

APPROVED  
by Decision of the Board of UAB FMI “Orion Securities”  
No. 2018/12/12 of 12-Dec-2018

**UAB FMI “ORION SECURITIES”**  
**POLICY FOR THE AVOIDANCE OF CONFLICTS OF INTEREST**

## I. GENERAL PROVISIONS

- 1.1 This Policy for the Avoidance of Conflicts of Interest (hereinafter referred to as the **Policy**) of UAB FMĮ “Orion Securities” (hereinafter referred to as the **Intermediary**) has been prepared in accordance with the Law, the Rules (with all subsequent amendments and supplements) and other legislations.
- 1.2 The purpose of this Policy is to define the main principles and measures for identifying Conflicts of Interest that may arise when the Intermediary provides Investment Services, Additional Services or their combination. This Policy also establishes the procedure and measures used to avoid such a theoretically possible Conflict of Interest or, should it arise, to avoid its negative impact on the interests of the Clients.
- 1.3 By applying the minimum criteria, the Intermediary follows this Policy when determining the circumstances related to specific Investment Services and (or) Additional Services provided by the Intermediary or which are provided on behalf of the Intermediary, which may lead to Conflicts of Interest with a potential for causing a significant risk to the interests of one or more Clients.
- 1.4 The Policy is approved by the Board of the Intermediary. The Policy is an integral part of the Intermediary’s risk management system.
- 1.5 The rules governing the means of avoiding and managing Conflicts of Interest and the requirements for this when concluding Personal Transactions are also set out in the procedure for concluding Personal Transactions approved by the Intermediary.
- 1.6 The Policy applies in respect of all Clients.

## II. MEANINGS OF THE TERMS USED IN THE POLICY

- 2.1 The terms used in the Policy shall have the following meanings:
  - 2.1.1 **Financial Analyst** shall mean a relevant person who prepares Investment Research materials;
  - 2.1.2 **Persons** shall mean Intermediary, Group of Companies of the Intermediary, Employees, and Associated Persons.
  - 2.1.3 **Personal Transaction** shall mean a transaction regarding a Financial Instrument concluded by an Associated Person or which is concluded for the benefit of an Associated Person and meets at least one of the following conditions:
    - 1) that Associated Person acts beyond the limits of competence assigned to him / her;
    - 2) the transaction is concluded by any of the following persons: an Associated Person, another person with whom the Associated Person is related to by family ties or close ties, another person whose relations with the Associated Person are characterised by the fact that the Associated Person is directly or indirectly very interested in the outcome of the transaction, excluding payment or commissions for the execution of the transaction, - invoice.
  - 2.1.4 **Compliance Officer** shall mean the Employee responsible for the performance of the Intermediary’s compliance function.
  - 2.1.5 **Employee** shall mean all employees of the Intermediary.

- 2.1.6 **Financial Instruments** shall bear the meaning assigned to them by the definitions provided in the Law.
- 2.1.7 **Corporate Financial Advisor Services** shall mean activities consisting of signing Financial Instruments and other participation related to the issuance or offering of Financial Instruments for the purchase or sale of Financial Instruments. These services also include consulting on corporate mergers, acquisitions, sales and restructuring, especially in relation to companies listed on the stock exchange, as well as mediation services in establishing relationships between buyers and sellers of Financial Instruments.
- 2.1.8 **Client** shall mean a natural or legal person to whom the Intermediary provides Investment Services, Additional Services, and (or) their combination.
- 2.1.9 **Client Trading** shall mean conclusion of Financial Instrument transactions for the benefit of Clients.
- 2.1.10 **Conflict of Interest** shall mean a situation where the interests of different parties are in conflict with each other. Such conflicts may arise when:
- 1) The interests of the Persons are in conflict with the interests of the Client;
  - 2) The interests of one Client are in conflict with the interests of another Client.
- 2.1.11 **Investment Recommendation** shall mean a personal recommendation provided to the Client regarding one or more transactions related to Financial Instruments at the initiative of the Intermediary or the Client.
- 2.1.12 **Investment Services** shall mean the following services provided by the Intermediary for one or more Financial Instruments:
- 1) acceptance and transmission of orders;
  - 2) execution of orders at the expense of the clients;
  - 3) entering into transactions at the expense of the client;
  - 4) management of portfolios of Financial Instruments;
  - 5) giving Investment Recommendations;
  - 6) Signing and (or) distribution of Financial Instruments under the obligation to distribute them;
  - 7) distribution of Financial Instruments without the obligation to distribute them.
- 2.1.13 **Investment Research** shall mean research or other information directly or indirectly proposing or recommending an investment strategy for one or more Financial Instruments or their issuers (including a statement of opinion on the current or future value or price of such Financial Instruments), which is intended for information distribution channels or to the public and which is identified as an investment research or other similar concept, or otherwise presented as an objective and independent explanation of the matters specified in the recommendation. Providing such a recommendation to the Client is not considered an Investment Service, i.e., Investment Recommendations.
- 2.1.14 **Law** shall mean the Law on Markets in Financial Instruments of the Republic of Lithuania.
- 2.1.15 Additional Services shall bear the meaning assigned to them by the definitions provided in the Law.
- 2.1.16 **Portfolio Management** shall mean management of a portfolio of Financial Instruments by exercising the powers granted to the Intermediary by the Client at the discretion of the Intermediary.
- 2.1.17 **Trading in Financial Instruments on the account of the Intermediary** shall mean trading during which transactions are concluded on the account of the Intermediary for one or more Financial Instruments.
- 2.1.18 **Marketing Message** shall mean research or other information directly or indirectly offering or recommending an investment strategy regarding one or more Financial Instruments or their issuers (including a statement of opinion on the current or future value or price of such Financial Instruments), which is intended for information distribution channels or to the public. The Marketing Message clearly states that it is not investment research, that it has not

