall provide the information under items 12-14 in the Bulgarian language.
16. If the Framework agreement is executed, by request of the client, through distant communication and there is no possibility for the Bank to provide the information required under the PSPAA, the Bank shall perform its obligations immediately upon execution of the framework agreement. The client shall receive a paper copy of the framework agreement upon request at a teller's point in the Bank's office.

#### **IV. Protective measures**

17. Any client to whom the Bank has provided the right of using a certain payment instrument shall:
- 17.1 use the payment instrument in conformity with the terms for its issuance and use;
  - 17.2 notify the Bank or its authorized representative about the loss, theft or not permitted use of the payment instrument immediately upon establishing the fact;
  - 17.3 upon receiving the payment instrument, undertake any and all reasonable measures for preserving its personalized protection parameters, including to avoid writing any information about these parameters on the payment instrument and keeping such information in one place with the payment instrument;
  - 17.4 follow the Bank's procedure of notification for loss, theft or unauthorized use of a payment instrument provided under the General Terms of MKB Unionbank AD for internet banking and the General Terms of MKB Unionbank AD for issuance of international debit and credit cards.
18. The Bank shall:
- 18.1 guarantee inaccessibility of the personalized protection parameters of the payment instrument for persons other than the client, who shall be authorized to use the payment instrument without any effect on his/her liabilities;
  - 18.2 not send a payment instrument, if there is no request for it, except in exchange of a payment instrument already held by the client;
  - 18.3 store for 10 years the information allowing traceability of transactions made by the payment instrument;
  - 18.4 to provide all necessary technical and other possibilities of receiving notifications under item 17.2 from the client at any time;
  - 18.5 upon receiving notification from the client under the provisions of item 17.2 to prevent in a timely manner the use of the payment instrument.
19. The Bank may block the use of a payment instrument for objective reasons related to:
- 19.1. the security of the payment instrument;
  - 19.2. suspected unauthorized use of the payment instrument;
  - 19.3. fraudulent use of the payment instrument;
  - 19.4. considerably increased risk of the client being unable to cover his/her payment liability – in the case of payment instruments based on credit.
20. In cases covered by item 19, if possible before the blocking or immediately after that, the Bank shall inform the client about blocking of the payment instrument and the reasons for such blocking, unless providing such information is allowed on the grounds of security reasons or conformity with regulations preventing such notification.
21. The bank shall de-block the payment instrument or replace it with a new one after the reasons for blocking are cleared.
22. The client shall incur all loss related to any unauthorized payment transactions due to use of a lost, stolen or illegally used payment instrument, should the protection of personalized parameters of the card has been failed, and the maximum amount would be BGN 300.
23. The client shall incur any loss and damages, irrespectively of their size, related to unauthorized payment transactions if they are the result of deception or non-performance on one or more liabilities under item 17 intentionally or through gross negligence.
24. After the notification under the provisions of item 17.2, the client shall not suffer any proprietary damages resulting from the use of a lost, stolen or unlawfully used payment instrument, except in cases of fraudulent acts.
25. The client shall, without unreasonable delay, notify the Bank for any unauthorized or imperfect payment transaction within 15 calendar days from the date of receiving the periodical report, but not later than 13 months from the date of debiting his/her account causing the reason for claiming his/her rights.
- 25.1. The client shall, without any unreasonable delay, notify the Bank for any unauthorized or incorrect card payment transaction not later than 15 calendar days from the date of receiving the regular report.
26. It is assumed that the client has been notified about the unauthorized or imperfect payment transaction not later than reception of the information under item 46 hereof.
27. In the case of unauthorized payment transaction, the Bank shall promptly recover to the client, not later than 21 days following the receipt of notification under item 25, the amount of the unauthorized payment transaction and, whenever relevant, recover the client's current account to the status which it would have prior to the unauthorized payment transaction.

