

RULES FOR PERSONAL TRANSACTIONS WITH * FINANCIAL INSTRUMENTS OF THE RELEVANT PERSONS INVESTMENT INTERMEDIARY "FACTORI" AD (/NEW/INDEX.PHP/BG/FORUSMENU/MENUZPFI/54- ПРАВИЛА-ЗА-ЛИЧНИТЕ-СДЕЛКИ-С-ФИНАНСОВИ- ИНСТРУМЕНТИ-НА-СЪОТВЕТНИТЕ-ЛИЦА- ИНВЕСТИЦИОНЕН-ПОСРЕДНИК-"ФАКТОРИ"-АД)

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Chapter One

General Provisions. Scope and Principles

Art. 1. With these rules, an internal procedure for the conclusion of personal transactions specified in § 1 of the additional provisions of these rules is created for investment intermediary (II) "FACTORI" AD, in accordance with the requirements of the PFFI.

Art. 2. (1) The relevant persons and the persons who work for the investment intermediary carry out transactions with financial instruments only as its clients from the emergence of the legal relationship, on the basis of which the relevant connection exists.

(2) Those specified in para. 1 persons may carry out transactions based on these rules.

(3) The application and maintenance of the present adequate rules aims to prevent the activities under Regulation (EU) No. 2017/565 in the event that any relevant person participates in activities that may give rise to a conflict of interest, or having access to inside

information within the meaning of Regulation (EU) No. 596/2014 on market abuse or to other confidential information related to customers or to transactions carried out with customers or for customers by virtue of the activity carried out by the person on behalf of the investment intermediary.

Art. 3. (1) These rules guarantee the following:

- a) each relevant person is aware of the restrictions on personal transactions and the measures established by the investment intermediary in relation to personal transactions and the disclosure rules;
- b) the investment intermediary is informed immediately of any personal transaction concluded by a relevant person, either through a notification of such transaction or through other procedures that allow the investment intermediary to identify such transactions;
- c) a register is kept of the personal transactions of which the investment intermediary is informed or which have been established by him, including any authorization or prohibition in relation to such a transaction.

In the case of an outsourcing contract, the investment intermediary guarantees that the company to which the activity is assigned keeps a register of the personal transactions concluded by each relevant person and immediately provides this information to the investment intermediary upon request.

(2) The investment intermediary concludes personal transactions with financial instruments for the account of relevant persons under conditions no different from those offered to other clients of the intermediary, in accordance with their categorization and type of investment service offered, and does not favor the relevant persons over other clients of the intermediary.

(3) The investment intermediary has fulfilled its obligation under the preceding paragraph, if it has fulfilled the order in accordance with its Policy for the execution of orders and rules for client categorization.

Chapter Two

Measures Against Market Abuse. Principles

Art. 4. When carrying out personal transactions with financial instruments of relevant persons and the persons who work under a contract for the investment intermediary, it is not allowed to conclude the transaction in a way that constitutes market abuse - insider trading or manipulation of the market of financial instruments.

Art. 5 (1) It is prohibited to conclude a personal transaction that can be qualified as market manipulation, namely:

1. concluding a transaction, giving a trading order, as well as any other type of behavior that:

a) gives or is likely give false or misleading signals regarding the supply, demand or price of a financial instrument, related spot commodity contract or auctioned product based on emission allowances; or

b) sets or is likely to set the price of one or more financial instruments, a related commodity spot contract or an auctioned product based on emission allowances at an unusual or artificial level;

unless the person entering into the transaction, giving the order to trade or engaging in any other type of conduct determines that such transaction, order or conduct was carried out for lawful reasons and complies with accepted market practice;

2. Entering into transactions, submitting a trade order or any other type of activity or conduct that has or is likely to have an impact on the price of one or more financial instruments, a related commodity spot contract or an auctioned product based on quotas for broadcasts that

include a fictitious device or other form of fraud or deception;

3. Dissemination of information through the media, including the Internet, or by any other means, which gives or may give false or misleading signals regarding the supply, demand or price of a financial instrument, a related spot commodity contract or sold on an auctioned product based on emission allowances or sets or is likely to set the price of one or more financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an unusual or artificial level, including spreading rumors, when the person who did so knew or should have known that the information was false or misleading;

4. Transmitting false or misleading information or providing false or misleading benchmark input when the person transmitting the data knew or should have known that it was false or misleading, or any other conduct, with which the benchmark calculation is manipulated.

(2) It is prohibited to enter into transactions with financial instruments that qualify under the current legislation as simulative transactions.

(3) It is prohibited to carry out transactions or submit orders that use fictitious methods or other forms of fraudulent actions.

(4) It is prohibited for the relevant persons or persons working under a contract for the investment intermediary to carry out actions or behavior that is considered to be market manipulation within the meaning of Art. 12, para. 2 of Regulation (EU) No. 596/2014

Chapter Three

Rules for Personal Transactions

Art. 6. (1) For the provision of investment services to relevant persons and/or to persons working under a contract for the investment intermediary, the relevant contract shall be concluded and all the information required by the client shall be required, in accordance with the MFRS and Regulation (EU) No. 2017/565 .

(2) For submitting orders, sending confirmations and reports on concluded personal transactions with financial instruments, the rules applicable to clients of the investment intermediary shall apply and the application of a reduced regime, preference of the interest of the relevant persons or providing them with any and to be inside information.

(3) When executing orders for transactions with financial instruments of relevant persons for the investment intermediary, II "FACTORI" AD can negotiate "alone with itself" only on the condition that such authority is expressly established in the contract with the clients, this does not contradicts the MFFI, the acts on its implementation, the applicable Regulations and the rules and the trading system of the place of execution where the orders are executed.

