

INTERNAL REGULATIONS  
TO CONTROL AND PREVENT MONEY LAUNDERING AND THE FINANCING OF TERRORISM IN  
INVESTMENT INTERMEDIARY "FACTORI" AD

## I. GENERAL

Art. 1. (1) These Internal Rules ( hereinafter referred to as the Rules ) have been developed on the basis of Art. 101, para. 1 of the Measures against Money Laundering Act (MAMLA) and in connection with the National Risk Assessment adopted on 09.01.2020 under Art. 95 of MAMLA.

(2) INVESTMENT INTERMEDIARY "FACTORI" AD, registered in the Commercial Register at the Registration Agency with EIC: 121550393 (hereinafter "II"), implements the measures provided for in the MAMLA, in its capacity as an investment intermediary holding a license No. RG-03-0160, issued by the Financial Supervision Commission (FSC) - obligated person pursuant to Art. 4, item 8 MAMLA.

Art. 2. The purpose of these Rules is to ensure the effective performance of the obligations of the II, in accordance with the MAMLA and the Regulations for the Implementation of the MAMLA (RIMAMLA), by establishing rules, control mechanisms and procedures proportional to the nature and size of the economic activity carried out by the II to limit and effectively manage the risks of money laundering and terrorist financing identified in the prepared risk assessment of money laundering and terrorist financing at the supranational, national and II level .

## II. DEFINITIONS

Art. 3. The terms used in these Rules, in addition to those expressly defined below in the Rules, have the meanings as follows:

**"Prominent political figure"** is a natural person who performs or has been entrusted with the following important public functions in the Republic of Bulgaria, in another member state or in a third country:

heads of state, heads of government, ministers and deputy ministers or assistant ministers;  
members of parliaments or other legislative bodies; members of constitutional courts, supreme courts or other higher bodies of the judiciary, whose decisions are not subject to subsequent appeal except in exceptional circumstances; members of the Audit Chamber; members of governing bodies of central banks; ambassadors and heads of diplomatic missions; senior officers of the armed forces;  
members of administrative, management or supervisory bodies of state-owned enterprises and commercial companies with a sole owner - the state;  
mayors and deputy mayors of municipalities, mayors and deputy mayors of regions and chairmen of municipal councils; members of the governing bodies of political parties;

heads and deputy heads of international organizations, members of management or supervisory bodies in international organizations or persons performing an equivalent function in such organizations.

**"High-risk third country"** - countries that do not apply or partially apply the international standards in combating money laundering, defined by the European Commission with Commission Delegated Regulation (EU) 2016/1675 of July 14, 2016 to supplement Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic weaknesses and listed on the websites of the National Security State Agency, the Bulgarian National Bank, the Financial Supervision Commission, the National Revenue Agency and the Ministry of the finances.

**"High Risk Jurisdiction"** means the jurisdictions identified as high risk on the FATF website: <http://www.fatf-gafi.org/countries/#high-risk>.

**"Group"** is a group of enterprises consisting of a parent enterprise, its subsidiary enterprises and the legal entities in which the parent enterprise or its subsidiary enterprises have a stake, as well as enterprises related to each other within the meaning of Art. 22 of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, on the annual financial statements, consolidated financial statements and related reports of certain types of enterprises amending

Directive 2006/43/EC of the European Parliament and of Council and repealing Council Directives 78/660/EEC and 83/349/EEC.

**"Business Relationship"** is a business, commercial or professional relationship which is related to the provision of Investment Services and/or Additional Services by the II and at the time of contact is assumed to have an element of duration.

**"The activity of the II"** is the provision of Investment Services and/or Additional Services.

**"Other official personal documents"** are:

a) motor vehicle driving license and residence documents, according to Article 1, para. 5, items 2 and 3 of the Law on Bulgarian personal documents. b) registration card, according to Article 40, para. 1, item 1 of the Asylum and Refugees Act, issued to a foreigner seeking protection in the Republic of Bulgaria.

**"Other legal entity"** is any unincorporated company or any other legal form, regardless of the existence of legal personality, which can enter into legal relations, own or manage funds and other financial assets or economic resources.

**"Member State"** is a country that is a member of the European Union or is part of the European Economic Area.

**"Investment Services"** are as follows:

1. acceptance and transmission of orders in connection with one or more financial instruments;
2. execution of orders on behalf of clients;
3. transactions for own account with financial
4. tools; portfolio management;
5. investment advice;

6. undertaking financial instrument issues and/or offering financial instruments under the conditions of an unconditional and irrevocable obligation to subscribe/acquire the financial instruments for one's own account;

7. offering for the initial sale of financial instruments without an unconditional and irrevocable obligation to acquire the financial instruments for one's own account (placement of financial instruments);

8. organization of MST;
9. organization of OCT.

**"Additional services"** are the following services provided by II:

1. storage and administration of financial instruments for the account of clients, including custodial activity and related services such as cash and collateral management, with the exception of the centralized keeping of accounts for securities according to section A, item 2 of the appendix to Regulation (EU) No. 909/2014;
2. providing loans to investors for them to carry out transactions with one or more financial instruments, provided that the intermediary who provides the loan participates in the transaction;

3. advice to enterprises regarding the capital structure, industrial strategy and related issues, as well as advice and services related to transformation and acquisition of enterprises;

4. provision of services related to foreign means of payment, insofar as they are related to the provided Investment services;

5. investment studies and financial analyzes or other forms of general recommendations related to transactions with financial instruments;

6. services related to the underwriting of financial instruments;

Investment services and activities under items 1 - 6 in relation to the underlying instruments of derivative financial instruments, when they are related to the provision of investment and additional services.

**"Money laundering"** is:

1. the transformation or transfer of property, with the knowledge that this property was acquired from a crime or from an act of participation in a crime, in order to hide or disguise the illegal origin of the property or to support a person who participates in the commission of such an act in order to avoid the legal consequences of that person's act;

2. the concealment or concealment of the nature, source, location, location, movement, rights in relation to or ownership of property, with the knowledge that this property was acquired from a crime or from an act of participation in a crime;

3. the acquisition, possession, holding or use of property with knowledge at the time of receipt that it was acquired from a crime or from an act of participation in a crime;

4. participation in any of the actions under items 1 - 3, association with the purpose of performing such an action, the attempt to perform such an action, as well as assisting, inciting, facilitating or giving advice in the performance of such an action or its concealment.

Money laundering is also present when the activity from which the property was acquired was carried out in another member state or in a third country and does not fall under the jurisdiction of the Republic of Bulgaria.

**"Client"** is any natural or legal person or other legal entity that enters into a business relationship with the II in order to benefit from the Investment and/or Additional Services provided by the II.

**"Persons related to a Prominent Political Person"** are persons who are in the following relationships with a Prominent Political Person:

1. spouses or persons who live in de facto cohabitation on a conjugal basis.
2. first-degree descendents and their spouses or persons with whom the first-degree descendents live in de facto conjugal cohabitation; ascendants of the first degree and their spouses or persons with whom the ascendants of the first degree live in de facto cohabitation on a conjugal basis; second-degree relatives and their spouses or persons with whom the second-degree relatives live in de facto conjugal cohabitation;
3. any natural person who is known to be the actual owner together with a Prominent Political Person of a legal entity or other legal entity or is in other close commercial, professional or other business relationships with a Prominent Political Person;
4. any natural person who is the sole owner or beneficial owner of a legal entity or other legal entity known to have been created for the benefit of a Prominent Political Person.

**"Reliable credit institution"** - a credit institution licensed in a country

– a member of the European Union, or a party to the Agreement on the European Economic Area or a credit institution with its registered office and from a member state of the Financial Action Task Force (FATF), of the Asia-Pacific Group against Money Laundering (APG), the Eurasian Anti-Money Laundering and Terrorist Financing Group (EAG) or the Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL) of the Council of Europe.

**"Trusted third country"** - a third country (i.e. a country that is not a Member State) whose legislation contains requirements corresponding to the requirements of the AML, taking into account the level of risk of these countries and the implementation of anti-money laundering measures of money and terrorist financing corresponding to this level, the availability of the full range of such measures in accordance with FATF requirements and their effective implementation.

**"Ordinance No. 38"** - Ordinance No. 38 of 21.05.2020 on the requirements for the activity of investment intermediaries of the Financial Supervision Commission.

**"Official ID"** is

a) for Bulgarian citizens, identity documents, according to Art. 13 of the Law on Bulgarian Personal Documents:

ID card;

passport, diplomatic passport, official passport, seaman's passport, military identity card; driving license for a motor vehicle.

identity documents replacing the passport - temporary passport, official open letter for crossing the border, temporary passport for final departure from the Republic of Bulgaria.

b) for the citizens of the European Union, the European Economic Area and the Swiss Confederation, who are not Bulgarian citizens, and their family members - an identity card or passport.

c) for foreigners residing in the Republic of Bulgaria, identity documents, according to Art. 14, para. 1 of the Law on Bulgarian Personal Documents:

refugee card;

card of a foreigner granted asylum; card of a foreigner with humanitarian status; temporary card of a foreigner; certificate of travel abroad of a refugee;

certificate of travel abroad of a foreigner granted asylum; certificate of travel abroad of a foreigner with humanitarian status; certificate of travel abroad of a stateless person; temporary certificate for leaving the Republic of Bulgaria; certificate for return of a foreigner to the Republic of Bulgaria.

d) for persons who are not Bulgarian citizens or citizens of a member state of the European Union, the European Economic Area and the Confederation

Switzerland, and are not family members of a national of a Member State of

The European Union, the European Economic Area and the Swiss Confederation, including for stateless persons - a passport or a travel document replacing it, which is issued according to the

legal procedure of the respective country, in which a visa can be placed and which entitles the foreigner to return to the country from which it enters, in the country of origin or in a third country, the photo in it allows establishing the identity of its owner, does not contain alterations, deletions, additions and others in the data, there are no signs of replacement of the photo, the stamps applied are clear, the image of the photo matches the image of the holder and its validity period has not expired.

e) an identity document issued by a foreign competent state authority, with a unique identification number of the document, date of issue and validity, containing a photograph, names, date and place of birth of the person and citizenship. Residence documents and foreign driver's license are not "official identity documents".

