

RULES ON THE INTERNAL ORGANIZATION OF INVESTMENT BROKER “INTERCAPITAL MARKETS” AD

The present document is based on the Markets in Financial Instruments Act (promulgated in SG, issue 52 from 29 June 2007) and Ordinance No 38 from 25 July 2007 on the requirements to the activities of the investment intermediaries, issued by the Financial Supervision Commission (promulgated in SG, issue 67 from 17 August 2007). The document was adopted with a decision of the Board of Directors of “Intercapital Markets” AD from 31 October 2007 and changed with a decision of the Board of Directors from 13 February 2012, with a decision of the Board of Directors from 30 November 2016, with a decision of the Board of Directors from 29 December 2017 and with a decision of the Board of Directors from 17 May 2018.

Art. 1. Investment broker “Intercapital Markets” AD establishes and maintains an internal organization, adequate to the company’s activity including qualified personnel, material, technical and programming supply, aiming at the following:

1. to create conditions for the provision of services and activities continuously and regularly and in accordance with the requirements of the MFIA, Ordinance No. 38 and all other acts of the current legislation;
2. to create conditions for preventing and detecting conflicts of interest between the II and its clients, as well as between their clients, and when such conflicts arise - for fair treatment of the clients, disclosure of information and prevention of damage to the clients' interests;
3. to create conditions for observance of the existing rules for personal transactions in the investment intermediary;
4. to create conditions for storing all information about the services and activities of the investment intermediary;
5. to create conditions in the cases where the II holds financial instruments and cash to clients, for compliance with the requirements of Art. 92 of the MiFIA and Chapter Two of Ordinance No. 58;
6. to create conditions for immediate and accurate execution of client orders, as well as for execution of identical orders in the order of their receipt;
7. to guarantee the preservation of the client's interest in cases of merging orders;
8. to create effective rules for identifying, assessing, monitoring and managing the risks to which the investment intermediary is exposed;
9. the establishment of appropriate and sound administrative and accounting procedures, including for accounting;
10. to establish effective rules to limit the risk of outsourcing important operational functions or services to a third party;
11. to establish effective procedures for control and protection of information systems;
12. to ensure the implementation of the requirements of the Law on Measures against Money Laundering and the Law on Measures against the Financing of Terrorism;
13. to ensure control over the compliance by the members of the management body, the employees and other persons working for the investment intermediary with the requirements for carrying out the activity, established in the law and in the implementing acts, and for the fulfillment of the undertaken obligations to the clients and on the basis of the performed control to ensure the implementation of measures against violation of these requirements;
14. to ensure timely consideration of customer complaints and the possibility of preventing or detecting irregularities, including in cooperation with the Financial Supervision Commission;
15. to allocate the rights, obligations and responsibilities in connection with the activity under Art. 6 of the MFIA between the persons working under the contract for the investment intermediary;
16. to provide an opportunity to keep up-to-date roll-call office of the employees and a list of other persons working for the investment intermediary;
17. to set up reliable and effective systems for protecting information, ensuring its authenticity and integrity in its transfer and storage, minimizing the risks of loss, alteration and unauthorized access to information or the risks of unauthorized dissemination of information, and ensuring confidentiality of information;
18. to create conditions for storing the information on the provided services and activities under Art. 6, para. 2 and 3 of the MFIA and the operations of the investment intermediary, necessary for establishing the fulfillment of the obligations of the investment intermediary according to the requirements of the law;
19. to create conditions for protection of client assets.

Art. 2. The internal organization of "Intercapital Markets" AD has the following objectives:

1. The Investment broker, its management and control bodies, employees to carry out activities in accordance with the requirements of the law;
2. Timely determination of any risk of non-compliance of the investment intermediary's activity with the legal requirements;
3. To ensure continuity of the activities performed by the personnel of the investment intermediary;
4. Storing and recovering of the information in the investment intermediary;
5. Protection of client assets.

Art. 3. (1) The internal organization of "Intercapital Markets" AD is elaborated in compliance with the principles of equal and fair treatment of clients, best execution of clients' orders and protection of their interests, ensuring transparency and stability on the financial instruments market, defining in detail the rights and obligations, and the most rapid access to information, fulfilling the requirement for quality analysis and control over the entity's activity and checking all times the compliance of the investment firm's activities with the requirements of the applicable legislation.

(2) The Board of Directors of the Investment broker shall periodically review these Rules as necessary, but not less than once a year.

PART I ORGANIZATIONAL STRUCTURE

Chapter I POSITIONS AND DEPARTMENTS, COORDINATION AND SUBORDINATION RELATIONS, POSITION REQUIREMENTS, INFORMATION FLOWS

Division I Front Office Department

Art. 4. The Head and the employees from the front office department shall meet the requirements under Art. 39, para 1 of Ordinance No 38.

Art. 5. Head of the Front Office department

(1) Position responsibilities

1. Manages and exercises control over the department's activity, and observes for the duly execution of the employees' duties;
2. Accepts and verifies the information and the documents collected by the employees regarding existing or potential clients;
3. Evaluates if all the necessary information has been collected in order to a new contract to be signed or a client's order to be executed;
4. Give directions to the employees regarding the additional information to be required from the client;
5. Defines the information to be given to the client in compliance with the requirements of MFIA and Ordinance No 38 on the requirements to the activities of the investment intermediaries;
6. Observes for the abidance of the law concerning the information which shall be provided to the client by the investment intermediary;
7. Verifies the transaction documents prepared by the employees in the department;
8. After a final conclusion of a contract with a potential client or a final reception of a client's order the Head shall immediately inform the other departments and pass to the Back Office Department all the documentation and other relevant information required and collected from the client in compliance with the requirements of MFIA and Ordinance No 38;
9. Analyses the transactions concerning potential conflict of interests and immediately informs the heads of the Brokerage, Back Office, Internal Control, and Risk Management departments when such conflicts arise.
10. After clarifying and analyzing the circumstances related to clients' complaints the Head of the front office reports them to the Internal Control department.

(2) Coordination relations

The Head carries out direct contact and collaboration with all the employees of the department, observes for the execution of their duties, informs timely the other heads of departments about the contracts signed,

orders received, potential or actual conflicts of interests, and any other circumstances in which competent assistance is needed.

(3) The position "Head of the front office department" can be occupied by a person who:

1. meets the requirements under Art. 39, para 1, of Ordinance No 38;
2. has obtained a secondary or higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
3. has not been prosecuted for a deliberate crime of common nature, unless he or she has been rehabilitated;
4. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.

Art. 6. Employees of the Front Office department

(1) Position responsibilities

1. Receive clients and present to them the activity of "Intercapital Markets" AD as an investment intermediary, the general terms applicable to the contracts, the tariff list for standard commission remuneration, including providing the above mentioned documents at the clients' disposal.
2. Present to the client the internal criteria and procedures for classifying clients as professional or non-professional, as well as the circumstances under which they may be defined as an eligible counterparty. The Conflict of Interests Policy is also presented to the clients.
3. Provide the current and potential clients with data about the investment intermediary and the services it offers, the financial instruments as a subject of the investment services offered, the proposed investment strategies, the approved best execution policy, warnings about the risks associated with investments in various financial instruments or in relation with specific investment strategies, the venues for the transactions' execution, the types and the amount of the expenses due by the client; (Art. 27, para 5 of MFIA; Art. 10 of Ordinance No 38).
4. Give information to the clients in compliance with Art. 4, para 3, item 7-9, and Art. 18 of Ordinance No 38; Notify clients about the potential and current conflicts of interests, under the conditions and requirements of Art. 29, para 2 of MFIA, and Art. 43 of Ordinance No 38; Require from the client, respectively from the potential client, information regarding his/her financial possibilities, investment objectives, knowledge, and experience relevant to the services offered by the investment intermediary, risk tolerance, as well as to update this information (Art. 28, para 1 of MFIA; Art. 20, para 4 and 5 of Ordinance No 38).
5. Collect the documents provided by the clients and necessary to conclude contracts and receive orders.
6. Prepare the necessary documents to conclude transactions for clients and give them to the Head of the department for verification.
7. In the cases when a contract is concluded through electronic statements signed with an universal electronic signature according to art. 13 LEDES, as well as in the cases of written contracts, the employees shall check the client's identity and compose a declaration regarding the fulfillment of this obligation. The employees shall immediately inform the titular of the electronic signature through the respective certifying supplier if any discrepancies between the identity used in the electronic statement and the titular of the electronic signatures are found. In case of a non-attendance contract through exchange of documents, incl. by exchange of electronic statements signed with electronic signature according to Art. 13 LEDEP and provided that:
 - 7.1. the client submits a document in the original, issued by a credit institution, certifying that the client is a bank account holder, verifying that the bank account meets the requirements of Art. 26a, para. 8 of Ordinance No. 38.
 - 7.2. the client submits a document, including containing credit and / or debit card information issued by a credit institution, verifies that the client is the account / card holder, and whether the credit institution meets the requirements of Art. 26a, para. 8 of Ordinance No. 38.
 - 7.3. the client submits a document certifying the charge or payment of a utility, verifying that the client is the holder of the respective account. After a contract is concluded they immediately open a client's number in the clients' book and create a client's folder.
8. Receive clients' orders, amendments and cancellation of orders, clients' securities and other documents and transfer them for safe-keeping.
9. Carry out the necessary checks in the Central Depository AD regarding the financial instruments subject of the order.