- 27.1** The Bank shall recover the amount of the unauthorized payment transaction within the period set in item 27 after completion of the procedure under the PSPSA for establishing the authenticity and the precision of the payment transaction, which shall allow the Bank to check the lawful use of a particular payment instrument, including its personalized security parameters.
- 28.** The Bank shall be responsible to the client for the precise execution of the payment transaction, unless it is capable of proving to the client or the beneficiary's bank that the beneficiary's bank has received the amount on the payment transaction within the legal period and, in such case, the recipient bank shall be liable to its client for the accurate completion of the payment transaction.
- 29.** Should the Bank fail to perform or perform imperfectly any payment transactions ordered by the client, the Bank shall recover to the client in a timely manner the amount of the respective transaction and, whenever applicable, recover the debited current account to the status before the execution of the imperfect payment transaction.
- 30.** In the cases when a client (beneficiary on a payment transaction) presents to the Bank a pay order, the Bank shall immediately submit it to the payer's bank within the legally defined period.
- 30.1.** The Bank shall be liable to its client (beneficiary of a payment transaction) for the execution and providing of immediate availability of the amount upon cashing-in the amount from the payer's bank.
- 31.** In the event of non-performance or incorrect performance of a payment transaction ordered by a client, the Bank shall, upon written request, proceed with due diligence to trace the payment transaction and inform the client accordingly.
- 32.** The Bank shall be liable to its clients for the recovery of all paid fees and all interest accrued by the client in result of non-performance or incorrect performance of a payment transaction.
- 33.** Upon submission of a written request by the paying client, the Bank shall recover the whole amount on an already executed payment transaction if the latter has been ordered by or through the beneficiary of the payment transaction, provided that the following limitations stipulated by the framework agreement for the respective current account have not been observed:
- a)** the value of the payment transaction is not indicated accurately;
  - b)** the amount of the payment transaction exceeds the amount expected by the payer under the conditions of the framework agreement.
- 33.1** The request for recovery of funds under the provisions of item 33 shall be extended by the client within 56 days from the date of debiting his/her account and upon presentation of proof of existence of the conditions provided by item 33.a and 33.b.
- 33.2** Within 10 office days from receipt of the request under item 33.1, the Bank shall recover the entire amount of the payment transaction or reject its recovery, stating the reasons for such rejections and the bodies to which the client may present objections in case he/she does not accept the given reasons for the rejection.
- 33.3** In the cases of item 33.b, the client shall not refer to reasons related to currency exchange whenever the agreed reference exchange rate of the Bank has been applied.

#### **V. Validity, amendment and termination of the framework agreement**

- 34.** Each framework agreement shall contain the period of its validity.
- 35.** The Bank shall have the right of altering the framework agreement, informing the client as provided under item 13.1 not later than 2 months before the date on which such alterations shall become in force. The client shall be deemed bound by the alterations in the framework agreement terms, unless he/she informs the Bank of his/her disagreement with the alterations before the date of their implementation. In such cases the client may immediately terminate the framework agreement before the date of enforcing the proposed alterations, without being liable for any costs and compensations.
- 35.1** When the client is not a user under the provisions of the PSPSA, the Bank shall enter into a Framework Agreement with him/her where the provisions of item 35 hereof shall not be applied. In such cases the alterations shall become valid immediately and without preliminary notification.
- 36.** Any alterations in interest and exchange rates shall be applied immediately and without preliminary notification under item 35. In such cases, the Bank shall notify the client in accordance with the provisions of item 13.1.
- 37.** The client may terminate at any time the framework agreement with notification period defined in the bank product agreement.
- 38.** The Bank may terminate an unlimited framework agreement by a two months notification. The notification shall be submitted to the client on paper or another long-lasting form.
- 39.** The conditions for termination provided by items 37 and 38 shall not be applicable when the termination of the framework agreement is due to non-performance of one of the parties.
- 40.** Upon termination of a framework agreement, the client shall pay the periodically accrued fees for payment services in proportion with the payment amounts during the expired period under the agreement. If these fees have been paid in advance, the Bank shall recover them in proportion with the period from termination.

## **VI. Supervision and legal protection procedures**

41. The Bulgarian National Bank shall supervise the Bank with respect to conformity with the provisions of the PSPSA and the bylaws on its implementation.

42. The Bank regulates the filing of complaints by clients, settlement of disputes and determination of compensations in connection with the provision of payment services in the "Customer Service Standards". The Bank undertakes to cooperate in solving cases of challenged payments by payment card issued and/or serviced by it in accordance with the procedure and term set out by the International Card Organisations (ICOs).

42.1. The Bank shall come out with a decision and shall notify the client in writing of the developments on any of his/her claims within 7 days from filing such claims.

43. Should the Bank fail to issue a decision within the term referred to in item 42.1 or if the client is not satisfied with the decision, the client may file objections and claims to the Payment Disputes Reconciliation Commission within the Commission for Consumer Protection, which is the reconciliation body for settling disputes between providers of payment services and users of payment services.