**"Related operations"** are the operations and transactions that meet the following conditions: a) a series of successive transfers of cash or valuables by or to the same natural person, legal entity or other legal entity, which are carried out in connection with a single obligation, where each individual transfer is below the legal threshold, but which together meet the criteria for applying the measures for

comprehensive inspection under MAMLA, or

b) a series of transfers through different entities under Art. 4 of the MAMLA which is related to the same obligation, or

c) other connectivity, established in view of the specifics of the operations or transactions, based on the application of the measures under MAMLA.

**"Senior Manager"** is an official or employee who has sufficient knowledge of the IP's risk exposure in relation to money laundering and terrorist financing and is of sufficient rank to make decisions affecting that risk exposure, and is not it is necessary in all cases to be a body or member of a management body or representation of the II. **"Accidental operation or transaction"** is any operation or transaction related to the activity of the II that is carried out outside the framework of established business relationships, insofar as the performance of such transaction or operation is permitted by the applicable regulations.

**"Third country"** is a country that is not a Member State, i.e. is not a member of the European Union and is not part of the European Economic Area.

**"FATF"** is the Financial Action Task Force against Money Laundering, established by a decision of the Heads of State of the G-7 countries and the President of the European Commission during the G-7 Summit held in Paris in 1989.

**"Beneficial owner"** is an individual or individuals who ultimately own or control a legal entity or other legal entity, and/or an individual or individuals on whose behalf and/or on whose account a given operation is carried out, transaction or activity, and which meet at least one of the following conditions:

With respect to corporate legal entities and other legal entities, a beneficial owner is the person who directly or indirectly owns a sufficient percentage of the shares, units or voting rights in that legal entity or other legal entity, including by holding bearer shares, or by means of control by other means, except in the case of a company whose shares are traded on a regulated market that is subject to disclosure requirements in accordance with European Union law or equivalent international standards ensuring an adequate degree of ownership transparency.

An indication of direct ownership is present when a natural person/persons owns at least 25 percent of a shareholding or equity interest in a legal entity or other legal entity.

An indication of indirect ownership is present when at least 25 percent of the shareholding or participation in a legal entity or other legal entity belongs to a legal entity or other legal entity that is controlled by the same natural person or natural persons, or of multiple legal entities and/or legal entities that are ultimately under the control of the same individual(s). With respect to trusts, including trusts, trusts and other similar foreign legal entities incorporated and existing under the laws of jurisdictions permitting such forms of trusts, the beneficial owner is:

a) the founder;

b) the trust owner; c) the guardian, if any;

(d) the beneficiary or class of beneficiaries, or

e) the person in whose main interest the trust property is created or managed, when the natural person who benefits from it is to be determined;

f) any other natural person who ultimately exercises control over the trust property through direct or indirect ownership or through other means.

With regard to foundations and legal forms similar to trust property - the natural person or persons who hold positions equivalent or similar to those specified in item 2.

The natural person or natural persons who are nominal directors, secretaries, shareholders or owners of the capital of a legal entity or other legal entity, if another beneficial owner is established, is not a beneficial owner.

**"Control"** is the control within the meaning of § 1c of the additional provisions of the Commercial Law, as well as any possibility that, without being an indication of direct or indirect ownership, gives the possibility of exercising a decisive influence on a legal person or other legal entity when making decisions about determining the composition of the management and control bodies, transformation of the legal entity, termination of its activity and other matters of essential importance for its activity. An indication of "indirect control" is the exercise of ultimate effective control over a legal entity or other legal entity through the exercise of rights through third parties, including, but not limited to, granted by virtue of a power of attorney, contract or other type of transaction, as well as through other legal shapes,

Where, after all possible means have been exhausted, it is not possible to establish as the beneficial owner a person according to or when there are doubts that the identified person or persons are not the beneficial owner, the "beneficial owner" shall be deemed to be the natural person acting as a senior executive officer.

### **III. CRITERIA FOR IDENTIFYING SUSPICIOUS OPERATIONS AND TRANSACTIONS WITH CUSTOMERS.**

Art. 4. (1) The II uses the following non-exhaustively listed criteria for recognizing suspicious operations and transactions with clients when providing Investment Services and/or Additional Services:

Larger or unusual transfers of financial instruments and there are other circumstances raising doubts about the existence of a risk of money laundering and terrorist financing.

Purchase of large packages of financial instruments from customers when the funds invested do not correspond to the collected information about their financial situation. Purchase and sale of large packages of financial instruments in circumstances deemed unusual and raising suspicion of the existence of a risk of money laundering and terrorist financing.

Cashless payment in leva or foreign currency for the purpose of purchasing financial instruments and subsequent request to sell the acquired and order to transfer the amounts to an account with another holder and different from the one from which the amounts were originally received.

Cashless payment in BGN or foreign currency for the purpose of purchasing financial instruments for participation in a privatization transaction and subsequent request for the sale of the acquired financial instruments and an order to transfer the amounts to an account with another holder and different from the one from which the amounts were originally received or in a branch of a company located in another country.

Purchase of large packages of financial instruments, when the funds for the transaction have been transferred from another financial institution, from an account with an unknown holder or from an account for which there is reason to suspect its use as a "mailbox".

A series of unusual purchase and sale operations of the same financial instruments carried out by different customers in a short time, raising suspicion of the existence of a risk of money laundering and terrorist financing.

An order to carry out risky transactions (investment of financial instruments), purchase and sale of financial instruments, which may lead to substantial losses for the investor - impossibility to liquidate the investments or impossibility to liquidate them without leading to large losses in price and there are other circumstances raising doubts about the existence of a risk of money laundering and terrorist financing.

Frequent purchase of financial instruments carried out by the same customer, when the total amount in a short time exceeds BGN 30,000, in which there are also other circumstances that raise doubts about the existence of a risk of money laundering and terrorist financing.

A request for the transfer of non-available financial instruments from a personal account under a client sub-account to the investment intermediary, when the client or his proxy has not submitted a certification document (depository receipt) for financial instruments or there is another circumstance that gives rise to suspicion of improper identification or representation.

Transfer of funds to another financial institution immediately after receiving them from an account in an II, when the account in the specified financial institution is not the client's and/or there are circumstances that raise doubts

about the existence of a risk of money laundering and financing of terrorism.

Transfers from foreign investors for participation in privatization or other transactions with subsequent return of the transfer to other banks, other than the initial ones, when the investment is not carried out.

Use of letters of credit and other commercial payment methods where foreign trade documents raise suspicion of inauthenticity or when such commercial activity is incompatible with the client's main activity.

Accumulation of large sums on the client account of a client - a legal entity, inconsistent with its turnover and subsequent transfer to an overseas account, when the available circumstances lead to a reasonable suspicion that money laundering or terrorist financing is intended.

Funds provided for management or funds deposited with a view to executing orders to buy financial instruments are initially minimal, and subsequently additional large amounts are deposited, followed by frequent withdrawals/repeated submission of orders to sell financial instruments,

where this raises suspicion of the existence of a risk of money laundering and terrorist financing.

The funds provided for management by newly established legal entities are in large amounts, which clearly do not correspond to the capabilities of the newly established legal entity or its founders.

Funds are deposited under a management contract or funds with a view to fulfilling orders for the purchase of financial instruments from a client - a legal entity related to the activities of an association or foundation whose goals are close to the requests or claims of a terrorist organization.

Orders are submitted for the sale of financial instruments, and the client expresses a desire to have the money transferred to him in several parts.

(2) The II uses the following non-exhaustively listed criteria for identifying suspicious clients when providing Investment Services and/or Additional Services:

The client does not provide enough information about the transaction or the information and documents provided contain obvious inconsistencies.

Reluctance on the part of customers to provide information for the purposes of their identification or the documents they provide when concluding contracts/submitting requests raise doubts about their authenticity. Client representatives or proxies present documents of identity and representative authority, the authenticity of which raises doubts.

The customer refuses to provide documents for his identification.

The official identity documents presented by the client lack basic details that would fully identify him.

The customer presents identification documents that appear to be forged. The customer identifies himself with foreign identity documents, the authenticity of which is difficult to verify, and there are other circumstances that give rise to reasonable doubts about his identity.

The signature on the identity document does not correspond to the statements made by the customer in relation to the operation or transaction.

The customer does not submit or attempts to postpone the submission of certain declarations or certificates of current status and this is not justified by objective reasons. The client shows unusual curiosity about client document control rules.

The customer's home or work phone number is disconnected or no such number exists.

The customer carries out all his contacts with the II only through a third party who is authorized with all rights to conclude any type of contracts/requests and there are other circumstances that give rise to a reasonable doubt that no legitimate purpose is being pursued with the requested services.

The customer tries to get close to the II staff by offering money, gifts or services.

