



RULES FOR INTERNAL ORGANIZATION OF INVESTMENT INTERMEDIARY "FACTORI" AD



I. GENERAL PROVISIONS

1.1. The rules for the internal organization of the investment intermediary (II "FACTORI" AD ("the Rules")) were adopted on the basis of Art. 65 (Art. 16, Paragraph 1 of MiFID II) of the Law on Markets in Financial Instruments and Art. 21 of Delegated Regulation 2017/565. Use of abbreviations in these Rules: Law on the Markets of Financial Instruments - MFFI, Law on the Implementation of Measures Against Market Abuse of Financial Instruments - MFMFIF; Financial Supervision Commission - FSC.

1.2. The rules govern the internal organization of the PE related to the provision of investment and additional services under the PFFI. The internal organization of the II including the maintenance of qualified personnel, material, technical and software provision, are built and based on the following principles:

- when performing investment and additional services, the investment intermediary acts honestly, fairly and as a professional in accordance with the best interests of its clients;
- clear distribution of functions and responsibilities between the structural units and between the employees of the PE in connection with the services provided by the PE;
- division of reporting lines, both between the units in the II and towards the supervisory authorities and counterparties of the II;
- reasonable and timely consideration of complaints received from customers or potential customers, as well as creating conditions for preventing and establishing non-compliance with regulatory requirements, including in cooperation with the Financial Supervisory Service;
- ensuring regulatory compliance control by the Board of Directors and by the persons who work under an II contract, with the requirements for carrying out activities in accordance with the ZPFI, the acts on its implementation, the applicable Delegated Regulations

and for the fulfillment of the obligations undertaken towards the clients and implementation of the measures adopted with these Rules against the violation of these requirements;

- establishment of requirements for occupying each position in the II guaranteeing the availability of skills, knowledge and experience necessary for the professional performance of the relevant functions;
- continuity of the performed activity;
- storage of the information and functions of the intermediary of fundamental importance and the provision of investment services in case of temporary suspension of the functioning of the systems and procedures established by the II, and if this is impossible - timely restoration of the information and functions and resumption of the performance of investment and additional services .

1.3. With these Rules, an internal organization is built and maintained, which meets at all times the requirements of the PFFI and is in accordance with the nature, scope and complexity of the activity carried out by the II.

1.4. The application of the requirements of the Law on Measures Against Money Laundering and the Law on Measures Against the Financing of Terrorism, as well as the measures for keeping cash and/or financial instruments of customers, are regulated by separate internal rules of the II.

2. The purpose of these Rules is to:

- a) ensure the protection of the interests of the IP's customers and to optimize the activity of the II by helping to achieve high economic results.
- b) to ensure that the relevant persons are aware of the procedures that must be followed for the proper performance of their duties;
- c) establish adequate internal control mechanisms designed to ensure compliance with decisions and procedures at all levels of the investment intermediary;
- d) establish the requirements for personnel possessing the necessary skills, knowledge and experience to fulfill the responsibilities assigned to them;
- e) in the performance of more than one function by a relevant person, this does not hinder or give rise to the possibility of hindering the performance of each separate function correctly, honestly and professionally.

II. PRINCIPLES OF ORGANIZATION

3. The internal organization of the II is built in accordance with the following principles:

3.1. Hierarchical centralized structure:

- a/ decisions on operational activity are made according to the level of competence and delegated rights in the relevant system of relations;
- b/ observance of the rule that decisions are made by only one employee, according to his competence and responsibility;
- c/ each employee refers to another employee with the corresponding delegated rights in terms of operational and other relations.

3.2. Direct subordination without the possibility of jumping the levels:

- a/ each employee can relate in operational relations only to a certain other employee with the corresponding delegated rights;
- b/ decision-making outside the usual operational activity is carried out in accordance with a special order;

3.3. Fixed distribution of duties, rights and responsibilities:

- a/ non-admission of reconciliation, unless it hinders or gives rise to the possibility of hindering the performance of each individual function correctly, honestly and professionally.
- b/ determination of exact rights and obligations for the implementation of each element of the operational activity.

