

## **POLICY FOR EXECUTION OF CLIENT ORDERS FOR TRANSACTIONS WITH FINANCIAL INSTRUMENTS**

### **I. GENERAL PROVISIONS**

***Throughout this Policy, the below mentioned definitions shall have the meaning assigned to them, unless contrary to the legal definition, in which case the latter shall prevail:***

"**Client**" means any natural or legal person who benefits from investment and/ or ancillary services provided by the investment intermediary.

"**Professional client**" means a client who possesses the experience, knowledge and skills to make its own investment decisions and properly assess the risks associated with investing and meets the criteria under the rules and criteria for qualification of clients of the investment intermediary.

"**Retail client**" means a client who does not qualify as a professional client.

"**Eligible counterparty**" means an investment intermediary, credit institution, insurance company, collective investment scheme, management company, pension fund, pension insurance company, other financial institutions, persons under Art. 4, para. 1, items 11 and 12 of the Markets in Financial Instruments Act (MFIA), state governments, state bodies that manage public debt, central banks and international institutions, as well as entities from third countries if they have explicitly wished to be treated as such.

***This Policy shall not apply in the following cases:***

**# eligible counterparties** – if the client is classified by the investment intermediary (IF) as an eligible counterparty, it does not enjoy the protection of best performance under this Policy. Each client defined as an eligible counterparty may explicitly request not to be considered as such either completely or for a particular transaction.

**# client's specific instructions** – when the client gives specific instructions regarding the whole order or some aspect thereof, including a requirement for execution of the order by a specific IF and/or at a specific place of execution, the investment intermediary shall execute the order according to these instructions. Thus, it shall be considered that the IF has taken all reasonable and necessary steps to achieve the best performance for the client regarding the whole order or of aspects of the order contained in the client's instruction.

Upon placing an order via electronic trading platform (FrontPeak and the like), the client selects all the parameters of the order and the latter is classified as placed with special instructions. In such case, the IF acting on behalf of the client and giving it access to the system, shall be deemed to have fulfilled the task of achieving the best performance for the client. In the event that the electronic system allows some parameters of the order not to be specified, the IF shall take care for them in order to ensure the best performance in accordance with this Policy.

**Art. 1.** This Policy lays down the rules and procedures that ALARIC SECURITIES OOD and persons working under a contract for it shall observe in order to ensure the best performance of client orders in the best interest of the client under the provisions of MFIA and Ordinance № 38, FSC on the requirements to the activities of investment intermediaries (the Ordinance), with due care and in compliance with fair trade practices, in all cases where:

- a) orders are executed on behalf of clients;
- b) orders are received and sent in relation to one or more financial instruments, including intermediation for entering into transactions with financial instruments on behalf of clients;
- c) instructions are given for executing transactions on behalf of clients in relation to client's portfolio managed by ALARIC SECURITIES OOD.

**Art. 2.** ALARIC SECURITIES OOD and persons working under a contract for it shall observe this Policy in all cases where executing client orders, unless the client is designated as an **eligible counterparty** in accordance with the rules and criteria for classification of clients and has not asked to be treated otherwise, or has given special instructions regarding the whole order or some aspect thereof, including a requirement for execution of the order at a particular place or the order has been filed via an electronic trading system. In the event that the electronic system allows for some parameters of the order not to be specified, the Investment intermediary shall take care for them in order to achieve the best performance in accordance with this Policy.

**Art. 3.** When there are specific instructions from the client, ALARIC SECURITIES OOD shall execute the order following these instructions; as regards the factors that determine the best performance in the best interest of the client, for which there are no instructions, ALARIC SECURITIES OOD shall perform the relevant assessment; special instructions from the client may prevent ALARIC SECURITIES OOD to take the necessary actions to achieve the best performance when executing client orders in accordance with this Policy, for the part of the order, which the special instructions concern.

**Art. 4.** ALARIC SECURITIES OOD cannot execute orders on behalf of clients if they have not given their prior consent to this Policy.