The customer is quick to declare that their funds are "clean" and/or has an unusually good knowledge of anti-money laundering and anti-terrorist financing measures. The client is accompanied and monitored or the operations are performed in the presence of

third parties, which may give rise to reasonable suspicions of pressure or threat.

Persons indicating as their own address the address of third parties.

Execution by an individual customer of a large number of transactions for small amounts where the total value is significant and this raises suspicion of the existence of a risk of money laundering and terrorist financing.

(3). Doubtful primary source of money (property, ownership) are: the osforum areas;

countries not implementing FATF recommendations;

bank secrecy haven countries.

(4). The illegal, illicit sources from which and through which terrorist property can be formed and used are the profits and income of various criminal enterprises benefiting terrorist organizations. Some of them are: 1.

- production, smuggling and trade of drugs;
- identity theft for profit;
- cybercrime through fraud with credit cards, insurance, social security cards and the like;
- 2. theft, adulteration and resale of humanized milk;
- 3. counterfeiting of commercial chains, including consumer items such as branded clothing, jewelry, fashion accessories and household products;
- 4. international cigarette smuggling;
- 5. alternative money transfer systems and unlicensed currency transfers.

#### **IV. RISK ASSESSMENT**

Art. 5. (1) In order to establish, understand and assess the risks of money laundering and financing of terrorism in its activities, the PE carries out a risk assessment in accordance with Art. 98 of the MAMLA, taking into account the risk factors related to its activity, including those related to customers, countries or geographical areas, the products and services offered, the operations and transactions performed and/or the delivery mechanisms.

The risk assessment is updated at least once every two years, unless the normative acts, the national risk assessment under Art. 95, para. 1 of MAMLA ("National Risk Assessment") and the supranational risk assessment and recommendations of the European Commission under Art. 95, para. 2 of the MAMLA ("Supranational risk assessment"), instructions and recommendations of competent authorities or significant changes in the risk factors related to the activity do not require an earlier update.

When preparing and updating the Risk Assessment, the PE takes into account and reflects the results of the national risk assessment under Art. 95, para. 1 of the MAMLA, as well as the results of the supranational risk assessment and the recommendations of the European Commission under Art. 95, paragraph 2 of the MAMLA.

The risk assessment under this article is carried out by the Executive Directors of the PE and is updated every two years.

##### Customer risk assessment

Art. 6. All new and existing active clients of the II are subject to an assessment from the point of view of the risk of money laundering and terrorist financing. Customer risk assessment is a constant and continuous process, which is carried out by analyzing for each customer the risk factors concerning: 1. the customer and the beneficial owner of the customer (when applicable); 2. the country or geographic area in which the customer or its beneficial owner is located and the associated risk of money laundering and terrorism; 3. the products and services offered by the II, as well as the type of transactions carried out on behalf of the client; 4. the delivery mechanisms used for the products, services and transactions under item 3. The specific practical steps for assessing the risk of customers are indicated in a risk matrix prepared by the II.

Art. 7. Transactions with higher risk customers are subject to special and permanent monitoring.

Art. 8. Entering into and continuing business relationships with higher risk customers must be approved by the Executive Directors or an employee of a senior management position in the II.

Art. 9. The II carries out a risk assessment of a client in the following cases: when registering a new client, subject to a comprehensive check; when updating the data of an existing customer; when any of the circumstances (related to the defined criteria) change, which may affect the customer's assessment; in the annual review of higher risk clients.

Art. 10. As a result of the risk assessment, the IP's clients are classified as:

High risk customers. Enhanced due diligence is applied to high-risk customers.

Medium risk customers. Standard due diligence is applied to medium risk clients depending on the client.

Low risk customers. Standard due diligence is applied to low-risk customers. In the event that the PE undertakes the procedures provided for in the MAMLA and the necessary requirements are met for all or part of the low-risk customers, then a simplified comprehensive check should be applied to

these customers. In order to avoid confusion between customers with low risk and standard verification and those with low risk and simplified verification, a text indicating the application of simplified verification should be added in the systems and documents of the II to the level of risk of the latter.

#### Risk assessment of products, services and delivery mechanisms

Art. 11. All new and existing products, services and transactions offered or carried out by the II, as well as delivery mechanisms, are subject to assessment in terms of their impact on the risk of money laundering and terrorist financing. When assessing the risk of new and existing products, services or transactions, risk factors related to the degree of transparency of the relevant

product, service or transaction; the complexity of the relevant product, service or transaction; the value, amount or term of the relevant product, service or transaction. When assessing the risk of new and existing delivery mechanisms, risk factors related to the degree to which the relationship with the customer is established and transactions are carried out immediately are taken into account; the conditions under which the transactions or operations take place; the extent to which the II uses intermediaries or representatives and the manner in which the relationship with them is settled. As a result of the risk assessment, products, services or transactions carried out by the II, as well as the delivery mechanisms, are classified as high, low and medium risk.

The risk assessment under this article is carried out by the Head of the Specialized Service of the II. The specific practical steps for product, service and mechanism risk assessment are indicated in a risk matrix prepared by the II.

Art. 12. Belonging to the lists under Art. 4b of the ZMFT

The II refuses to enter into a legal relationship with a client in all cases where it has established that the client or its actual owner is a person included in the lists under Art. 4b of the Law on Measures Against the Financing of Terrorism. The lists can be found at the following addresses:

<http://www.dans.bg/bg/msip-091209-menu-bul/2015-06-18-13-03-10>

[https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated\\_list\\_sanction\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated_list_sanction_en)

## V. MEASURES TO LIMIT AND MANAGE THE RISKS OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM.

Art. 13. (1) In order to limit and manage the risks of money laundering and terrorist financing, when concluding a contract with a client in connection with the Activity of the II, the latter shall take measures to limit and manage the risks of money laundering and financing of terrorism as set out in this section.

(2) The II implements the measures for comprehensive verification of the client when establishing Business relationships;

1. Measures for comprehensive verification of the client, respectively the actual owner of the client.

#### Identifying customers and verifying their identification

Art. 14. (1) When identifying the customers, natural persons, as well as the representatives and proxies of the legal entities, the II collects data on:

1. the names;
2. date and place of birth;
3. an official personal identification number or other unique identification element, contained in an official identity document, whose validity period has not expired and on which there is a photo of the customer;
4. any citizenship that the person possesses;
5. country of permanent residence and address (a post office box number is not sufficient). The II identifies the natural persons by requesting the presentation of an official identity document and taking a copy of it. When the official identity document does not contain all the data under items 1-5, above, the collection of the missing data is carried out by



presenting other official identity documents or other official personal documents whose validity period has not expired and on which there is a photo of the client, and making a copy of them. In the absence of any other option, the collection of data under para. 1 items 3 and 5 above can also be carried out by presenting other official documents or documents from a reliable and independent source.

When, in accordance with the legislation applicable to the activity of the II, the identification is carried out without the presence of the individual subject to identification, the identification can also be carried out by presenting a copy of an official identity document.

The II also collects information and data about the person's professional activity and the purpose of concluding the contract.

Art. 15. (1) When identifying the clients, legal entities, the II collects data on: 1. the name; 2. the legal organizational form;

3. the headquarters;

4. management address;

5. address for correspondence;

6. the current subject of activity and the purpose and nature of business relationships; 7. term of existence;

8. control bodies, management and representation bodies; 9. the type and composition of the collective management body; 10. the main place of commercial activity;

11. the structure of ownership, management and control of the client - legal entity or other legal entity.

(2) With regard to Bulgarian commercial companies and non-profit legal entities, as well as in the presence of an official public commercial or company register in a member state in which the legal entity is registered, the identification of legal entities and the collection of data is carried out by of a reference in the commercial register or in the corresponding public register for the lot of the legal entity and documentation of the actions taken on the identification according to the order of section

IX. In this case, the employee performing the check makes a printout from the register of all documents containing the data under items 1 - 11, as well as the general view of the lot of the relevant legal entity, with data on the date of the last update on it, and certifies the printed documents with signing, date and time of making the reference. The prints made are stored in the customer file in the order specified in section IX. A printout may not be made of the collected data if they are signed after being collected with the official's KEP. The collected documents and/or the printouts are stored in the customer file in the order specified in section IX. The same applies to the reference of clients, natural persons, representatives, proxies and/or actual owners.

For the Republic of Bulgaria, the official public commercial register is

<https://portal.registryagency.bg/commercial-register;>

In all other cases, the identification of legal entities and other legal entities is carried out by presenting: an original or a notarized copy of an official extract from the relevant register for current status; certified by the representative a copy of the founding agreement, the founding act or from another document necessary to establish the data under para. 1, items 1-11; certified by the representative a copy of the relevant license, permit or registration certificate (in case the activity is subject to licensing or permit). Other company documents.

When the documents do not contain the data under para. 1, items 1-11, their collection is carried out by presenting other official documents.

#### Identification of the beneficial owner

Art. 16. (1) The II identifies any natural person who is the actual owner of a client – a legal entity or other legal entity, by collecting data on: names;

date and place of birth;

an official personal identification number or other unique identification element contained in an official identity document,

whose validity period has not expired and on which there is a photo of the customer; any nationality the person holds;

country of permanent residence and address (a post office box number is not sufficient).

(2) The data under para. 1, items 1-5 above are collected through:

Reference on the accounts of legal entities and other legal entities established on the territory of the Republic of Bulgaria in the commercial register, in the register of non-profit legal entities and in the BULSTAT register;

Reference in the relevant public register for the account of the legal entity - if there is an official public commercial or company register in a member state in which the legal entity is registered;

Presentation of an original or a notarized copy of an official extract from the relevant register for current status, a certified copy of the founding agreement, the founding act or any other document necessary to establish the data under para.

