

POLICY FOR EXECUTION OF ORDERS OF INVESTMENT BROKER "FACTORI" AD

I. GENERAL PROVISIONS

Art. 1. The policy for execution of orders of investment intermediary (II) "FACTORI" AD ("Policy") was adopted on the basis of Art. 84 and Art. 86-87 of the Financial Instruments Markets Act (MFIA), as well as Art. 64 and 65 of Delegated Regulation (EU) No. 2017/565 regarding the organizational requirements and conditions for carrying out activities by investment intermediaries (Regulation (EU) No. 2017/565).

Art. 2. The investment intermediary executes accepted client orders in accordance with this Policy and promptly notifies clients of changes therein.

Art. 3. When performing investment services and activities on behalf of clients, the investment intermediary acts honestly, fairly and as a professional, in the best interest of its clients.

Art. 4. The investment intermediary treats its clients in accordance with the categorization made and the applicable, according to the MFRS requirements according to the type and status of the client.

II. "BEST RESULT" PRINCIPLE

Art. 5. (1) The investment intermediary executes the client's order by taking all sufficient steps to obtain the best possible result for the client. The investment intermediary has fulfilled this obligation if it has taken sufficient steps to account for:

1. the price, according to the terms of the order,
2. the amount of expenses,
3. the speed of execution of the order,
4. the probability of execution,
5. the settlement
6. the amount and nature of the order;
7. as well as all other circumstances related to the execution of the order.

In case of specific instructions from the client, the investment intermediary must execute the order by following these instructions.

(2) When executing an order submitted by a non-professional client, the best possible result is determined by the total value of the transaction, including the price of the financial instrument and the costs related to the execution.

(3) Costs related to execution include all costs that are directly related to the execution of the order, including fees for the place of execution, clearing and

settlement fees, as well as other fees and remunerations paid to third parties involved in execution to the order.

(4) To achieve the best possible result, in cases where there is more than one competitive place for the execution of an order in relation to financial instruments and when performing an assessment and comparison of the results that can be achieved for the non-professional client upon execution of the order at each of the places of execution specified in this policy II "FACTORI" AD takes into account: a) its commission and b) the costs of executing the order at each of the possible places of execution.

(5) The investment intermediary has no right to receive a remuneration, discount or non-monetary benefit for the transmission of an order to a specific trading venue or for the execution of an order, if in this way it violates the requirements for managing conflicts of interest, disclosure of information to the client, the rules for the provision of independent investment advice, the limitations on receiving commissions and benefits, the evaluation of appropriate service, the clauses of the contract, the rules for creating and offering financial instruments.

III. ACTIONS OF THE INVESTMENT INTERMEDIARY IN MANAGING A PORTFOLIO AND RECEIVING AND TRANSMITTING ORDERS FOR CUSTOMER ACCOUNTS

Art. 6. (1) When the investment intermediary manages a portfolio for the account of a client, he complies with the obligation to act in accordance with the best interest of the client when he submits orders for execution to another person for decisions taken by him to trade in financial instruments. The IP also complies with its obligation under Art. 3 of this policy.

(2) When the investment intermediary carries out the activity of receiving and transmitting orders in connection with one or more financial instruments, including mediation for concluding transactions with financial instruments and transmits orders of its clients to other persons for execution, it acts in accordance with the best customer interest.

(3) To fulfill the obligations under para. 1 and 2, the investment intermediary takes all sufficient measures to achieve the best possible result for its clients, as it takes into account the factors: best price for the client according to the terms of the order, amount of costs, speed of execution of the order, probability of execution, settlement, amount, nature, as well as all other circumstances related to the execution of the order.

The relative importance of each of these factors is determined by means of the criteria under Art. 15, para. 1, items 1-4 established by this Policy, and for non-professional clients - the requirement under Art. 3 and under Art. 84 of ZPFI.

Art. 7. The investment intermediary has fulfilled its obligations to act in accordance with the best interest of the client and is not obliged to comply with the requirement to make all reasonable efforts to achieve the best result for its clients when following specific instructions of the client in executing the order or transfers the execution order to another person.

