

# POLICY FOR TREATMENT OF CONFLICTS OF INTERESTS OF INVESTMENT INTERMEDIARY " AXIOM INVEST " OOD

## I. GENERAL PROVISIONS

**Art . 1. ( amended by decision of the Managers dated 30.06.2022 )** The policy for handling conflicts of interest of investment intermediary ( II ) " Axiom Invest " OOD ( " Policy " ) was adopted on the basis of Art . 65, para . 1 , item 7 and 76, para . 1 of the Financial Instruments Markets Act ( MFIA ) and Art . 34, para . 1 of delegated Regulation 2017/565 of the EC .

**Art . 2.** This Policy regulates :

1. the treatment of conflicts of interest , in accordance with the size and organizational structure of the II and the nature , scale and complexity of the performed investment services and activities ;
2. the circumstances representing a conflict of interest or which may lead to a conflict of interest giving rise to a risk of damage to the interests of a client or clients of the II in relation to any specific service or activity performed by the II ;
3. the procedures and measures for handling conflicts of interest .

**Art . 3.** This Policy is adopted in order to minimize the risk of damage to the interests of customers in the event of conflicts of interest . The conflict of interest should be regulated only when an investment service or additional service is provided by the II . The status of the customer to whom the service is provided - professional , non-professional or acceptable counterparty - is irrelevant for this purpose .

## II . PRINCIPLES

**Art . 4. (1)** When performing investment services and activities, the II shall take the necessary measures to prevent , establish and manage potential conflicts of interest between :

1. ( **amended by decision of 15.06.2021** ) The II , including the persons who manage the II , the persons who work under contract for it or any person directly or indirectly related to the II through a relationship of control , on the one hand , and its customers , on the other hand ;
2. its individual clients .

(2) The II undertakes the actions under para . 1 and in cases where a conflict of interest may arise as a result of receiving remuneration from the II , from providing incentives from third parties or from other incentive mechanisms .

**Art . 5. (1)** If, despite the implementation of the internal organization rules of the II and this Policy , there continues to be a risk to the client's interests , the II cannot carry out activities on behalf of the client if he has not informed him of the general nature and / or sources of potential conflicts of interest and measures taken to limit the risk to the client's interests .

(2) In the cases under the previous paragraph, before carrying out an activity on behalf of a client , in connection with which there is a conflict of interest , it provides the client on a durable medium with information about the conflict of interest , in order to provide him

an opportunity to make an informed decision about the service in relation to which the conflict of interest has arisen .

(3) The employees in the " Front Office " department, the brokers or the investment consultants , are obliged to inform the clients of the II about the potential conflicts of interest according to the previous paragraph .

**Art . 6.** In order to avoid conflicts of interest , persons who work under an II contract are obliged to observe the following principles :

a ) non- conflict - the sole trader and the persons who work under a contract for him should not be placed in a position where their interests will collide with the interests of the client , and if this happens , priority should always be given to the interest of the client . *This Policy adopts the principle that the best management of the conflict of interest is its complete avoidance ;*

b ) equal and fair treatment and loyalty to clients - the entrepreneur must always act in the interest of his client . The II should not be placed in a position where the interest of one of his clients conflicts with his duty to another of his clients . The II is obliged to apply for the benefit of his client all his professional knowledge and experience , including any publicly available information that he has received and is in connection with the service provided to the client ;

c ) confidentiality - the II has no right to use for its own benefit or for the benefit of a third party , including , but not limited to, another client , a member of a management body or an employee of the II , confidential information that it has received from a client , acting on its behalf .

d ) The II acts honestly , fairly and professionally when providing investment and additional services in accordance with the best interests of its clients .

### III . CONCEPT OF CONFLICT OF INTEREST

**Art . 7.** A potentially damaging conflict of interest is a situation that arises in connection with the provision of investment and / or additional services by an II or a combination thereof , and may harm a client's interest .