**Art. 5.** ALARIC SECURITIES OOD shall make reasonable efforts to achieve the best price for the client in accordance with the terms of the order, amount of expenditure, likelihood of execution and any other factors relating to the execution of the order and listed in Article 6 below.

## II. FACTORS FOR EXECUTION OF CLIENT ORDERS IN THE BEST INTEREST OF THE CLIENT

**Art. 6.** In order to achieve the best performance of client orders, ALARIC SECURITIES OOD shall assess the relative importance of the following factors:

**a) Price:** The price that the client will get or pay in the execution of their order is a paramount factor for meeting the criteria for best performance. When assessing this factor, ALARIC SECURITIES OOD takes into account the total amount that the client will get or pay, including the price of the financial instrument and all costs associated with the execution of the client order, such as charges for place of execution, clearing and settlement charges, as well as other fees and charges payable to third parties involved in the execution of the order.

**b) Expenditure:** Expenditure related to the execution of client orders is the second most important factor that the IF shall consider together with the price of financial instruments. The expenditure related with execution include all costs directly related to the execution of the order, including charges for place of execution, clearing and settlement charges, charges of the investment intermediary that will execute the order, as well as other fees and charges payable to third parties involved in the execution of the order. Expenditure is also essential for the choice of place for execution of client orders.

**c) Volume / number of financial instruments:** The volume or number of financial instruments in the client's order is directly related to the price of the financial instruments and the costs for the transaction. Depending on the volume of the order, ALARIC SECURITIES OOD shall select the most appropriate place for execution.

**d) Promptness of execution:** ALARIC SECURITIES OOD shall make reasonable efforts to execute each client's order as soon as possible on the most representative market for the specific financial instrument. Taking this factor into consideration enables the client to take maximum advantage of the market movement, which is in their best interest.

**e) Secured settlement:** The urgency of settlement finalization, without delay, can be an important factor, especially in high-volume orders, and in cases of orders placed by professional clients.

Depending on this, and as far ALARIC SECURITIES OOD is aware of the further intentions and objectives the specific client, this factor may obtain a substantial relative weight in fulfilling the criteria for best performance.

**f) Type and nature of the order:** These characteristics of the client's order can have a significant influence on the choice of place for execution, with a view to achieving an optimal price and swiftness.

**g) Other factors:** This includes, but is not limited to possible future costs for storage of financial instruments subject of the specific order, tax liabilities and the like. ALARIC SECURITIES OOD shall assess the relevance of these factors only insofar as they are known to it at the time of execution of the order.

**Art. 7.** ALARIC SECURITIES OOD shall assess the relative importance of the **factors** for execution under the previous paragraph according to the following criteria:

**a) the characteristics of the client,** where and according to the information available, ALARIC SECURITIES OOD can give, for example, bigger importance to promptness of execution in relation to the costs. Of particular importance will be whether the client is defined as retail or professional;

**b) the characteristics of the client order,** where, depending on its peculiarities (for example, specific requirements of the client) the various factors can have different relative weight;

**c) the characteristics of the financial instruments** subject of the order;

**d) the characteristics of the places** to which the order can be directed for execution.

### III. EVALUATION OF FACTORS WITH A VIEW TO CLIENT CATEGORIZATION

**Art. 8. (1) Retail Clients:** in orders placed by retail client, the best performance of the order is determined by the total value of the transaction, including the price of the financial instrument and the costs associated with execution; to achieve the best performance in cases where there is more than one competitive investment intermediary that can execute the order and /or more than one competitive place for execution of order related to financial instruments and in carrying out the assessment and comparison of results that can be achieved for the retail client in the execution of the order at each of the places for execution and by each of the possible investment intermediaries referred to in the Policy that are appropriate for its execution, the intermediary's commission and the costs for execution of the order at each of the possible places for execution shall be taken into account.