44. This Framework Agreement between the Bank and its clients shall be governed by the provisions of the Law on Payment Services and Payment Systems, the by-laws for its application and the effective legislation in the Republic of Bulgaria. Any related disputes shall be settled by the competent Bulgarian court in accordance with the Civil Procedure Code.

### **B) Information provided by the Bank upon execution of a payment transaction**

#### **VII. Information on the execution of individual payment transactions**

45. Upon receiving a pay order the Bank shall provide explicit information on the maximum period of performance and the fees and commissions due by the client for each individual payment transaction.

46. Within the period specified in item 12, the Bank shall provide to the client the following information on a paper or electronic copy via Internet Banking:

46.1. the registration number of the payment transaction and, when necessary, information about the beneficiary;

46.2. the value of the payment transaction in the currency in which the client current account has been debited/credited or in the currency stated in the pay order.

46.3. information about the amount of all fees and interests paid by the client in relation to the payment transaction, described by type and value;

46.4. the currency exchange rate applied by the Bank to the payment transaction and the value of the payment transaction after the currency exchange;

46.5. the value date of debiting/crediting the current account or the date of receiving the pay order.

### **C) Conditions for execution of a pay transaction**

#### **VIII. Refusal of a pay order**

47. The Bank may refuse the execution of a pay order and, within the terms defined by the law and the procedure stipulated by item 12, mentioning the reasons for such refusal to the client, unless another restriction on giving such information is imposed under the provisions of other law or regulation of the European Community.

48. The Bank may not refuse execution on an authorized pay order when all conditions of the framework agreement have been complied with, unless there is a regulatory limitation on the performance of the order.

49. In case of incomplete or inaccurate instructions from a client, the Bank may refuse execution of a pay order and shall not be held responsible of possible delay and damages resulting from it.

#### **IX. Irrevocable pay order**

50. The client may not cancel a pay order after it is received from the payer's bank.

51. A client who is the payer on a payment transaction initiated by the beneficiary shall not be able to cancel the pay order after its submission or after giving consent for its execution in favour of the beneficiary.

52. In the cases under item 4.6 and upon direct debiting, the client may cancel the pay order not later than the end of the business day preceding the agreed day for debiting his/her account.

53. After the expiration of the periods stipulated by items 50-52, but not later than crediting of the beneficiary's account, the pay order may be cancelled only upon consent to this effect by the client and the Bank, and in the cases of items 51-52 also with the consent of the beneficiary client.

#### **X. Liability**

54. When a pay order has been executed in conformity with the unique identifier indicated on it, the order shall be deemed accurately executed regarding the beneficiary indicated by the unique identifier.

- 55.** The Bank shall not be held responsible for nonperformance or inaccurate execution of a payment transaction when the unique identifier has been inaccurately quoted by the client.
- 56.** In case of nonperformance on a payment transaction due to invalid unique identifier, the Bank shall restore the amount to the current account of the ordering client on the next business day.
- 57.** Should any additional information regarding the payment transaction, further to that under item 2, the Bank shall be responsible for the execution of the payment transaction only in accordance with the unique identifier given by the client.
- 58.** In the cases when the Bank is liable to the client for inaccurate payment transaction due to which the amount has been mistakenly transferred to the account of another person, the Bank shall have the right of requesting from the counterpart bank to make ex-officio a correcting transfer from the beneficiary account to which the funds have been erroneously transferred within 5 business days from the date on which the Bank has recovered the amount of the incorrect payment transaction to the account of the client, but not later than one month from the notification for the incorrect payment transaction.
- 59.** The Bank shall have the right to make an ex-officio corrective transfer from the account of a client to which funds have been transferred by mistake due to incorrect payment transaction by the ordering bank.
- 60.** The bank shall not be held responsible for cases under items 54-59 upon occurrence of extraordinary and unforeseeable circumstances beyond the control of the party referring to such circumstances, the consequences of which would inevitably occur despite any efforts of their prevention, as well as in cases when the Bank has acted in conformity with a regulatory obligation under the Community legislation or the legislation of the member-country.
- 61.** The client shall be responsible for the completeness and accuracy of the payment transactions initiated by him/her.

#### **D) Further Provisions**

- 62.** The Bank shall not control the subject and lawfulness of the transaction in relation with which the payment service is provided, unless a statutory instrument provides otherwise.
- 63.** The Bank shall process personal data of clients in compliance with the Personal Information Protection Act and for the purpose of prevention, investigation and detection of frauds related to payment services such processing may be performed without the consent of the person concerned.

These General Provisions shall enter into force on 17.05.2010.