III. FUNCTIONAL STRUCTURE

4.1. The II organizes its work according to the following system of management and accountability: Management bodies (Board of

Directors); Department "Operations with financial instruments"; Accounting department"; "Regulatory Compliance" Department; Risk Analysis and Management Department; "Back-office" department.

4.1.1. The PE may create other departments or refrain from their formal separation, acting in accordance with the nature, size and complexity of the PE's business activity, as well as the nature and scope of the investment services and activities performed in the course of this business activity.

4.2. A detailed description of the rights and obligations of the employees of the II in the departments under item 4.1., organizational connections and relationships, as well as the requirements for occupying a position, are determined by job descriptions approved by the Board of Directors of the II.

Management of the investment intermediary

5. According to the Articles of Association of II "FACTORI" AD, its management is carried out by a Board of Directors, which adopts all internal rules in the investment intermediary and organizes the internal structure of the II. The Board of Directors may authorize third parties to perform certain actions.

5.1. The members of the management and control body of the investment intermediary, if one is formed, perform their functions honestly, honorably and independently, in order to make an accurate own assessment of the decisions of the employees performing management functions and to exercise effective control and supervision over the taking of management decisions.

5.2. The members of the management or control body of the investment intermediary, if one is formed, collectively possess sufficient knowledge, skills and experience necessary for them to manage the activity of the investment intermediary.

5.3. The investment intermediary has the necessary human and financial resources to ensure the initial and ongoing familiarization of the members of the management and control bodies with its activity, as well as for their training.

5.4. The investment intermediary provides access to the information and documents necessary for the members of the management and control bodies to perform their functions and duties.

6.1. A basic principle in the management of the II is the operational efficiency of the management by exempting the persons under item 5 from routine actions, the performance of which is delegated to managers from the relevant departments.

6.2. The delegation under item 6.1. is carried out under the conditions of exercising preventive, current and subsequent control.

6.3. When the Board of Directors has authorized a specific person/s (executive directors) from its staff or a third party to perform management actions, this person shall perform the following:

1. Responsible for following and achieving the strategic goals and conducting an adequate economic policy for their realization, in accordance with the legal and normative requirements and the conditions of the environment for functioning.
 2. Carries out the overall management of the activity of the investment intermediary, in connection with the investment services and activities offered by it, in accordance with the long-term strategy of II "FACTORI" AD.
 3. Proposes to the Board of Directors of II "FACTORI" AD to decide on the opening or closing of a branch and/or office of the investment intermediary, after analyzing the benefits and costs.
 4. Determines the short-term market policy of the investment intermediary by proposing it for approval by the Board of Directors of FACTORI AD.
 5. Checks the content of the reports and references that are submitted to the FSC, according to the current regulations.
 6. Periodically exercises control over the activities of each of the employees in the investment intermediary.
 7. Stops the conclusion of transactions by the employees of the investment intermediary if it considers that the relevant transaction would lead to the incurring of losses or the risk of incurring losses from the transaction exceeds the acceptable one, as well as if the rules for the personal transactions of the employees of the investment intermediary or others are violated applicable regulatory requirements.
- 6.4. The members of the management and control body of the investment intermediary, if one is formed, devote sufficient time to ensure the proper performance of their assigned functions.