**(2) Professional clients** – in execution of orders placed by professional clients, in most cases the price and transaction costs will be crucial for achieving the best performance for the client. However, the IF will assess the importance of the factors in each individual case (e.g. for a hedge fund, the promptness of execution and settlement can be much more important than the other factors).

### IV. PLACES FOR EXECUTION OF CLIENT ORDERS AND FINANCIAL INSTRUMENTS

**Art. 9.** Places for execution of client orders may be: a regulated market, multilateral trading facility, systematic internaliser, market maker or other liquidity provider or a person who performs similar to these functions in a third country or another system outside the European Union with functions of a regulated market or multilateral trading facility. At the time of drawing up and adoption of this Policy, ALARIC SECURITIES OOD execute client orders at the following places for execution that enable the investment intermediary to achieve the best performance of its clients' orders:

**a) for financial instruments admitted to trading on a regulated market in the country,**

- ✓ **"Bulgarian Stock Exchange - Sofia "AD – c/o** ALARIC SECURITIES OOD, where there is sufficient liquidity for execution of the order in accordance with this Policy;
- ✓ **Outside a regulated market in the country – c/o** ALARIC SECURITIES OOD where there is no sufficient liquidity on the regulated market and provided that the client is informed in advance and has given an explicit consent, and provided that by doing so the best performance for the client will be achieved.

Within the meaning of this section, "sufficient liquidity" means that there is such demand or supply (according to the type of the order) of the financial instrument, which concerns the client's order so

that the respective order can be executed immediately, and in the judgment of ALARIC SECURITIES OOD, the eventual execution would not lead to distortion of the demand or supply respectively. The costs for execution, depending on the place of execution, are listed in the Tariff of fees and commissions of ALARIC SECURITIES OOD.

**b) for financial instruments admitted to trading on a regulated market abroad,**

- ✓ **On the regulated market - indirectly**, where ALARIC SECURITIES OOD places the order for execution by its foreign counterparts, which are members of this market either directly or through a broker.
- ✓ **Through multilateral trading system – indirectly**, where ALARIC SECURITIES OOD places the order for execution by its foreign counterparts, which are members of such system either directly or through a broker. When the financial instrument, which concerns the particular client's order, is traded both on a regulated market and multilateral trading system, and in the absence of explicit instructions from the client regarding the place of execution, ALARIC SECURITIES OOD shall determine it according to this Policy.

Within the meaning of this section, "**the respective regulated market**" means a stock exchange or other regulated market, which is typical of a particular financial instrument, depending on the issuer, currency and other factors. For example, a typical regulated market for shares of MICROSOFT traded in US dollars are the New York Stock Exchange and NASDAQ, the same shares but in euro are typically traded on the Stock Exchange in Frankfurt am Main and XETRA. In this context, ALARIC SECURITIES OOD can place client orders to be executed on the following stock exchanges and multilateral trading systems: NEW YORK, NASDAQ, LONDON, PARIS, FRANKFURT/MAIN, XETRA, other stock exchanges in a Member State, OSLO, ZURICH, TOKYO, SYDNEY. This list of places for execution is not exhaustive. ALARIC SECURITIES OOD may use other places for execution, which it considers appropriate in accordance with this Policy. The Client shall check regularly the list of places for execution on the website of ALARIC SECURITIES OOD – [www.alaricsecurities.com](http://www.alaricsecurities.com).

