POLICY FOR TREATMENT OF CONFLICTS OF INTERESTS OF INVESTMENT FIRM ALARIC SECURITIES OOD

I. GENERAL PROVISIONS

Art. 1. The Policy for Treatment of Conflicts of Interests of the Investment firm ALARIC SECURITIES OOD ("Policy") has been adopted on the grounds of Art. 65, para. 1, items 7 and Art. 76, para. 1 of the Markets in Financial Instruments Act (MFIA), Chapter II, Section 3 "Conflict of interests" of Delegated Regulation (EU) No. 2017/565 supplementing Directive 2014/65 / EU of the European Parliament and of the Council with regard to organizational requirements and conditions for carrying out activities by investment firms and for providing definitions for the purposes of the said Directive (Regulation (EU) No. 2017/565) and Art. 40, para. 1, item 4 of Ordinance № 38 on the requirements to the activity of investment intermediaries.

Art. 2. The present Policy governs:
1. the treatment of conflicts of interests, in accordance with the size and organizational structure of the investment firm and the nature, scale and complexity of the performed investment services and activities;
2. the circumstances, representing a conflict of interests or which may lead to a conflict of interests, creating a risk of damaging the interests of a client or clients of the investment firm in respect of each specific service or activity performed by the investment firm;
3. the procedures and the measures for treatment of conflicts of interests.

Art. 3. The present Policy is adopted in order to minimize the risk of harm to the interests of clients in cases of conflicts of interests. Conflicts of interests should only be governed where an investment service or ancillary service is provided by the investment firm. The status of the client to whom the service is provided - professional, non-professional or eligible counterparty - is irrelevant for this purpose.

II. PRINCIPLES

Art. 4. (1) When performing investment services and activities the investment firm shall take the necessary measures for prevention, establishment and management of potential conflicts of interests between:
1. the investment firm, including the persons who manage the investment firm, the persons working under contract for it, the tied agents or any person directly or indirectly linked to the investment firm by means of control, on the one hand, and its clients, on the other hand;
2. its individual clients.
(2) The investment firm shall undertake the actions under para. 1 also in the cases when a conflict of interests may arise as a result of receiving inducements by the investment firm, of providing inducements by third parties or by means of other inducement mechanisms.

Art. 5. (1) If, despite the application of the rules for internal organization of the investment firm and this Policy, there is still a risk for the interests of the client, ALARIC SECURITIES OOD may not operate on behalf of the client if it has not informed its client about the general nature and/or sources of potential conflicts of interests and the measures taken to limit the risk to the client's interests.
(2) In the cases referred to in the preceding paragraph the investment firm shall, before performing activity on behalf of a client, in connection with which there is a conflict of interests, provide the client with information on the conflict of interests on a durable medium in order to enable the client to make an informed decision for the service in respect of which the conflict of interest has arisen.
(3) The employees in the Sales Department, the brokers or the investment advisers shall be obliged to notify the clients of the investment firm about the potential conflicts of interests referred to in the preceding paragraph.

Art. 6. In order to avoid conflicts of interests, the persons working under a contract for the investment firm shall be obliged to observe the following principles:
a) avoidance of conflict - the investment firm and the persons working under contract for it should not be placed in a position where their interests will conflict with the interests of the client, and if this happens, the interests of the client should always be given priority. The present Policy adopts the principle that the best management of a conflict of interests is its complete avoidance;
b) equal and fair treatment and loyalty to the clients - the investment firm must always act in the interest of its client. The investment firm should not be placed in a position where the interest of one of its clients conflicts with its obligation to another of its clients. The Investment Firm is obliged to apply for the benefit of its client all its professional knowledge and experience, including any publicly available information that it has received and is related to the service provided to the client;
c) confidentiality - the investment firm may not use for its own benefit or for the benefit of a third party, including, but not limited to, another client, member of the management body or employee of the investment firm, confidential information received from a client acting on its behalf;
(d) the investment firm shall act honestly, fairly and professionally in providing investment and ancillary services in accordance with the best interests of its clients.