10. Identify clients in case of transactions over 30 000 BGN in compliance with the Law on the measures against market abuse with financial instruments, as well as the other hypotheses (Art. 4, para 1 and 2) according to the same law.
11. Receive clients' complaints and enter them in a register in compliance with Art. 72 of Ordinance No 38.
12. In case of receiving orders on the phone or through another distance communication medium, by the end of the work day the employees compile a document which certifies the contents of a distance order and contains data about the client in compliance with Art. 34, para 1 of Ordinance No 38, and the data subject of the declarations under Art. 35, para 1 of Ordinance No 38.
13. Require from the client, respectively from his/her proxy, to sign a declaration in compliance with Art. 35 of Ordinance No 38.
14. Inform the clients about the existing system for compensating the investors in securities, including its scale and the guaranteed amount of clients' assets, and upon request provide information about the conditions and procedures for compensation;
15. Compile the primary documents which are the basis for the investment intermediary's accounting.

(2) Coordination relations

The employees of the department are directly subordinate to the Head of the department. They do their duties, which result from their individual labour contracts with the investment intermediary, as well as from the direct orders of the Head regarding the functions and work of the department. Simultaneously, they interact with each other and with employees and Heads from other departments so as to maximize the efficiency of the entity's activity as a whole.

(3) The position "Employee in the front office department" can be occupied by a person who:

1. meets the requirements under Art. 39, para 1 of Ordinance No 38;
2. has obtained a secondary or higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
3. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
4. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.

Division II **Brokerage Department**

Art. 7. Employees

(1) Position responsibilities

1. Accept for execution the specific clients' orders from the employees of the Front Office department, proceed the operations and make transactions with the financial instruments given by the clients, as marking the date and time of reception of the order;
2. Directly perform transactions with financial instruments for the client's account, executing a specific order;
3. Under the requirements of Art. 45-47 of Ordinance No 38 prepare daily reports on the performance of clients' orders as marking the date and time of executing the transactions, and give the reports to the Front Office;
4. Collaborate with the employees from the "Analyses department" in order to compile the Best Execution Policy of the investment intermediary in compliance with Art. 30, para 1 of MFIA and Art. 3, para 3, item 2 of Ordinance No 38.

(2) Coordination relations

The activities performed by the employees in the Brokerage department depend directly on the functions of the Front Office department and are controlled by the employees from the Internal Control and Internal Audit departments.

(3) The position "Employee in the brokerage department" can be occupied by a person who:

1. has successfully passed the exam for obtaining the right to perform broker activity;
2. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated.
3. has not been charged with administrative sanctions because of a gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.
4. has obtained a secondary or higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures.

5. has a permanent residence in Bulgaria.
6. has not been declared bankrupt and is not in a bankruptcy procedure;
7. has not been a member of the managing or controlling body, or an associate in an unlimited liability entity which has been declared bankrupt if there are unsatisfied creditors left.

Division III
Back Office Department

Art. 8. Employees

(1) Position responsibilities

1. Process the incoming contracts and orders;
2. Open a sub-account in the benefit of the client as part of the investment intermediary's account for financial instruments in the Central Depository;
3. Accept from the brokers mandatory orders concerning the transactions performed, fill in all the required forms approved by the Central Depository and the Bulgarian Stock Exchange, including other documents necessary to fulfill any transaction received from the brokers;
4. Finish the transactions in the order of their execution within the time constraints of the settlement;
5. Give to the Central Depository the necessary data and documents in relation to the investment intermediary's activity as a registration agent;
6. Prepare the confirmations for the transactions executed, the periodic reports and the notifications under Ordinance No 38;
7. Send to the clients the confirmations for the transactions executed, the periodic reports and the notifications under Art. 45-49 of Ordinance No 38;
8. In case of a change of the information in the written confirmation the client shall be notified by the end of the working day when the investment intermediary has learned about the change;
9. Maintain the clients accounts' files by collecting, processing and entering all the information concerning the contracts execution in the respective registers, prepare and update the clients accounts' files;
10. Notify the clients according to the procedures defined in the contracts in case that there is an obligation under Art. 145 of the Law on the public offering of securities as a result of transactions with financial instruments performed for their account, including individual investment portfolio management of securities and/ or cash;
11. Collaborate with the Accounting department in order to compare and account for the transactions with financial instruments performed during the working day;
12. Prepare a printout with the daily entered data by the end of the working day in compliance with Art. 63-65, Art. 67-73 of Ordinance No 38;
13. Notify the Internal Control department when within the current month in the process of management of a certain client portfolio, with no specific orders, there are more than 50 transactions performed or some transactions for the total amount of more than 100 000 BGN;
14. Are responsible for the notifications to the Financial Supervision Commission in compliance with Art. 85 of Ordinance No 38, and prepare and keep the rest documentation required under MFIA and Ordinance No 38;
15. Prepare daily reports about the orders entered and the transactions performed and give them to the Accounting department;
16. Organise the documentation safe-keeping corresponding to the client accounts;
17. Notify the National Revenue Agency for the transactions for the acquisition of shares of public companies by companies registered in preferential tax jurisdictions and their beneficial owners within the meaning of the Law on Economic and Financial Relations with companies registered in preferential tax jurisdictions related persons and their beneficial owners. The notification shall be made electronically within 7 days from the conclusion of the transaction;
18. Keeps a backup copy of the documentation and information under Art. 74, para. 1 of Ordinance No. 38 in electronic format on a separate server in separate premises, providing a sufficient degree of protection against natural disasters, accidents, thefts, damages or other extraordinary circumstances. At the end of each business day, it updates the backup electronic documentation by adding the current day's data.
19. Prepares and stores the remaining required reporting and documentation under the MFID, Delegated Regulation 2017/565 and Ordinance 38.

(2) Coordination relations

In performing their duties the employees continuously interact with the employees from the other departments: Front Office and Accounting regarding the preparation and presentation of daily reports about the transactions with financial instruments performed; Brokerage - when receiving mandatory orders

regarding transactions concluded with clients; Internal Control and Internal Audit - concerning the verification of the documentation related to finished transactions, the registers kept, the composed and/ or sent notifications to the Financial Supervision Commission in compliance with the MFIA and its implementing instruments.

- (3) The position "Employee in the back office department" can be occupied by a person who:
1. has obtained a secondary or higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
 2. has professional experience in the same field;
 3. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
 4. has not been charged with administrative sanctions because of a gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.

Division IV **Analyses Department**

Art. 9. Employees

(1) Position responsibilities

1. Prepare investment analyses and consultations regarding financial instruments;
2. Analyze the market based on the macroeconomic indicators about the country and the world, and make forecasts based on this analysis;
3. Collect information about Bulgarian and foreign public entities, including their financial indicators and other data substantial to the market condition of the securities they have issued;
4. Analyze data about Bulgarian and foreign public entities, make forecasts and give guiding opinions and advice used by the employees from the Front Office, Brokerage, and Portfolio Management departments, as well as specific investment advice to the clients of "Intercapital Markets" AD;
5. Collaborate with the employees from the Brokerage department in order to draw up the so called Best Execution Policy of IB "Intercapital Markets" AD in compliance with Art. 30, para 1 and 2 of MFIA and Art. 3, para 3, item 2 of Ordinance No 38.

(2) Coordination relationships

In performing their duties the employees from the Analyses department receive information from the Front Office regarding the clients' orders, the financial instruments subject of the orders, any specific requirements related to the transactions with financial instruments, questions etc.; having prepared economic industries analyses, the situation in the markets with financial instruments, and the dynamics of the various economic indicators, provide information in the form of opinions, consultations and detailed or overall analyses and strategies to the following departments: Brokerage, Portfolio Management, and Risk Management.

(3) The position "Employee in the analyses department" can be occupied by a person who:

1. has successfully passed the exam for obtaining the right to perform activity as an investment consultant;
2. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
3. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.
4. has obtained a higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
5. has a permanent residence in Bulgaria;
6. has not been declared bankrupt and is not in a bankruptcy procedure;
7. has not been a member of the managing or controlling body, or an associate in an unlimited liability entity which has been declared bankrupt if there are unsatisfied creditors left.
8. At least one of the employees in the department is an Investment Consultant pursuant to Ordinance No 38.
9. Investment consultants of the IB, who provide investment advice to clients, conclude an employment contract with the IB.

Division V **Portfolio Management Department**

Art. 10. Employees

(1) Position responsibilities

1. Make investment decisions regarding asset portfolio management according to the client's investment objectives and intentions declared;
2. Pass orders to the Brokerage department which perform the transactions with financial instruments for the account of the client;
3. Make a periodical revaluation of the individual portfolios according to the methods agreed with the clients;
4. Co-operate with the other departments in fulfilling their duties regarding the service of individual investment portfolio management.

(2) Coordination relations

In performing their duties the employees from the Portfolio Management department co-operate with the Brokerage department to which they deliver the clients' orders, and with the other departments when information about clients, markets etc. is necessary.

(3) The position "Employee in the portfolio management department" can be occupied by a person who:

1. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
2. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.
3. has obtained a higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
4. has a permanent residence in Bulgaria;
5. has not been a member of the managing or controlling body, or an associate in an unlimited liability entity which has been declared bankrupt if there are unsatisfied creditors left.
6. has successfully passed the exam for obtaining the right to perform activity as an investment consultant.
7. The investment advisors in the IB, who manage the client portfolio (s), conclude an employment contract with the IB.

Division VI **Accounting Department**

Art. 11. Head Accountant

(1) Position responsibilities

The Head Accountant supervises:

1. the daily reporting on the execution status of transactions;
2. the daily accounting for cash flows on behalf of the clients as well as the investment intermediary; clients' cash flows are assigned to their respective accounts according to the transactions performed;
3. the daily accounting for the condition of the assets and the liabilities, the revenues and the expenses, given and received guarantees and collateral, capital adequacy and liquidity ratios, and delivers them to the management body;
4. Control the financial condition of the entity and analyze the influence of different structural items from the assets and liabilities on the financial result;
5. Prepare queries and reports and deliver them to the controlling bodies keeping the legal deadlines.
6. Exercise daily control over the separation of private cash from the clients' cash and the conditions for using it.
7. Monthly reports to the Managing Authority of the IB on the control over the effectiveness of the fulfillment of the obligations to protect the client's assets (financial instruments and cash).