**Art. 10. List of places for execution of client orders:**

- ✓ NYSE – New York Stock Exchange, AMEX – American Stock Exchange, NASDAQ – NASDAQ Stock Market, CHX - Chicago Stock Exchange, NYMEX - New York Mercantile Exchange, MIAX OPTIONS EXCHANGE, CDE - Exchange - Montreal Exchange, BOX - BOX Options Exchange, NSX – NATIONAL STOCK EXCHANGE, CBSX - CBOE STOCK EXCHANGE, ITG – ITG FOREIGN EXCHANGE, BEX – BOSTON EQUITIES EXCHANGE, BATEUK - Exchange BATS Europe, SFB - Swedish Stock Exchange, BM - Bolsa de Madrid, SBF - Euronext France, AEB - Euronext NL Stocks, PSE - Philippine Stock Exchange, LSE - London Stock Exchange, BVME - Borsa Italiana, LAVA - LavaFlow ECN, SE - International Securities Exchange LLC, FWB - Frankfurt Stock Exchange, SBVM - Euronext Brussels Stocks, TSE - Tokyo Stock Exchange, PURE, CBOE - Chicago Board Options Exchange, SWB - Stuttgart Stock Exchange, CHIXDE - CHI-X Europe Ltd, CHIX\_CA - Chi-X Canada, CHIXEN - Exchange - CHI-X Europe Ltd Clearnet, BATEEN - Exchange - BATS Europe, BATS - U. S. STOCK EXCHANGE, TRQXDE - Exchange - Turquoise DE - execute client orders for transactions with admitted to trading on those markets stocks, bonds, shares, compensatory instruments and other financial instruments.
- ✓ Multilateral Trading System BATS, Island, Arca – execute client orders for transactions with admitted to trading on those markets stocks, bonds, shares, compensatory instruments and other financial instruments.

The advantages and disadvantages of the above mentioned places for execution of client orders depend mainly on the characteristics of the financial instruments for which the relevant client has placed an order. Provided that a transaction for purchase/sale of a specific financial instrument can be performed at two specified places, then the IF should take into consideration the following:

- a) Above all, the client's preferences for the place of execution, and if such has been specified by the client, the IF should inform it on the costs of execution at this place;
- b) If the client has not specified the place for execution - the amount of expenditure for execution - and at equal other conditions, the IF shall execute the specific client's order at the place, which will generate less costs to the client and provided that it does not harm the client in any other way.

c) This list of places for execution is not exhaustive. IF may execute client orders at other places, which it considers appropriate in accordance with this Policy and provided that there is an agreement in place with an investment intermediary that can execute the orders there.

d) In cases where the IF **indirectly** executes client orders **for financial instruments admitted to trading on a regulated market abroad**, the places for execution and investment intermediaries (executing brokers), which client orders are sent to for execution, shall be identified and evaluated according to the following procedure and in accordance with the following criteria:

- ✓ At the end of each 6-month period the IF managers prepare and submit to the General Meeting of the IF analysis of possible new places for execution of client orders by existing partners, investment intermediaries or new investment intermediaries. The analysis includes a detailed description of the new places for execution and operating conditions of new partnering investment intermediaries with a focus on better conditions to ensure the interest of clients and minimize their costs. The analysis examines the extent to which the conditions of the new places for execution and new partnering investment intermediaries meet the regulatory requirements of MFIA.
- ✓ Based on the analysis the managers make a reasoned proposal for adding new places for execution of client orders and hence signing contracts with new partnering investment intermediaries and calls a General Meeting of the IF.
- ✓ The General Meeting of the IF shall make decision regarding the reasoned proposal in accordance with the following criteria:
  - a. the best possible guarantee for protection of the interests of the client with a view to the strictness of the regulatory framework, investor compensation fund, safeguard clauses in favor of the client;
  - b. less costs to the client;
  - c. number and types of financial instruments offered;
  - d. technical characteristics of the platform.

e) IF shall assess and analyze possible new places for execution on a regular basis and shall update the list above. In this connection, the client should check regularly the list of places for execution on the IF website.

f) In order to achieve the best performance for the client, client orders may be executed outside a regulated market or a multilateral trading system, provided that clients have been notified and have explicitly given their consent thereto.

g) For certain financial instruments, the actual execution of the transaction is possible at only one place of execution. If a client's order is executed under such circumstances, it shall be deemed that the IF has achieved the best performance for the client.