III. CONCEPT OF CONFLICT OF INTERESTS

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

Art. 8. In identifying the types of conflicts of interest that arise as a result of the provision of investment and/or additional services or a combination thereof, the existence of which may harm the client's interest, the investment firm shall take into account, applying a minimum of criteria, whether the investment firm, a person working under a contract for it or a person directly or indirectly related to it through control falls into one of the following situations, regardless of whether they have arisen as a result of the provision of investment and/or additional services or otherwise:
1. the investment firm or this person may realize a financial profit or avoid a financial loss at the expense of the client;

2. the investment firm or this person has an interest in the result of the provided service to the client or in the transaction carried out at the expense of the client, which is different from the interest of the client in this result;
3. the investment firm or this person has a financial or other incentive to prefer the interest of another client or group of clients to the interests of the client;
4. the investment firm or this person carries out the same economic activity as the client;
5. the investment firm or this person receives or will receive from a person, other than the client, an incentive in connection with the service provided to the client in the form of monetary or non-monetary benefits or services.

IV. SITUATIONS OF CONFLICTS OF INTERESTS WHEN PROVIDING INVESTMENT SERVICES TO CLIENTS BY THE INVESTMENT FIRM

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

- are in a situation described in Art. 8, items 1-5 of this Policy;
- acquires or may acquire, or enters into a transaction for its own account with financial instruments which it recommends its clients to purchase, if the investment firm, or the person working under contract for it, will personally benefit from the client's purchase;
- a person is simultaneously or successively involved in the provision of separate investment or ancillary services and this is detrimental to the interests of the client;
- carries out unauthorised exchange of information constituting a trade or business secret between employees of the investment firm;
- provides in an unauthorized manner information, which is a trade or official secret, to third parties or makes public statements without their prior approval by the Compliance department;
- commitment in determining the remuneration of different units of the investment firm in connection with their work with clients, which leads to endangering the client's interest;
- enters into transactions with financial instruments in volume or frequency, at prices or with a specific counterparty, which according to the specific circumstances can be considered to be exclusively in the interest of the investment firm;
- concludes personal transactions in violation of the requirements of the Rules for personal transactions, the MFIA and delegated Regulation (EU) 2017/565;
- acquires or can acquire, or enter into a transaction for its own account with financial instruments, the purchase of which it recommends to its clients, if from the purchase of the client the investment firm, respectively the person working under a contract for it, will have a personal benefit;
- advises a client to purchase or sell certain financial instruments that another client wants to sell or purchase;
- advises a client to purchase or sell to a person designated by the investment firm financial instruments in order to influence the exercise of the right to vote on them;
- presence of qualifying holdings of a person working under a contract for the investment firm in another legal entity, which performs competitive activity to ALARIC SECURITIES OOD;

- existence of a connection within the meaning of the MFIA between a person working under a contract for the investment firm and another person, when this other person is a client of ALARIC SECURITIES OOD;
- enters into transactions with financial instruments subject to investment research, when the person has access to information about the content and conclusions of the research, before disseminating the investment research itself.

(2) This enumeration is not exhaustive, insofar as other situations may arise in the practice of the investment firm, which may be qualified as a conflict of interest, their settlement will be made in accordance with the rules in the present Policy.

V. MEANS OF AVOIDING CONFLICTS OF INTERESTS AND METHODS OF MANAGING CONFLICTS OF INTERESTS

Art. 10. The means by which a conflict of interests is avoided or, where such a conflict has arisen, by which fair and equal treatment of all clients is ensured, are:

(a) full and prior disclosure of information about potential and specific conflicts of interest by the persons working under contract for the investment firm.

