

RULES FOR CATEGORIZATION OF CLIENTS OF " AXIOM INVEST " OOD.

The purpose of these rules is to specify the criteria on the basis of which the clients of the investment intermediary will be qualified.

Applicable legal acts :

- ✓ Directive 2014/65/ EU of the European Parliament and of the Council of May 15 , 2014 regarding markets in financial instruments and amending Directive 2002/92/ EC and Directive 2011/61/ EU ;
- ✓ Delegated Regulation (EU) 2017/565 of the Commission of April 25 , 2016 to supplement Directive 2014/65/ EU of the European Parliament and of the Council with regard to the organizational requirements and conditions for carrying out activities by investment intermediaries and for giving the specified for the purposes of the said directive ;
- ✓ Markets in Financial Instruments Act (MFIA) .

1. (amended by decision of the Managers dated 30.06.2022) A professional client may be considered a client who has the experience , knowledge and skills to make investment decisions independently and correctly assess the risks associated with investing . II " Axiom Invest " OOD classifies as professional clients with regard to all investment services , investment activities and financial instruments , the clients who meet the requirements according to Directive 2014/65/EU , namely :

1.1. 1. Persons for whom the issuance of a license is required to carry out activity on the financial markets , or whose activity on these markets is otherwise regulated by the national legislation of a member state , regardless of whether it is in accordance with a Union directive , as well as persons authorized to carry out these activities or otherwise regulated by the legislation of a third country , as follows :

- a) credit institutions ;
- b) investment intermediaries ;
- c) other financial institutions that are subject to licensing or are otherwise regulated ;
- d) insurance companies ;
- e) collective investment undertakings and their management companies ; f) pension funds and pension insurance companies ;
- g) persons who trade on their own account with goods or commodity derivatives ; h) local companies ;
- and) other institutional investors .

1.2. Large enterprises that meet at least two of the following conditions : a) balance sheet figure – at least the BGN equivalent of 20,000,000 euros ; b) net turnover – at least the BGN equivalent of EUR 40,000,000 ; c) own funds – at least the BGN equivalent of 2,000,000 euros .

1.3. National and regional bodies of state power , state bodies involved in the management of the state debt , central banks , international and

supranational institutions such as the World Bank , the International Monetary Fund , the European Central Bank , the European Investment Bank , and other similar international organizations .

1.4. Other institutional investors whose main activity is investing in financial instruments , including persons who carry out securitization of assets or other financing transactions .

2. (amended by decision of the Managers dated 30.06.2022) II " Axiom Invest " OOD notifies the professional client under the previous item . 1, before the start of providing investment services , that based on the information received from the client, he is considered a professional client and the rules for professional clients will apply to him , unless the investment intermediary and the client agree otherwise .

3. (amended by decision of the Managers dated 30.06.2022) II " Axiom Invest " OOD provides an opportunity for its professional clients to benefit from a higher degree of protection , which is provided to non-professional clients :

3.1. The investment intermediary informs the professional client that he has the right to request a change in the terms of the contract in order to provide a higher degree of protection for the client .

3.2. (**amended by decision of the Managers dated 30.06.2022**) II " Axiom Invest " OOD provides a higher degree of protection for a client under item 1 at his request , when the client considers that he cannot properly assess and manage the risks related to investing in financial instruments .

3.3. The higher degree of protection is provided on the basis of a written agreement between the investment intermediary and the client under item 1, which explicitly states the specific services , activities , transactions , financial instruments or other financial products , in connection with which the client will be provided with a higher degree of protection .

3.4. The higher degree of protection provides the client under item 1, that he will not be considered a professional client for the purposes of the regime applicable to the activity of the investment intermediary .

3.5. (**amended by decision of the Managers dated 30.06.2022**) " Ensuring a higher degree of protection " means that the II "Axiom Invest" OOD shall carry out honestly , fairly and as a professional all legally required actions in accordance with the best interests of its clients , including but not limited to :

- actions regarding execution of orders ;
- provision of the necessary , according to the law and the regulation on the requirements for the activity of investment intermediaries, information ;
- description of the financial instruments and the risks associated with them ;
- actions in the assessment of a suitable investment service ;
- provision of data on the guarantee , when such is available ;
- provision of the necessary , according to the law, information regarding the prospectuses ;
- provision of consent by the client in the cases provided for by law ;
- actions on sending the confirmations and reports provided for in the law .

4. (amended by decision of the Managers dated 30.06.2022) Clients other than those under item 1, including organizations from the public sector , local government bodies , municipalities and private individual investors , may ask the investment intermediary not to apply some of the requirements applicable to non-professional investors . The investment intermediary can treat such clients as professional , i.e. is that the rules for carrying out activities by II "Axiom Invest" OOD, which provide a higher degree of protection for customers .