#### **Art. 11. Execution of client orders in financial instruments admitted to trading on a regulated market abroad**

**(1)** List of entities to which Alaric Securities OOD places for execution of orders in financial instruments admitted to trading on a regulated market abroad:

- ✓ Interactive Brokers (U.K.), with seat in London, UK licensed to operate as an investment intermediary by Financial Services Authority. FSA register entry number 208159 (<http://www.fsa.gov.uk/register/>);
- ✓ Interactive Brokers LLC (USA), with seat in Greenwich, CT (Connecticut, USA), licensed to operate as an investment intermediary by US Securities and Exchange Commission and the Commodity Futures Trading Commission;
- ✓ CHARLES SCHWAB & CO., INC. (USA), with seat in San Francisco, USA, licensed to operate as an investment intermediary by US Securities and Exchange Commission;

- ✓ Pershing LLC (USA), with seat in Jersey City, USA, licensed to operate as an investment intermediary by US Securities and Exchange Commission.

**(2)** Investment intermediaries to which the Investment intermediary places client orders for execution shall have the necessary agreements and mechanisms for best performance of client orders.

**(3)** IF shall analyze the agreements and mechanisms for best performance of client orders adopted by the investment intermediaries to which the IF places client orders for execution. IF should establish that these agreements and mechanisms provide for the investment intermediaries, to which the IF places orders for execution, to make reasonable efforts to determine the best price for the client under the terms of the order, amount of expenditure, likelihood of execution and all other factors relating to the execution of the order.

**(4)** In case of specific instructions from the client, IF shall place the order for execution following these instructions, and as regards the factors that determine the best performance in the best interest of the client for which there are no instructions, the investment intermediary which executes the order shall make the relevant assessment. Any special instructions of the client may prevent the investment intermediary to take the necessary actions to achieve the best performance when executing client's orders in accordance with the Policy for executing client orders, for the part of the order, which the special instructions concern.

**(5)** The list under paragraph 1 of investment intermediaries to which the IF places client orders for execution is not exhaustive. The investment intermediary may use other investment intermediaries that it deems appropriate in accordance with this Policy. The investment intermediary shall access and analyze on a regular basis possible new investment intermediaries to place client orders for execution and shall update the list under paragraph above. In this connection, the client should check regularly the list of investment intermediaries on the Investment intermediary's website - [www.alaricsecurities.com](http://www.alaricsecurities.com).

**(6)** The investment intermediary shall add new investment intermediaries to execute client orders, taking into account the following factors:

- (i) availability of necessary licenses and authorizations, and client protection similar to the statutory requirements in Bulgaria or stricter;
- (ii) number and types of services offered;
- (iii) coverage of the various markets;
- (iv) amount of fees and commissions;
- (v) technical characteristics of the platform;
- (vi) Good repute.

**(7)** After reaching an agreement with investment intermediary to execute client orders and including it in this Policy, the Investment intermediary shall add immediately the details of this investment intermediary on its website where the clients can get informed about this new opportunity. Clients, which do not use the website and e-mail as a communication tool (if any) shall be notified of the changes in accordance with the procedure as described in their contract.

## **V. PLACING AND EXECUTING CLIENT ORDERS**

**Art. 11. (1)** After signing a contract with IF, the clients shall place orders containing at least the following information:

- ✓ names (name) and a unique number of the client and its representative, and if such numbers are not assigned - the respective identification data;
- ✓ type, issuer, ISIN or name of the instrument, respectively characteristics of the derivative financial instrument and number of financial instruments in the order;
- ✓ type of order (limited, market, etc.);
- ✓ nature of the order (purchase, sale, exchange etc.);
- ✓ unit price and total value of the order;

- ✓ period of validity of the order;
- ✓ investment intermediary that will execute the order, if the client has selected such;
- ✓ place of execution of the order, if the client has selected such;
- ✓ quantitative execution of the order (partial, full);
- ✓ method of payment;
- ✓ date, time and place of submitting the order;
- ✓ other specific instructions from the client.

