

## **RULES ON PERSONAL TRANSACTIONS WITH FINANCIAL INSTRUMENTS OF THE MANAGERS, PROCURATORS AND EMPLOYEES OF INVESTMENT FIRM ALARIC SECURITIES OOD**

*These rules are amended in accordance with the requirements of art. 13, par. 3 of the Markets in Financial Instruments Act and in connection with the submission by Alaric Securities OOD of an application for extension of the scope of its license. In this sense, the amendments to the below stated Rules, adopted by the General Meeting of the Partners of Alaric Securities OOD on 20.03.2013 and 13.05.2013, take effect and enter into force with the decision of the Financial Supervision Commission on the abovementioned administrative procedure for extending the scope of the issued license – Decision of FSC No. 577-III from 22.07.2013.*

### **I. Purpose and Reason**

1. These rules regulate the terms and conditions for carrying personal transactions with financial instruments of the managers, procurators (if such are appointed) of investment firm Alaric Securities OOD (hereinafter called IF), the employees of the IF, and the purpose is to ensure transparency, compliance with the law and not to endanger the interests of the clients of the IF.
2. The rules are adopted on 11.06.2010 pursuant to art. 13, par. 2, item 6 of MFIA at the General Meeting of Alaric Securities OOD and are amended with decision of the General Meeting on 15.10.2010, 20.03.2013 and 13.05.2013.

### **II. Procedure and Principles of Personal Transactions**

1. The managers, procurators and any other person working under employment contract for the IF may not buy on their account financial instruments, for which a client of the IF has filed a purchase order, and may not sell them to a client at a price higher than the price at which they have bought them.
2. When conducting personal transactions with financial instruments, the persons under item 1 may not disclose, unless they are authorized to do so, and use for their own benefit or for the benefit of other persons facts and circumstances, concerning the available funds and operations on the financial instruments accounts and cash accounts of clients of the IF, as well as any other facts and circumstances which are trade secret and which became known to them in the course of their official and professional duties.
3. All persons under item 1, when taking up office or starting work for the IF, shall sign a declaration of confidentiality pursuant to item 5.
4. The provision of item 2 shall also apply to the cases when the said persons do not hold office or their work has been suspended. In addition to the Financial Supervision Commission, the deputy chairperson of FSC in charge of Investment Activity Supervision Department and authorized officials of the FSC administration or the regulated market of which it is a member, for the purpose of their control activities and within the inspection order the IF may provide information under item 2 only with the consent of its clients or by a decision of the court, issued under the terms and conditions of art. 35, par. 6 and 7 of MFIA.
5. A person who works under employment contract for the IF and who is engaged in activities that may give rise to a conflict of interest, or who due to his/her work for the IF has access to internal information pursuant to the Measures Against Market Abuse with Financial Instruments Act (MAMAFIA) or to other confidential information about clients or transactions with or about clients may not:

5.1. enter into personal transactions that meet any of the following conditions:

- a) their conduct by that person is prohibited by MAMAFIA;
- b) they are related to misuse or unlawful disclosure of confidential information;
- c) their conduct contradicts or may lead to contradiction to the obligation of the IF pursuant to MFIA or its implementing regulations;

5.2. provide advice or assistance other than his/her normal work for the IF to another person who shall enter into a transaction with financial instruments, which, if it were a personal transaction of the person working under employment contract for the IF, would be prohibited pursuant to art. 36, par. 3, item 1 and art. 42, par. 3, items 1 and 2 of Ordinance 38;

5.3. disclose beyond his/her usual work for the IF information or opinion of another person, provided that the person working under employment contract for the IF knows or may be reasonably supposed to know that as a result of that disclosure, the person will or is likely to perform any of the following actions:

- a) to enter into a transaction with financial instruments, which, if it were a personal transaction of the person working under employment contract for the IF, would be prohibited pursuant to art. 36, par. 3, item 1 and art. 42, par. 3, items 1 and 2 of Ordinance 38;
- b) to provide advice or assistance to another person to enter into transaction pursuant to letter "a".

6. The prohibition under item 5 shall apply also to any person who, without being an insider, consciously possesses inside information, deriving directly or indirectly from a person under item 1.

7. The persons under item 1 shall not be entitled to carry transactions and actions that may create a false idea for active supply and demand or trade in financial instruments, admitted to a regulated market, or to cause any other unusual change of the price or volume of supply and demand and trade in such financial instruments.

8. Manipulative transactions and actions pursuant to item 7 are:

- a) the actions of a person or the joint actions of two or more persons to ensure a position that influences the demand or supply of financial instruments, which actions lead to direct or indirect determination of their price or to the creation of other unfair market conditions;
- b) the conclusion of transactions with financial instruments at the closing of the trading session on the regulated market, which mislead the investors acting based on the closing prices;
- c) expressing an opinion on financial instruments or their issuer via the mass media, including via the Internet, when positions in these financial instruments have been previously opened and then benefited from the influence of the expressed opinion on the price of these financial instruments, without this conflict of interest being publicly disclosed;
- d) other actions and transaction through which the market in financial instruments is manipulated pursuant to art. 6, par. 1 of MAMAFIA.

9. In the event of a possible conflict of interest with a client when entering into transactions by the persons under item 1, they shall promptly inform the manager and the head of the internal control department about that circumstance, giving preference to the interest of the client than to their own.

10. The persons under item 1 are forbidden to act on behalf of a client, if they have not informed the client of the potential conflicts of interests, provided that this will not violate the existing confidentiality obligation.

11. The IF shall keep separately the information under art. 70, par. 1 of Ordinance 38 about the transactions carried by the persons under item 1.

12. All persons under item 1, when taking up office or starting work for the investment firm, shall be informed about the normative constraints on the conclusion of personal transactions,

the procedure for their conclusion and the measures adopted by the IF regarding the personal transactions and disclosure of information pursuant to art. 17, par. 1 of Ordinance 38.

13. All persons under item 1, when taking office or starting work for the IF, shall be provided with these Rules to read and implement them.

14. The persons under item 1, when taking office or starting work for the investment firm, shall provide information within 7 days about the parties related to them, for whom they have information that they conduct transactions with financial instruments through an investment firm.

15. The information in the previous item shall be updated at each change within 7 days from its disclosure.

16. The persons under item 1 shall notify the IF within 3 days about any personal transaction concluded by them by notification or otherwise, which allows the IF to establish the conclusion of such transactions.

17. The investment firm keeps a record of the personal transactions, of which they are informed or which they have established, including permits or prohibitions relating to such transactions.

18. The requirements of items 5, 12 and 17 shall not apply to personal transactions that meet any of the following conditions:

a) personal transactions concluded under the management of an individual portfolio, if there is no exchange of information, preceding the conclusion of the transaction, relating to the transaction between the person conducting the management and the person working under employment contract for the IF or another person on whose account the transaction is concluded;

b) personal transactions with shares of undertakings for collective investment or with shares of undertakings for collective investment that are subject to supervision pursuant to the legislation of the member state, requiring a level of risk-spreading in their assets, equivalent to that of the collective investment schemes, if the person working under employment contract for the IF, or another person on whose account the transaction is concluded, is not part of the management of that undertaking.

19. The control over the observance of these rules is assigned to Internal Control Department of Alaric Securities OOD.

### **III. Final Provisions**

1. These Rules are binding for the managers and the procurator (if such is appointed) of Alaric Securities OOD and the employees of the IF.

2. MFIA and the respective statutory instruments applicable to the activity of the investment firm shall apply to the matters not settled in these Rules.