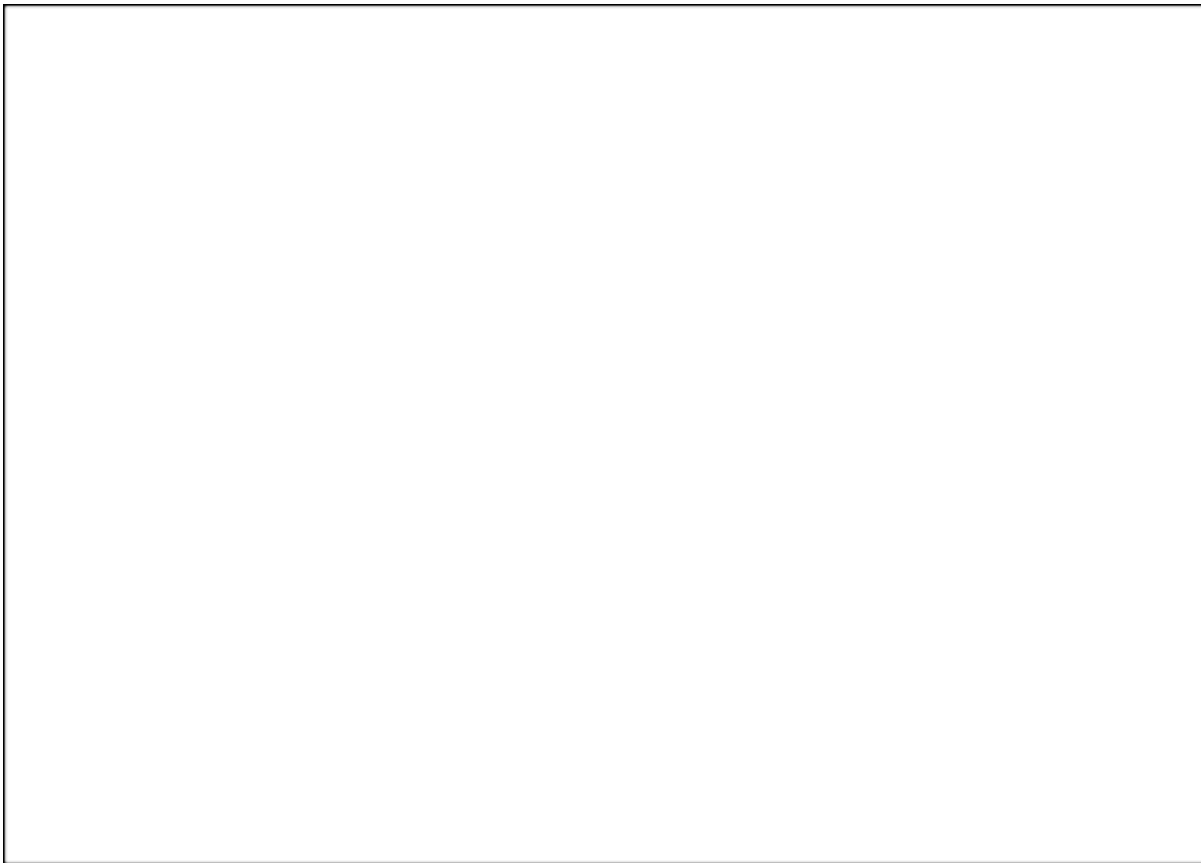
4.1. (**amended by decision of the Managers dated 30.06.2022**) II " Axiom Invest " OOD can treat a client under item 4 as a professional client , if the criteria under item 1 of section II of Appendix 1 to § 1, item . 10 of the Additional Provisions of the MFIA , namely :

4.1.1. Identification criteria :

The customers under 4 must meet at least two of the following criteria :

- a) during the previous 4 quarters , the person concluded an average of 10 per quarter transactions with a significant volume in a relevant market ;
- b) the value of the person's investment portfolio , which includes financial instruments and cash deposits , is more than the BGN equivalent of 500,000 euros ;
- c) the person works or has worked in the financial sector for not less than one year in a position that requires knowledge of relevant transactions or services

and the procedure under item . 2 of section II of Appendix 1 to § 1 , item 10 of the Additional Provisions of the MFIA , also referred to in the present rules in item 4.2.



4.2. The customers under 4 may request to be treated as professional clients subject to the following procedure :

4.2.1. The investment intermediary cannot accept that the persons under item 4.1. have market knowledge and experience comparable to those of the persons under item 1 without performing the necessary evaluation . The investment intermediary evaluates the client's knowledge and experience from the point of view of whether the client can make investment decisions and assume the risks associated with the specific transactions and services . The assessment is carried out in relation to the persons who manage and represent the client or who have the right to carry out the relevant transactions on his behalf and at his expense ;

4.2.2. Clients must request in writing to the investment intermediary to be treated as professional clients in general or in connection with certain investment services or transactions , or with a certain type of transactions or investment product ;

4.2.3. The II is obliged to warn the client in writing that he will not benefit from the relevant protection when providing services and carrying out activities by the investment intermediary , as well as from the right to be compensated by the Fund for compensation of investors in financial instruments ;

4.2.4. The customer must declare in a document separate from the contract that he has been notified of the consequences under item 4.2.3.;

4.2.5. Before deciding that the client should be treated as a professional client , the investment intermediary must take the necessary actions to be sure that the client meets the requirements of the 4.1.