**(2)** The order shall bear a unique serial number.

**(3)** Submission of orders by proxy shall be performed only with a notarized power of attorney that authorizes arrangements to operate with financial instruments and a declaration by the proxy that it does not perform by occupation transactions in financial instruments and that it has not performed such transactions within one year prior to submitting the order. A copy of the identity document of the client or his representative, certified by the former and by the person who signs the contract with the IF. Certification is performed by putting the text "true copy", date and signature of the person making the certification.

**(4)** IF can accept orders for transactions in financial instruments placed by telephone or other remote means of communication by clients who have already been identified by the investment intermediary and have a contract with it. In accordance with the procedure provided in the internal rules of the investment intermediary, before accepting the order, the IF shall ask questions regarding the client's details in order to verify the identification of the latter, and the respective phone calls, e-mails or other communications shall be recorded /saved by the firm. In this case, the IF shall draw up a document by the end of the business day, containing the information under par. 1 and the particulars - subject of the declarations under Art. 35, para. 1 of Ordinance 38, which certify the content of the remotely placed order.

**(5)** Paragraph 4 shall not apply to order placed by a representative who has not certified his power of attorney before the IF or by a proxy who has not submitted to the IF in advance the documents under Art. 25 of Ordinance 38.

**(6)** IF can execute client orders under par. 1 via an electronic trading system that guarantees compliance with the requirements of Ordinance 38 and provides the client with access to a particular place of execution. Access to the system under the previous sentence and the placing of orders by the client is performed by an electronic certificate issued in its name.

**(7)** When taking the order, the person who takes it shall verify the identity of the client or its representative.

**(8)** IF shall provide to the client a signed copy of the order under par. 1, unless it has been placed under par. 4 and 6.

**(9)** IF shall refuse to take an order which does not meet the requirements of para. 1 or has been placed by proxy, without complying with the requirements of para. 3.

**Art. 12. (1)** Upon accepting an order, the IF shall require the client or its representative to declare whether:

- ✓ it possesses inside information on the financial instruments, which the order concerns, and on their issuer if the financial instruments, which the order concerns or on the basis of which are issued the financial instruments - subject of the order - are traded on a regulated market;;
- ✓ the financial instruments - subject of the order for sale or exchange - are blocked by the depository institution in which they are stored, whether they have been pledged or impounded;
- ✓ the transaction - subject of the order - represents concealed purchase or sale of financial instruments.

**(2)** A check whether the financial instruments are available in a client's sub-account and whether the latter are not stranded, pledged or impounded, shall be carried out by the trustee on his own initiative or at the request of the investment intermediary through which the sale transaction is executed. Special check for compliance with the requirements of this paragraph shall not be performed when submitting an order through an electronic trading system if the electronic system does not allow the execution of transactions in stranded, pledged or impounded financial instruments or financial instruments that are not available in the respective account.

**(3)** The investment intermediary has no right to execute a client order for transactions in financial instruments if this would lead to a violation of MFIA, MMAFIA, Special Investment Purpose Companies Act or other applicable regulations. The client shall be obliged to inform the investment intermediary of any circumstances regarding an order which are known or should be known to it and which may be relevant for compliance with the requirements of the preceding sentence. Knowledge of the law is presumed. If the client has not notified the investment intermediary of such circumstance and the latter has executed its order in violation of the provisions of this paragraph, the investment intermediary is entitled to seek from the client remedies for damages suffered in this respect, if any.

**Art. 13.** IF shall execute client orders under the following conditions:

- ✓ Immediate and accurate registration and allocation of orders;
- ✓ Immediate execution in the order of placement of identical client orders, unless the characteristics of the order or prevailing market conditions make this infeasible or the interests of the client require otherwise;
- ✓ The investment intermediary shall inform the retail client about any objective obstacles to the accurate execution of the orders immediately after these obstacles become known.