**Art . 8.** When establishing the types of conflicts of interest that arise as a result of the provision of investment and / or additional services or a combination of them , the existence of which may damage the interest of a client , the II takes into account , applying a minimum of criteria , the circumstance whether the II , a person , who works under a contract for him , or a person directly or indirectly related to him through control , falls into any of the following situations , regardless of whether they arose as a result of the provision of investment and/ or additional services or otherwise :

1. The II or this person can make a financial profit or avoid a financial loss at the expense of the client ;
2. The II or this person has an interest in the result of the service provided to the client or in the transaction carried out on his account , which is different from the client's interest in this result ;
3. The II or such person has a financial or other incentive to prefer the interest of another client or group of clients over the interests of the client ;
4. The sole proprietor or this person performs the same economic activity as the client ;
5. The II or such person receives or will receive from a person other than the customer an incentive in connection with the service provided to the customer in the form of monetary or non-monetary benefits or services .

### I V. SITUATIONS OF CONFLICTS OF INTEREST WHEN PROVIDING THE INVESTMENT SERVICES OF CUSTOMERS FROM II

**Art . 9. (1)** When providing investment and additional services and activities under Art . 6, para . 2 and 3 of the MFIA, potential conflicts of interest would arise if the sole proprietor or a person working under a contract for sole proprietorship :

- ✓ fall into a situation described in art . 8 , item 1-5 of this Policy ;
- ✓ acquires or may acquire , or conclude a transaction for his own account with financial instruments , the purchase of which he recommends to his clients , if the purchase of the client II , respectively the person who works under a contract for him , will have a personal benefit ;
- ✓ simultaneously or successively, one person participates in the provision of separate investment or additional services and this harms the client's interests ;
- ✓ carries out an unauthorized exchange of information that it represents commercial or official secret , between employees of the II ;
- ✓ unauthorizedly provides information that constitutes a commercial or official secret to third parties or makes public statements without their prior approval from the " Internal Control " department;
- ✓ commitment in determining the remuneration of various units in the II in connection with their work with clients , which leads to jeopardizing the interest of the client ;
- ✓ concludes transactions with financial instruments in volume or frequency , at prices or with a certain counterparty , which, according to the specific circumstances, can be assumed to be exclusively in the interest of the II ;
- ✓ concludes personal transactions in violation of the requirements of the Rules for Personal Transactions , MFIA and delegated Regulation 2017/565;
- ✓ acquires or may acquire , or conclude a transaction for his own account with financial instruments , the purchase of which he recommends to his clients , if the purchase of the client II , respectively the

person who works under a contract for him , will have a personal benefit ;

- ✓ advises a client to buy or sell certain financial instruments that another of his clients wants to sell or buy ;

- ✓ advises a client to buy or sell financial instruments to a person specified by the II , in order to influence the exercise of the right to vote on them .

- ✓ availability of qualified participation of a person who works under an II contract in another legal entity that performs competitive activity of the II ;

- ✓ existence of a connection within the meaning of the MFIA between a person who works under contract for an II and another person , when this other person is a client of the II ;

- ✓ enters into transactions with financial instruments , the subject of investment research , when the person has access to information about the content and conclusions of the research , before the distribution of the investment research itself .

(2) This list is not exhaustive , inasmuch as other situations may arise in the practice of the II that qualify as a conflict of interest , their settlement will be carried out in accordance with the rules in this Policy .

## **V. WAYS TO AVOID CONFLICTS OF INTEREST AND METHODS OF MANAGING CONFLICTS OF INTEREST**

**Art . 10.** The means by which the emergence of a conflict of interest is avoided , or when such a conflict has arisen , by which fair and equal treatment of all clients is ensured , are :

a) full and preliminary disclosure of information about potential and specific conflicts of interest by persons working under an II contract .

- ✓ Disclosing conflicts of interest to clients under the MFIA is a measure of last resort , used only if the effective organizational and administrative mechanisms established by the II to prevent or manage its conflicts of interest in accordance with the MFIA are not sufficient to reasonably ensure confidence that the risks of damage to the client's interests will be prevented .

- ✓ The disclosure expressly states that the organizational and administrative mechanisms established by the II to prevent or manage this conflict are not sufficient to ensure with reasonable assurance that risks of damage to the client's interests will be prevented .

- ✓ The disclosure includes a specific description of the conflicts of interest arising in the provision of investment and / or ancillary services , taking into account the nature of the client to whom the disclosure is made .