- 6.5. The management or control body of the investment intermediary, if one is formed, depending on the internal distribution of functions:
1. is responsible for the effective and reliable management of the investment intermediary in accordance with the regulatory requirements, including the appropriate distribution of duties and responsibilities when determining the organizational structure, for the adoption of all internal rules and policies and for the control of their implementation, as well as for the prevention and identification of conflicts of interest;
 2. approves and controls the implementation of the strategic goals of the investment intermediary and of the strategy regarding risk and internal management;
 3. ensures the integrity and continuous functioning of the accounting and financial reporting systems, including financial and operational controls, and compliance of the activity with the regulatory requirements and applicable standards;
 4. directs and supervises the fulfillment of the requirements according to the PFFI regarding the disclosure and provision of information;
 5. is responsible for exercising effective control over senior management;
 6. is responsible for the effectiveness of the management systems in the investment intermediary, and if necessary, takes the necessary measures to eliminate the identified discrepancies.
 7. taking into account the nature, scope and complexity of the activity carried out by the investment intermediary and all applicable regulatory requirements, accepts, accordingly approves and controls compliance with:
 - a) the organizational structure of the investment intermediary for the performance of services and activities within the meaning of the PFMI;
 - b) the requirements for knowledge, skills and experience of the employees in the relevant units;
 - c) the distribution of the resources necessary for the performance of the services and activities under the PFFI;
 - d) the policies, rules and procedures of the investment intermediary, which regulate the provision of services and the performance of activities under the PFFI.
 - e) policy according to which the services, activities, products and operations are offered and carried out by the investment intermediary in accordance with the risk tolerance determined for the investment intermediary and according to the characteristics and needs of the respective clients e) the policy on the remuneration of the employees involved in the provision of services to the clients of the investment intermediary, which promotes responsible business behavior, fair treatment of clients, including when conflicts of interest arise.
 8. monitors and at least once a year evaluates:
 - a) the adequacy of the strategic goals of the investment intermediary regarding the performance of services and activities under the PFFI;
 - b) the effectiveness of the organization and management of the investment intermediary;
 - c) the adequacy of the policies, rules and procedures of the investment intermediary, which regulate the provision of services and the performance of activities under the PFFI.
 9. in the event of detected violations and inconsistencies, take measures to eliminate them.

Departments in the investment intermediary

- 7.1. The following departments can be distinguished for the provision and control of the provision and performance of investment and additional services in the II:
1. Department "Operations with financial instruments";
 2. "Risk Analysis and Management" Department;
 3. "Back office" department;
 4. Department "Accounting";
 5. "Regulatory Compliance" Department;
- 7.2. In the event of problematic situations, department heads immediately notify the head of the "Regulatory Compliance" department and the Board of Directors;

7.3. For a certain period of time and/or in certain offices or branches of the II, functions of different departments may be combined.

Provided that there is no legal prohibition, employees in departments may combine different functions.

8.1. Department "Operations with financial instruments":

a/ accepts or establishes contact with the clients of the II and, upon establishing contractual relations with them, removes their identity; b/ explains and provides to the clients of the II the general conditions for carrying out transactions with financial instruments and the tariff for the standard commission remuneration of the II; Explains and provides clients with the order execution and conflict of interest policy. c/

explains to clients the conditions of the market, the risks associated with investing and transactions with financial instruments, the nature of the specific type of financial instrument and the rights under it, notifies clients of potential and arising conflicts of interest when necessary. It provides all the information that, in accordance with the general terms and conditions, MFFI and Delegated Regulation 2017/565, should be provided to the client or potential client before he is bound by a contract with the investment intermediary.

Provided that it is necessary to provide specific information to the client related to the provided investment and/or additional service, transactions with a given financial instrument, trading venues or any other conditions, requirements or description of risks, an employee of the sector provides the information with the assistance of employees from the other sectors and departments of the II.

d/ conclude on behalf of the II the contracts with which the clients assign the II to perform investment or additional services for them, unless the conclusion is carried out by an executive director or procurator;

e/ accepts orders from customers to conclude transactions with financial instruments and requires the drawing up and signing of all required documents and declarations by the customers/their representatives.

f/ accepts documents for registration in a depository institution of transactions with financial instruments previously concluded directly between the parties, transfer of non-available financial instruments in case of donation and inheritance, as well as change of data on the holders of non-available financial instruments, correction of erroneous data, issuance of duplicates of certification documents and other actions provided for in the regulations of the relevant depository institution;

g/ identify customers when establishing commercial or professional relations, including when opening an account, as well as when carrying out an operation or concluding a transaction over BGN 30,000 or their equivalent in foreign currency and when carrying out an operation on behalf of a client or concluding a transaction in cash worth more than BGN 10,000 or their equivalent in foreign currency. Performs customer identification in cases of carrying out more than one operation or transaction, which individually do not exceed BGN 30,000 or their equivalent in foreign currency, respectively BGN 10,000 or their equivalent in foreign currency, but there are data that the operations or transactions are related.