- Disclosure to the clients of a conflict of interest under MFIA is a last resort, used only if the effective organizational and administrative mechanisms established by the investment firm to prevent or manage its conflicts of interests in accordance with MFIA are not sufficient to ensure reasonable assurance that the risks of harming the client's interests will be prevented;
- The disclosure shall explicitly state that the organizational and administrative mechanisms established by the investment firm to prevent or manage this conflict are not sufficient to ensure with reasonable confidence that the risks of harm to the client's interests will be prevented;
- The disclosure shall include a specific description of the conflicts of interests arising from the provision of investment and / or ancillary services, taking into account the nature of the client to whom the disclosure is made;
- The description shall contain a sufficiently detailed explanation of the general nature and sources of the conflicts of interests, as well as the risks to the client arising from the conflicts of interests and the steps taken to limit those risks so that the client can make an informed investment or decision about the investment or ancillary service in the context of which conflicts of interests arise;
- Excessive reliance on the disclosure of conflicts of interests is considered a shortcoming in the investment firm 's policy on conflicts of interests.

b) refusal to act in the event of a conflict of interests in cases where the principles set out above cannot be complied with;

c) preventing the simultaneous or consecutive participation of a single person in the provision of separate investment or ancillary services, where such combination may be detrimental to the proper management of conflicts of interests;

d) compliance with the principle "need to know" - exchange of information (on financial capabilities of the clients, portfolio structure, investment intentions, prepared but not disseminated recommendations or investment advice, etc.) between different departments of the investment firm, the exchange of which may give rise to a conflict of interests and this information may harm the interests of one or more clients, shall be carried out after consultation with the Head of the Regulatory

Compliance Department and the Managers of the investment firm in compliance with the principle "need to know";
e) absence of a direct link between the remuneration of persons principally engaged in one activity and the remuneration of persons principally engaged in another activity for the investment firm, or the income derived by the latter if a conflict of interests may arise in connection with those activities;
f) fair determination of the remuneration and all additional payments of the persons working under a contract for the investment firm in a way that does not create preconditions for unscrupulous performance of the functions assigned to these persons;
g) separate control over persons whose main functions include the provision of services on behalf of and / or at the expense of clients or the provision of services to clients where 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 investment firm;
h) prohibition to combine functions between the persons working under a contract for the investment firm, if such combination creates preconditions for biased and unprofessional performance of official duties and could harm the interest of a client.

Art. 11. The management of the conflicts of interests shall be carried out by the following methods:
1. Disclosure of information by the persons working under a contract for the investment firm on:

- concluded personal transactions;
- related parties within the meaning of MFIA and Regulation (EU) 2017/565;
- persons with whom he/she is in a family relationship or in close relations;
- qualifying holdings in other capital market participants, issuers or public companies;
- employment or civil law relations with other legal entities, clients of the investment firm or its competitors;
- occupied corporate positions - memberships in management and control bodies of companies, managements of departments or units, as well as any other positions, the holding of which allows making managerial decisions;
- existence of loans or debt relations to legal or natural persons, clients of the firm or related clients of the firm;
- carrying out the same activity as the client of the firm;
- receiving 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 by the current legislation or determined by an order of the Managers.

2. Building an effective internal organization, preventing the misuse of information that is an official secret within the investment firm, construction and implementation of "Chinese walls". The measures may include the establishment of an internal security department.
3. Withdrawal and abstention from actions - when for a person working under a contract for the investment firm, a situation arises as a conflict of interest under the MFIA, Regulation (EU) 2017/565 and this Policy, when providing an investment or additional service, he/she is obliged to withdraw and not to participate in the decision-making or in the actions for the provision of the respective service.
4. Third-party assessment - when a disputed situation arises for a person working under a contract for the investment firm, which could be qualified as a conflict of interests under the MFIA, Regulation (EU) 2017/565 and this Policy, when providing an investment or an additional service, the Managers

of the investment firm have the right to request the assessment of a third party, which shall independently assess the presence or absence of a conflict of interests, as well as the degree of threat to the interest of a particular client. The assessment is formed in a protocol with the respective motives and conclusions, which is provided to the Managers.
5. Implementation of separate supervision (through the Compliance department) of the relevant persons whose main functions are related to performing activities on behalf of clients or providing services to clients whose interests may be in conflict, or who represent otherwise different interests that may be in conflict, including those of the investment firm.
6. Elimination of any direct link between the remuneration of interested persons mainly involved in the performance of an activity and the remuneration of other interested persons mainly involved in the performance of another activity, or the income generated by them where a conflict of interest may arise in connection with these activities.