Art. 8. For shares, bonds and compensatory instruments traded on a Bulgarian regulated market or multilateral trading system (MTS), the investment intermediary may transmit execution orders only to investment intermediaries licensed by the Financial Supervision Commission or to those using the Single passport on the

territory of the Republic of Bulgaria and having the right to enter into relevant transactions on a regulated market or MTS in the country.

Art. 9. For shares, bonds and financial instruments, other than securities, according to the MFIF, which are not traded on a Bulgarian regulated market or a multilateral trading system, the investment intermediary can transmit orders for execution only to investment intermediaries holding a license from the relevant national Supervisor.

Art. 10. (1) The specific indication of the investment intermediaries according to the preceding sentences takes place after the conclusion of a contract between II "FAKTORI" AD and the counterparty.

(2) The investment intermediaries with which IP "FAKTORI" AD concludes a contract for the transmission of client orders must have the necessary agreements and implementation mechanisms to ensure that IP "FAKTORI" AD fulfills its obligations in accordance with the requirements of the legislation in force in the Republic Bulgarian legislation. Before concluding a contract with another investment intermediary, FAKTORI AD conducts research on its counterparty with a view to complying with the above requirements and protecting the interests of its clients.

Art. 11. (1) The investment intermediary can manage a portfolio for the client's account and determines the Places of Execution (PI) on which it significantly relies and takes reasonable steps to achieve the best results, a list of which is indicated as an appendix to this Politics. The following entities, where orders for transactions with the following classes of financial instruments are executed:

1. Shares - BSE-Sofia AD and non-regulated market.
2. Bonds - BSE-Sofia AD and non-regulated market.

(2) Designated entities must have order execution rules that enable the investment intermediary to fulfill its obligations under this Section when placing or transmitting orders to such entity for execution.

This Section does not apply when the investment intermediary provides a portfolio management service or the receipt and transmission of orders and at the same time executes the received orders or trading decisions on behalf of the client's portfolio. In these cases, Article 84 of the PFMI applies.

IV. PROVIDING INFORMATION TO CUSTOMERS ABOUT THIS POLICY

Art. 12. (1) The investment intermediary provides its clients in a timely manner, before starting to provide services, the following information about the Policy:

1. The relative importance of the following **performance factors** :
 - a. the best price for the customer according to the terms of the order,
 - b. cost amount,
 - c. speed of execution of the order,
 - d. probability of execution,
 - e. settlement,
 - f. size and nature of the order;
 - g. as well as all other circumstances related to the execution of the order.

The relative importance of the above factors is determined in accordance with the criteria under Art. 15, para. 1, items 1-4 of this Policy.

When an investment intermediary executes orders for retail clients, it provides those clients with a summary of the Policy emphasizing the total amount of expenses paid by them. The summary also contains a reference to the most up-to-date data on the quality of performance published in accordance with the PFFI for each venue of performance specified in this policy.

2. A list of MIs on which the investment intermediary significantly relies and takes reasonable steps to achieve the best results when executing client orders is listed as an appendix to this Policy.

2.1. The advantage of BSE-Sofia JSC as a place of execution is related to its physical location on the territory of the Republic of Bulgaria, which presupposes high efficiency in the work of the intermediary in the execution of client orders. An important advantage is the existence of the COBOS system, which is approved by "BSE-Sofia" JSC, and through which high speed and probability of execution can be achieved. The better commission policy of this place of execution compared to foreign ones should also be taken into account. Given the fact that shares of Bulgarian companies are traded on BSE-Sofia AD, this makes it possible to execute client orders in the volume specified by the client, and the price of these shares is formed on the same market where they will be bought or sold.

2.2. In exceptional circumstances, when the client has given specific instructions to the investment intermediary to conclude a transaction with unusual financial instruments or exotic derivatives, the intermediary may use execution venues that are not specified in this policy, but are agreed with the client when submitting the order and in compliance with the requirements of the MFRS and Regulation (EU) No. 2017/565.

2.3. A choice of place of execution may be provided to the client through the relevant trading platforms. In the event that such a choice is provided to the customer, the latter is given correct, clear and non-misleading information so as not to allow the customer to choose one place of performance over another solely on the basis of the price policy applied by the intermediary.

2.4. By accepting this Policy, the Client expressly agrees to the investment intermediary performing execution outside the trading venues. In the case of execution outside a trading venue, the investment intermediary informs the client that the risk of the counterparty may be increased, and also the degree of probability of execution, speed, settlement may be reduced, which in general may increase the overall risk of the transaction.

