

**RULES FOR KEEPING RECORDS, STORING INFORMATION AND SAFE KEEPING OF CLIENTS'
FINANCIAL INSTRUMENTS AND FUNDS OF
INVESTMENT BROKER "INTERCAPITAL MARKETS" AD**

I. GENERAL PROVISIONS

1. The rules for keeping records, storing information and safe keeping financial instruments and funds of the clients of the investment broker (IB) "INTERCAPITAL MARKETS" AD (the "Rules") have been adopted on the basis (Art. 16(6) of MiFID II) the Markets in Financial Instruments Act and Art. 72-76 of Delegated Regulation 2017/565.
2. The following abbreviations will be used in these Rules: Financial Markets Act – MFIA; Financial Supervision Commission – FSC; Investment broker – IB.
3. The purpose of the Rules is to ensure the protection of the clients of the Investment broker, as well as to provide true, complete and up-to-date information about its activities.

II. RECORD KEEPING AND STORAGE OF INFORMATION

4. In order to ensure the accountability and storage of the information on the concluded transactions with and at the expense of its clients, IB 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 broker to comply with the requirements for the storage of documentation, regardless of the technology used.
5. The obligation for keeping the envisaged accountability shall be fulfilled after the occurrence of a subject to be entered.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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 the transactions with financial transactions 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.
- 11.** 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.
- 12.** The investment broker 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 broker 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.
- 13.** 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.
- 14.** 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.
- 15.** 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.

III. Documentation of the rights and obligations of the investment broker and the client. Client file.

16. 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.

17. 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.

18. Client file

18.1. 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.

18.2. 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.

18.3. The investment broker 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 broker 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 broker to assess the appropriateness, whether the client has requested to proceed with the transaction regardless of that warning and, where applicable, whether the investment broker has accepted the client's request for the transaction.

IV. Documentation on customer orders and trading decisions

19.1. In respect of any initial order received by a client and in respect of any initial trading decision taken, the investment broker 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 broker responsible for the investment decision;
4. A designation that identifies the algorithm (algorithm identifier) within the investment broker 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.

19.2. 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.

V. Documentation of transactions and processing orders.

20. Immediately after receiving an order from a client or taking a trading decision, the investment broker 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 broker responsible for the investment decision;

4. A designation that identifies the algorithm (algorithm identifier) within the investment broker 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 broker 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 broker;
36. Any other data and conditions submitted to and received by another investment broker 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

20.2. 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.

20.3. 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%.

VI. Client Asset Documentation

21.1. 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.

21.2. 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.

21.3. 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 depositary 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.

21.4. 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.

21.5. 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.

21.6. 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.

21.7. 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.

VII. Other registers

22. 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.

22.1. 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.

22.2. 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 broker shall take the necessary steps to ensure that the mechanisms for complying with the registration requirements are technologically neutral.

22.3. 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.

22.4. 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.

22.5. 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.

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

23. 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.

24. 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.

VIII. Rules for safe keeping of the financial instruments and funds of the clients

25.1. 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.

25.2. The investment intermediary shall separate its financial instruments and cash from those of its clients.

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

27. 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.

28.1. 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.

28.2. 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.

28.3. 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.

28.4. 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.

28.5. When concluding contracts with clients:

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

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.

28.6. 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.

28.7. 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.

28.8. 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.

28.9. 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.

IX. FINAL PROVISIONS

§ 1. The Board of Directors shall, by 31 January, review and evaluate these Rules annually in order to ensure the lawful functioning of the entire IB, and in case of incompleteness and/or need to improve the activity, they accept amendments to these Rules.

§ 2. The Board of Directors of the IB may issue orders and instructions for the application of these Rules. The words and expressions used and not defined in these Rules have the meaning given to them by MFIs and the directly applicable Delegated Regulations.

§ 3. Rules have been adopted on 31.03.2020 by the decision of the Board of Directors of INTERCAPITAL MARKETS.