been prepared in accordance with legal requirements promoting the independence of investment research, and that there is no prohibition on executing transactions prior to the distribution of the Marketing Message.

- 2.1.19 **Transactions on the Personal Account of Employees** shall mean transactions carried out by Employees or carried out on their behalf at their expense.
- 2.1.20 **Associated Persons** shall mean any of the following persons:
- 1) head of the Intermediary's administration, a partner or other person in a similar position, as well as an agent affiliated with the Intermediary;
  - 2) head, partner or other person in a similar position of an agent affiliated with the Intermediary;
  - 3) an employee of the Intermediary or an agent affiliated with the Intermediary, as well as any other natural person who is involved in the provision of Investment Services or investment activities to the Intermediary, and who provides services on behalf of the Intermediary or an agent affiliated with the Intermediary and is under their control;
  - 4) a natural person directly involved in the provision of Investment Services by the Intermediary or an agent affiliated with the Intermediary in accordance with the agreement on the transfer of certain functions (outsourcing), which aims to ensure that the Intermediary can provide Investment Services and carry out investment activities.
- 2.1.21 **Rules** shall mean the RULES FOR ORGANISING THE ACTIVITIES OF FINANCIAL INTERMEDIARY AND PROVIDING INVESTMENT SERVICES (with all subsequent amendments and additions) approved by Resolution No. 03-111 of the Bank of Lithuania of 20 June 2018.
- 2.1.22 **Group of Companies of the Intermediary** shall mean the group of companies to which the Intermediary belongs and which consists of the parent company, its subsidiaries and other companies associated with the parent company or its subsidiaries, as well as other interconnected companies required to prepare a consolidated reporting and annual consolidated reporting.
- 2.1.23 **Internal Documents of the Intermediary** shall mean various policies, procedures, instructions, orders, resolutions and other documents approved by the management bodies of the Intermediary and regulating the provision of the Investment Services and (or) Additional Services and the performance of investment activities by the Intermediary.
- 2.1.24 **Third Party** shall mean any natural or legal entity not associated with either the Intermediary or the Client.

- 2.2 Other terms used in the Policy shall bear the meaning assigned to them by the definitions provided in the Law.

### III. SITUATIONS WITH A POTENTIAL FOR RESULTING IN CONFLICTS OF INTEREST

- 3.1 Situations in which the Intermediary is theoretically exposed to the risk of a Conflict of Interest include such cases where the Intermediary, an Associated Person or a person directly or indirectly associated with the Intermediary by a control relationship:
- 3.1.1 may have financial benefits or avoid financial losses at the expense of the Client, including cases where the Intermediary is a party to the transaction with the Client and the Client's loss means the Intermediary's earnings or vice versa;
  - 3.1.2 is interested in the result of the services provided or the result of the transaction concluded on behalf of the Client in a different way than the Client is interested in that result, including cases where the Intermediary is a party to the transaction with the Client and the Client's loss means the Intermediary's earnings or vice versa;

- 3.1.3 has a financial or other kind of interest in prioritising the interests of another Client or another group of Clients at the expense of the interests of the first Client;
- 3.1.4 engages in the same activity as the Client (other than direct activity, when the Intermediary performs operations with another financial institution on the basis of transactions between two market participants);
- 3.1.5 receives or will receive an incentive not from the Client, which is related to the service provided to the Client and which may be provided in the form of money, goods, or services, except in such case normally paid commissions or other payments for services.