1, items 1-5;

a certificate, contract or other valid document according to the legislation of the jurisdiction in which the client is registered, originating from a central register or from a registering agent, from which it is clear who are the actual owners of the client - a legal entity or other legal entity, with nominal directors, nominal secretaries or nominal owners of the capital;

A declaration by the legal representative or the attorney of the legal entity, when the means under items 1-4 above have led to contradictory information.

Other company documents.

(3) For clients – legal entities whose shares are traded on a regulated market that are subject to disclosure requirements in accordance with European Union law or equivalent international standards ensuring an adequate degree of transparency in terms of ownership, the PE collects shareholding information, subject to disclosure pursuant to Chapter Eleven, Section I of the Act on

the public offering of securities, or similar information regarding companies whose shares are traded on a regulated market outside the Republic of Bulgaria.

#### Verification of the identification of the customer, respectively the actual owner of client - legal entity

Art. 17. (1) The inspection of the collected pursuant to Art. 14 and Art. 16 identification data is done by using one or more of the following methods:

requiring additional documents, at the discretion of the

for each specific case; confirmation of identification by another person obliged under the AML, or by a person obliged to implement anti-money laundering measures in another member state or in a Trusted third country; making inquiries in electronic pages and databases of local and foreign competent state and other bodies provided for public use for the purposes of checking the validity of identity documents and other personal documents or checking other data collected during identification;

making inquiries in publicly available local and foreign official trade, company, company and other registers; use of technical means to verify the authenticity of the submitted documents;

establishment of a requirement that the first payment for the operation or transaction be made through an account opened in the name of the client, in a credit institution from the Republic of Bulgaria, from another member state or from a bank from a reliable third country; re-requirement of the documents presented during the identification and verification for the presence of a change in the identification data - when verifying the identification in the course of already established business relationships, when the identification was carried out when entering into such relationships; establishment of a requirement that all payments for the operation or transaction be made by the client through a payment service provider from the Republic of Bulgaria, an obligated person under Art. 4, item 2 of the MAMLA or from another member state or from a bank from a Reliable third country, which also implements the measures,

In case of remote conclusion of contracts in connection with the Activity of the II without the presence of the client, the verification of the collected identification data is carried out by at least two of the methods specified in items 1-8.

The actions undertaken are documented, with the official carrying out the verification placing a signature, date, time, names and position on the collected documents, in order to verify the data. In cases where the check is carried out through electronic databases, the official makes a printout containing the relevant data and places a signature, date, time, names and position on the printout. A printout may not be made of the collected data if they are signed after being collected with the official's KEP. The documents collected and the printouts made are stored in the customer file in the order specified in section IX.

#### Reference to prior identification

Reference to prior identification by a credit institution:

Art. 18. The II may refer to prior identification of the client, respectively its actual owner, carried out by a credit institution, in the presence of the following cumulative conditions:

1. the headquarters of the credit institution that carried out the identification is in the Republic of Bulgaria, in another member state or in a reliable third country; 2. The data to be collected by the II in accordance with Art. 14, 15 and 16 of this section are available to the II and copies thereof may be obtained immediately upon request; 3. upon request, the credit institution, which has carried out previous identification, can provide certified copies of the documents under item 2 within a period of up to three days to the II.

Reference to prior identification within the group:

Art. 19. The II may refer to prior identification of the client, respectively its actual owner, in the application of policies and procedures within the group, in the presence of the following cumulative conditions:

The II relies on information provided by a third party that is part of the same group; The Group implements comprehensive customer due diligence measures, rules for keeping documentation and anti-money laundering and anti-terrorist financing programs in accordance with the Anti-Money Laundering Act;

At the group level, a competent authority supervises the effective implementation of the requirements for combating money laundering and the financing of terrorism.

#### Action on behalf of another person

Art. 20. (1) In cases where a contract is concluded through a legal representative or proxy, the sole proprietor establishes their representative authority and identifies the representative or proxy, as well as the client, in accordance with Art. 14 et seq. above and in compliance with the requirements of Art. 59 of Ordinance No. 38.(2) In case of doubt that the person concluding the contract with the II is not acting on his own behalf and at his own expense, the II shall complete the notification under Art. 35 below and take one or more of the following actions to collect information for identification and verification of the identification of the person in whose favor the contract is actually concluded: carries out extended ongoing monitoring of the operations and transactions carried out within it; reviews the documents, data and information about the client and its actual owner collected in the course of the complex inspection; requires additional documents; makes inquiries in publicly available local and foreign official commercial, company and other registers; makes inquiries in publicly available sources of information; exchange information within the group;

requires confirmation of identification from another person obliged under the AML/CFT or from a person obliged to implement anti-money laundering measures in another member state or in a Trusted third country;

#### Clarification of the origin of the funds

Art. 21. (1) The II clarifies the origin of the client's funds by applying at least two of the following methods:

collecting information from the client about his main activity, including the actual and expected volume of business relationships and the operations or transactions that are expected to be carried out within these relationships, by filling in a questionnaire - client survey card;

collection of other information from official independent sources – data from publicly available registers and databases and others;

use of information collected in connection with the fulfillment of the requirements of MAMLA or other laws and by-laws, including the Currency Law (as far as it applies to the transactions and operations carried out by the II), which clearly shows the origin of the funds;

using information exchanged within the group to show a clear origin of the funds;

tracking of cash flows within the established business relationships with the client, in which the clear origin of the funds is visible.

(2) If it is impossible to clarify the origin of the funds after exhausting the means under para. 1, as well as in the cases where the application of at least two of the methods under para. 1 has led to conflicting information, the origin of the funds is clarified through a written declaration by the client or by his legal representative or proxy. Clarification of the origin of the funds can be carried out by means of a written declaration according to a model by the client or by his legal representative or proxy when the application of two of the methods under para. 1 is impossible.

#### Collecting information and evaluating the purpose and nature of the business relationship, which have been established or are to be established with the customer

Art. 22. When entering into a business relationship with a client, the II collects data about the person's professional activity and the purpose and nature of the person's participation in the business relationship by using documents, data or information from a reliable and independent source, filling in a questionnaire or in another appropriate way way.

#### Current monitoring

Art. 23. The II carries out ongoing monitoring of the established business relationships with the client and the transactions and operations carried out within the same, with the aim of timely establishing the presence of any of the risk factors specified in section IV above and taking the necessary measures for prevention and management of the risks of money laundering and terrorist financing in these cases.

2. Measures for extended complex verification of the customer, respectively the actual owner of the customer.

#### General measures for enhanced due diligence

Art. 24. (1) The II applies general measures for an extended complex inspection, together with the measures under item 1 of this section, in all cases where taking into account the factors under section

IV has established a high level of risk, as well as in addition to the specific measures for extended complex verification specified in Art. 25 et seq. Below, in cases where their application is not sufficient to limit the identified risks of money laundering and terrorist financing.

(2) The II applies the following general measures for an extended comprehensive check: requirement and/or collection of a larger volume of data, documents and information; requesting data, documents and information from various sources in order to compare, collect and/or verify already collected data, documents and information;

aligning the frequency of actions under items 1 and 2 with the established level of risk of money laundering and financing of terrorism;

requiring permission from the Head of the Specialized Service of the II to establish or continue a business relationship, as well as to carry out certain transactions or operations within the business relationship or to allow the use of individual products or services, business practices, delivery mechanisms, as well as for the use of new technologies; clarifying the sources of the client's property status;

requiring references from the client's counterparties or from other persons obligated under MAMLA;

assigning research or undertaking other actions necessary for the purpose to persons enjoying a good reputation and possessing proven expertise and practical experience in the field of prevention and prevention of money laundering and terrorist financing;

#### Specific measures for enhanced due diligence

Art. 25. The II implements specific measures for extended complex inspection, in addition to and together with the measures under Art. 24.

#### Measures when concluding a contract with persons who are Prominent political figures or persons, related to Prominent political figures

In order to conclude a contract with clients who are Prominent Political Persons or persons related to Prominent Political Persons, including with clients whose beneficial owner is a Prominent Political Person or a person related to a Prominent Political Person, the approval of the executive directors of the II or an employee of senior management position. In cases where, after concluding a contract with a client, it is established that the client or its beneficial owner is a Prominent Political Person or a person related to a Prominent Political Person, the continuation of the business relationship with the respective client can only take place after approval by the executive approval is required directors of the PE or an employee in a senior management position.

The II shall establish, in accordance with the present Rules, the origin of funds used in business relationships and operations, and the transactions carried out based on a contract concluded with a client who is a Prominent Political Person or a person related to a Prominent Political Person or whose actual owner is a Prominent Political Person or a person related to a Prominent Political Person.

The II shall take appropriate action to clarify the source of the property status of a client or beneficial owner of a client, a Prominent Political Person or a person related to a Prominent Political Person, by periodically reviewing and comparing the information on the declared property of the client or beneficial owner of the client and the information, established as a result of the application of due diligence measures.

The II carries out ongoing and extended monitoring of its business relationship with a client who is a Prominent Political Person or a person related to a Prominent Political Person or whose beneficial owner is a Prominent Political Person or a person related to a Prominent Political Person, with a view to assessing the existence of a material change in the type, value, volume, frequency, size and manner of carrying out transactions and operations, which could have an impact on the level of established risk.