- ✓ The description contains a sufficiently detailed explanation of the general nature and sources of the conflicts of interest , as well as the risks to the client arising from the conflicts of interest and the steps taken to limit these risks , so that the client can make an informed decision about the investment or the additional service in the context of which conflicts of interest arise .

- ✓ Overreliance on conflict of interest disclosure is considered a weakness in the II's conflict of interest policy .

b ) refusal of action in the event of a conflict of interest , in cases where the principles stated above cannot be observed ;

c ) not allowing the simultaneous or consecutive participation of one person in the provision of separate investment or additional services , when this combination may harm the proper management of conflicts of interest ; d ) compliance with the " need to know " principle - exchange of information ( on financial capabilities of clients , portfolio structure , investment intentions , prepared but undistributed recommendations or investment advice, etc. ) between different departments of the PE , which exchange may create a conflict of interest and this information may harm the interests of one or more clients , is carried out after consultation with the head of the " Internal Control " Department and the II Managers in compliance with the " need to know " principle;

e ) lack of direct connection between the remuneration of the persons mainly performing one activity and the remuneration of the persons mainly performing

another activity for the II , or the income realized by the latter , if a conflict of interest may arise in connection with these activities ;

e) fair determination of the labor remuneration and all additional payments of the persons who work under an II contract in a way that does not create prerequisites for the dishonest performance of the functions assigned to these persons ;

g ) separate control over persons whose main functions include the performance of services on behalf and / or at the expense of clients or the provision of services to clients when a conflict may arise between the interests of clients , or who otherwise represent different conflicting interests , between which a conflict may arise , including the interest of the II ;

h ) prohibition of combining functions between persons working under an II contract , if such combining creates prerequisites for biased and unprofessional performance of official duties and could harm the interest of a client .

**Art . 11.** Conflicts of interest are managed through the following methods :

1. Disclosure of information by persons who work under a contract for II information about :

- ✓ owned financial instruments , both directly and through related parties ,
- ✓ the related parties in the sense of MFIA ,
- ✓ marital status ,
- ✓ qualified participations in other capital market participants , issuers or public companies ,
- ✓ employment or civil relations with other legal entities , clients of the II or its competitors ,
- ✓ the held corporate positions – membership in management and control bodies of commercial companies , management of departments or units , as well as any other positions , the occupation of which allows the making of management decisions ,
- ✓ presence of loans or debt relationships towards legal or natural persons , clients of the intermediary or related to clients of the intermediary ,
- ✓ carrying out the same activity as the intermediary's client ,
- ✓ the receipt of undue payments from a third party , if a certain investment or additional service is provided to the client ( fees , bonuses , incentives, etc. ),
- ✓ other circumstances required according to the current legislation or determined by order of the Managers .

2. Building an effective internal organization , preventing the misuse of information representing an official secret inside the II , building and implementing " Chinese walls ". The measures may also include the creation of an internal control department .

3. Self-removal and abstention from action - when a situation arises for a person working under an II contract , qualified as a conflict of interest according to the MFIA , Regulation 2017/565 and this Policy , when providing a given investment or additional service , he is obliged to withdraw and not to participate in decision-making or in the actions of providing the relevant service .

4. Assessment by a third party - when a controversial situation arises for a person working under an II contract , which could be qualified as a conflict of interest under the MFIA , Regulation 2017/565 and this Policy , when providing a given investment or additional service , the Managers of II have the right to request the evaluation of a third party , who will independently assess the existence or not of a conflict of interest , as well as the degree of endangerment of the interest of a specific client . The evaluation is formed in a report with the relevant reasons and conclusion .

5. Implementation of separate supervision ( through the " Internal Control " department) of the relevant persons whose main functions are related to carrying out activities on behalf of clients or providing services to clients whose interests may be in conflict , or who otherwise represent way different interests that may be in conflict , including those of the II .

6. Eliminating any direct link between the remuneration of interested persons mainly involved in the performance of a given activity and the remuneration of other interested persons mainly involved in the performance of another activity , or the income generated by them when a conflict of interest may arise in connection with these activities .