2.5. List of factors used to select a venue:

1. the possibility of achieving the best price for the client, according to the terms of the order and the type of financial instrument traded;
2. amount of expenses;
3. speed of execution of the order;
4. probability of execution;
5. settlement and clearing organized by the relevant execution venue;

2.6. The mentioned factors are taken into account by the Regulatory Compliance department of the IP to demonstrate to the clients the consistent achievement of the best performance.

2.7. The investment intermediary takes into account the above factors when choosing places of execution. The selection process is conducted by the senior management of the IP, with the assistance of the asset management and transaction execution units. A compliance officer may also be included in the selection process to minimize legal and regulatory risks.

3. With the acceptance of this policy, the client is considered clearly and explicitly warned that any special instructions (instructions) from his side may prevent IP "FACTORI" AD from taking the necessary actions to achieve the best result in the execution of the orders, in accordance with this Policy, for the part of the order to which the special instructions (instructions) refer.

(2) The information under points 1-3 of para. 1 is provided to the customer on a durable medium. The information on points 1-3 of para. 1 can also be provided through the website of II "FACTORI" AD, subject to compliance with the requirements of the MFRS and Regulation (EU) No. 2017/565.

V. EXECUTION OF CUSTOMER ORDERS

Art. 13. (1) The investment intermediary is obliged to immediately, honestly and accurately execute accepted customer orders, including observing the order of receipt of identical orders.

(2) The investment intermediary:

1. ensures that orders executed on behalf of clients are promptly and accurately registered and distributed.
2. executes otherwise comparable customer orders consistently and promptly, unless this is impracticable due to the characteristics of the order or the prevailing market conditions, or if the interests of the customer do not dictate otherwise.
3. informs the non-professional client of any significant difficulty related to the correct execution of orders, immediately upon learning of the difficulty

Art. 14. (1) Immediately after receiving an order from a client or making a decision to trade, the investment intermediary registers and maintains at the disposal of the competent authorities at least the following data, insofar as they are applicable to the order in question or the decision to trade in question:

1. Name and other identification of the client
2. Name and other designation of each relevant person acting on behalf of the client
3. Designation that identifies the trader (trader identifier) within the investment intermediary responsible for the investment decision
4. Designation that identifies the algorithm (algorithm identifier) within the investment intermediary on which the investment decision is based
5. Buy/Sell Indicator
6. Instrument Identification
7. Unit price and currency
8. Price
9. Price multiplier
10. Currency 1
11. Currency 2
12. Initial quantity and quantitative unit
13. Validity Period
14. Type of order
15. Any other data, conditions and specific instructions from the customer

16. The date and exact time of receiving the order or the date and exact time of making the trading decision.

(2) The order shall also include its unique number.

(3) Submission of orders through a proxy shall be carried out only if he submits a notarized power of attorney, which contains representative authority to perform dispositive actions with financial instruments, according to the requirements established in the current legal acts.

(4) The investment intermediary may accept orders for transactions with financial instruments submitted by telephone or through another remote means of communication from clients.

The Investment Broker shall notify new and existing clients and by accepting this Policy, they shall be deemed to have been duly notified and consented to the fact that telephone messages or conversations between the Investment Broker and its clients that lead or may lead to transactions will be recorded. The recording of telephone conversations is subject to a separate policy of the investment intermediary and is a legally established requirement.

(5) The investment intermediary may accept client orders through an electronic trading system that guarantees compliance with the requirements under the MFPA and Regulation 2017/565 and provides the client with access to a specific place of execution. Access to the system according to the previous sentence and the entry of orders by the client is carried out through an electronic certificate issued in his name.

(6) When accepting an order, the person accepting it verifies the identity of the client, respectively of his representative, unless the electronic system for accepting orders requires a unique identification of the client with a username and password.

(7) The investment intermediary refuses to accept an order that does not meet the requirements of the MFRS and Regulation 2017/565 or is submitted by a proxy without complying with the requirements of the applicable legislation and by-laws.

(8) Regularly submitted orders may be withdrawn by the client if the withdrawal reaches the investment intermediary before or at the latest simultaneously with the order or in the technological time before its execution.