**Art. 14. (1)** IF shall refuse to execute a client order if the client or its representative refused to submit the declaration under Art. 13 para. 1 above; if it has stated that it possesses inside information or has declared that the transaction - subject of the order represents concealed purchase or sale of financial instruments. The refusal under the first sentence shall be certified by a separate document signed by the client. In case the client refuses to sign the refusal, the service thereof shall be certified by the signature of an official from the "Internal Control".

**(2)** IF shall have no right to execute an order if it has been declared or found that the financial instruments - subject of the order for sale - are not available in the client's account, at the trustee or have been stranded in a depository institution, as well as if they have been pledged or impounded.

**(3)** The prohibition under para. 2 in respect of pledged financial instruments shall not be applied in the following cases:

- ✓ The transferee has been informed about the pledge and has explicitly agreed to acquire the pledged financial instruments; there is an explicit consent of the pledge creditor as provided under the Registered Pledges Act;
- ✓ The pledge has been created in the aggregate within the meaning of the Registered Pledges Act.

**(4)** The prohibition under para. 2 in respect of an order for sale of financial instruments, which are not available in the client's account, shall not apply in the cases specified by an ordinance.

## **VI. Policy for aggregation and separation of orders**

**Art. 15.** IF may aggregate only client orders concerning the same type of financial instruments and orders which do not differ in their type and nature.

**Art. 16.** Admissible is aggregation of orders whose characteristic "quantitative execution" is different, i.e. orders that are executed "partially" with orders that are executed "fully".

**Art. 17.** IF has no right to execute client order by aggregating it with other client orders unless the following conditions are met:

1. aggregation of orders will not be to the detriment of any of the clients whose orders are pooled;
2. IF has explained to each client whose order is to be aggregated that the aggregation could be disadvantageous to the client in relation to a particular order;
3. implementation of the Policy described in this section, for separation of orders containing detailed enough and clear conditions for an equitable separation of aggregated orders, including specifying how the volume and price of orders determine their separation and settlement of cases of partial execution.

**Art. 18.** IF shall not aggregate:

1. limited and market orders for purchase or sale of financial instruments to clients.
2. limited orders for purchase or sale of financial instruments to clients when these orders differ in the specified limit price of the financial instrument.



3. orders for purchase or sale of financial instruments to clients that have been submitted in different business days, as well as those that have a different period of validity.

4. orders for purchase or sale of financial instruments to clients that are differentiated according to their place of execution.

**Art. 19.** Aggregated client orders shall be separated based on the following criteria:

1. date and time of submitting the order;
2. unit price;
3. total value of the order;
4. qualitative execution parameters set by the client;
5. other specific instructions from the client.

**Art. 20.** The separation of aggregated orders shall be carried out in accordance with the principle of "equitable separation", according to which no client may receive more or less financial instruments than the explicitly ordered quantity for purchase, and more or less monies than the amount due as a result of the execution of the order for sale.

**Art. 21. (1)** In case of full execution of aggregated order, the separation of the result shall be according to the parameters of each client order and in compliance with the principles laid down in Ordinance № 38 and this Policy. In the event of partial execution of an order, which combines two or more limited client orders, the allocation of the related transactions shall be proportional to the volume of each order and according to the date and time of its acceptance, without damaging any of the clients whose orders have been pooled.

**(2)** Provided that the client's order was executed at a price more favorable than that originally set by the client, the whole profit shall belong to the client.

**Art. 22. (1)** Provided that the aggregated purchase order is executed at different prices for different parts of the total order, the allocation of related transactions (financial instruments) shall be based on the criteria: date, time of submitting and the volume each order.

**(2)** Provided that the aggregated purchase order is executed at different market prices for different parts of the total order, the allocation of related transactions and the results thereof shall be based on the criteria: date, time of submitting, unit price and total value of each order.

**(3)** The rules under par. 1 and 2 shall apply to orders where the price of financial instruments is not limited and is determined at the time of execution of the order.

**Art. 23.** In cases where IF has aggregated a client order with one or more other client orders and the aggregated order is partially executed, it shall allocate the related transactions that are result of execution of the order, in compliance with this Policy for separation of orders.