7. Implementation of measures to prevent or control the simultaneous or consecutive participation of a relevant person in separate investment or additional services or activities , when this participation may damage the proper management of the conflict of interest .

**Art . 12. (1)** The II implements measures to prevent or limit the possibility of inappropriate influence by any person on the way in which a person who works under a contract for the II performs services and activities under the MFIA .

**(2)** The measures under the previous paragraph are the following :

1. Limiting the exchange of computer information between employees , unless this is necessary for the normal and efficient provision of services on behalf of clients ;

2. Limiting the exchange of paper-based information that may give rise to a conflict of interest , unless the exchange is necessary for the normal and efficient provision of services on behalf of clients ;

3. Signing of declarations of confidentiality in accordance with the requirements of the MFIA .

4. Persons who work under an II contract are prohibited from receiving gifts above a value determined by order of the Managers .

**Art . 13.** The II maintains records and an archive of information , including updating the same , about the types of investment or additional services or investment activity performed by him or on his behalf , in which a conflict has arisen — or in the case of an ongoing service or activity — may arise of interests , leading to the risk of damage to the interests of one or more clients ( damaging conflict of interest ) .

## **V I . \_ M A N A G I N G C O N F L I C T S O F I N T E R E S T W H E N P R E P A R I N G I N V E S T M E N T R E S E A R C H**

**Art . 14. (1)** The sole trader , when he prepares or organizes the preparation of investment studies , which are intended or may subsequently be distributed publicly or to clients of the investment intermediary , under the responsibility of the investment intermediary or a member of the group to which he belongs , guarantees the application of all measures set out in this policy in relation to the financial analysts participating in the preparation of the investment study and other relevant persons , whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is provided .

**(2)** The obligation under para . 1 also applies to marketing messages .

**Art . 15. (1)** In the cases under the previous article, the II also ensures compliance with the following additional conditions :

1. financial analysts and other relevant persons do not enter into personal transactions and do not trade in any capacity other than as market makers , acting in good faith and in the course of the usual performance of this activity or in the execution of a client's order given on his initiative , on behalf of to any other person , including an II , with financial instruments with which an investment study is connected , or with related financial instruments based on the information about the probable period or content of this investment study , which is not available to the public or customers and which cannot

be readily inferred from information available to the public or clients until the addressees of the investment research have had a reasonable opportunity to act on it ;

2. in circumstances not covered by item 1, financial analysts and other relevant persons participating in the preparation of an investment study do not carry out personal transactions with financial instruments to which the investment study is related, or with related financial instruments contrary to current recommendations, except in exceptional circumstances and with prior approval to an employee of the legal unit or the II compliance unit;

3. there is physical separation of the financial analysts participating in the preparation of investment research from other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is provided, or — if this is considered inappropriate in view of the size and organization of the II and the nature, scale and complexity of its economic activity — establishment and implementation of appropriate alternative information barriers;

4. investment intermediaries, financial analysts and other relevant persons participating in the preparation of an investment study do not accept benefits from persons who have a significant interest in the subject of the investment study;

5. the investment intermediary, financial analysts and other relevant persons participating in the preparation of an investment study do not promise the issuers a favorable coverage in the study;

6. prior to the distribution of an investment research, the issuers and the relevant persons who are not financial analysts, as well as any other person, are not allowed to review the draft of the investment research for the purpose of checking the accuracy of the facts set forth in this research or with any other purpose, other than verifying compliance with the legal obligations of the II, when the project contains a recommendation or a target price.

(3) Related financial instrument within the meaning of para. 2 is a financial instrument whose price is directly affected by changes in the price of another financial instrument that is the subject of investment research, and includes a derivative on this other financial instrument.

(4) The requirements under para. 1-2 do not apply when the sole proprietor publicly or among his clients distributes investment studies prepared by a third party, if the following conditions are met:

1. the person who prepares the investment study is not a member of the group to which the II belongs;
2. The II does not significantly change the recommendations contained in the investment study;
3. The II does not present the investment study as having been prepared by him;
4. The II checks whether the person who prepared the investment study is subject to requirements in connection with the preparation of this study, equivalent to the requirements under this regulation, or whether this person has established a policy introducing such requirements.