The PE introduces a requirement for approval by the PE's executive directors or an employee in a senior management position, to continue the business relationship with the client, when in the course of ongoing and extended monitoring of the business relationship with a client who is a Prominent Political Person or associated with a Prominent Political Person a person or whose actual owner is a Prominent Political Person or a person related to a Prominent Political Person, situations of potentially higher risk are established.

The actions of the II under para. 3 and para. 4 are documented and updated on an annual basis. The update is carried out twice a year when the customer or the beneficial owner of the customer is from a country for which information is available on a high level of corruption or on identified significant gaps in the mechanisms for the implementation of measures against money laundering and terrorist financing, or when the customer or the beneficial owner of the client is associated with a sector in respect of which the Supranational Risk Assessment, the National Risk Assessment or the Risk Assessment, under Section IV of these Rules, has identified a higher risk of corruption or money laundering.

The measures under this article do not apply, in the event that the client, or its actual owner, has ceased to hold the position that served as the basis for his designation as a Prominent Political Person, for a period of not less than one year. After the expiration of the period under the previous sentence, the II performs an assessment of the risk of the business relationship with the client with a view to assessing the need to continue the application of one or several of the measures for extended complex verification. The assessment shall be documented and maintained in accordance with Section IX and shall be updated annually.

#### Measures in complex or unusually large transactions or operations, as well as operations and transactions without a clear economic or legal purpose

Art. 26. When carrying out complex or unusually large transactions or operations, or operations and transactions without a clear economic and legal purpose by a client, the II undertakes the following measures for a specific extended due diligence to assess whether they constitute suspicious transactions or operations:

Current and extended monitoring of all complex or unusually large transactions or operations, as well as all transactions and operations that do not have a clear economic or legal purpose that can be established in view of the information available to the II, or do not correspond to the information available for the customer. Assessment of transactions and operations based on the collected information about their nature, their compliance with the usual activity of the client and his subject of activity, the value of the operations and transactions, their frequency, the financial condition of the client, the means of payment used, as well as on the basis of other indicators characteristic of the relevant type of activity.

Gathering information about the material elements and value of the operation or transaction, relevant documents and other identification data. The II documents its judgment regarding the existence of conditions for reporting under Art. 72 of the MAMLA, as a result of the collected information.

#### Determination of measures for extended due diligence

Art. 27. The II determines the type of specific measures for extended complex verification (general and specific), as well as the degree and their volume, in accordance with the established risk of money laundering and financing of terrorism, in each specific case.

(2) The II documents the duly performed actions to establish the existence of the circumstances determining the application of the measures for an extended complex inspection and stores the collected data, documents and information in accordance with the order of section

IX.

#### Simplified complex verification

Art. 28. The PE may apply simplified measures for complex inspection subject to compliance with the conditions and according to the procedure provided for in the MAMLA and RIMAMLA.

#### Additional restrictions on the Activity of the II

Art. 29. In the course of the Activity of the II:

According to the current regulations applicable to the activity of the II, the same cannot act on behalf of a client without having identified the client in advance. Therefore, it is not allowed to conduct operations and transactions anonymously on the part of the client or the possibility of a third party in the business relationship exerting a decisive influence on the use of services and the conclusion of transactions. According to its internal rules, the II should limit payments (deposits and withdrawals of customers) in cash, making such payments only exceptionally.

The cases in which exceptions may be allowed are for example:

withdrawal from a customer when that customer does not have a bank account; in the case of a customer who made a small non-regular transaction and wished to withdraw a small amount in cash;

when a client deposits a small amount necessary to pay commissions owed to the II;

In any case of permitted exception, the cash payment must comply with applicable law and be approved by both Executive Directors.

According to the current regulations applicable to the activity of the sole trader, the latter cannot act on behalf of a client without having a contract for the provision of investment and/or additional services concluded with the client in advance. Therefore, random transactions and operations on the part of the client are not permissible.

### **VI. INTERNAL SYSTEM FOR DETERMINING WHETHER THE CUSTOMER OR ITS BENEFICIAL OWNER IS A PROMINENT POLITICAL PERSONALITY OR A PERSON ASSOCIATED WITH A PROMINENT POLITICAL PERSONALITY**

Art. 30. (1) When concluding a contract in connection with the Activity of the II, the II uses at least one of the following methods to establish whether the client, or its actual owner, is a Prominent Political Person or a person related to a Prominent Political Person (PVP):

use of information obtained by applying the extended due diligence measures;

request from the client for a written declaration, in order to establish whether the person falls into one of the categories under Art. 36 of MAMLA.

reference in internal or external databases (Worldcheck, <https://namescan.io/FreePEPCheck.aspx> ; <https://www.keesingtechnologies.com/> )

(2) The II uses at least two of the specified methods to establish whether the client or its owner is an IDP, when:

the customer or the beneficial owner of the customer is from a country for which information is available about high levels of corruption or from a country subject to sanctions, embargoes or similar measures by the European Parliament and the Council or the United Nations Security Council nations, as well as in cases of specific instructions from the European Union or the United Nations; the client - a legal entity or other legal entity has an ownership structure that includes nominal owners and managers or otherwise makes it difficult to establish the actual owners and/or assumes anonymity;

in the absence of real activity in the country and/or when the account is primarily used to transfer funds between other persons;

in case of partial matching of identification data with those of persons for whom negative information is available in databases or information from open sources; when a higher risk is established according to section IV and section V of these Rules.

(3) When the PE establishes that the client or its actual owner is an IDP, it applies to the due diligence measures under section V, section 1 above and the specific measures for extended due diligence under Art. 25 of these Rules. In the event that the specified measures are not sufficient to limit the risks identified by the II related to money laundering and the financing of terrorism, the II applies, in addition to the measures under the previous sentence, the general measures for extended complex verification specified in Art. 23 of the Rules.

## VII. USE OF TECHNICAL MEANS FOR PREVENTION AND

### DISCLOSURE OF MONEY LAUNDERING. INTERNAL CONTROL SYSTEM FOR REMOTE, OUT OF PRESENCE CONCLUSION OF CONTRACTS WITH CUSTOMERS.

Art. 31. (1) When concluding contracts and providing services remotely, the sole trader, subject to the requirements of Ordinance No. 38, uses technical means to prevent and detect money laundering, in cases where there are doubts about the reliable identification of the client or its actual owner. The technical means used by the II are aimed at preventing: provision of false identification data by the individual to be identified; the use of foreign identification data and identity documents; providing identification data and an identity document under threat, coercion or other similar circumstances.(2) The II verifies the identity documents provided remotely, and in case of doubt, those presented at the meeting with the client in:

The database maintained by the Council of the European Union -  
<https://www.consilium.europa.eu/prado/en/check-document-numbers.html> or  
<https://www.keesingtechnologies.com/>;

The database maintained by the Ministry of Internal Affairs -  
<https://www.mvr.bg/elektronni-uslugi/elektronni-uslugi-i-spravki/spravkaza-validity-of-Bulgarian-personal-documents>.

Other similar databases maintained by official bodies of other countries.

(3) When concluding a contract remotely in the cases under Art. 32, para. 2-4 for the provision of Investment and/or Additional Services, the II establishes additional measures aimed at ensuring the possibility of:

identification of changes or damage to security elements and their location in identity documents; comparing the security features of the identity documents with those of those previously stored in an internal sample database or in trusted external sample databases; establishing the location of the identifiable person; clarifying the reasons why a customer from another country or jurisdiction uses the IP's services; apply restrictions on accepted documents by applying at least two of the following requirements:

- a) accepting only official identity documents containing security features;
- b) accepting only official identity documents containing biometric data;
- c) requirement to use a qualified electronic signature; d) requirement for notarization of the contract;
- e) requirement to provide a document (reference or account statement) issued by a bank or licensed payment institution;
- f) requirement that the first payment to a customer's account be made from a payment account of the customer himself opened in a bank or payment institution that applies similar measures against money laundering or terrorist financing.

6. using traditional methods of communication, for example, sending a letter to the client's address specified in an identity document, conducting a telephone conversation, exchanging electronic messages at an e-mail address specified by the client;

(4) In the event that the verification of the identification under para. 3 proves to be insufficient for the purposes of limiting the risks of money laundering or terrorist financing, the II may organize a video conference with the person to be identified. The video conference should meet the following conditions: the conversation with the person subject to identification should be carried out by an employee trained for the purpose;

the conversation should take place in a separate room; to require the express prior consent of the person to be identified for identification and verification of identification; the light is suitable; the conversation should take place in real time;

to photograph the customer's face, as well as the face and back of the identity document.

(5) At the discretion of the person performing the internal control over the fulfillment of the obligations of MAMLA and RIMAMLA, the PE may also use other technical means to verify the authenticity and reliability of the identity documents provided by the client, respectively his representative, when concluding contracts in connection with the activity of the II.

Art. 32 (1) In absentia conclusion of a contract for the provision of Investment and/or Additional Services, the PE establishes a methodology and steps for concluding a contract. They are accepted by

the Head of the specialized service under Art. 106 of the MAMLA and can be supplemented and updated at its discretion.

(2) The contract under para. 1 may be concluded at a distance by exchanging the necessary documents signed by the parties in accordance with the requirements of Art. 55, para. 2. from MAMLA.