7. Application of measures to prevent or control the simultaneous or consecutive participation of a person concerned in separate investment or ancillary services or activities, where such participation may impair the proper management of the conflict of interests.

Art. 12. (1) The investment firm shall apply measures for prevention or limitation of the possibility for exerting inappropriate influence by any person on the way in which a person, working under a contract for the investment firm, performs services and activities under the MFIA.
(2) The measures under the preceding paragraph are the following:

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

2. Restricting the exchange of paper 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 the clients;

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

4. Prohibitions for receiving by the persons, who work under a contract for the investment firm, of gifts over a value determined by an order of the Managers.

Art. 13. Register. The investment firm shall maintain and regularly update a register of the types of investment or ancillary services or investment activity performed by it or on its behalf in which a conflict of interest may arise - or in the case of an ongoing service or activity - leading to a risk of harm to the interests of one or more clients (damaging conflict of interests).

VI. MANAGEMENT OF CONFLICTS OF INTERESTS IN THE PREPARATION OF INVESTMENT RESEARCH

Art. 14. (1) The investment firm, when preparing or organizing the preparation of investment research, which are intended or may subsequently be disseminated publicly or to clients of the investment firm, under the responsibility of the investment firm or a member of the group to which it belongs, shall guarantee the application of all measures set out in the present Policy with respect to the financial analysts involved 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 study is provided.
(2) The obligation under para. 1 shall also apply to marketing communications.

Art. 15. (1) In the cases under the previous article the investment firm shall ensure the observance of the following additional conditions:
1. the financial analysts and the other relevant persons do not conclude personal transactions and do not trade in any other capacity, except as market-makers, acting in good faith and in the process of the usual implementation of this activity or in the execution of a client's order given on his/her initiative, on behalf of any other person, including the investment firm, with financial instruments linked to an investment research or with related financial instruments based on information about the probable period or content of that investment study that is not available to the public or clients and which cannot be easily deduced from the information available to the public or clients until the recipients of the investment research have a reasonable opportunity to act in accordance with it;
2. in circumstances not covered by item 1, the financial analysts and the other relevant persons, participating in the preparation of the investment research , shall not perform personal transactions with financial instruments, to which the investment research is related, or with related financial instruments in contradiction with the current recommendations, except in exceptional circumstances and with the prior approval of an employee of the legal unit or the compliance unit of the investment firm.
3. there is a physical separation of the financial analysts involved in the preparation of the investment research from the other relevant persons, whose responsibilities or business interests may be in conflict with the interests of the persons to whom the investment research is provided, or - if this is considered for inappropriate in view of the size and organization of the investment firm and the nature, scale and complexity of its economic activity - establishment and application of appropriate alternative information barriers;
4. the investment intermediaries, the financial analysts and the other respective persons, participating in the preparation of the investment research, shall not accept benefits from persons, who have essential interest with regard to the subject of the investment research;
5. the investment firm, the financial analysts and the other respective persons, participating in the preparation of the investment research, do not promise to the issuers a favourable reflection in the research;
6. prior to the dissemination of an investment research, issuers and relevant persons who are not financial analysts, as well as any other person, shall not be allowed to review the draft investment research in order to verify the accuracy of the facts set out in that study, or for any purpose other than verifying compliance with the investment firm 's regulatory obligations, where the project contains a recommendation or target price.
(3) Related financial instrument within the meaning of para. 2 is a financial instrument, the price of which is directly affected by the changes in the price of another financial instrument, which is the subject of an investment research, and includes a derivative on this other financial instrument.
(4) The requirements under para. 1-2 shall not apply when the investment firm publicly or among its clients disseminates investment research prepared by a third party, if the following conditions are met:
1. the person who prepares the investment research is not a member of the group to which the investment firm belongs;
2. the investment firm does not substantially change the recommendations contained in the investment research;
3. the investment firm does not present the investment research as prepared by it;