Art. 7. (1) The relevant persons and the persons who work under a contract for the investment intermediary cannot carry out a personal transaction that meets at least one of the following criteria: a)

this person is prohibited from concluding such a transaction by virtue of Regulation (EU) No. 596/2014;

b) the transaction is related to misuse or unlawful disclosure of confidential information;

c) the transaction contradicts or is likely to contradict an obligation of the investment intermediary under the MFFI.

(2) The relevant persons do not provide advice or recommendations, except within the framework of the performance of official duties or a service contract, to another person to conclude a transaction with financial instruments, which, if it is a personal transaction of the relevant person, falls within the scope of para . 1.

(3) The relevant persons shall not disclose any information or any opinion to another person, except in the performance of official duties or a contract for services, when the relevant person knows or should reasonably know that in as a result of this disclosure, this other person will undertake or is likely to undertake one of the following actions:

- a) conclude a transaction with the financial instruments, which, if it is a personal transaction of the relevant person, falls within the scope of para. 1;
- b) to advise or assist another person to carry out such a transaction.

(4) The relevant persons and the persons who work under a contract for the investment intermediary have no right to abuse information about unfulfilled (pending) client orders.

(5) In the event that the conclusion of a given personal transaction would violate the prohibitions under these Rules or other statutory prohibitions, the Board of Directors or a person expressly authorized by it has the right to issue a prohibition on the conclusion of the specific personal transaction. The personal deal can be concluded after clarifying the circumstances surrounding its conclusion and only if the prohibitions cited in the first sentence are not violated.

Art. 8. (1) The persons who work under a contract for the investment intermediary and the relevant persons upon establishing a contractual employment relationship with the broker, on the basis of which they will occupy the relevant position, provide information about the financial instruments they own to the head of the "Regulatory Compliance" Department .

(2) The information under para. 1 is also provided for any subsequent acquisition or disposal of financial instruments until the end of the business day following the day of acquisition or disposal.

Art. 9. (1) The investment intermediary also keeps a separate register for the personal transactions carried out, of which he was notified by the relevant persons or which were established by the investment intermediary. The register has the same content as the register of transactions of clients of an intermediary, but the transactions are concluded only by or on behalf of relevant persons.

Art. 10. The investment intermediary keeps an archive of the concluded personal transactions of which he is notified or which he has established, including the permissions granted or prohibitions imposed in connection with such transactions.

Chapter Four

Exceptions to the application of the Rules for personal transactions

Art. 11. These Rules do not apply to the following personal transactions:

- 1) personal transactions carried out as part of the service for unlimited portfolio management, when in connection with the transactions there is no prior communication between the portfolio manager and the relevant person or another person on whose account executes the transaction;
- 2) personal transactions with enterprises for collective investment in transferable securities or alternative investment funds, which are subject to supervision according to the legislation of the Republic of Bulgaria, which requires an equal level of risk distribution among its assets, when the interested person and any other a person on whose account the transactions are carried out are not involved in the management of this enterprise.

Additional provisions

§ 1. "Personal transaction" means a transaction with a financial instrument carried out by a relevant person or on behalf of a relevant person, when at least one of the following criteria is met: a) the relevant person acts outside the scope of the activities that he performs officially; b) the transaction is carried out for the account of any of the following persons:

- i) the relevant person,
- ii) any person with whom he has a family relationship or with whom he has close ties,
- iii) a person whose relationship with the relevant person is such , that the relevant person has a direct or indirect substantial interest in the outcome of the transaction, other than receiving a fee or commission for the execution of the transaction.

§ 2. "Relevant person" in relation to an investment intermediary means any of the following persons:

- a) director, partner or equivalent, manager or bonded agent of the intermediary;
- b) a director, partner or equivalent, or manager of a bonded agent of the intermediary;
- c) an employee of the intermediary or a tied agent of the intermediary, as well as any natural person whose services are made available and under the control of the intermediary or a tied agent of the intermediary and who participates in the provision of investment services and activities by the intermediary;
- d) a natural person who directly participates in the provision of services to the investment intermediary or to its bound agent by virtue of an agreement on outsourcing for the purposes of the provision of investment services and activities by the investment intermediary;.

§ 3. "Person with whom the relevant person is in a family relationship" means one of the following persons: a) spouse of the relevant person or partner of this person, considered under national legislation to be an equal person to a spouse; b) dependent child or stepchild of the relevant person; c) any other relative of the relevant person who shares the same household with that person for at least one year at the date of the relevant personal transaction;.

§ 4. "Conflict of interest" is a situation that arises in connection with the provision of investment and/or additional services by the investment intermediary and may harm the interest of a client.

Final provisions

§ 1. These rules have been adopted by the Board of Directors of FACTORI AD on the basis of Art. 69, para. 1, ex. 2 of the Law on Financial Instruments Markets and Art. 29, para. 1 of Regulation (EU) No. 2017/565.

§ 2. When problems are identified in practice, the overcoming of which requires an amendment or supplement to these Rules, the Board of Directors of the investment intermediary may promptly change them, being guided by the legal requirements.

The investment intermediary shall periodically review the rules at least once a year.

§ 3. The investment intermediary has the right to contract to external contractors the activity of keeping a register of the personal transactions concluded by each relevant person, in which case the investment intermediary guarantees that the company to which the activity is assigned immediately provides this information of the investment intermediary upon request.

§ 4. These Rules are provided for the information and implementation of the members of the management bodies of the investment intermediary, as well as to all relevant persons and persons working under a contract for the investment intermediary.