#### IV. PRACTICAL AREAS RESULTING IN CONFLICTS OF INTEREST

4.1 The following are practical areas where Conflicts of Interest may arise and which must be carefully assessed before providing specific services:

4.1.1 **Investment Research and / or Marketing Messages (hereinafter referred to as Investment Research)** are information that the Clients could take into account to make an informed investment decision. Each Client's desire to invest profitably is different. Theoretically, inappropriate influence in the provision of the Investment Research service can be exerted by:

- 1) business clients of the Intermediary seeking to issue Financial Instruments at the highest price possible;
- 2) Employees or Associated Persons trading in Financial Instruments and managing the investment portfolio of the Intermediary in order to obtain the greatest benefit for this portfolio;
- 3) the Intermediary, as an issuer / distributor of Financial Instruments;
- 4) the Intermediary, performing the functions of a market maker;
- 5) inappropriate timing of the presentation of the results of the Investment Research, as the person who receives the report earlier than others has the opportunity to act before the information affects the price of the Financial Instrument;
- 6) upon completion of the Investment Research, an investment strategy is recommended or offered to the Clients for the Financial Instruments that the Intermediary or Associated Persons providing the recommendations manage, distribute, and make transactions with at the time of the recommendation.

4.1.2 **Investment Recommendations:** the purpose of Investment Recommendations is to provide appropriate advice that meets the needs of each Client, which are completely individual. Theoretically, inappropriate influence in the provision of Investment Recommendations can be exerted by:

- 1) any other Client of the Intermediary pursuing his / her own interests;
- 2) the Intermediary's desire to manage one's own trading positions in Financial Instruments (proprietary trading) or the desire to increase the liquidity of Financial Instruments by performing the functions of a market maker;
- 3) the desire of Persons, Employees, and (or) clients to conclude Financial Instrument transactions under the best possible conditions;
- 4) interests of the Intermediary and (or) Associated Persons as providers of Financial Instruments and Investment Services;

5) structure of Employee Remuneration Policy.

4.1.3 **Portfolio Management:** the objective of Portfolio Management is to maximise the return of portfolios that meet the established investment criteria. Decisions made by portfolio managers must be different from those that could theoretically be negatively influenced by:

- 1) business clients of the Intermediary seeking to issue and purchase Financial Instruments at the best price possible or to achieve their other strategic goals;
- 2) interests of the Intermediary related to the management of one's own trading positions in Financial Instruments (proprietary trading);
- 3) interests of the Intermediary, as the issuer / distributor of Financial Instruments;
- 4) Persons' interests that may influence the actions and decisions of the Intermediary in providing the Portfolio Management service;
- 5) inappropriate timing or distribution decisions, as the manner in which operations are conducted or distributed may have the tendency to give biased preference to certain funds or Clients at the expense of others;
- 6) the portfolio manager, who, knowing where the portfolio investments are planned, may carry out transactions on his / her own account.

4.1.4 **Trading in Financial Instruments on the account of the Intermediary:** it aims to maximise returns from positions taken or to manage risks. Theoretically, a Conflict of Interest may exist between this type of activity and:

- 1) interests of the Clients who enter into transactions with the Intermediary during the process of investing their funds;
- 2) the activities of the Intermediary in the field of Investment Research, Providing Investment Recommendations, and Portfolio Management, as well as the Intermediary performing the functions of a market maker.

The situations mentioned in Clause 1) above also include cases when the Intermediary enters into transactions with the Clients involving derivative Financial Instruments (for example, contracts for difference (CFDs)), as a party to those transactions. In such cases, the interests of the Intermediary and the Clients do not coincide due to the fact that one transaction result for the Client means the opposite result of the same transaction for the Intermediary. The risk of a Conflict of Interest is greater, the more significant part of the Intermediary's activity and income is the discussed trading of Financial Instruments on the Intermediary's account and the income received from it. The Intermediary also finds himself / herself in a situation of a Conflict of Interest in cases where he / she himself / herself determines the price of the transaction concluded with the Client, instead of using objective market data, as well as when the time difference between the transaction concluded with the Client and the transaction concluded for hedging purposes (if such a transaction is concluded) may result in the Intermediary receiving additional financial benefits due to the price difference in time.