(2) The position "Head Accountant" can be occupied by a person who:

1. has obtained a higher education diploma in Bulgaria or in abroad in the field of accounting or other economic discipline, and to fulfill the requirements for a Financial statements compiler in compliance with Art. 35, para 1, item 1-3, para 2 of the Accounting Law;
2. has work experience in accounting;
3. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
4. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.

Art. 12. Accountant

(1) Position responsibilities

1. Daily reports the execution status of transactions;

2. Daily reports the cash flows on behalf of the clients as well as the investment intermediary, assigning them to the respective accounts according to the transactions performed;
 3. Withdraws and deposits cash and performs non-cash payments, when needed;
 4. Daily accounts for the revenues and the expenses.
- (2) The position "Accountant" can be occupied by a person who:
1. has obtained a secondary or higher education diploma in Bulgaria or in abroad in the field of accounting or other economic discipline;
 2. has working experience in accounting;
 3. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
 4. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.

Division VII
Internal Control Department

Art. 13. Head of the Internal Control Department

(1) Position responsibilities

1. Manages and exercises control over the department's activity;
 2. Verifies the certifications performed by the employees in the department in compliance with Art. 61, para 3 and/ or para 4 of Ordinance No 38;
 3. Assists to the Financial Supervision Commission to carry out inspections on the investment intermediary's activity, including ensuring an employee from the department at the disposal of the FSC's officials performing the inspection;
 4. Exercise control over the fulfillment of the investment intermediary's obligations towards the authorities regarding the requirements of MFIA and its implementing instruments.
 5. Organize professional training of the employees of the department upon their hiring, necessary for the fulfillment of their duties, as well as professional training with the hiring of the persons under Art. 39, para. 1, item 2 of Ordinance No. 38, necessary for the fulfillment of their obligations and periodically when the need arises, as well as for changes in normative acts or internal rules requiring it.
 6. Composes a document which certifies the carrying out of a briefing, contains general description of the subject discussed, and shall be signed by the instructed persons;
 7. Performs individual training of each newly appointed employee who performs functions related to the services and activities under Art. 6, para. 2 and / or para. 3 of the MFIA, of the investment intermediary, and draws up a document certifying the training.
 8. Carries out other internal inspections and requires formal and informal explanations from brokers and other employees;
 9. Approves the solutions proposed by the employees regarding conflicts of interests or other aspects of the investment intermediary's activity directly related to its relationships with clients and referred by them in their complaints and applications addressed to the Internal Control Department;
 10. Approves the record of the inspections performed by the internal control department during the previous month, prepares a report on this record and delivers it to the investment intermediary's management body by every 10th day of a month.
 11. Gives suggestions to the executive directors specific measures for removing discrepancies and omissions regarding the investment intermediary's internal organization, the rules and policies related to performing its activity and preventing offences against MFIA and the other normative acts.
 12. Observes for unauthorized use of internal information pursuant to MFIA by the investment intermediary's employees and brokers.
 13. Observes for the timely sending of reports to the clients, as well as for their contents and credibility;
 14. Prepare a report for each training carried out under Art. 76a, para. 1, which shall be submitted to the management body of the company and, upon request, to the deputy chairman;
 15. At least once a year, by 31 January, shall prepare and submit to the management body a written document containing a reasoned assessment of the level of risk to which the investment firm is exposed, for non-compliance with regulatory requirements. The valuation shall take into account the investment services and activities of the investment intermediary, as well as the types of traded and distributed financial instruments.
- 15.1. The investment intermediary shall provide access to the head of the internal control department to all the information necessary to fulfill the requirements of item 15.

15.2. The identified risks should be reviewed on a regular basis, and in any case where necessary, to ensure that all new risks are taken into account.

16. On the basis of the risk assessment carried out under the preceding paragraph, the Head of the Internal Control Unit shall prepare and submit to the Management Authority a monitoring program by 31 January.

16.1. The program shall take into account all areas in which the investment firm provides investment services and activities. The monitoring program should set out the priorities identified through the risk assessment of non-compliance, which guarantees a comprehensive monitoring of this risk;

16.2. For the results of the performed monitoring, in accordance with the program under item 16.1, the head of the internal control department shall prepare and submit to the managing body a report by 31 January of the following year.

16.3. The Head of the Department shall observe the submission by the investment intermediary of the report under item 16.2. to the Vice-President of the FSC within seven days after the submission of the report to the management body.

16.4. The point 16.2 report contains:

(a) a description of the implementation and effectiveness of the overall environment for controlling investment services and activities;

(b) a summary of the main findings of the review of policies and procedures;

(c) a summary of the on-the-spot checks or documentary examinations carried out by the internal control unit, including any identified breaches and omissions in the organization and conformity assessment processes put in place by the investment firm, and the resulting measures;

(d) any risks identified in the monitoring activities of the internal control unit;

(e) relevant changes and developments in regulatory requirements during the period covered by the report and the measures taken and to be taken to ensure compliance with the changed requirements (subject to the appropriate application of Article 80a, paragraph 3, item 5 from Ordinance No. 38);

(f) other important compliance issues that have arisen since the last report;

(g) substantial correspondence with the competent authorities (with due application of Article 80a, paragraph 3, item 7 of Ordinance No. 38);

(2) Coordination relations;

The Head of the internal control department shall be elected and released according to the conditions and procedures of the investment intermediary's organizational acts. He/she cannot be a member of the management or controlling body, a broker, an investment consultant or any other person charged with the operating management of the investment intermediary, nor he/she can participate in the performance of the activities subject of his/her control. By any 3rd day of a month he/she prepares and delivers to the management body a report on the inspections performed by its department during the previous month. The Head of the internal control department has the right to suggest to the executives specific measures for removing the weaknesses in the work process and preventing offences against MFIA and the other normative acts.

(3) The position "Head of the internal control department" can be occupied by a person who:

1. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
2. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years;
3. has obtained a higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
4. at least 3 years of working experience in the field of capital markets;
5. has a permanent residence in Bulgaria;
6. has not been declared bankrupt and is not in bankruptcy process;
7. has not been a member of the managing or controlling body, or an associate in an unlimited liability entity which has been declared bankrupt if there are unsatisfied creditors left.
8. is not a member of the management or controlling body, a broker, an investment consultant or any other person charged with the operating management of the investment intermediary, nor he/she can participate in the performance of the activities subject of his/her control.

(4) The head of the Internal Control Department shall perform the function of regulatory compliance in accordance with Art. 67 of the MFID.

Art. 14. Employees

(1) Position responsibilities

1. perform preventive and subsequent control over the entire activity of the investment intermediary;

2. Perform document certifications in compliance with the requirements of Ordinance No 38 with a sign "true copy", date and signature of the certifying person, and deliver them for verification by the Head of the department;
3. Perform certifications under Art. 61, para 3 of Ordinance No 38 and prepare the documents under Art. 24, para 3 of the same Ordinance;
4. Observe for the adherence to the rules regarding avoidance of conflicts of interests, respectively fair treatment of clients when such conflicts arise;
5. Observe for unauthorized use of internal information by the investment intermediary's employees and brokers in the sense of MFIA;
6. Periodically check if the given advice and performed transactions with financial instruments for the client's account are in compliance with the information about the client's financial condition, investment objectives and experience;
7. Periodically check if the performed transactions regarding the management of individual portfolio with no specific instructions are in conformity with the investments objectives and constraints stated by the client, as well as the information about the client's financial condition, investment objectives and experience;
8. Observe for the adherence to the investment intermediary's policy regarding the execution of orders in accordance with the best interest of the client;
9. Perform daily inspections concerning the reception and execution of clients' orders and related transactions;
10. Observe for the implementation, updates and efficiency of the investment intermediary's IT strategy;
11. Control the duly and separate accounting of the operations for own and client's account (the financial instruments owned by the investment intermediary refer to the hypothesis under Art. 4, para 3 of Ordinance No 35);
12. Daily check the documents verifying the information received by clients concerning their investment culture and risk tolerance, as well as the information and advice given to the client;
13. Control the duly fulfillment of obligations towards clients;
14. Observe for the timely sending of reports to the clients, as well as for their contents and credibility;
15. Observe for the timely data entering in the investment intermediary's daily registers;
16. Control the access to client archives and the correct data and documents keeping and storing in those archives;
17. Observe for the separation of the investment intermediary's cash and the cash belonging to its clients, as well as for the keeping of clients' cash and securities and for their property rights guarantee regarding the cash and securities belonging to them;
18. Observe the clients' cash and financial instrument so that they are not used for purposes which are not related to the activity performed by the investment intermediary for the client's account;
19. Examine client notifications, complaints and applications within 10 days after their reception, notify the Head of the department about the relevant circumstances and suggest solutions to the arisen questions and conflicts of interest;
20. Perform other internal inspections and require formal and informal explanations from brokers and employees;
21. Exercise control over the fulfillment of the investment intermediary's obligations towards the authorities in compliance with the requirements of MFIA and its implementing instruments;
22. Observe for the preservation of all the documentation and information under Art. 61, para 1 of Ordinance No 38 on paper and magnetic medium, for keeping the measures for confidentiality, as well as for performing accountancy in accordance with the requirements under Chapter 7 of Ordinance No 38;
23. Periodically check the purchases, sales and exchanges of securities performed for the account of the members of the Board of Directors, the other persons who manage the investment intermediary as procurators and commercial representatives, as well as the persons who work on a contract for the investment intermediary and perform a function directly related to the IB's activity;
24. Control the fulfillment of the investment intermediary's obligations in compliance with the Law on the measures against market abuse with financial instruments;
25. Assists to the Financial Supervision Commission to carry out inspections on the investment intermediary's activity, as an employee from the department who is explicitly specified by the Head of the department is at the disposal of the FSC's officials performing the inspection;
26. Perform correspondence and information exchange with the FSC, the Central Depository, the tax authorities and other institutions;
27. Control the maintenance of an up-to-date nominal personnel schedule of the employees working for the investment intermediary;