h/ directly concludes transactions with financial instruments (brokerage activity);

and/ is responsible for executing client orders in accordance with the Order Execution Policy and compliance with the "best execution" principle.

j/ is responsible for the administration of the systems for submitting orders on the Internet, the administration of electronic systems for submitting orders and concluding transactions (electronic trading platforms), as well as for all other remote methods of submitting orders.

k/ sends (provides) on a durable medium or via the Internet, when the client has accepted this method of provision, to non-professional clients, confirmations of concluded transactions and periodic reports on the results of portfolio management and acquisition of qualified participation in a public company;

l/ notifies clients about the existing investor compensation system (IPC), including its scope and the guaranteed amount of client assets, and upon request provides data on the terms and conditions for compensation;

m/ accepts the complaints of clients of the II, if the client provides them to this sector, enters them in the relevant diary, initially clarifies the circumstances related to these complaints and reports them to the "Regulatory Compliance" Department.

n) requires from the clients the necessary information under the MFPA and Delegated Regulation 2017/565 - about financial status, experience, knowledge, skills in investing, education and any other information relevant to the client according to the provided investment

or additional service;

o) categorizes the client – professional, non-professional, acceptable counterparty.

p) performs an assessment for a suitable or corresponding service to the client, in accordance with the information received from the client and the requirements of the MFRS and Delegated Regulation 2017/565.

r) At the end of the working day, a broker from the "Financial Instruments Operations" Department, based on inventories of transactions concluded during the day, compares them with the "Back-Office" department, which in turn compares them with the "Accounting" Department.

8.1.1. To occupy a position in the "Financial Instruments Operations" Department, an acquired broker's license from the FSC is required.

8.1.2. The employees of the "Financial Instruments Operations" Department have the right to access the relevant information on the capital markets, the right to receive the relevant technical security necessary for the performance of their official duties, as well as the right to request an increase in their professional qualifications.

9. Main functions of the "Back Office" Department:

a/ processes incoming concluded contracts, accepted customer orders;

b/ leads the accountability related to the activity under b. "a", according to the requirements of MFFI, Delegated Regulation 2017/565 and Regulation No. 600/2014/EU on markets in financial instruments (MiFIR) and the Rules for keeping records and storing information of II; c/ accepts for execution mandatory orders regarding concluded transactions with financial instruments by a broker, filling immediately all the required forms and forms accepted for work by a depository institution, from the places of execution (regulated market, multilateral trading system, etc.), as well as and all other necessary documents to complete any transaction entered into by the broker;

d/ transmits to the depository institution the necessary data and documents in connection with the activity of the II as a registration agent, if the II carries out such activity;

e/ keeps the reporting related to the activity under b. "c" and "d", as well as customer lots in accordance with the requirements of Delegated Regulation 2017/565, Delegated Regulation 2017/590 regarding the regulatory technical standards for reporting transactions to the competent authorities, Regulation No. 600/2014/EU and the Rules for keeping records and storing information of the II including regarding the personal transactions of the persons working under a contract for the II

f/ prepares confirmations of concluded transactions and corresponding periodic reports with the established content, unless they are automatically generated by an electronic trading platform and the client receives them directly from the platform;

g/ together with the "Accounting" Department of the PE, carries out reconciliation and reporting on transactions with financial instruments for the day and at the end of each month;

h/ keeps the required records and diaries established in Delegated Regulation 2017/565, Delegated Regulation 2017/590 regarding the regulatory technical standards for the reporting of transactions to the competent authorities, Regulation No. 600/2014/EU specifying all the required details and a way in which any change to the data can be clearly identified;

and/ prepares together with the "Accounting" department and submits to the FSC and the Investor Compensation Fund the report under Art. 77n, para. 12 of the Civil Procedure Code;

y/ is responsible for the preparation and sending of the notifications to the Financial Supervision Authority, provided for by the PFFI and Delegated Regulation 2017/565, prepares and stores the other necessary reporting and documentation, according to the specified normative acts.