(9) In the specific contract, the investment intermediary may arrange for the withdrawal of an order by the client to be carried out by telephone or through another remote means of communication.

(10) In the case of a client-submitted limit order with the subject of shares admitted to trading on a regulated market, which is not executed immediately according to the prevailing market conditions, it is considered publicly available when the investment intermediary submitted the order for execution on a regulated market or of the MTF, or where the order is published by a data reporting service provider established in a Member State and can be easily executed as soon as market conditions permit. Regulated markets or MTFs are prioritized in accordance with the investment firm's execution policy so as to ensure execution as soon as market conditions permit.

Art. 15. (1) When executing customer orders, the investment intermediary takes into account the relative importance of the execution factors under Art. 12, para. 1, item 1 according to the following criteria:

1. the characteristics of the client, including categorization as a non-professional or professional client;

2. the characteristics of the customer's order, including when the order is related to a securities financing transaction;
3. the characteristics of the financial instruments that are the subject of this order;
4. the characteristics of the places of execution to which the order may be directed for execution.

(2) The investment intermediary has fulfilled its obligation to act to achieve the best result for its clients, if it has executed the order or a specific aspect of the order, following special instructions of the client.

(3) The customer's characteristics are assessed after his categorization, which is carried out by filling in the relevant information card by the customer. The characteristics of the order are determined according to its type and essence - limit, market, stop loss and others. The characteristics of the financial instruments subject to the order are related to the rights and obligations under these instruments, who is their issuer, where they are issued, what is the maturity, where they are traded, if the instrument is a derivative, its specific features and the underlying asset are taken into account. The characteristics of the execution venues relate to the instruments traded on them, the participants and members of the execution venues, the trading systems, the commission policy and the fees payable for execution,

The evaluation of the circumstances in this paragraph for each individual customer and each order submitted by him is the basis of the IP's policy of execution in order to achieve the best possible result.

Art. 16. The investment intermediary has no right to abuse information about unfulfilled (pending) client orders and takes all necessary measures to prevent such abuse by any person who works under a contract for the investment intermediary.

Art. 17. (1) The investment intermediary does not have the right to execute an order if it is declared or if it finds that the financial instruments - subject of the sale order are not available on the client's account or are blocked in a depository institution, as well as if it is established on them lien or foreclosure.

(2) The prohibition under the previous paragraph regarding pledged financial instruments does not apply in the following cases:

1. the acquirer has been notified of the established pledge and has expressed express consent to acquire the pledged financial instruments, there is express consent of the pledge creditor in the cases provided for by the Law on Special Pledges;

2. the bet is established on an aggregate within the meaning of the Law on special bets.

(3) The prohibition under subsection 1 regarding an order to sell financial instruments that are not available on the client's account does not apply in the cases expressly defined in the current legislation.

Art. 18. The investment intermediary does not execute a client's order for transactions with financial instruments, if this would lead to a violation of current regulations in the Republic of Bulgaria and/or directly applicable Regulations of the European Commission.

Art. 19. In cases where the client does not provide the necessary funds to execute an order to purchase financial instruments after being invited by the investment intermediary, the latter is not responsible for executing the order and has the right to refuse its acceptance, unless in the contract with the client is not provided with specific rules for accepting the order.

Art. 20. (1) The investment intermediary is not responsible for the execution of the client's order to sell, when the specified number of financial instruments have not arrived on his account and this is due to the behavior of a third party and is not the fault of the investment intermediary and the transaction is not under short sale conditions. In the case of the first sentence, the investment intermediary immediately notifies the Client, who undertakes to cancel the submitted order or indicate what subsequent actions the investment intermediary should take.

(2) The investment intermediary is not responsible for discrepancies between data in the registers of depository institutions in the Republic of Bulgaria or a third country and the certification documents presented by the client and fulfills the client's order after completing the applicable procedures according to the law, by-laws, applicable regulations and the rules of the depository institution.

Art. 21. (1) The investment intermediary requires a client who submits an order for the purchase of financial instruments to provide him with the funds necessary to pay for the transaction - the subject of the order, upon submission of the order, unless the client certifies that he will fulfill his obligation for payment, as well as in other cases provided for in the MFPA, EC Regulations or by-laws.