28. Observe for keeping the practical division of the departments and their employees' functions;
29. In the end of each working week the employees of the internal control department perform an inspection on the orders received, the documents received and prepared in relation to them, and the client confirmations under Art. 45-49 of Ordinance no 38 and the payments performed.
30. In the end of every month the employees of the internal control department perform an inspection on the operations related to each individual investment portfolio which is managed by the decision of the investment intermediary without any specific orders by the client. The employees examine the reports addressed to the clients and the transactions performed by members of the management and controlling body and the persons who work on a contract for the IB for their own account;
31. Prepare a protocol on the above described inspections with information about the specific contracts and orders subject of the inspection, as well as the disturbances found and the advice given pursuant to Art. 76, para. 1, item 2 of Ordinance No. 38. In cases of inconsistencies found, it shall check the actions taken in accordance with the findings and advice and the measures applied;
32. Submit the protocol under item 31. to the Head of the Department within 3 working days for approval;
33. Exercise successive control over the fulfillment of the measures imposed by the Management body regarding the removal of discrepancies and omissions when those have been found in the process of current inspections on the activity of particular departments;
34. In relation to the above mentioned obligation the employees inform the Head of the department in case that the measures imposed are not fulfilled by the respective responsible employees.
35. Organize training of the employees of the investment intermediary, who perform functions related to the services and activities under Art. 6, para. 2 and / or para. 3 of the MFID.
 - 35.1. The purpose of the training is to increase efficiency in the performance of employee functions.
 - 35.2. The training is held at least once a year and, if necessary, training is provided according to specific needs.
 - 35.3. Training should be continually developed, taking into account any changes, including new legislation, standards or guidelines issued by ESMA and competent authorities, changes in the investment firm's business model.
36. They shall periodically assess whether the staff performing the functions in the field of investment services and activities are sufficiently well informed and properly apply the policies and procedures of the investment firm.

(2) Coordination relations

The employees of the internal control department are directly subordinate to the Head of the department. In performing their duties they co-operate with the employees and the heads from all the other departments in the investment intermediary, as the Internal Control department operates independently and exercise continuous control over the observation of MFIA and its implementing instruments by all the persons charged with the operating management of the company and the persons who work on a contract for the investment intermediary, of the MFID, its implementing acts and the rules under Ordinance 38.

The members of the management and supervisory bodies of the investment intermediary and all other persons working under an investment intermediary's employment contract shall be obliged to assist the employees of the internal control department in the performance of their functions.

(3) The position "Employee in the internal control department" can be occupied by a person who:

1. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
2. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.
3. has obtained a higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
4. has working experience in the field of capital markets;
5. has a permanent residence in Bulgaria;
6. has not been declared bankrupt and is not in a bankruptcy procedure;
7. has not been a member of the managing or controlling body, or an associate in an unlimited liability entity which has been declared bankrupt if there are unsatisfied creditors left;
8. is not a member of the management or controlling body, a broker, an investment consultant or any other person charged with the operating management of the investment intermediary, nor he/she can participate in the performance of the activities subject of his/her control.

Division VIII
Risk Management Department

Art. 15. Head of the risk management department

(1) Position responsibilities

1. Applies the policy and the procedures under Art. 82, para 1 of Ordinance no 38;

(2) Coordination relations

The department functions independently from the other departments.

(3) The position "Head of the risk management department" can be occupied by a person who:

1. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
2. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.
3. has obtained a higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
4. has working experience in the field of capital markets;
5. has a permanent residence in Bulgaria;
6. has not been declared bankrupt and is not in a bankruptcy procedure;
7. has not been a member of the managing or controlling body, or an associate in an unlimited liability entity which has been declared bankrupt if there are unsatisfied creditors left.

Division IX
Internal Audit Department

Art. 16. Head of the internal audit department

(1) Position responsibilities

1. Manages the inspections and the assessment of the conformity and the efficiency resulting from the approved internal rules and the established systems for internal organization, internal control, storage and processing of information, accountancy etc., performed by the employees in the department.
2. Approves a plan for the execution of the above mentioned inspections and ensures its observance;
3. Having performed an inspection in compliance with the plan, the head of the department may give recommendations for removing the discrepancies and omissions found and in this case the department shall observe for the measures taken and verify their implementation;
4. By every 10th day of a month, presents to the management and the controlling bodies a report on the department's activity during the previous month with details about the discrepancies and omissions found, as well as about the measures taken to remove them;

(2) Coordination relations

The Head of the internal audit department coordinates the employees in the department and observes for the duly execution of their duties; watches and assesses the work of the other departments concerning the adherence to the approved rules and the established systems for internal organization, internal control, storage and processing of information, accountancy etc.; presents to the management and the controlling bodies the report under Art.83, para 4 of Ordinance no 38.

(3) The position "Head of the internal audit department" can be occupied by a person who:

1. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
2. has not been charged with administrative sanctions due to gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.
3. has obtained a higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
4. has at least 3 years working experience in the field of capital markets;
5. has a permanent residence in Bulgaria;
6. has not been declared bankrupt and is not in bankruptcy process;
7. has not been a member of the managing or controlling body, or an associate in an unlimited liability entity which has been declared bankrupt if there are unsatisfied creditors left.

Art. 17. Employees

(1) Position responsibilities

1. perform inspections and the assessment of the conformity and efficiency resulting from the approved internal rules and the established systems for internal organization, internal control, storage and processing of information, accountancy etc., in compliance with the approved Plan for Internal Audit.
2. prepare and present to the Head of the department a report on the inspections performed;

3. In case that disturbance, discrepancy or inefficiency are revealed, or omissions in the approved rules and policies compared to the real activity of the investment intermediary are found, the employees from the internal audit department point them out in the Report addressed to the Head of the department and suggest specific measures to be taken in order to remove the defects.

(2) Coordination relations

The employees from the internal audit department are directly subordinated to the Head of the department. As performing the inspections, subject of their duties, they co-operate with the employees and managers from all the other departments in the investment intermediary, concerning the adherence to the approved rules and the established systems for internal organization, internal control, storage and processing of information, accountancy etc.

(3): The position "Employee in the internal audit department" can be occupied by a person who:

1. has not been prosecuted for a deliberate crime of common nature, unless he/ she has been rehabilitated;
2. has not been charged with administrative sanctions because of a gross violation or systematic violations against the Law on the public offering of securities, MFIA and their implementing instruments, for the last 3 years.
3. has obtained a higher education diploma in Bulgaria or in abroad, recognised according to the statutory procedures;
4. has a permanent residence in Bulgaria;
5. has not been declared bankrupt and is not in bankruptcy process;
6. has not been a member of the managing or controlling body, or an associate in an unlimited liability entity which has been declared bankrupt if there are unsatisfied creditors left.
7. is not a member of the management or controlling body, a broker, an investment consultant or any other person charged with the operating management of the investment intermediary, nor he/she can participate in the performance of the activities subject of his/her control.

Division X
Archive Department

Art. 18. The employees from the Archive department systematize, store and preserve all the information and documentation related to the activity of IB "Intercapital Markets" AD, in compliance with the conditions under Art. 74 of Ordinance No 38.

Chapter II
Procedures
Division I

Procedure for making decisions, taking measures for removing defects in the internal rules approved by IB "Intercapital Markets" AD and control over the implementation of measures

Art. 19. The management body of IB "Intercapital Markets" AD approves and takes a decision to accept the rules for internal organization of the company according to the requirements under MFIA and Ordinance No 38 regarding the principles, objectives and the minimum contents of those rules, namely:

1. structural allocation of the activity along the departments and specific positions providing clear distinction of the competences and responsibilities between the different departments, as well as between the employees within a department;
2. best execution policy including the policy for aggregating clients' orders;
3. conflict of interest policy;
4. rules for personal orders;
5. rules for treatment of client complaints, applications and notifications;
6. rules for accountancy and information safe-keeping;
7. rules for safe-keeping of financial instruments
as well as
8. rules for risk management;
9. rules for internal control;
10. plan for internal audit.

Art. 20. In accordance with the regulations of MFIA and Ordinance No 38 the Management body watches for the adequacy and efficiency of the approved rules, policies and procedures. The Board of Directors of IB "Intercapital Markets" AD performs its duties by examining the monthly reports of the Internal Audit department, commenting on the suggested measures for defect removing defects, approving them, complementing them or approving new ones, and notifying the Head of the respective department, in which

omissions and discrepancies are found, about their duties concerning the implementation of specific measures and their respective deadlines. The Board of Directors assigns the Internal Control department to watch for the fulfillment and duly implementation of measures. In case of any subsequent non-fulfillment, the Head of the department shall notify the Board of Directors. In this case the Board examines the question on a conference and makes a decision to impose an extra-legal penalty on the employees, respectively the managers of the departments responsible for the measures.