Verification of the identification of clients, natural persons or of the representatives and final beneficiaries of clients, legal entities, is carried out by applying at least 2 of the methods below:

requiring additional documents;

confirmation of identification by another person under Art. 4 or by a person obliged to implement measures against money laundering in another member state or in a third country under Art. 27;

making inquiries in electronic pages and databases of local and foreign competent state and other bodies provided for public use for the purposes of checking the validity of identity documents and other personal documents or checking other data collected during identification;

making inquiries in publicly available local and foreign official trade, company, company and other registers;

use of technical means to verify the authenticity of the submitted documents;

establishment of a requirement that the first payment for the operation or transaction be made through an account opened in the name of the client, in a credit institution from the Republic of Bulgaria, from another member state or from a bank from a third country under Art.

27;

re-requirement of the documents submitted during the identification and verification of the presence of a change in the identification data - when verifying the identification in the course of already established business relationships, when the identification was carried out when entering into such relationships; 8. another method that gives reason to the person under Art. 4 to accept the identification of the client as reliably done.

The head of the specialized service under Art. 106 of the MAMLA issues and maintains up-to-date prescriptions and clarifications regarding which methods to apply in the cases of clients from certain countries, as well as regarding the specific application of the methods under items 1 and 8 above.

(3) Documents are stored according to the general order of all documents and registers kept in the II, according to the Rules for keeping records. The documents received on electronic media, together with the contract accepted by the client and given a unique number, together with the declarations, etc. additionally requested documents are stored in an electronic file and/or on paper, and sent and received electronic messages are stored electronically.

## **VIII. SPECIALIZED SERVICE. INTERNAL CONTROL SYSTEM**

Art. 33 (1) The II establishes a specialized office under Art. 106 of the MAMLA, determined by an order of the governing body, which prepares, proposes for approval and implements training programs for the employees on the implementation of the MAMLA the acts on its implementation and the current rules and organizes, manages and controls the activities of:

collection, processing, storage and disclosure of information about specific operations or transactions;

collection of evidence regarding the ownership of the property to be transferred;

requiring information about the origin of the cash or valuables - the subject of the operations or transactions, as well as about the source of the property; collecting information about customers and maintaining accurate and detailed records of their transactions with cash or valuables, including the information and documents under Art. 6 of the Currency Law;

providing the collected information to the Financial Intelligence Directorate of the National Security State Agency.

The system for the implementation of internal control over the fulfillment of the obligations under MAMLA is based on (and is documented through) the completion of checklists.

(3) When appointing a new employee, a checklist according to Appendix II is filled out;

(4) For the purposes of carrying out an annual internal control on the fulfillment of the obligations under the MAMLA, a checklist under Appendix III is filled out within the terms of Art. 29 and Art. 55



- (5) The specialized service is responsible for the implementation of internal control over the fulfillment of the obligations under the MAMLA RIMAMLA and the present rules. The head is determined by an order of the managing body of the II.
- (6) The sole trader can create a specialized office under the conditions and in accordance with Art. 106 of the MAMLA with a written act. In this case, the II is obliged within 7 days from the appointment or replacement of the employee responsible for the internal control of the fulfillment of the obligations under the MAMLA, to notify the Financial Intelligence Directorate of the State Agency "National Security" about the names of the employee, as well as to provide contact details for him.

## **IX. STORAGE AND DISCLOSURE OF INFORMATION. DATABASE REVIEW AND UPDATE**

### Documentation storage

Art. 34 The II stores all documents, data and information collected and prepared in accordance with these Rules for a period of 5 years, starting from:

Regarding the documents prepared and received in connection with the established business relations with clients - the beginning of the calendar year following the year of the termination of the relations with the respective client.

In cases of disclosure of information pursuant to Art. 35 of this section - from the beginning of the calendar year following the year of information disclosure. For the documents prepared in connection with the Risk Assessment under section IV and V - from the beginning of the calendar year following the year of their preparation.

Upon written instruction of the director of the Financial Intelligence Directorate of the National Security State Agency, the period for storing the documents may be extended by no more than two more years.

The II keeps the documents prepared and received in connection with these Rules for the entire time of exercising its activity and for a period of one year from its suspension.

All documents, data and information collected and prepared by the II in accordance with these Rules are stored in a way that:

It allows for their timely recovery in case they should be provided for use as evidence in court and pre-trial proceedings. Ensures that the same are available to the Financial Intelligence Directorate of the National Security State Agency, the relevant supervisory authorities and the auditors. The documents, information and data are provided to the Directorate "Financial Intelligence" of the State Agency "National Security" upon request in the original, officially certified transcript, extract or reference in the term and format determined by the Director of the Directorate.

### Disclosure of Information

#### Disclosure of Suspected Money Laundering

Art. 35 (1) In case of suspicion and/or knowledge of money laundering and/or the presence of funds of criminal origin, the II shall immediately notify the Financial Intelligence Directorate of the National Security State Agency before carrying out the relevant operation or transaction, delaying its implementation within the permissible period according to the normative acts regulating the relevant type of activity. In the notification under para. 1 II indicates the maximum period in which the operation or transaction can be postponed.

When learning about money laundering or the presence of funds of criminal origin

The II also notifies the competent authorities according to the Criminal Procedure Code, the Law on the Ministry of Internal Affairs and the Law on the National Security State Agency.

When the delay of the operation or the transaction under para. 1 is objectively impossible or there is a possibility that this will frustrate actions to pursue the beneficiaries of a suspicious transaction or operation, the II shall notify the Financial Intelligence Directorate of the National Security State Agency immediately after its execution, indicating the reasons why the delay was impossible .

The notification to the Directorate "Financial Intelligence" of the State Agency "National Security" is carried out by the Head of the Specialized Service of the II, according to a form approved by the Director of the Directorate "Financial Intelligence" of the State Agency "National Security". The notification can also be made by other employees of the II.

### Disclosure of Other Information

Art. 36 At the time of preparation of these Rules, the II has limited payments (deposits and withdrawals of customers) in cash, making such payments only as an exception. The cases in which exceptions may be allowed are described in Art.

29, item 2 of these rules.

(2) In the event that in the future the PE adopts an amendment to its Internal Rules and accepts cash payments, the PE will have to notify the Financial Intelligence Directorate of the National Security State Agency for any cash payment in excess of BGN 30,000 . or their equivalent in foreign currency, made by or to his client within the framework of the established relationship, by the 15th of the month following the month to which the information relates, on paper or magnetic media or by electronic means according to a form approved by the director of the Financial Intelligence Directorate of the National Security Agency.

### Diary

Art. 37 (1) The II keeps a special diary in which he records:

1. any notification to its employee of suspected money laundering or the presence of funds of criminal origin, regardless of the manner in which the notification was made, together with a conclusion on the need to report the suspected suspicion;

2. a conclusion on the purpose and nature of complex or unusually large transactions and operations, as well as a conclusion on the existence of suspicion of money laundering or the presence of funds of criminal origin in these cases.

(2) The diary is kept on paper, which is laced, numbered and certified with the signature of the head of the specialized service and with the seal of the Company.

(3) (amend. 19.11.2021) The person assigned to carry out internal control over the fulfillment of the obligations under the Social Security Act and the rules for its implementation is responsible for the correct keeping and storage of the diary, who should strictly control compliance with the legal requirements when keeping the diary . When a message is entered in the diary, the person to whom the message was made finds a file in which all documents are collected and arranged in the order of their arrival, related to the actions carried out by employees of the II, related to the made message about the presence of suspicion of money laundering, respectively with the corresponding complex or unusually large operations and transactions.

### Updating the databases

Art. 38 (1) The sole proprietor maintains up-to-date information on his clients and on the operations and transactions performed by them, periodically reviewing and updating, if necessary, the maintained databases and client files. The review under the previous sentence is carried out as follows:

customer risk profile	periodicity
short	2 years old
average	1 year old
tall	at 6 months

(2) Regardless of the periodic update, the II checks and additional identification and verification actions are performed whenever:

a transaction is concluded at a value significantly different from the customer's usual value; there is a significant change in the way the open account is used or in the way certain operations or transactions are carried out;

the II becomes aware that the information it has about an existing customer is insufficient for the purposes of implementing due diligence measures; the II becomes aware that there has been a change in the circumstances established by applying the due diligence measures in relation to the client.

### Updating the risk assessment

Art. 39 (1) The PE shall review and, if necessary, update the assessment of the PE-specific risk of money laundering and terrorist financing once every two years. The review and update take into account the supranational and national risk assessment, as well as the recommendations of the European Commission.

(2) Regardless of the specified review and update periods, the II shall immediately take actions to update the assessment under para. 2, when, upon application of the comprehensive verification measures, he finds inconsistency of information about the client, transactions and operations with the nature and purpose of the established business relationship and/or with the risk established in relation to the business relationship with the client.

## **XI. ALLOCATION OF RESPONSIBILITIES**

Art. 40 The overall responsibility for the fulfillment of the obligations of the II, in accordance with the MAMLA, RIMAMLA and these Rules, is borne by the Board of Directors of the II.

The Board of Directors of the II: Adopts the present rules

Appoints and dismisses the Head of the specialized service and the person performing the duties under the MAMLA

Performs comprehensive monitoring and management in connection with compliance by the II with its obligations under the MAMLA, RIMAMLA and these Rules.

The specialized office has the duties and responsibilities specified in section VIII of the Rules.

The head of the specialized service carries out constant monitoring of the fulfillment of the obligations of the II under these Rules. In the case of detected irregularities, the Head of the specialized service prepares a report to the Board of Directors of the II, with a proposal to take specific measures to limit the consequences of the admitted omissions and prevent future ones and, if necessary, to introduce changes in these Rules.

The persons under Art. 65 of Ordinance No. 38, who conclude contracts with clients on behalf of the sole trader and accept orders for concluding transactions with financial instruments are responsible for implementing due diligence measures (standard due diligence measures, general or specific due diligence measures), according to the established level of risk in relation to the business relationship with the particular customer.