**Art. 24.** In cases where IF has aggregated a transaction of a subcontracted by it with one or more client orders, it shall not be entitled to separate the transactions concluded in a way that is detrimental to the client.

## **VII. PROCEDURE FOR SUBMITTING CLIENT ORDERS**

**Art. 25. (1)** IF shall structure the relations with investment intermediaries who execute client orders through electronic trading platform.

**(2)** After signing a contract with the IF, the client chooses how to place orders with the IF (in the IF office, by phone or directly via the electronic platform). Upon placement of orders in the office of the IF or by phone, the IF executes the order via the electronic platform. Upon placement of orders via the electronic platform, the clients are identified by a unique PIN code generated for them by the system. The system indicates the investment intermediaries who execute the orders for trading in specific financial instruments. The system provides for the execution of orders in the order of their registration therewith (respectively identical client orders with identical financial instruments addressed to identical investment intermediaries will be executed in the order of their submission). Clients shall transfer the relevant fees and charges for the execution of orders according to the IF Tariff. Clients shall transfer the necessary funds to client accounts with the investment intermediaries that will execute the orders or to accounts with a trustee. Clients' financial instruments shall be held in their name or in client subaccount with the investment intermediary executing the order or with a trustee, depending on the particular case and the client's choice.

(3) Depending on whether the client's funds and financial instruments will be kept in a client subaccount with ALARIC SECURITIES OOD or with another investment intermediary that will execute the orders or with a trustee, the client, with the cooperation of IF, shall sign with the latter a contract for keeping its funds and financial instruments. The client shall receive instructions in accordance with the signed contract to which account to transfer the respective monies necessary for settlement of the transactions.

(4) IF shall exchange client data with the investment intermediaries, which execute the client orders via the electronic platform. In addition and in accordance with the arrangements, IF shall provide scanned copies of the documents signed by the client by e-mail, by fax or on paper - by registered mail with return receipt. IF shall provide confirmation to the client for the transactions concluded according to the relevant contract and the general provisions, unless the client uses directly the electronic trading platform, which automatically generates confirmations of transactions.

#### VIII. POLICY VERIFICATION AND UPDATE

**Art. 26. (1)** IF shall continuously monitor the effectiveness of this Policy and the quality of order execution regarding submission and transfer to another intermediary, and where necessary, shall take measures to eliminate the established irregularities.

(2) The IF shall review this Policy on an annual basis.

(3) Verification under par. 2 shall be performed whenever a significant change occurs that could affect the ability of IF to provide constantly the best performance for the execution of client orders using investment intermediaries to which the client orders are placed for execution as well as places for execution included in the Policy.

(4) IF shall notify clients of any change in the Policy by issuing communications and shall update the latter on the intermediary website.

#### IX. FINAL PROVISIONS

§ 1. In the event of issues identified in practice that could be addressed by amending or supplementing this Policy, the General Meeting may in due course make the amendment necessary guided by legal requirements.

§ 2. The managers can issue orders and instructions on the implementation of this Policy.

§ 3. This Policy is for information and implementation by the managers of the investment intermediary, the investment consultant(s) subcontracted by the investment intermediary, by brokers and other employees of the firm when taking the position and they shall submit declaration that they are familiar with its content which shall be enclosed with the other documents relating to the performance of their obligations in the IF.

§ 4. This Policy shall be provided for information to any client, whom it concerns. The policy shall be published on the website of the IF.

§ 5. These rules were adopted by the General Meeting of the shareholders of Alaric Securities OOD dated 11.06.2010 and were amended by the General Meeting on 15.10.2010; 20.03.2013; 13.05.2013; 19.06.2013; 30.04.2014; and 30.01.2015.

---

*I, the undersigned, Ginka Yordanova Velkova, certify hereby that this is a full, true and correct translation from Bulgarian into English language of the attached document. The translation consists of 10 (ten) pages.  
Translated by:*

*Ginka Yordanova Velkova*