(2) If the rules of the place of execution, where the transaction will be concluded, allow the conclusion of a transaction in which the payment of the financial instruments does not take place simultaneously with their transfer, the investment intermediary may not demand payment from the buyer in the presence of an express written consent of the seller. The above hypothesis applies accordingly to other transfer transactions with financial instruments.

Art. 22. (1). The client is obliged to pay the investment intermediary all expenses incurred in the execution of the order. The method of payment of expenses is determined in the contract between the parties and the Tariff for the fees and commissions of the investment intermediary.

(2) If, as a result of the execution of the order, the investment intermediary suffered damages and losses, they shall also be compensated by the client.

Art. 23. The investment intermediary, when receiving and transmitting orders in connection with one or more financial instruments or executing orders on behalf of clients, may enter into transactions with acceptable counterparties without being obliged to comply with the requirements of Art. 70, 71, para. 1 and para. 8, Art. 72, Art. 73, Art. 74, Art. 77, Art. 78, Art. 80, Art. 82, Art. 84, Art. 85, Art. 86, Art. 87 of the PFFI and this Policy, in relation to the specific orders or the relevant additional service directly related to these orders.

VI. POLICY ON COMBINATION (BUNDLING) AND SEPARATION OF ORDERS

Art. 24. The investment intermediary has no right to execute a client order by combining it with other client orders, except when the following conditions are met:

1. it is unlikely that the aggregation of orders and transactions will generally be detrimental to any of the clients whose orders are aggregated;
2. the investment intermediary has notified each client whose order is being combined that the combination may lead to consequences that are detrimental to the specific order;
3. the investment intermediary has adopted and effectively implements an order splitting policy that provides for the correct splitting of pooled orders and trades, including how the volume and price of orders determine the splitting and treatment of partial executions.

Art. 25. In fulfillment of the condition under the previous article, the investment intermediary applies the policy set forth in this section.

Art. 26. Pooled client orders are split based on the following criteria:

- a) date and time of submission;
- b) unit price;
- c) total value of the order;
- d) parameters set by the client for quantitative performance;
- e) other specific instructions of the customer.

Art. 27. (1) The investment intermediary, when dividing the combined orders, is guided by the principle of "fair division", according to which no client can receive more or less financial instruments than the expressly ordered purchase quantity, unless the order has been executed in part, as well as more or less cash than is due as a result of an executed sell order, unless the order has been partially executed.

(2) In compliance with the above principle, the investment intermediary may only combine customer orders concerning the same type of financial instruments and orders that do not differ in their type and essence.

Art. 28. (1) The investment intermediary may not combine limit and market orders for the purchase or sale of financial instruments of clients.

(2) The investment intermediary may not combine limit orders for the purchase or sale of financial instruments of clients when these orders differ by the specified limit price of the financial instrument. A combination of limited orders, specified in the first sentence, can only be carried out with the express consent of the Client and in compliance with the principle that the combination is not to the detriment of the client.

(3) The investment intermediary may not combine orders to buy or sell financial instruments of clients that were submitted on different working days, as well as those with different validity periods, unless the client has expressly agreed to such an approach.

(4) The investment intermediary may not combine orders for the purchase or sale of financial instruments of clients that are differentiated according to their place of execution.

Art. 29. It is permissible to combine orders whose "quantitative execution" characteristic is different, i.e. orders that are executed "partially" with those that are executed "in full".

Art. 30. (1) Upon full execution of the combined order, the distribution of related transactions takes place in accordance with the parameters of each customer order and in compliance with the principles established in the current legislation and this Policy.

(2) Provided that a customer's order was executed at a more favorable price than the one the customer had determined, the entire benefit belongs to the customer.

Art. 31. (1) Provided that the combined purchase order is executed at a different market price for different parts of the total volume of the order, the distribution of related transactions (financial instruments) is based on the criteria of date, time of submission and volume of each separate order.

(2) Provided that the combined sale order is executed at a different market price for different parts of the total volume of the order, the distribution of related transactions and their results is based on the criteria of date, time of submission and unit price and total value on each individual order.

(3) The rules under para. 1 and 2 refer to orders in which the price of financial instruments is not limited, but is determined at the time of execution of the order (market).

Art. 32. In cases where the investment intermediary combines a client's order with one or more other client orders and thus the combined order is partially executed, it distributes the related transactions - the result of the execution of the order, according to the current order separation policy.