k/ carries out the correct and timely archiving of the document flow in the II related to the provision of investment and additional services;

10. Main functions of the "Accounting" Department:

a/ ensures synchronized implementation of chronological and systematic accounting of the activity of the II in order to achieve a true and fair presentation of the property and financial status in the annual financial report;

b/ constantly monitors compliance with the regulatory requirements regarding capital adequacy and liquidity and maintains accounting

reports in accordance with Ordinance No. 50 on the capital adequacy, liquidity of investment intermediaries and the implementation of supervision of their compliance (Ordinance No. 50), Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment intermediaries and the Accounting Act;

c/ reflects the transactions executed on a daily basis, as well as the transactions concluded by another sole trader as a result of receiving and transmitting orders to him, in the company's accounting, observing the principles of documentary validity, reliability and priority of content over form, exact compliance with the established accounting politics, etc.;

d/ monitors the fulfillment of the capital requirements to cover the risks related to the activity of the II by maintaining at all times own capital, cash and other assets in accordance with the requirements of Ordinance No. 50;

e/ establishes contact with the banks and monitors the turnover of funds, transferring them to the sub-accounts of clients of the investment intermediary in accordance with the transactions carried out;

f/ maintains a computerized accounting and information system for current reporting and control of the company's financial positions (the state of assets and liabilities, income and expenses, provided and received guarantees and securities);

g/ monitors the exposures of the II keeps the relevant reporting on them and notifies the Board of Directors immediately in the event of a large exposure;

h/ The "Accounting" Department prepares and, when required, submits the following reports and notifications to the FSC:

- monitors the capital adequacy and liquidity of the PE and daily prepares a capital adequacy and liquidity report based on the accounting balance sheet and analytical turnover sheet. The positions in the investment portfolio (if the sole trader has formed one) are reassessed using the same methods in accordance with legal requirements.

- prepares and submits to the FSC the required and legally established accounting balance sheet and statement of income and expenses, within the terms established in Regulation No. 575/2013.

The above requirement is fulfilled as the sole proprietor submits the following reporting forms to the FSC:

every quarter (by May 12, August 11, November 11 and February 11)

- Annex I: Reporting of own funds and capital requirements;

- Appendix III: Reporting of financial information, according to IFRS;

every quarter:

- Additional reports from No. 1 to No. 8, Reference to the accounting balance and Reference to the income and expenses according to approved samples by the deputy chairman of the FSC, managing the "Supervision of investment activity" department.

and/ submits an annual financial statement certified by a registered auditor to the FSC within 90 days from the end of the financial year;

k/ makes payments with customers according to the Procedures of "Central Depository" AD for settlement of payments between the PE and its customers and the Regulations of "BSE-Sofia" AD.

Makes payments with customers according to the procedures of other depository institutions for settling payments between the II and its customers, as well as according to the applicable procedures of other places of execution.

11.1 Risk Analysis and Management Department.

The department functions independently and its main functions are expressed in the application of the following policies and procedures:

1. establishing the policy and procedures for determining the risks related to the activity carried out by the II, including in relation to the implemented activities, processes and systems of the II, as well as and to determine the tolerable level of risk, if such can be established;

2. establishment of effective rules, processes and mechanisms for managing the risks under item 1 in accordance with the defined permissible levels for the various risks;

3. establishment of the mechanisms for control over the policy and procedures under item 1, compliance by the II and all other persons who work under a contract for the investment intermediary with the procedures and measures under item 2;

4. establishment of a mechanism for removing deficiencies and inconsistencies in the policy and procedures under item 1 and the procedures and measures under item 2, incl. impossibility of their compliance by the persons who work under a contract for the investment intermediary, as well as control regarding the adequacy and effectiveness of the implemented measures to eliminate these deficiencies and inconsistencies.