The employees from the accounting of the PE are obliged to monitor the presence of one/some of the criteria for suspicious transactions and operations, when servicing the payments made to and from the PE, in connection with the investment services and activities performed. All employees of the PE are obliged to provide the necessary assistance to the specialized service and monitor, in accordance with their level of competence and the specifically assigned functions within the PE, for the presence of any/some of the criteria for suspicious transactions and operations, in connection with the investment services provided and II activities.

## **TRAINING OF EMPLOYEES**

Art. 41 (1) The PE ensures the conduct of introductory, ongoing (ongoing) and specialized (ad hoc) training, in relation to the specialized service and other employees of the PE, under the conditions and within the terms specified in the Training Plan for the employees of the PE in connection with the implementation of anti-money laundering measures. The plan is updated annually.

The head of a specialized service and all employees are obliged to constantly improve their competence in the field of prevention against money laundering, by following the current regulatory requirements, guidelines issued by European and local supervisory authorities and established good practices in this area. The head of the specialized service or persons appointed by him, visit, if possible, organized by the "Financial Intelligence" Directorate of the State Agency "National security" specialized seminars and trainings.

All employees fill out declarations that they are familiar with the current Internal Rules and undertake to comply with them. These declarations are an integral part of the employee's employment record.

## **INTERNAL SIGNALS**

Art. 42 Any employee of a private enterprise may file a report, including anonymously, in case of suspicion of money laundering, to the person who carries out internal control over the fulfillment of the obligations under the MAMLA and the rules for its application to the private enterprise at the address of the private enterprise's management. The II guarantees the anonymity of the employees who filed reports under the previous sentence.

The head of the specialized service immediately registers the received signal in the diary specified in Art. 38 above.

The head of the specialized service examines the received signal immediately, makes the necessary assessment of the case and, if necessary, makes a notification in accordance with Art. 36 above. The inspection by the person who carries out the internal control over the fulfillment of the obligations under the MAMLA and the rules for its implementation and the assessment made are documented and stored, according to section IX of these Rules.

## FINAL PROVISIONS

§1. The present Internal Rules were adopted by decision of the Board of Directors of the II from 20.01.2022 and cancel the ones in force until now.

§2 The rules are subject to annual review by the Head of the specialized service. In the case of gaps in the Rules found during the review, the necessary changes are made.

## APPLICATIONS:

APPENDIX I - INDICATIVE TABLE FOR DETERMINING THE RISK PROFILE OF THE CUSTOMER

ANNEX II - APPOINTMENT CHECKLIST ANNEX III - ANNUAL INTERNAL CONTROL CHECKLIST ANNEX

IV - SUPRA-NATIONAL AND NATIONAL RISK ASSESSMENT REPORTING

### Appendix I

#### I. Risks related to the customer/beneficial owner of the customer

##### 1. Business activity of the client/beneficial owner of the client

Factor	Business relationship with the client	Level of risk	Measures to be implemented by II <sup>1</sup>
Sectors related to corruption	No	Average	I
	Yes	Tall	I, II
Sectors related to money laundering	No	Average	I
	Yes	Tall	I, II
Sectors related to cash payments	No	Average	I
	Yes	Tall	I, II

##### 2. Purpose and subject of activity of a client - legal entity

Asset management	No	Average	I
	Yes	Tall	I, II
Organization with non-profit supporting high-risk jurisdictions	No	Average	I
	Yes	Tall	I, II

A new company without a suitable profile and business results	No	Average	I
	Yes	Tall	I, II
	No	Average	I



A company with a special investment purpose	Yes	Tall	I, II
A special investment purpose company from a third country	No	Average	I
	Yes	Tall	I, II
A prominent political figure or person related to prominent a political figure	No	Average	I
	Yes	Tall	I, II, III
Borrower important position	No	Average	I
	Yes	Tall	I, II, III
Legal entity for which they exist legal disclosure requirements	No	Average	I
	Yes	Short	I
Discrepancy between collected and available customer information	No	Average	I
	Yes	Tall	I, II

Belonging to the lists under Art. 4b of ZMFT	No	Average	I
	Yes	Unacceptable	II refused to conclude a contract on
Unusual, complex, opaque structure of ownership	No	Average	I
	Yes	Tall	I, II



Bearer shares	No	Average	I
	Yes	Tall	I, II
Nominee company with unknown shareholders	No	Average	I
	Yes	Tall	I, II
Institutional investor whose status has been verified by a state agency from EEC	No	Average	I
	Yes	Short	I
Governmental body of EEC jurisdiction	No	Average	I
	Yes	Short	I
A financial institution established in an EEC jurisdiction	No	Average	I
	Yes	Short	I

### 3. Customer/beneficial owner reputation

Information on terrorism charges	No	Average	I
	Yes	Unacceptable	The II refuses to enter into a contract
Accusations or suspicions of criminal activity have been raised	No	Average	I
	Yes	Unacceptable	II refuses the conclusion of contract
	No	Average	I

Prior notifications under Art. 72 of MAMLA	Yes	Unacceptable	II refuses the conclusion of contract
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### 4. Conduct of Customer/Beneficial Owner of Customer

Reluctance to be identified	No	Average	I
	Yes	Tall	I, II
Avoiding the conclusion of a contract	No	Average	I
	Yes	Tall	I, II
Desire for remote or anonymous conclusion	No	Average	I

of contract without good reason	Yes	Tall	I, II
Lack of economic and legal logic of the operations carried out	No	Average	I
	Yes	Tall	I, II, IV
Unusual scheme, justification of transactions and operations	No	Average	I
	Yes	Tall	I, II, IV
Unusual and/or complex and/or c	No	Average	I
	Yes	Tall	I, II, IV
an unexpectedly high volume of operations	Yes	Tall	I, II, IV
Pursuit of excessive privacy	No	Average	I
	Yes	Tall	I, II
Discrepancy between established origin of	No	Average	I

funds/property status and available information	Yes	Tall	I, II
Lack of reason for a client from another country to use the services of the II	No	Average	I
	Yes	Tall	I, II
Lack of economic purpose of the investment	No	Average	I
	Yes	Tall	I, II, IV
Early exit from a long-term investment with the risk of losses	No	Average	I
	Yes	Tall	I, II
Multiple purchases - short-term sales without economic justification	No	Average	I
	Yes	Tall	I, II
Frequent changes to customer information	No	Average	I
	Yes	Tall	I, II
Using multiple accounts	No	Average	I
	Yes	Tall	I, II

Involvement of multiple parties in the transactions, incl. Nominated companies	No	Average	I
	Yes	Tall	I, II
I. Countries and geographic areas in which the customer or its beneficial owner is located			
	No	Average	I

Countries included in the list under Art. 46, para. 3 of ZMIP	Yes	Tall	I, II
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Instructions issued by the Financial Intelligence Directorate	No	Average	I
	Yes	Tall	I, II

Information in the media that the state does not have effective countermeasure systems	No	Average	I
	Yes	Tall	I, II

Sanctions imposed, embargoes by the European Parliament, the Council or the UN Security Council	No	Average	I
	Yes	Tall	I, II

Failure to comply with international tax standards	No	Average	I
	Yes	Tall	I, II

Missing register of actual owners	No	Average	I
	Yes	Tall	I, II

Availability of information on high levels of corruption, tax crimes, organized crime	No	Average	I
	Yes	Tall	I, II

Getting into business relationships with persons from third countries who	No	Average	I
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invest in financial instruments with a purpose obtaining permanent residence/citizenship in Bulgaria	Yes	Tall	I, II
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II. Offered services			
Unusually large operations	No	Average	I
	Yes	Tall	I, II
Possible payments to a third party	No	Average	I
	Yes	Tall	I, II
Involvement of many persons, from different jurisdictions	No	Average	I
	Yes	Tall	I, II
Unusual third-party payments	No	Average	I
	Yes	Tall	I, II
Non-Identifiable Third Party Payments	No	Average	I
	Yes	Tall	I, II
Transfer of client funds to an institution that is not subject to control	No	Average	I
	Yes	Tall	I, II
III. Delivery Mechanisms			
Previous identification by a bound agent	No	Average	I
	Yes	Tall	I, II
	No	Average	I
Previous identification by a person from the group			
	Yes	Tall	I, II
Previous identification from a credit institution from a Trusted Third Party	No	Average	I
	Yes	Tall	I, II
Remote conclusion of a contract with a simple electronic signature	No	Average	I
	Yes	Tall	I, II, V

APPOINTING A NEW EMPLOYEE

<p>1. EMPLOYEE (NAMES):</p> <p>.....</p> <p>.....</p>	<p>2. EGN:</p> <p>.....</p>
<p>3. WHEN THE EMPLOYEE WAS APPOINTED, THE FOLLOWING ACTIONS WERE PERFORMED:</p> <p><input type="checkbox"/> Introductory training of the employee on the implementation of the MAMLA, RIMAMLA, ZMFT, the internal rules on the MAMLA and the attached internal acts on their implementation was carried out.</p> <p><input type="checkbox"/> A Training Report has been signed for the completed training.</p>	
<p>4. THIS CHECKLIST IS COMPLETED BY: Names:</p> <p>.....</p> <p>Date: .....</p> <p>Signature: .....</p>	

CONTROL CHECKLIST

<p>THE FOLLOWING ACTIONS WERE CARRIED OUT DURING THE ANNUAL INTERNAL CONTROL OF THE FULFILLMENT OF THE OBLIGATIONS UNDER THE MAMLA FOR .....</p>
<p>1. ON CUSTOMER FILES:</p> <p><input type="checkbox"/> Inspection of client files carried out - ..... no.</p> <p><input type="checkbox"/> Updated the information in customer files - ..... no.</p>

2. IMPLEMENTATION OF THE ANNUAL EMPLOYEE TRAINING PLAN:

- Adopted annual employee training plan
- Conducted introductory trainings for employees - ..... no.
- Continued training of employees carried out - ..... no.
- Total number of trained employees - ..... no.