Art. 21. The procedure under Art. 2 is applicable if the Board of Directors has been notified by the Head of the Internal Control department about the disturbances and discrepancies in the systems of organization of IB "Intercapital Markets" AD and/ or in the policies and rules concerning the IB's activity, found in the process of performing statutory weekly and monthly inspections, as well as while performing other ongoing inspections on the entire activity and all the departments, described in detail in the Rules for internal control.

Division II **Procedure for reviewing clients' complaints**

Art. 22. (1) If a client's complaint is received, an employee from the Internal Control department considers it within 10 days from the receipt and suggests to the Head of the department solutions to the problem or question raised in the complaint.

(2) The communication with the complainant shall be conducted in plain, clear and easily understood language.

(3) Contact information for the Internal Control Department is: petrova@intercapitalmarkets.com .

Art. 23. The investment firm may contact the client to further clarify the circumstances or to supplement vaguely presented information, informing the client that failure to provide the information could hinder the proper handling of the complaint.

Art. 24. The Head of the Internal Control Department within 5 working days after receiving information about the complaint under Art. 22 shall give its opinion on the merits of the complaint and, if it is justified, decide on specific measures on the question raised by the client, approving the measures proposed by the employee, supplementing them or designating others - and specifying the employee / employees, responsible for their implementation.

Art. 25. After consideration of the complaint, but no later than within 10 working days of duly receiving it, respectively from the provision of the additional information according to Art. 23, a written response shall be sent to the sender outlining the measures taken, as well as a notification that he or she may refer the complaint to an ADR structure - Consumer Commission or to file a civil action. In case of factual and legal complexity, the period for consideration of the complaint is 15 working days.

Art. 26. The employees of the Internal control department shall monitor the implementation of the imposed measures and notify the supervisor in case of their non-fulfillment by the responsible officer(s). In turn, the manager notifies the executive directors of the mediator and proposes disciplinary sanctions to the aforementioned employees.

Art. 27. By the 15th day of the month from which the new quarter begins, the Investment Firm shall notify the FSC of the number and the summary content of:

1. the written complaints received by his clients during the past quarter, if any, as well as the results of the consideration of the received complaints;

2. court cases related to his subject of activity as an II, filed during the last quarter by him and against him, respectively against members of the Board of Directors and against the persons working under contract for him, as well as for the decisions rendered in pending cases, if any are available.

TITLE TWO **RULES AND POLICIES** **Chapter I** **BEST EXECUTION POLICY**

Art. 28. (1) As performing investment services and activities for the clients' account, the investment intermediary operates honestly, fairly and as a professional in compliance with the best interests of its clients.

(2) INTERCAPITAL MARKETS AD has developed and implements a policy to work in the best interest and to achieve the best results for its clients, which is a separate document.

Chapter II **Rules for keeping records and storing information**

Section I **General provisions**

Art. 29. The purpose of the Rules is to provide protection to the clients of the Investment Intermediary, as well as to provide accurate, complete and up-to-date information about the activity performed by him.

Art. 30. (1) In order to ensure the accountability and storage of the information on the concluded transactions with and at the expense of its clients, INVESTMENT INTERMEDIARY INTERCAPITAL MARKETS AD shall keep at least the registers specified in Annex I to Delegated Regulation 2017/565, which shall be stored in for 5 years on an electronic, magnetic and / or paper basis in a way that allows the FSC, respectively the Vice-President, to receive it easily and to restore all the basic stages of processing of each transaction, so that:

1. to be possible an easily check of all amendments or others, as well as the contents of the documents before such amendments;

2. to be impossible to manipulate or change the documents in any other way;

3. the use of information technology or other effective means may be possible where the analysis of the data cannot be done easily due to the volume and nature of that data; and

4. the rules of the investment firm to comply with the requirements for the storage of documentation, regardless of the technology used.

(2) The obligation for keeping the envisaged accountability shall be fulfilled after the occurrence of a subject to be entered.

(3) The list of registers referred to in Annex I to Delegated Regulation 2017/565 does not limit the operation of any other obligation to keep records arising from other regulatory acts.

(4) The IB shall keep written records of all policies and procedures that it is required to maintain in accordance with the MFID, Regulation (EU) No 600/2014, Directive 2014/57 / EU and Regulation (EU) No 596/2014 and related measures for their implementation.

Art. 31. At the end of each business day IB INTERCAPITAL MARKETS AD prints out the data entered during the day under Art. 63, 64, 65, 67 and 68 of Ordinance No. 38, stating the date and time of the printout, which shall be certified by the person who entered the data and by a person from the internal control department with the date and signature of the persons. The print of the data entered during the day under Art. 63, 64, 65, 67 and 68 of the Ordinance may not be made if the investment intermediary at the end of each business day stores this data in electronic (magnetic) medium signed with electronic signature by the person who entered the data, in compliance with the requirements of Art. 74, para. 6 of the Ordinance.

Art. 32. IB INTERCAPITAL MARKETS AD maintains a system for keeping daily accounts of its balance sheet and off-balance sheet assets and liabilities, as well as income and expenses.

Art. 33. IB INTERCAPITAL MARKETS AD shall store all documentation and information related to its activity on a magnetic medium, including:

1. the reports provided for in the ordinance, including the prints under Art. 61, para. 3 of Ordinance No. 38 and other reporting;

2. the concluded contracts for own account or for the account of clients, the necessary declarations, written consent and authorizations or copies of proxies, copies of the identity documents of the clients and proxies, up-to-date customer data, opened accounts and customer information given to the clients advice and notifications on risks associated with financial instruments, information on conflicts of interest, orders submitted, confirmations sent, other notices, reports and payment documents for financial and financial transactions strumenti and any other information provided to the client or received by it under MFID and this Ordinance;

3. copies of the documents related to the activity of the investment intermediary as a registration agent, including the concluded contracts, the necessary declarations, power of attorney or copies of power of attorney, copies of the identity documents of the power of attorney;

4. the advertising materials and publications under art. 7 of Ordinance No. 38;

5. the acts concerning the internal organization of the investment intermediary, customer complaints and internal investigations;

6. internal and external outgoing and incoming correspondence;

7. records of telephone conversations and electronic communication between the investment intermediary and its clients;

8. the general terms and conditions and the tariff applied by the investment intermediary, including the period for which they are effective, and any amendments thereto;

9. the job descriptions of the employees and the list of other persons who work for the investment intermediary, as well as any amendments thereto, and the documents certifying that the persons meet the requirements of the normative acts.

Art. 34. When copies of documents prepared in paper form are provided, they shall be certified by the persons who provided them and by the person under Art. 39, para. 1 of Ordinance 38 in the investment intermediary, which concludes the contract for the investment intermediary.

Art. 35. The investment intermediary shall, for a period of 5 years, keep the documentation described in this Chapter in a magnetic medium, in an accessible and convenient place and in such a way as to ensure that it is retained on a second medium or restored in the event of loss for technical reasons. Documents and information that establish the rights and obligations of the investment intermediary or the client in connection with the services provided or the conditions under which the investment intermediary provides services to the clients shall be kept for the entire duration of the relationship with the client, but no longer less than 5 years. In exceptional circumstances, the Vice-President may order the investment firm to retain documents and information for a longer period in view of the nature of the instruments or transactions, if this is necessary for the exercise of its supervisory powers.

Art. 36. All provisions of these Rules shall apply accordingly to the transactions that the Investment Intermediary conducts in the portfolio management of financial instruments without special orders of clients. Instead of a report on execution of the submitted orders and orders, the reports under Art. 45, para. 1 and para. 5 of Ordinance 38, a copy of the documents that the Investment Intermediary has signed, accepted or submitted for the account of the Client, as well as those certifying the legal actions performed at the expense of the Client.

Art. 37. Upon the occurrence of the circumstances stipulated in other texts of Ordinance 38, on the order of the executive directors, the Investment Intermediary shall start keeping appropriate accountability with the content of the texts in question.

Art. 38. The IB defines and provides the following technical means for the purposes of taking, transmitting and executing orders from clients, including for receiving and initiating communication with clients or potential clients:

1. computer configurations with parameters and software installed that ensure the unique identification of the investment intermediary, as well as the preparation and storage of electronic documents and / or records of all conversations and messages by electronic means of communication, accepted or initiated by the investment intermediary, relate to the conclusion of transactions or to the receipt, transmission and execution of client orders;

2. fax machine;

3. telephone sets, which ensure the preparation and storage of a record of all telephone calls and messages received or initiated by the investment intermediary, which relate to the conclusion of transactions or to the reception, transmission and execution of client orders;

4. a server which allows the storage for a period of not less than 5 years on the file of each client of the prepared records of telephone calls and messages or of calls and messages through electronic means of communication.

Section II.

Documentation of the rights and obligations of the investment intermediary and the client.

Client file.

Art. 39. (1) The documentation, which defines the respective rights and obligations of the investment intermediary and the client under an agreement for providing services or the conditions under which the investment intermediary provides services to a client, shall be kept at least as long as the relations with the client continue.

(2) The documentation, which defines the respective rights and obligations of the investment intermediary and the client under an agreement for the provision of services or the conditions under which the investment intermediary provides services to a client, shall be kept at least as long as the relations with the client continue.

Art. 40. Client file

(1) The documentation under Art. 30 includes all investment and additional services, supplementary agreements thereto, tariffs, orders and other documents reflecting the rights and obligations of the parties and / or any changes in them.