4.3. The investment intermediary applies appropriate written internal policies and procedures for categorizing clients . Professional customers should

inform the investment intermediary of any change that may lead to a change in their categorization . In the event that the investment intermediary determines that a given client has ceased to meet the conditions under which he is categorized as a professional client , he shall take the necessary measures to reflect the change .

4.4. If a client is already categorized as a professional client under the investment firm's internal client categorization policies and procedures , its relationship with the investment firm is not affected by new rules adopted under these Categorization Rules .



5. (amended by decision of the Managers dated 30.06.2022) II " Axiom Invest " OOD considers non-professional clients in relation to all investment services , investment activities and financial instruments , clients who do not meet the requirements for a professional client under item 1 of these Rules .

6. (amended by decision of the Managers dated 30.06.2022) II " Axiom Invest " OOD informs all its clients of the conditions and criteria by which it defines them as professional or non-professional , as well as the circumstances under which they can be designated as an acceptable counterparty . Customers are also notified in a durable medium of their right to request to be designated in a different way and of the limitations of their protection in being designated in another way .

6.1. In the sense of art . 89, para . 2 of the Markets in Financial Instruments Act "acceptable counterparty " means an investment intermediary , credit institution , insurance company , collective investment scheme , management company , pension fund , pension insurance company , other financial institutions that have a license or are regulated by the legislation of the European union and the member states , national governments , state bodies ,that manage public debt , central banks and international institutions , as well as such entities from third countries to which requirements equivalent to those of the European Union legislation apply . Acceptable counterparties can also be considered other persons who meet the criteria defined by Art . 71 of Delegated Regulation (EU) 565/2017 requirements , including persons from third countries .

6.2. (amended by decision of the Managers dated 30.06.2022) II " Axiom Invest " OOD on its own initiative or at the request of the client may :

6.2.1. to define as a professional or non-professional client who would otherwise be defined as an acceptable counterparty within the meaning of Art . 89, para . 2 of the MFIA ;

6.2.2. to define as a non-professional client who is considered a professional client within the meaning of the 1 of these Rules ;

6.3. Where a person designated as an eligible counterparty requests not to be treated as such and the investment intermediary agrees , that person will be treated as a professional client unless they have specifically requested to be treated as a retail client ;

6.4. In cases where an eligible counterparty expressly requests treatment as a lay client , the investment intermediary shall treat the eligible counterparty as a lay client , applying the provisions regarding requests for treatment as a lay client , shall apply accordingly . 3.1. - t . 3.4. from these Rules ;

6.5. When a client requests treatment as an acceptable counterparty in accordance with Art . 71 paragraph 1 of Delegated Regulation (EU) 565/2017, the following procedure applies :

a) the investment intermediary provides the client with a clear written warning about the consequences for the client of such a request , including the types of protection that the client may lose ;

b) the client confirms in writing the request to be treated as an eligible counterparty either in general or in relation to one or more investment services or transactions or types of transactions or products , and that he understands the consequences of the loss of protection as a result of the request .

ADDITIONAL PROVISIONS

§ 1. " Client " is a natural or legal person to whom an investment intermediary provides investment or additional services .

§ 2. " Professional client " is a client who has the experience , knowledge and skills to make independent investment decisions and correctly assess the risks associated with investing , and who meets the criteria according to Appendix 1 to § 1 , item 10 of the Additional Provisions of the Markets in Financial Instruments Act.

§ 3. " Non-professional client " is a client who does not meet the requirements for a professional client .

§ 4. " Eligible counterparty " means an investment intermediary , credit institution , insurance company , collective investment scheme , management company , pension fund , pension insurance company , other financial institutions that have a license or are regulated by the legislation of the European Union and the member states , national governments , government bodies that manage public debt , central banks and international institutions ,as well as such entities from third countries to which requirements equivalent to the requirements of the legislation of the European Union apply . Acceptable counterparties can also be considered other persons who meet the criteria defined by Art . 71 of Delegated Regulation (EU) 565/2017 requirements , including persons from third countries .

FINAL PROVISIONS

§1. (amended by decision dated 15.06.2021) When problems are identified in practice , *the overcoming of* which requires an amendment or supplement to these Rules , the Managers of the II may promptly change them , being guided by the legal requirements . The II periodically reviews the rules at least once a year .

§2. These Rules are presented for the information and implementation of the employees of the II .

§3. (amended by a decision of the Managers dated 30.06.2022) The rules were adopted by a decision of the Managers of II " Axiom Invest " OOD dated 19.11. 2020 __ and were amended by a decision dated 15.06.2021 . and 30.06.2022 __

Managers :

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