3. IN RELATION TO RISK ASSESSMENT:

- A. Review of the obligee's own risk assessment performed  No  Yes
- B. Updated the obligee's own risk assessment  No  Yes C. Changed the level of the established risk in the clients' risk profiles:  
from "high" to "medium" or to "low" -  No  Yes: ..... no. from  
"medium" to "low" or to "high" -  No  Yes: ..... no. from  
"low" to "medium" or to "high" -  No  Yes: ..... no.
- D. Conducted a review of the transactions and operations carried out within the framework of the business relationship with a client for whom or the actual owner of whom it has been established that he is a prominent political figure or a person related to such a figure (a person under Article 36 of the Civil Code) –  No  Yes: ..... no. business relationships
- E. A review of the relationships and accounting of the risk related to clients and actual owners of clients, who were found to be persons under Art. 36 of MAMLA but have ceased to hold the relevant position -  No  Yes: ..... no. business relationships

4. THE ACTIONS ACCORDING TO THIS CHECKLIST HAVE BEEN CARRIED OUT BY .....

Date: Signature:

Appendix IV

REPORTING OF THE SUPRA-NATIONAL AND NATIONAL RISK ASSESSMENT

When preparing a Risk Assessment, in accordance with its obligations under Art. 99 of the MAMLA, the PE should take into account and comply with the results of the Supranational Risk Assessment ("SRA") and National Risk Assessment ("SRA").

1. Supranational risk assessment

The NNOR of II/FT is carried out by the European Commission on the basis of Art. 6 of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 to prevent the use of the financial system for the purposes of money laundering and terrorist financing, amending Regulation (EU) No. 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament

and of the Council and Directive 2006/70/EC of the Commission ("Fourth Directive"). The evaluation concerns the entire internal market of the European Union and is prepared at least every two years.

At the time of adoption of this OP, the NNOR consists of:

- Report from the European Commission to the European Parliament and the Council on the assessment of money laundering and terrorist financing risks affecting the internal market and linked to cross-border activities COM(2017) 340 final of 26.06.2017 ("2017 Report .");<sup>1</sup>
- Report from the European Commission to the European Parliament and the Council on the assessment of the risks of money laundering and terrorist financing affecting the internal market and linked to cross-border activities COM(2019) 370 final of 24.07.2019 ("2019 Report .")<sup>2</sup> ;

### 1.1. 2017 report

In Item 2 Results of the 2017 Report, the European Commission (EC) states that "the financial sector has been covered by the EU's anti-money laundering and countering the financing of terrorism framework since 1991, and its participants seem well aware of the risks. Although terrorists and criminals continue to try to use the financial sector for their activities, assessments show that the level of II or TF risks to this sector is moderate due to the measures already in place to limit the risks.

However, the risk of money laundering remains significant in certain segments of the financial sector, such as private banking and institutional investment (especially through intermediaries). This is due to overall greater exposure to product and customer risks, competitive pressures in the sector and limited understanding among supervisors about

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<sup>1</sup> <https://ec.europa.eu/transparency/regdoc/rep/1/2017/BG/COM-2017-340-F1-BG-MAIN-PART-1.PDF> .

<sup>2</sup> [https://ec.europa.eu/info/sites/info/files/supranational\\_risk\\_assessment\\_of\\_the\\_money\\_laundering\\_and\\_terrorist\\_financing\\_risks\\_affecting\\_the\\_union.pdf](https://ec.europa.eu/info/sites/info/files/supranational_risk_assessment_of_the_money_laundering_and_terrorist_financing_risks_affecting_the_union.pdf) .

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the operational risks related to the fight against money laundering and terrorist financing.

In its recommendations under item 4, the EC states that "the operational risks in relation to the fight against II and TF related to the activity/model of activity in the corporate banking, private banking and institutional sectors should be analyzed

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investments on the one hand and in money transfer and electronic money services on the other.'

In view of the above, the Company takes into account the opinion of the European Commission that its activities may be exposed to the risk of II/FT, which have not yet been fully examined and investigated

### 1.2. 2019 Report

The 2019 report takes into account the amendments to the Fourth Directive regime introduced by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on preventing the use of the financial system for the objectives of money laundering and terrorist financing and to amend Directives 2009/138/EC and 2013/36/EU (the "Fifth Directive").

The 2019 Report refers to the conclusions drawn by the Common Opinion of the European Supervisory Authorities ('ESA') on money laundering and terrorist financing risks affecting the financial sector of the European Union<sup>3</sup> . In point 5.8. from the opinion concerning the investment intermediaries, ENO notes that

- The most significant risks from II/FT come from customers who are not citizens/residents of the country where the II is established and the transactions without the presence of the customer, especially in relation to customers who are established in countries or geographical areas with a preferential tax regime;
- Specific new risks are related to innovation and the use of new technologies in the sector, such as those used in connection with high-frequency methods of algorithmic trading, peer-to-peer lending activities, initial coin offerings and virtual currencies.

### 1.3. Alignment with the results of the NNOR

The company fully considers and accepts the conclusions of the NNOR and will take them into account when conducting transactions or establishing business relationships with clients.

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## 2. National Risk Assessment

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<sup>3</sup> <https://esas-joint-committee.europa.eu/Publications/Opinions/Joint%20Opinion%20on%20the%20risks%20on%20ML%20and%20TF%20affecting%20the%20EU%27s%20financial%20sector.pdf>

### 2.1. Summary of NOR

The summary of the national risk assessment was published on the website of the State Agency "National Security" ("DANS") on January 9, 2020.

In its summary, NOR DANCE states that:

"In the sector of investments in financial instruments, non-bank investment intermediaries operating online trading platforms appear to be at the highest risk for money laundering internationally, due to the relatively high turnover, very wide geographical diversification and the disadvantages of non-present customer identification, as well as due to the formal implementation of some of the requirements of the preventive legislation against money laundering and the financing of terrorism. Related risks include scenarios for

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stratification of funds acquired from predicate crimes committed abroad'.

### 2.2. A summary list of the main risk events

DANS has published a summary list of the main risk events established through the NOR, includes the following risk events that may affect the activity of the II:

- i. Scenario 22 states that transactions in securities outside a regulated market through investment intermediaries are in many cases related to the "layering" or "integration" of funds with different criminal origins. Transactions with securities through investment intermediaries are in certain cases related to fraudulent privatization or use of funds of illegal origin.
- ii. Scenario 23 indicates that there are indications of a significant development in the use of financial instruments based on new technologies and emerging trading conditions, and insufficient regulatory response (not only locally, but also at European and international levels). In many cases, non-residents are involved and the schemes only partially affect the Bulgarian financial system in some aspects (usually "investment" and "delamination"). At the same time, the underdeveloped securities market and the lack of traditions and skills of investors contribute to various types of fraud with financial instruments related to the operations of companies without the appropriate license.
- iii. Scenario 25 states that trading financial instruments through investment intermediaries carries some risk arising from relatively high transaction amounts and some significant vulnerabilities related to both investment intermediaries and some contextual factors. Nevertheless, the low level of market development, as well as more difficult market access and operational possibilities, would limit the potential impact of the threat. No actual cases have been observed.

The following risk events from the Summary List may also affect the activity of the II and should be taken into account when preparing a risk assessment:

- i. Money laundering from a wide range of predicate crimes committed abroad or on the territory of the country, related to organized crime

(mainly drugs, human trafficking and tax crimes such as tax evasion) through the use of the formal financial system and the widespread use of cash;

- ii. Laundering of money obtained through corruption (including property obtained through misappropriation of funds/procurement fraud with EU funds) through sophisticated money laundering schemes inside or outside the

country with the help of "professional launderers" and the subsequent integration of funds in financial instruments c

abroad and in legal entities and real estate in the country;

- iii. Money laundering of tax crimes (avoidance of tax liability and VAT fraud) through the use of front persons, local and foreign legal entities in complex layering schemes and with the help of "professional launderers";
- iv. Laundering of funds obtained from tax crimes (avoidance of tax liability and VAT fraud) in the field of food and fuel trade through the use of shell companies and nominal owners, supported by the corrupt environment and the "gray economy";
- v. The potential involvement of professionals and obliged entities under the AML, facilitated by vulnerabilities related to market access rules (e.g. registration/licensing) and the selection of their employees, as a major risk that supports the functioning of organized crime and contributes to the level of most of the risks listed above.
- vi. (amend. 19.11.2021) entering into business relationships with persons from third countries who invest in financial instruments for the purpose of obtaining permanent residence/citizenship in Bulgaria in accordance with risk event 22 of the HOP.

### 2.3. Alignment with the results of NOR

The company takes into account the conclusions of the NOR that the services offered within the framework of its activity and the mechanisms for their delivery carry with them an inherent risk of II/FT. The company will consider the same when making transactions or establishing business relationships.

The company fully accepts the conclusions and recommendations made in the NOR and will comply with them when preparing the risk assessment under Art. 98 of MAMLA.