(2) The client's file, kept by the II according to Art. 82, para. 2 of the MFID includes:

1. the documents under Art. 30;

2. data identifying the client, respectively his legal representative or proxy: the three names/name/, PIN/UIC, place of residence and address / management and correspondence address /, passport data / tax number/; similar customer credentials - non-residents;

3. a unique customer number, which is formed by a group of digital symbols and assigned by the II, respectively a unique customer number in its own name;

4. power of attorney, if the client is represented by a proxy - original or notarized copy, as well; statement by the proxy that he or she does not engage in transactions in financial instruments

5. the information provided to the customer in accordance with the requirements of Delegated Regulation (EU) No 2017/565;

6. the submitted orders for transactions in financial instruments with serial number, taking into account the order of their receipt (explicit instructions of the client);

7. notifications of the execution policy and the risks involved;

8. a written confirmation from the client that he has received all the required information under the current legislation;

9. provided information about the IB and potential conflicts of interest;

10. the confirmations and / or reports prepared by the IB for the concluded transactions / performed actions for portfolio management or provided additional service;

11. the prepared records of all telephone calls and messages or conversations and messages by electronic means of communication, accepted or initiated by the investment intermediary, which relate to the conclusion of transactions on its own account or with the receipt, transmission and execution of client orders;

12. other correspondence with the client, including periodic reports, to which an inventory protocol of the executed transactions for execution of the orders is attached.

(3) The investment firm shall keep a register of the assessments of suitability and appropriateness, which shall include:

1. the result of the assessment of the suitability with the information received from the client about his financial status, investment goals, incl. the permissible level of risk, the ability of the client to bear losses and the client's experience and knowledge regarding the services provided in accordance with Art. 78, para. 1 of the MFIA;

2. any warning addressed to the client when the investment service or the purchase of a product has been assessed as potentially unsuitable for the client, whether the client has requested to proceed with the transaction regardless of the warning and, where applicable, whether the investment firm has accepted the client's request to enter into the transaction;

3. any warning addressed to the client where the client has not provided sufficient information to enable the investment firm to assess the appropriateness, whether the client has requested to proceed with the transaction regardless of that warning and, where applicable, whether the investment firm has accepted the client's request for the transaction.

Section III.

Documentation on customer orders and trading decisions

Art. 41. (1) In respect of any initial order received by a client and in respect of any initial trading decision taken, the investment firm shall immediately register and keep at the disposal of the competent authorities at least the information specified in section 1 of Annex IV to Delegated Regulation 2017/565, insofar as they are applicable to the relevant order or the relevant trading decision, as follows:

1. Client's name, name or other designation;

2. Name, company name or other designation of the person concerned acting on behalf of the client;

3. A designation identifying the trader (trader's identifier) within the investment firm responsible for the investment decision;

4. A designation that identifies the algorithm (algorithm identifier) within the investment firm on which the investment decision is based;

5. Buy / Sell indicator;

6. Identification of the instrument;

7. Unit price and currency;

8. Price;

9. Price multiplier;

10. Currency 1;

11. Currency 2;

12. Initial quantity and quantity unit;

13. Validity period;

14. Type of order;

15. Any other data, conditions and specific instructions from the client.

16. The date and exact time of receipt of the order or the date and exact time of the decision to trade. The exact time must be determined in accordance with the methodology prescribed by the clock synchronization standards in accordance with Article 50 (2) of Directive 2014/65 / EU.

(2) Where the data referred to in Section 1 of Annex IV to Delegated Regulation 2017/565 are also required under Articles 25 and 26 of Regulation (EU) No 600/2014, that data shall be maintained in a consistent manner and in accordance with the same standards established under Articles 25 and 26 of Regulation (EU) No 600/2014.

Section IV.
Documentation of transactions and processing orders.
Registering phone calls or e-mails.

Art. 42. (1) Immediately after receiving an order from a client or taking a trading decision, the investment firm shall record and keep at the disposal of the competent authorities at least the data specified in section 2 of Annex IV to Delegated Regulation 2017/565, to the extent applicable to the order in question or the trading decision in question, as follows:

1. Client's name, company name or other designation;
2. Client's name, company name or other designation of the person acting on behalf of the client;
3. A designation identifying the trader (trader's identifier) within the investment firm responsible for the investment decision;
4. A designation that identifies the algorithm (algorithm identifier) within the investment firm on which the investment decision is based;
5. Transaction reference number;
6. Designation identifying the order (order identifier);
7. The order identification code assigned by the trading venue upon receipt of the order;
8. Unique identification of each group of grouped client orders (which will subsequently be issued as one general order in a trading venue). This identification should show "aggregated_X", where X indicates the number of clients whose orders are grouped;
9. MIC code of the segment of the trading venue where the order was placed;
10. Name and other designation of the person to whom the order was delivered;
11. A designation identifying the seller and the buyer;
12. The quality in which the person trades;
13. A designation identifying the trader (merchant identifier) responsible for execution;
14. A designation that identifies the algorithm (algorithm identifier) on which the execution is based;
15. Buy / Sell indicator;
16. Identification of the instrument;
17. Basic instrument;
18. ID of put or call option;
19. Price of exercise;
20. Prepayment;
21. Type of delivery;
22. Option type;
23. Maturity;
24. Unit price and currency;
25. Price;
26. Price multiplier;
27. Currency 1;
28. Currency 2;
29. Remaining quantity;
30. Changed quantity;
31. Quantity completed;
32. The date and exact time of submission of the order or trading decision. The exact time must be determined in accordance with the methodology prescribed by the clock synchronization standards under the MFIA;
33. The date and exact time of each message transmitted to and received from the trading venue in relation to events affecting the order. The exact hour must be determined in accordance with the methodology prescribed by Commission Delegated Regulation (EU) 2017/574 to supplement Directive 2014/65 / EU of the European Parliament and of the Council as regards regulatory technical standards for the degree of accuracy of business clocks;

34. The date and exact time of each message transmitted to and received by another investment firm in connection with events affecting the order. The exact time must be determined in accordance with the methodology prescribed by the clock synchronization standards in accordance with Article 50 (2) of Directive 2014/65 / EU;

35. Any communication that is transmitted to and received from the trading venue in connection with orders issued by the investment firm;

36. Any other data and conditions submitted to and received by another investment firm in connection with the order;

37. The sequence of statuses of each order issued to reflect the timeline of events that affect the order, including change, cancellation, execution, etc .;

38. Short sale designation;

39. Exception code under the short selling regulation;

40. Refusal designation

(2) Where the data referred to in Section 2 of Annex IV to Delegated Regulation 2017/565 is also required under Articles 25 and 26 of Regulation (EU) No 600/2014, that data shall be maintained in a consistent manner and in accordance with the same standards established under Articles 25 and 26 of Regulation (EU) No 600/2014.

(3) The IB shall also keep a register of the transactions that the II performs in managing portfolios of financial instruments, with the content specified in Art. 41 of these Rules for Trading Decisions and Transactions. In the cases when the IB conducts transactions in connection with portfolio management, it is obliged to keep an account of the amount of losses, with a view to fulfilling its obligation under Art. 62 of Delegated Regulation 2017/565 to notify the client if the total value of the portfolio is impaired by 10% or multiples of 10%.

Section V. **Client Asset Documentation.**

Art. 43. (1) The investment intermediary shall keep a register of the stored and administered financial instruments for the account of clients, which shall include the following data:

1. name and / or unique number of the client;

2. type of securities or financial instruments, in case of bonds - maturity, number, issue date, maturity income;

3. issuer or ISIN code of the issue;

4. client's funds - size and method of storage;

5. description of the guardianship services provided to the client.

(2) The IB shall keep a record of the financial instruments of new issues, recorded for the account of clients upon their order. This record contains the following information:

1. name of the transferee of the issue, if any;

2. the name or other identifying information of the client and his representative or proxy;

3. order indicator - whether it represents a purchase or sale from the point of view of the investment intermediary;

4. a unique identification code of the financial instruments related to the order, or, if they do not have, their name;

5. single price of the financial instrument; if the subject of the order is a debt financial instrument, the price may be expressed as a percentage;

6. price indicator - whether it is expressed in currency or in percentage;

7. quantity - number of financial instruments acquired, nominal value of debt financial instruments or number of derivative contracts;

8. quantity indicator - whether it is expressed in number of financial instruments or derivative documents or in nominal value of debt financial instruments;

9. nature of the order - if it is different from buying or selling;

10. type of order;

11. any other details, conditions and special instructions from the client specifying how the order should be executed;

12. date and exact time of acceptance of the order or decision making of the transaction by the investment intermediary.

(3) For its activity as a registration agent, the IB shall keep a separate record, which shall contain the following data:

1. the date of filing and the unique number of the request of the transferor and the transferee for the transfer of financial instruments;

2. the unique number of the transferor and his representative or proxy;
3. the unique number of the acquirer and his representative or proxy;
4. the type of transaction;
5. the type, issuer or unique issue code or the name of the instrument, respectively the characteristics of the derivative financial instrument and the number of financial instruments subject to the transfer;
6. the unit price and the total value of the purchase and sale transaction and other reimbursement transactions (unit market price and the total value of the financial instruments exchanged);
7. the name of the person who accepted the request for transfer and verified the data under items 1 - 6 above with the primary documents and made the entry in the logbook;
8. the date of registration of the transfer of the financial instruments and the number of the transfer to the depository institution;
9. the name of the person who verified the data under item 8 above with the primary documents and made the entry in the logbook.

(4) The IB shall keep a record of concluded contracts for redemption of financial instruments (repo transactions), containing the following data:

1. the unique number of the contract seller and his representative;
2. the unique number of the buyer under the contract and his representative;
3. type, issuer or unique issue code or name of the instrument and number of financial instruments - subject of the contract;
4. collateral under the contract;
5. term of the contract;
6. name and signature of the person who made the entry.