(5) "Investment research" in the sense of this Policy means

research or other information that expressly or implicitly recommends or offers an investment strategy related to one or more financial instruments or the issuers of financial instruments, including any opinion regarding the current or future value or price of such instruments, which research or which information is intended for distribution channels or for the public, and in respect of which the following conditions are met:

1. the research or information is labeled as investment research or similar terms or is otherwise presented as an objective or independent explanation of the matters contained in the recommendation;
2. if the relevant recommendation would be made by an investment intermediary to a client, it would not constitute the provision of investment advice for the purposes of Directive 2014/65/ EU, implemented in the Financial Instruments Markets Act.

(6) A recommendation of the type covered by Article 3, paragraph 1, point 35 of Regulation (EU) No. 596/2014, which does not meet the requirements specified in para. 5, is considered a marketing message for the purposes of the MFIA (as well as Directive 2014/65/ EU) and the II, when preparing or distributing the recommendation, is obliged to clearly define it as such.

## **V II . MANAGEMENT OF CONFLICTS OF INTEREST WHEN PROVIDING SERVICES FOR PLACEMENT OF FINANCIAL INSTRUMENTS**

**Art . 16. (1)** The II , when placing financial instruments , shall establish , apply and maintain effective rules to prevent situations in which existing or future relationships have an inappropriate impact on placement recommendations .

(2) The II establishes , implements and maintains current internal rules to prevent or manage conflicts of interest arising in cases where persons responsible for providing services to investment clients of the intermediary are directly involved in decisions regarding allocation recommendations provided to the issuing client .

(3) IIs do not accept payments or benefits from third parties , unless such payments or benefits are consistent with the incentives obligations set out in the MFIA . Specifically , the following practices are considered inconsistent with these requirements and are therefore considered unacceptable :

a ) distribution intended to stimulate the payment of disproportionately high fees for unrelated services provided by the II ("laddering"), for example , disproportionately high fees or commissions paid by an investment client , or disproportionately large volumes of business activity at normal levels of commissions provided from the investment client as compensation for receiving a share of the issue ;

b ) distribution in favor of a member of senior management or a corporate employee of an existing or potential issuing client against a future or previous assignment of corporate financial activity ("spinning");

c ) a distribution that is made expressly or implicitly dependent on the receipt of future orders or the purchase of any other service of the II by an investment client or by an entity in which the investor is a corporate officer .

(4) The II establishes , implements and maintains an allocation policy that establishes the process for developing recommendations for

distribution . The distribution policy shall be provided to the issuing client prior to any placement services being agreed upon . The policy defines the essential information available at this stage regarding the proposed methodology for distribution of the issue .

(5) The II ensures that the Issuing Client participates in discussions regarding the placement process so that the II understands and takes into account the client's interests and objectives . The II must obtain agreement from the Issuing Client regarding its proposed allocation by client type for the transaction in accordance with the Allocation Policy .

### **V III . ADDITIONAL REQUIREMENTS REGARDING THE ADVISORY , DISTRIBUTION AND PLACEMENT OF OWN FINANCIAL INSTRUMENTS**

**Art . 17.** The II maintains systems , control mechanisms and procedures for establishing and managing conflicts of interest arising from the provision of an investment service to an investment client for participation in a new issue , when the II receives commissions , fees or any monetary or non-monetary benefits in connection with the organization of broadcasting .

**Art . 18.** When an II participates in the placement of financial instruments issued by him or by entities in the same group , among his clients , or investment funds managed by entities in their group , he shall establish , apply and maintain the present clear and effective rules for the identification , prevention or the management of potential conflicts of interest arising in connection with this type of activity . The present rules include an opportunity to consider an option to refrain from participating in the activity , if conflicts of interest cannot be adequately managed with a view to avoiding any adverse consequences for clients .

(2) When the disclosure of a conflict of interest is required , the mediator shall comply the requirement that the disclosure of the conflict of interest is a measure of last resort , including to clarify the nature and source of the conflicts of interest inherent in this type of activity , providing information about the specific risks associated with these practices to allow clients to make an informed decision investment decision .