Art. 33. (1) The investment intermediary, when he has combined a transaction for the account of a person who works under a contract for him with one or more client orders, has no right to divide the concluded transactions in a way that is detrimental to the client.

(2) When the investment intermediary has combined a transaction for its own account with one or more client orders, then the investment intermediary cannot distribute the related transactions in a way that damages the client.

(3) When the investment intermediary has combined a client's order with a transaction for its own account and the combined order is partially executed, it allocates transactions related to the client with priority over those for its own account.

(4) When the investment intermediary is able to prove on reasonable grounds that without the merger it would not be able to execute the order under such favorable conditions or to execute it at all, it may distribute the transaction for its own account proportionally in accordance with this politics.

VII. REVIEW AND VERIFICATION OF THE EFFECTIVENESS OF THE POLICY

Art. 34. The investment intermediary constantly monitors the effectiveness of the Policy, including the quality of execution by other Bulgarian or foreign licensed investment intermediaries, with whom it has concluded agreements for the transmission of orders for execution, and when necessary takes measures to eliminate identified irregularities .

Art. 35. (1) The investment intermediary performs verification and monitoring of the effectiveness of the policy in its part for portfolio management and when accepting and transmitting orders on behalf of clients, at least once a year, as well as upon any significant change that may affected his ability to deliver the best results for his clients.

In particular, the inspection consists in assessing the quality of execution of the entities to which the orders are transmitted or placed for execution.

(2) The investment intermediary shall at least once a year check the policy for the execution of customer orders and the agreements for the execution of orders with other Bulgarian or foreign investment intermediaries.

(3) An inspection under the previous paragraph is also carried out in case of any significant change that may affect the investment intermediary's ability to achieve the best possible results for its clients by using the execution locations included in this policy.

The investment firm shall assess whether a material change has occurred and shall consider making changes in respect of execution venues or entities relied upon to a significant extent to comply with the principal best execution requirement.

Material Change means a significant event that may affect the parameters of best execution, such as cost, price, speed, probability of execution and settlement, size, nature and any other consideration relevant to the execution of the order.

Art. 36. The investment intermediary periodically checks whether the execution venues included in the policy ensure the best execution of the client's order, as well as whether changes are necessary in this regard.

VIII. PROVISION OF THE POLICY TO CUSTOMERS. CONSENT

Art. 37. The investment intermediary provides all its current and potential clients with this order execution policy and, upon request, provides clarifications on it. Investment intermediaries provide their clients with appropriate information about the investment intermediary and about the entities selected for implementation.

(2) Information on the implementation policy is individualized depending on the class of financial instrument and the type of service provided.

(3) When the investment intermediary chooses other companies for the provision of order execution services, it should summarize and make public, annually, for each class of financial instruments, the first five investment intermediaries by traded volumes to which it transmitted or placed client orders for performance in the previous year, and information on the quality of performance received. The information must correspond to the information published in accordance with the technical standards.

In cases of a reasonable request of a client, the investment intermediary provides its clients or potential clients with information about the entities to which the orders are transmitted or placed for execution.

Art. 38.(1) The client, before signing a contract with the investment intermediary for the provision of investment services, gives his consent for his orders to be executed and portfolio management to be carried out in accordance with this Policy.

(2) When signing a contract with the investment intermediary for the provision of investment services, the client agrees to the rights of the investment intermediary established in this Policy.

Art. 39. The investment intermediary notifies its clients of changes to this Policy.

IX. ADDITIONAL PROVISIONS

§ 1. The terms used in this Policy have the meaning given to them by the MFRS and Regulation (EU) No. 2017/565.

§ 2 . For the purposes of this policy, "venue of execution" means a regulated market, an MTF, an OCT, a systematic participant, a market maker, another liquidity provider or an entity that performs in a third country a function similar to the functions performed by any of the above subjects.

§ 3. This Policy does not describe the procedure and methods for confirming a concluded transaction and providing a report for the management of a portfolio of financial instruments to a client, insofar as the arrangement of these obligations for the investment intermediary and the deadlines for their implementation are subject to the general terms and conditions the contracts concluded by the investment intermediary with its clients.

X. FINAL PROVISIONS

§ 1. The Executive Director of II "FACTORI" AD may issue orders and instructions on the implementation of this Policy.