4. the investment firm shall check whether the person who prepared the investment research is subject to requirements related to the preparation of this study, equivalent to the requirements of Delegated Regulation (EU) 2017/565, or whether this person has established a policy introducing such requirements.
(5) "Investment research" within the meaning of this Policy means research or other information that explicitly or indirectly recommends or proposes an investment strategy related to one or more financial instruments or to the issuers of financial instruments, including any opinion regarding the present or future value or price of such instruments, the research or the information being intended for distribution channels or for the public, and in respect of which the following conditions are met:
1. the research or information is designated as an investment study or similar terms or is otherwise presented as an objective or independent explanation of the issues contained in the recommendation;
2. if the relevant recommendation were made by an investment firm to a client, it would not constitute the provision of investment advice for the purposes of Directive 2014/65 / EU, implemented in the MFIA.
(6) A recommendation of the type covered by Article 3 (1) (35) of Regulation (EU) No. 596/2014 which does not meet the requirements set out in para. 5 shall be considered as a marketing communication for the purposes of the MFIA (as well as of Directive 2014/65 / EU) and the investment firm, when preparing or disseminating the recommendation, shall be obliged to clearly define it as such.

VII. MANAGEMENT OF CONFLICTS OF INTERESTS IN THE PLACING OF FINANCIAL INSTRUMENTS

Art. 16. (1) When placing financial instruments, the investment firm shall establish, apply and maintain effective rules to prevent situations in which existing or future relationships have an inappropriate impact on the placement recommendations.
(2) The investment firm shall establish, apply and maintain the current internal rules for prevention or management of conflicts of interests, arising in the cases when the persons responsible for providing services to investment clients of the firm participate directly in the decisions on the allocation recommendations of the issuing client.
(3) The investment firm shall not accept payments or benefits from third parties, unless these payments or benefits correspond to the obligations in connection with the incentives established in the MFIA. In particular, the following practices are considered non-compliant and are therefore considered unacceptable:
a) an allocation designed to encourage the payment of disproportionately high fees for unrelated services provided by the investment firm (laddering), such as disproportionately high fees or commissions paid by an investment client, or disproportionately high volumes of business at normal commission levels, provided by the investment client as compensation for receiving a share of the issue;
b) an allocation in favour of a member of the senior management or a corporate employee of an existing or potential issuing client in exchange for a future or previous assignment of corporate financial activity (spinning);
c) an allocation that is explicitly or implicitly dependent on the receipt of future orders or the purchase of any other service of the investment firm by an investment client or by an entity in which the investor is a corporate employee.

(4) The investment firm shall establish, implement and maintain a policy regarding the allocation, which shall establish the process for development of recommendations for allocation. The allocation policy is provided to the issuing client before an agreement is reached for the
provision of any placement services. The policy sets out the essential information available at this stage on the proposed allocation methodology.
(5) The investment firm shall ensure the participation of the issuing client in the discussions regarding the placement process, so that the investment firm can understand and take into account the interests and goals of the client. The investment firm must obtain the consent of the issuing client regarding its proposed allocation by type of client for the transaction in accordance with the allocation policy.

VIII. ADDITIONAL REQUIREMENTS REGARDING THE CONSULTING, ALLOCATION AND PLACEMENT OF OWN FINANCIAL INSTRUMENTS

Art. 17. (1) The investment firm shall maintain systems, mechanisms for control and procedures for establishing and managing conflicts of interests, arising from the provision of an investment service to an investment client for participation in a new issue, when the investment firm receives commissions, fees or any monetary or non-monetary benefits in connection with the organization of the issue.
(2) All commissions, fees or monetary or non-monetary benefits shall obligatorily comply with the requirements of the MFIA and shall be documented in the policies of the investment firm with regard to the conflict of interests and shall be reflected in the rules of the firm with regard to inducements.

Art. 18. (1) The investment firm, when participating in the placement of financial instruments issued by it or by entities in the same group, among its clients or investment funds managed by entities in their group, shall establish, apply and maintain the present clear and effective identification rules for the prevention or management of potential conflicts of interests arising in connection with this type of activity. The present rules include the possibility to consider an option to refrain from participating in the activity if conflicts of interests cannot be properly managed in order to avoid any adverse consequences for the clients.
(2) Where disclosure of a conflict of interests is required, the firm shall comply with the requirement that disclosure of the conflict of interests is a last resort, including to clarify the nature and source of conflicts of interest inherent in this type of activity by providing information on specific risks, related to these practices to allow clients to make an informed investment decision.