**Art . 19. ( amended by decision of 30.06.2022)** The sole proprietor , in the event that he offers his clients financial instruments , which are issued by it or by other entities in the group and which are included in the calculation of the prudential requirements established in Regulation ( EU ) No. 575/2013 of the European Parliament and Regulation 2019/2033, provide these clients with additional information that explains the differences between the relevant financial instrument and the bank deposits in terms of yield , risk , liquidity and any protection provided in accordance with the Law on Bank Deposit Guaranty (LBDG) .

**Art . 20. (1)** When a previous loan or credit granted to the issuing client by the II or by an entity in the same group , may be paid from the proceeds of the issue , the II applies these rules to identify and prevent or manage any conflicts of interest that may arise from this circumstance .

(2) When the current rules for managing conflicts of interest prove to be insufficient to ensure the prevention of the risk of damage to the interests of the issuing client , the II discloses to the issuing client the

specific conflicts of interest arising from its activities or from the activities of an entity of the group in the capacity of a creditor , and their activities related to the offering of securities .

(3) Information about the financial status of the issuing client may be shared with the entities in the group acting as creditors , provided that this does not violate the information barriers established by the intermediary to protect the client's interests . The customer expressly agrees to this intermediary policy .

## IX. ADDITIONAL PROVISIONS

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

a ) ( *amended by decision of 15.06.2021*) director , partner or equivalent , manager of the intermediary ;

b ) ( *repealed by decision of 15.06.2021*)

c ) ( *amended by decision of 15.06.2021*) an employee of the intermediary , as well as any natural person whose services are made available and under the control of the intermediary and who participates in the provision of investment services and activities by the intermediary ;

d ) ( *amended by decision of 22.07.2021*) a *natural* person who directly participates in the provision of services to the II by virtue of an agreement on the assignment of external contractors for the purposes of providing investment services and activities by the II ;

§ 2. " Person with whom the relevant person has a family relationship " means one of the following persons :

a) the spouse of the relevant person or the partner of that person , considered under national legislation to be an equal person to the spouse ;

b ) dependent child or stepchild of the relevant person ;

c ) any other relative of the relevant person who shares the same household with that person for at least one year at the date of the relevant personal transaction ;

§ 3. " Personal transaction " a transaction with a financial instrument , carried out by a relevant person or on behalf of a relevant person , when at least one of the following criteria is met :

a ) the relevant person acts outside the scope of the activities he performs officially ;

b ) the transaction is carried out at the expense of one of the following persons :

i) the relevant person ,

ii) any person with whom he has a family relationship or with whom he has close ties ,

iii) a person whose relationship with the relevant person is such that the relevant person has a direct or indirect substantial interest in the outcome of the transaction , other than receiving a fee or commission for carrying out the transaction ;

§ 4. " Related persons " are two or more natural or legal persons connected through : a ) participation , which represents ownership , directly or through control , of 20 or more than 20 percent of the voting rights or of the capital of the company ( enterprise ) ;

b ) control that a parent company exercises over a subsidiary according to the Accounting Act or a similar relationship between a natural or legal person and a company ( enterprise ) , each subsidiary of a subsidiary being also considered a subsidiary of its parent company , which is at the head of the group of these subsidiaries .

c ) permanent relationship of both of the persons or all of them with the same person through a relationship of control .



§ 5. Terms that are used in the Policy , but do not have a definition in these Additional Regulations , are used with the meaning given to them in the MFPA and Regulation 2017/565 of the European Commission .

#### **X. FINAL PROVISIONS**

1. The managers of the II annually, by January 31 of each year , review and evaluate the compliance of this Policy with the services and activities performed by the II , and in case of deficiencies and / or the need to improve the internal organization, accept amendments and additions to the Policy . Irrespective of the requirement under the previous sentence , the Managers accept amendments and additions to this Policy upon finding the need for it .
2. This Policy is provided for information and implementation by all persons working under a contract for it .
3. (***cancelled by decision of 15.06.2021***)
4. This Policy was adopted by a decision of the Managers of the II " Axiom Invest " OOD dated 19.11.2020 . and was amended by decisions of the Managers from 15.06.2021 . , 22.07.2021 and 30.06.2022 ..

#### **Managers :**

1. **Georgi Kovachev**
2. **Ventsislav Filipov**