§ 2. This Policy is provided for the information and implementation of the employees of the investment intermediary.

§ 3. This Policy was adopted by the Board of Directors of the investment intermediary with Minutes dated 02.05.2018.

APPENDIX 1 to the Performance Policy

SIMPLE FINANCIAL INSTRUMENTS

According to Art. 79, para. 5, item 1, b. "a-d" of the MFIF and Regulation (EU) No. 2017/565 uncomplicated financial instruments are:

(a) shares admitted to trading on a regulated market or on an equivalent market of a third country, or on an MTF, when these are shares of companies, with the exception of units of undertakings which are not undertakings for collective investment and shares which include a derivative instrument ;

b) bonds or other debt securities admitted to trading on a regulated market or on an equivalent market of a third country or in the MTF, with the exception of those bonds or other debt securities that include a derivative instrument or have a structure due to which for the client it is more difficult to understand the risk involved;

c) money market instruments with the exception of those that include a derivative instrument or have a structure that makes it more difficult for the client to understand the associated risk;

d) shares or units of collective investment schemes, with the exception of structured collective investment undertakings under Article 36, paragraph 1, second subparagraph of Regulation (EU) No. 583/2010;

e) structured deposits, with the exception of those with a structure that makes it more difficult for the customer to understand the risk of return or the costs of early withdrawal of the product;

f) other simple financial instruments;

According to Art. 57 of Regulation (EU) No. 2017/565 other simple financial instruments are:

A financial instrument that is not explicitly stated in Art. 79, para. 5, item 1, b. "a-d" of the MFPA (Article 25, Paragraph 4, Letter a of Directive 2014/65/EU), is considered non-complex for the purposes of Art. 79, para. 5, item 1, b. "f" of the MFDA (Article 25, paragraph 4, letter a, sub-point vi of Directive 2014/65/EU), if it meets the following criteria:

a) it does not fall within the scope of Article 4, paragraph 1, point 44, letter c) of Directive 2014/65/EU or section C, points 4 to 11 of Annex I to that directive;

b) there are regular opportunities to sell, repurchase or otherwise realize that instrument at prices that are publicly available to market participants and that are either market prices or publicly available or confirmed by valuation systems independent of the issuer ;

c) it is not associated with any actual or potential liability to the customer that exceeds the cost of acquiring the instrument;

d) it does not include a clause, condition or trigger that could fundamentally change the nature of the risk of the investment or the payoff profile of the investment, for example investments that include a right to convert the instrument into a different instrument;

e) it does not include explicit or implicit fees for early withdrawal, as a result of which the investment becomes illiquid even in the presence of technically frequent opportunities for sale, redemption or other realization of the investment;

(f) sufficiently comprehensive information about its characteristics is publicly available and likely to be readily understood to enable the average lay investor to make an informed judgment as to whether to enter into a transaction in such an instrument.

When providing investment services for accepting and transmitting orders or executing orders to a CLIENT, as well as the additional services related to them, concerning uncomplicated financial instruments, when the order is submitted at the initiative of the CLIENT, no information is collected about the knowledge and experience of the customer in relation to the specific product or service.

In the hypothesis of the first sentence, the INVESTMENT BROKER has the right not to carry out an evaluation of the suitability of the CLIENT, but is obliged to comply with its rules and policies for the prevention, detection and management of conflicts of interest.

The CLIENT is deemed to have been expressly informed in writing that, in the cumulative presence of the above conditions, the INVESTMENT INTERMEDIARY will not carry out an appropriateness assessment.

APPLICATION 2

A financial instrument	Place of performance	Advantages of MI	Type of client whose order is executed on the relevant MI
Shares	BSE-Sofia JSC	Speed, disclosure, efficiency, large number of traded shares, liquidity, availability of trading platforms for access. If transactions cannot be concluded on a	Professional and non-professional

		regulated market, the best result is sought in a transaction on an unregulated market at the express request of the client.	
Bonds	BSE-Sofia JSC	<p>Speed, disclosure, efficiency, large number of traded bonds, liquidity, availability of trading platforms for access.</p> <p>If transactions cannot be concluded on a regulated market, the best result is sought in a transaction on an unregulated market at the express request of the client.</p>	Professional and non-professional