11.2. The "Risk Analysis and Management" department has the following functions:

- a) develops and implements the risk management system;
- b) prepares and analyzes reports on the results of risk measurement and takes measures to comply with the relevant restrictions;
- c) performs initial and ongoing verification of relevant risk management models;
- d) conducts once a month a review of the accuracy of the input data necessary to assess the risks, according to an applicable reliability and sufficiency method;
- e) calculates and monitors compliance with the capital requirements to cover all types of risks that may arise during the activity of the PE.

11.3. The "Risk Management" department performs its functions on the basis of separate rules - adopted in accordance with the requirements of Ordinance No. 50.

11.4. The head of the department is elected by the Board of Directors of the PE and must have completed an appropriate higher economic education and not less than 3 years of experience in the specialty. Employees in the department must have completed the appropriate higher education for the position.

11.5. The "Risk Analysis and Management" department is formed and functions according to the nature, scale and complexity of the activity of the II, as well as according to the type and scope of the investment services and activities performed during its implementation.

11.6. The PE may not establish a risk management department according to item 11.6, if maintaining such a department does not correspond to the nature, scale and complexity of its activity and the type and scope of the investment services and activities performed and can prove at any time that the policy and procedures established according to item 11.1 meet the requirements of art. 23, paragraph 1 of Delegated Regulation 2017/565.

11.7. If the "Risk Analysis and Management" department is assigned to carry out analyses, it also consists of analysts and consultants and at least one licensed investment consultant works in it.

Main functions of these employees:

- a/ analyze the market based on macroeconomic indicators for the country and on a global scale, making forecasts based on this analysis.
- b/ collects information about the companies whose shares are publicly offered, including their financial indicators and other publicly available data that are relevant to the market condition of the financial instruments issued by them;
- c/ analyzes the data for the companies whose shares are publicly offered, makes forecasts and gives guiding opinions and advice to the employees of the "Financial Instruments Operations" Department, as well as individual investment advice to PE clients;
- d) prepares substantiated investment decisions and strategies in connection with portfolio management services performed by private individuals. Performs financial analysis of companies determined by the Board of Directors or the executive director and, on this basis, makes proposals to them for the purchase of a certain number and type of financial instruments, indicating the minimum and maximum price and expected period of holding the investment.
- e) carry out an assessment of appropriate service to the client in conjunction with the Financial Instruments Operations Department when a portfolio management or investment advice service is provided to the client.
- f) is responsible for compliance of the proposed investment solutions and strategies with the type of client, his risk profile, assessment for appropriate service and the Policy for execution of orders of the II.
- g) prepares prospectuses, advises on initial public offerings of securities, commercial offers, advises companies with a special investment purpose in connection with capital increase and trading of shares on a regulated market;
- h) carries out consultations on industrial strategy and capital structure of legal entity clients; provides advice and services related to the

transformation and acquisition of enterprises.

i) develops proposals for forming own or client's portfolio of financial instruments on the basis of the relevant balance between the parameters: profitability and risk, taking into account all the factors that condition them and the policy defined by the management of the investment intermediary.

Other departments in the investment intermediary

12.1. To support the activity of the II the following other departments may be set aside by decision of the Board of Directors: "Legal"; "Administrative"; "Marketing and Advertising", "Information Technologies", "Human Resources" Department. The same act defines the main functions of the departments.

12.2 For a certain period of time, the departments under item 12.1. they may not be active, their functions being performed by the other departments of the II or by external collaborators.

13. Regulatory Compliance Department. The powers, functions, tasks and structure of the "Regulatory Compliance" department are regulated by separate Rules.

14. Internal Audit Department. The powers, functions, tasks and structure of the "Internal Audit" department are regulated by separate Rules, if such have been created.

IV. TERRITORIAL STRUCTURE

15.1. The territorial structure of the II includes the Central Office by seat and address of management;

15.2. The investment intermediary places at the entrance information about its name and headquarters, working hours, the name and surname of the person responsible for the relevant branch or office.