Art. 19. The investment firm, where it offers to its clients financial instruments issued by it or by other entities in the group and which are included in the calculation of the prudential requirements laid down in Regulation (EU) No. 575/2013 of the European Parliament, provide these clients with additional information explaining the differences between the relevant financial instrument and bank deposits in terms of profitability, risk, liquidity and any protection provided under the LDGB (Law on Deposit Guarantee in Banks).

Art. 20. (1) Where a previous loan or credit granted to the issuing client by the investment firm or by an entity in the same group may be repaid with the proceeds of the issue, the

investment firm shall apply these rules for establishing and preventing or managing any conflicts of interests, which may be caused by this circumstance.
(2) When the present rules for managing conflicts of interests prove insufficient to ensure the prevention of the risk of damaging the interests of the issuing client, the investment firm shall disclose to the issuing client the specific conflicts of interests arising from its activities or the activities of an entity from the group in its capacity of a creditor, and their activities related to the offering of securities.
(3) The information about the financial condition of the issuing client may be shared with the subjects in the group, acting as creditors, provided that this does not violate the information barriers, established by the firm for protection of the client's interests. The client expressly agrees with this policy of the firm.

IX. ADDITIONAL PROVISIONS

§ 1. "Relevant person" in relation to an investment firm means any of the following persons:
a) a director, partner or equivalent, manager or tied agent of the firm;
b) a director, partner or equivalent, or a manager of a tied agent of the firm;
c) an employee of the firm or a tied agent of the firm, as well as any natural person whose services are provided to the disposal and under the control of the firm or a tied agent of the firm, who also participates in the provision of investment services and activities by the firm;
d) a natural person who is directly involved in the provision of services to the investment firm or its tied agent by virtue of an outsourcing arrangement for the purpose of providing investment services and activities by the investment firm;

§ 2. "A person with whom the relevant person has a family relationship" means one of the following persons:
a) the spouse of the relevant person or a partner of that person considered to be an equal person of the spouse under national law;
b) a dependent child or a adopted child 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 respective personal transaction;

§ 3. “Personal transaction” is a transaction with a financial instrument, performed by a relevant person or on behalf of a relevant person, when at least one of the following criteria is fulfilled:
a) the relevant person acts outside the scope of the activities which he/she carries out ex officio;
(b) the transaction is executed on behalf of any of the following persons:
(i) the relevant person,
(ii) any person with whom he/she has a family relationship or with whom he/she has close relations,
(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 the receipt of a fee or commission for the execution of the transaction;

§ 4. “Related parties” are two or more natural or legal persons, connected by:
a) participation, which represents possession, directly or through control, of 20 or more than 20 per cent of the voting rights or of the capital of the company (enterprise);

b) control exercised by a parent undertaking over a subsidiary under the Law on Accounting or a similar relationship between a natural or legal person and a company (undertaking), each subsidiary of a subsidiary also being considered a subsidiary of its parent undertaking of the group of these subsidiaries;
c) a permanent connection of both persons or all of them with the same person through a relationship of control.

§ 5. The terms that are used in the Policy, but are not defined in these Additional Provisions, are used with the meaning given to them in the MFIA and Regulation (EU) 2017/565 of the European Commission.

X. FINAL PROVISIONS

1. The managers of the investment firm annually by January 31 of each year, review and assess the compliance of this Policy with the services and activities performed by the investment firm, and in case of incompleteness and / or need to improve the internal organization adopt amendments to the Policy. Notwithstanding the requirement of the previous sentence, the management body shall adopt amendments and supplements to this Policy upon ascertaining the need for it.

2. The present Policy was adopted at a meeting of the Managers on 08.12.2020 and adopted by the General Meeting of the partners of ALARIC SECURITIES OOD on 08.12.2020.

3. The present Policy is provided for information and implementation to the Managers of the investment firm, as well as to all persons working under a contract for it. The present Policy is also applicable to tied agents appointed by the investment firm.