(5) The IB maintains a customer complaint record which contains data on:

1. the date of receipt and the unique complaint number of the investment intermediary;
2. the unique number of the complainant;
3. the corresponding number of the stored primary documents in the archive of the investment intermediary, as well as other additional information;
4. the name and signature of the person who made the entry under items 1 - 3 above;
5. the date of consideration of the complaint by the investment intermediary;
6. the measures taken in connection with the complaint;
7. the name of the person who made the entry under items 5 and 6 above.

(6) The IB shall keep a separate register of the personal transactions performed by the respective persons and by the persons working under the contract for the investment intermediary, as well as its related agents, only when the IB is informed or otherwise finds that the transaction is contradictory or probable to contradict the normative obligation of the investment intermediary. In all other cases, personal transactions are recorded and accounted with the content and in the order established by all other customer transactions.

(7) When providing additional services at the expense of clients, the investment intermediary shall keep an appropriate register for the provided additional services, which is part of the client's file and contains:

1. customer name or number;
2. type of additional service provided;
3. start and end date of submission, if agreed;
4. an indication of the investment service to which the ancillary service is linked (if any);
5. an indication of the type / types of financial instruments to which it relates
6. the additional service.

Section VI. **Other registers.**

Art. 44. (1) The investment intermediary shall establish, implement and maintain an effective policy regarding the registration of telephone calls and electronic communications, in accordance with the requirements of Art. 76 of Delegated Regulation 2017/565. The IB shall periodically evaluate the effectiveness of its policy and adopt alternative or additional measures and procedures that are necessary and appropriate, with a minimum such measure being the acceptance or acceptance by the IB of the use of a new communication tool.

(2) The register shall include all relevant information pertaining to the relevant direct conversations with clients, but not less than the following information:

1. date and time of meetings;
2. meeting place;
3. identification of participants;
4. initiator of the meetings; and

5. Significant information about the client's order, including price, volume, type of order and when it should be delivered or executed.

(3) The recordings shall be stored on a durable medium which permits their reproduction or copying, and in a format that does not allow modification or deletion of the original record. The investment firm shall take the necessary steps to ensure that the mechanisms for complying with the registration requirements are technologically neutral.

(4) The investment intermediary shall keep and regularly update a register of the persons who have a company or their own devices approved for use by the investment intermediary in the performance of their official or work obligations.

(5) To ensure the lawful conduct, recording and storage of telephone conversations and electronic communications concerning at least transactions involving the provision of customer orders related to the receipt, transmission and execution of customer orders, the investment intermediary:

1. organizes trainings of its employees on the procedure;
2. conducts periodic monitoring of transactions and orders subject to these requirements, including relevant discussions, respecting the principles that such monitoring is risk-based and proportionate;
3. is obliged, upon request, to be able to demonstrate policies, procedures and management oversight to the competent authorities.

Art. 45. (1) Prior to the provision of investment services or activities related to the reception, transmission and execution of orders to new and existing clients, the IB shall be obliged to inform the client that all conversations and messages with him are recorded and a copy of the records of these conversations and communications will be available upon request for a period of five years from the date the record was created. For supervisory purposes, records are kept for up to seven years and made available upon request to FSC and its officers. The records shall be stored on a medium in such a way that they are easily accessible and available to customers upon request.

(2) The information shall be provided to the client in the language used for the provision of investment services.

Art. 46. When performing representation of holders of financial instruments in front of their issuer and representation at general meetings of holders of financial instruments, the IB shall keep a record with the following contents:

1. issuer and type of financial instruments;
2. unique number of the authorizers;
3. date of the general meeting of the holders of financial instruments or of performing actions on behalf and at the expense of the represented ones before the issuer;
4. the name and signature of the person who made the entry.

Art. 47. The investment intermediary shall keep a register under Art. 32, para. 2 of Ordinance No. 58, in which it retains evidence that all fees, commissions or non-monetary benefits provided or received by it are intended to improve the quality of the investment or additional service provided to the client. The IB shall keep records of the manner in which the remunerations, commissions or benefits received or received by it, or those which the investment intermediary intends to use, improve the quality of services provided to the respective clients, as well as the measures taken by the IB, to fulfill its obligation to act honestly, correctly, professionally and in the best interests of the client.

Chapter III **Client Asset Storage Rules**

Art. 48. (1) The IB shall maintain accounting and keep accounts for financial instruments and / or cash only to clients with whom it has concluded a contract for carrying out transactions in financial instruments at their own expense.

(2) The investment intermediary shall separate its financial instruments and cash from those of its clients.

Art. 49. The investment intermediary cannot keep its clients' funds with them.

Art. 50. The investment intermediary shall not be liable to its creditors with the financial instruments and cash of its clients, as well as with securities that are basic to depositary receipts.

Art. 51. (1) The investment intermediary shall deposit the client's assets as follows:

1. corporate financial instruments (shares, shares of mutual funds, bonds) and municipal bonds - on the client's sub-account to the account of INTERCAPITAL MARKETS AD in Central Depository AD, Sofia, and for

foreign financial instruments - under client's sub-account to the account of INTERCAPITAL MARKETS AD in third parties, which provide custodian services related to the storage of financial instruments in foreign depository institutions;

2. government securities - in the registers of a primary dealer of government securities, on the name of the client or of INTERCAPITAL MARKETS AD;

3. the client's funds are stored in general accounts opened with a credit institution - bank in the name of INTER INTERCAPITAL MARKETS AD for the cash of its clients.

(2) When receiving money transfers from clients for conducting transactions with financial instruments on their own account, the II shall use only the common bank account opened for clients' funds, specifying only this account in the contracts and correspondence with clients.

(3) The IB shall take due care of the interests of the clients in determining the person to whom the money is deposited and periodically if necessary, but at least once a year, shall review with the same care the choice of that institution or qualified money market fund and the conditions, in which the person in question holds the clients' funds. In fulfilling these obligations, the IB takes into account the experience and market reputation of the person, as well as all legal requirements and market practices related to the holding of funds that may impair the rights of clients.

(4) The IB shall regularly inform its clients about the stocks and operations on the cash accounts and the financial instruments it holds and the terms of the contracts for their storage.

(5) When concluding contracts with clients:

1. In accordance with the accounting legislation, the Investment firm shall open analytical accounts for the client's financial instruments and cash;

2. The IB shall open to the client a sub-account to its account for dematerialized financial instruments with the Central Depository, respectively in a similar depository institution.

(6) Upon concluding a contract with a client, the IB assigns to the same unique number, keeps a register of its clients with the data under Art. 66 of Ordinance No. 38, open and maintain a client account at the analytical level.

(7) Disposals of financial instruments and / or clients' funds at their own expense shall be accounted for and immediately reflected in the client's sub-accounts at the synthetic level.

(8) Except in the cases specified in an ordinance, the IB shall not be entitled to use:

1. at its own expense the cash and financial instruments of its clients;

2. at the expense of his client cash or financial instruments of other clients;

3. for the account of the client their own money or financial instruments.

(9) The investment intermediary shall consider the need for diversification of the clients' funds stored with a person under Art. 51, para. 1, and, where appropriate, deposit them with more than one person to protect the rights of clients. The investment intermediary may deposit the funds of its clients with the persons under Art. 51, para. 1, who is related to, only if the clients have given their written consent.

Chapter IV **Conflict of interest policy**

Art. 52. (1) This policy for the treatment of conflicts of interest has been drawn up and is applied by IB Intercapital Markets AD in relation to situations that arise in the provision of investment and / or additional services by the II and may impair the interest of the client.

(2) When providing investment and additional services under Art. 6, para. 2 and 3 of the MFIA could lead to potential conflicts of interest if the investment intermediary or a related person, directly or indirectly related to the intermediary through control, falls into one of the following situations, whether it arises as a result of the provision of investment or ancillary services, or another way:

1. the investment intermediary or that person may make a financial profit or avoid financial loss at the expense of the client;

2. the investment intermediary or this person has an interest in the result of the provided service to the client or in the transaction carried out at his own expense, which is different from the client's interest in that result;

3. the investment intermediary or that person has a financial or other incentive to prefer the interest of another client or group of clients to the interests of the client; the investment intermediary or that person carries out the same economic activity as the client;

4. the investment intermediary or that person receives or will receive from a person other than the client an incentive in connection with the service provided to the client in the form of monetary or non-monetary benefits or services.

Art. 53. Examples of situations that could present a conflict of interest in connection with the services provided by IB Intercapital Markets AD:

1. The IB must have a contractual relationship for the provision of financial and investment advisory services to an issuer whose shares are subject to a transaction under a client's order or subject to an investment research prepared by IB Intercapital Markets AD,

2. persons who work under a contract with IB or persons related to the IB, to be a party to a transaction when executing a client's order for the purchase or sale of securities;

3. concluding a cross-transaction with another client of the IB;

4. client accounts managed by IB Intercapital Markets AD under a contract for the trust management of an individual investment portfolio to hold securities or related securities that are the subject of a transaction under a client order or subject of investment research prepared by IB Intercapital Markets AD;

5. persons who work under a contract for the IB or related to the IB persons to hold securities or related securities, which are the subject of a client's order or the subject of investment research, prepared by IB Intercapital Markets AD;

6. The IB is to be a bidder for a new issue of securities or related securities, which are the subject of a client order or the subject of an investment research prepared by IB Intercapital Markets AD;

7. The IB shall receive monetary remuneration, commissions or other non-monetary benefits for submitting client orders for execution of a third party;

8. The IB must be a related party to an issuer whose shares are subject to a client order or subject to an investment survey prepared by IB Intercapital Markets AD.