V. TREATMENT OF CONFLICTS OF INTEREST

16. The regulation of:

1. The treatment of conflicts of interest, in accordance with the size and organizational structure of the investment intermediary and the nature, scale and complexity of the performed investment services and activities,

2. Circumstances representing a conflict of interest or which may lead to a conflict of interest giving rise to a risk of damage to the interests of a client or clients of the investment intermediary in relation to any specific service or activity performed by the investment intermediary, 3. The procedures and

measures for the treatment of conflicts of interest,

is contained in a separate Policy for the treatment of conflicts of interest of the II, which is applied by all persons working under a contract for the II, in accordance with their functions and official duties.

VI. REQUIREMENTS FOR THE TYPE, TIMING AND METHOD OF PROVIDING INFORMATION BETWEEN EMPLOYEES, DEPARTMENTS AND SECTORS IN THE INVESTMENT INTERMEDIARY

17.1. The information between the different departments and sectors in the II is provided on paper and/or electronic media. The creation, archiving, access, protection and control of the IP's computer and information systems are regulated in separate Rules.

17.2. The exchange of information on paper is carried out during: a) operational implementation of the functions of the various departments and sectors in the intermediary, without having the meaning of a document binding the II or its separate unit; b) in the official exchange of correspondence between departments, such as the preparation of opinions, reports, protocols, reports, memoranda, proposals, action plans, programs, etc.

The deadline for providing the information is determined by separate orders of the heads of departments in the PE or by an order of the

Board of Directors.

17.3. Copying of information on paper is only carried out when necessary for the provision of investment or additional services to a client, internal audits, discussions, workshops or other management activities, as well as for reporting and provision to supervisory authorities.

17.4. In all cases, paper carriers of information containing professional or commercial secrets of clients or of the II itself may not be taken out of the premises of the II, nor be transmitted, distributed or communicated in any way to third parties unrelated to the investment, additional service provided or the research, analysis or planning carried out in the II.

17.5. The information provided between the departments and sectors of the II should be clear and accurate, and the analyzes and proposed actions should be reasoned and lawful.

VII. PROCEDURE FOR EXAMINATION OF CUSTOMER COMPLAINTS

18. The examination of complaints received in the II against the legal entity or its employees in connection with the provision of investment services and activities under the MFRS is carried out by the "Regulatory Compliance" Department.

18.1. The procedure for considering complaints is contained in the Rules for the activity of the "Regulatory Compliance" Department. VII.

MEASURES TO COUNTER MARKET ABUSE RELATED TO FINANCIAL INSTRUMENTS

19. The measures and internal rules of the II for countering market abuses are contained in separate Rules for the implementation of measures against market abuses with financial instruments, of Regulation (EU) No. 596/2014 and the acts on its implementation by the employees of the investment intermediary and to detect and report suspicious orders and transactions.

20. Rules under the above article are adopted on the basis of the Law on the Implementation of Measures Against Market Abuse of Financial Instruments and Regulation (EU) No. 596/2014.

VIII. FINAL PROVISIONS

§ 1. When problems are identified in the practice of the II the overcoming of which requires an amendment or supplement to these Rules, the Board of Directors of the II may make the appropriate corrections.

Regardless of the application of the first sentence, the Board of Directors annually by January 31 review and evaluate these Rules, including for the effective and reliable functioning of the "Regulatory Compliance" department, in order to ensure the lawful functioning of the entire II, such as in the case of deficiencies and/ or the need to improve the activity accept amendments and additions to these Rules.

§ 2. The Board of Directors of the II may issue orders and instructions on the implementation of these Rules.

Words and expressions used and not defined in these rules have the meaning given to them by the MFPA and the directly applicable Delegated Regulations.

§ 3. These rules are provided for the information and implementation of the employees of the II the relevant persons and all persons working under a contract for the investment intermediary.

§ 4. Rules were adopted by the Board of Directors of FACTORI AD with a decision at a meeting dated 05/02/2018.