Art. 54. IB Intercapital Markets AD adopts and implements the following measures for the treatment of conflicts of interest that may arise in the provision of investment and / or additional services:

1. Disclosure of conflicts of interest to IB clients

a) When submitting an order from a client and / or when providing investment advice, the IB shall notify the client of all possible situations that may present a conflict of interest under Article 2. The information that the IB provides to the client must be clear, accurate and comprehensive so that the client is able to make an informed decision;

b) If on the basis of the information provided, the client cannot make an informed decision and the IB considers that there is a risk to the interests of the client, IB Intercapital Markets AD refuses to execute the client's order or provide the investment advice;

c) The IB may not conduct transactions on behalf of clients in volume or frequency, at prices or with a specific counterparty, which may, in the circumstances, be considered to be exclusively in the interest of the investment firm;

d) members of the management and control bodies of the IB; the persons managing his business, as well as for all persons working under a contract for him, and related persons, cannot buy on his own account financial instruments for which an IB client has submitted a purchase order and sell them to the customer at a price higher than the price at which they were purchased;

e) The IB informs the client in all cases when the counterparty to the transaction with him is another client of the investment intermediary, except when the order is executed through a trading system that allows anonymous trading.

2. Disclosure of conflicts of interest to the IB - all persons working under an investment intermediary contract shall promptly disclose to the IB the circumstances that may present a conflict of interests in the performance of their official duties, including:

(a) the holding in person or through related parties of securities or related securities which are the subject of exchange trading or initial public offering;

b) occupation of a management position or position which presupposes access to inside information in an issuer whose securities are subject to exchange trading or initial public offering;

c) participation in the management or access to inside information through related parties in an issuer whose securities are subject to exchange trading or initial public offering.

3. Transaction priority

a) When executing transactions, persons working under the IB contract and related parties may not be in a privileged position over the clients of the IB. Employee transactions may not conflict with the interests of clients. In the event of a conflict of interest, priority must be given to customers;

b) The number and size of transactions of IB employees should not take too much time, workload, or affect the employees' work responsibilities.

c) The rules for the personal transactions of securities of the members of the Board of Directors, the employees and related persons of IB Intercapital Markets AD are directly related to the Policy for the treatment of conflicts of interests of the IB and the observance by the IB for the observance of the former, is part of the rules for regulating conflicts of interest for the intermediary.

4. Measures to ensure independence between the persons who work under the contract for IB Intercapital Markets in performing their main functions:

(a) the IB shall control the exchange of information between persons engaged in activities involving a conflict of interest, where the exchange of this information may prejudice the interests of one or more clients of the IB;

b) The IB shall ensure that situations where there is a direct correlation between the remuneration of the persons carrying out essentially one activity and the remuneration of the persons carrying out mainly another activity for the investment firm or the income realized by the latter, if possible, can be avoided. a conflict of interest arises in connection with these activities;

c) The IB shall ensure that any person is prevented or restricted from exercising inappropriate influence on the manner in which a person working under an investment firm contract provides investment and / or ancillary services.

d) The IB shall ensure that, in order to control, at the same time, the simultaneous or consistent participation of an investment firm individual in the performance of separate investment or ancillary services or activities, where such participation may prejudice the proper management of the investment firm; conflicts of interest.

5. Disclosure of information on fees and commissions that the IB receives from or pays to third parties in connection with the provision of investment and / or additional services to a client

a) In providing investment and / or ancillary services, the IB shall disclose to the client the circumstances of the remuneration, commissions or non-cash benefits paid or provided by or to a third party or its representative in connection with the provision of the above services.

b) The IB shall disclose to the clients the existence, nature and amount of the remuneration, commission or non-cash benefit in a clear, accessible, accurate and understandable manner before providing the investment or ancillary service concerned, and when the amount cannot be determined, indicate the manner of its calculation;

c) The IB shall not be entitled to pay, or to provide and receive, remuneration, commission or non-monetary benefits to or from a third party, unless the payment, respectively provision, of the remuneration, commission or non-monetary benefits is for the purpose of improving the quality of service, provided to the client and does not violate the obligation of the investment intermediary to act in the best interests of the client.

Art. 55. In cases where IB Intercapital Markets AD prepares or organizes the preparation of investment studies intended for distribution or is likely to be subsequently disseminated publicly or to clients of the IB under its responsibility, the latter shall apply the following measures for the treatment of conflicts of interest:

1. All persons who work under an investment contract and are involved in the preparation of investment recommendations on behalf of the investment firm shall be obliged to disclose any links and circumstances that might violate the objectivity of the recommendation, as having significant financial interests in the investment intermediary. one or more financial instruments that are the subject of the recommendation or of a conflict of interest regarding the issuer to which the recommendation relates;

2. The financial analyst and other persons working under an investment firm contract may not enter into personal transactions or transactions for the account of another person with the financial instruments to which the investment research relates, or related financial instruments, with knowledge of the likely timing of the disclosure or the content of the investment study; the first sentence shall apply where investment research is not accessible to the public or to clients and cannot easily be made on the basis of information available to the public or clients; the prohibition under sentence one shall first apply until a reasonable opportunity is provided for the addressees of the investment research to act in accordance with it; the prohibition under sentence one does not first apply to the execution of customer orders given on their own initiative;

3. Except for the cases under item 1, IB Intercapital Markets AD ensures that the financial analyst and other persons who work under the contract for the investment intermediary and participate in the preparation of the investment survey do not carry out personal transactions with financial instruments until concerning investment research or related financial instruments, contrary to recommendations made during the period for which they are valid, except in exceptional circumstances and with the prior approval of a person by the internal control unit or the investment firm's legal department ;

4. The IB, the financial analyst and the other persons who work under the contract for the investment intermediary and participate in the preparation of the investment survey, may not receive remuneration, commissions or non-monetary benefits in violation of Art. 14 of Ordinance No. 38 on the requirements for the activity of the investment intermediaries, by persons having a substantial interest in the subject of the investment research;

5. The IB, the financial analyst and the other persons who work under the contract for the investment intermediary and participate in the preparation of the investment research may not promise to the issuers to whom it relates, their favorable presentation in the research;

6. Issuers, all persons working under an investment firm contract other than the financial analyst, as well as all other persons, shall not have the right to review his project before the distribution of the investment

research in order to establish the truth of the facts presented in the research or with other purpose than to verify the fulfillment of the statutory obligations of the investment firm, if the project involves a recommendation or an expected price.

Art. 56. IB Intercapital Markets AD ensures that the information it gives to its clients, including in its advertising materials and public statements to the members of the Board of Directors and to the persons working under a contract for it, is understandable, true, clear and not misleading in order to prevent conflicts of interest regarding its spread.

Art. 57. IB Intercapital Markets AD maintains and regularly updates a register of the types of investment or ancillary services or investment activities performed by it or on its behalf, in which a conflict of interest may arise or in the case of continuing provision of a service or activity. leading to a significant risk of harm to one or more than one customer interest.

Chapter V **Rules for the Personal Transactions of Securities of the Members of the Board of Directors, the Employees and Related Persons of IB INTERCAPITAL MARKETS AD**

Art. 58. (1) Separate rules shall regulate the internal order and conditions for carrying out personal transactions in financial instruments by the members of the Board of Directors of the IB, the employees of the IB and other persons working under contract with the company, as well as the restrictions for concluding such deals.

(2) The purpose of these rules is to ensure transparency in the conclusion of personal transactions by the persons under para. 1, Ensuring compliance with all applicable requirements of the Markets in Financial Instruments Act (MFID), Public Offering of Securities Act, Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation or Regulation 596/2014) and repealing Directive 2003/6 / EC of the European Parliament and of the Council and Commission Directives 2003/124 / EC, 2003/125 / EC and 2004/72 / EC, Act on the implementation of measures against market abuse of financial instruments (LPOSFI), acts on their implementation in the implementation of such transactions, as well as ensuring the interests of all clients of the investment intermediary.

Art. 59. (1) The IB shall keep a record of the personal transactions performed, for which it was notified or otherwise established, as well as information on the permits granted and the prohibitions imposed in connection with those transactions.

(2) In cases where a contract has been concluded between the IB and a third party for the assignment of the activity of that third party, the IB requires that the person to maintain a register of personal transactions concluded by persons under Art. 58, and provide this information to the investment firm at his request.

Art. 60. At the end of each month, the Compliance department of the IB undertakes an examination of the transactions that the persons under Art. 58 concluded at their own expense. Head of Compliance department prepares and submits to the Board of Directors by the 10th of each month a report on the audit performed by the Compliance department during the previous month.

Chapter VI **BUSINESS CONTINUITY POLICY**

Art. 61. (1) The investment intermediary establish, implement and maintain an adequate business continuity policy, which aims to ensure, in the event of interruption of the operation of its systems and procedures, that the protection of basic information and functions, as well as the maintenance of services and activities or, where this is not possible, the timely restoration of information and functions and the timely resumption of their services and activities.

(2) The investment intermediary may assign critical or important operational functions to a third party under the terms of Art. 31 of Delegated Regulation 2017/565, and continues to bear full responsibility for its obligations under the MFID.

(3) An operational function is considered critical or important if a deficiency or non-performance of this function would significantly impair the continued compliance by the investment firm with the conditions and obligations associated with its license or other obligations under the MFID or its financial results, or the stability or continuity of his investment services or activities.

(4) The following functions shall not be considered critical or important within the meaning of para. 3:

1. providing the investment firm with advisory services or other services which do not form part of the investment activity of the intermediary, including the provision of legal advice to the intermediary, training of the intermediary's staff, billing services and the security of the premises and the staff of the mediator;
2. the purchase of standardized services, including market information services and the provision of price information.

These Internal Rules have been adopted by the Board of Directors of the Investment broker INTERCAPITAL MARKETS on a meeting dated 17.05.2018, and completely replace the existing Rules.