4.1.5 **Transactions on the Personal Account of Employees:** Employees may enter into transactions on their personal account and in certain cases their interests may be in conflict with (or be inappropriately superior to) the interests of the Intermediary or the Clients of the Intermediary.

4.1.6 **Corporate finance advisor services:** in the course of such activities, the Intermediary learns the Client-Issuer's information, which theoretically can be used improperly and cause a Conflict of Interests related to:

- 1) the interests of other Clients of the Intermediary (investors or competitors of the Client);
- 2) Investment Recommendations and Investment Research services provided by the Intermediary;
- 3) execution of the Intermediary's transactions on one's own account and performing the functions of a market maker;
- 4) making transactions on the Personal Account of Employees.

Whenever making a transaction for such a Client, the Employees of the Intermediary involved in such a transaction should aim to act in the best interests of the Client-issuer, regardless of the fact that the transaction may harm the interests of other Clients or the Intermediary itself.

4.1.7 **Client Trading:** Employees learn Client's information related to the Client's financial situation while executing Clients' orders or concluding transactions on their behalf. Such information could theoretically be misused, thereby creating a Conflict of Interest related to:

- 1) the interests of other Clients who enter into transactions for the same Financial Instruments or seek to receive other services of the Intermediary;
- 2) the interests of the Intermediary, when carrying out transactions on his / her own account, especially in the field of trading Financial Instruments on the account of the Intermediary, and performing the functions of a market maker;
- 3) making Transactions on the Personal Account of Employees.

Furthermore, while executing Clients' orders, the Intermediary may receive commission fees from Third Parties, which, *inter alia*, may depend on the quantities and volume of Clients' orders (Clause 3.1.5 of this Policy).

4.1.8 **Risk management functions:** the Intermediary's internal risk management and other administrative functions protect the Intermediary's interests as a creditor and as an investor in Financial Instruments and from jointly assumed financial risks. Such functions include credit and market risk analysis and management. In the process of performing these functions, the relevant Employees receive confidential information about the Clients, the related positions of the Intermediary and the actions proposed by the Intermediary. Such information could theoretically be misused and lead to Conflicts of Interest related to:

- 1) the interests of other Clients (investors or the Client's competitors);
- 2) Investment Recommendations and Investment Research services provided by the Intermediary;
- 3) carrying out transactions of the Intermediary on his / her own account, especially in the field of trading of Financial Instruments on the account of the Intermediary;
- 4) making Transactions on the Personal Account of Employees.

In such cases, the Employees give instructions or take such actions that they consider necessary to protect the interests of the Intermediary, regardless of the fact that this may cause a Conflict of Interest in respect of the interests of the Intermediary's Clients.

## V. AVOIDANCE OF A CONFLICT OF INTEREST AND MANAGEMENT MEASURES

### 1. General Requirements

- 5.1 In order to prevent potential Conflicts of Interest and taking into account the significance of the threat of damage to the client's interests, depending on the nature of the Investment Services provided, the functions of some Employees are separated from the functions of other Employees and such Employees are prohibited from exchanging information related to the Investment Services provided to the Clients or intentions to provide such services, if such exchange of information is not necessary for the proper provision of services and (or) may harm the interests of the Client or Intermediary. When the exchange of information is necessary in order to ensure the provision of the service to the Client and / or the quality thereof, it is mandatory to consult with the Compliance Officer and assess the significance of the threat that the client's interests would be harmed.
- 5.2 The Employee remuneration and incentive system is developed by taking into account, *inter alia*, the aim of preventing potential Conflicts of Interest, the aim of not encouraging the Intermediary's employees to take risks unacceptable to the Intermediary as well as the aim of ensuring compliance with the principle of protecting the interests of the Clients within the course of the service provision by the Intermediary. The Employee Remuneration and Incentive System is a separately regulated Employee Remuneration Policy approved by the Board of the Intermediary.
- 5.3 In the event of a possible Conflict of Interest, Employees involved in simultaneous provision of different services to the Client must consult with the Compliance Officer and assess the significance of the threat that the client's interests would be harmed.
- 5.4 The Employee acts independently within the course of the service provision to the Client, i.e., it is prohibited to exert undue influence on the Employee, to give mandatory instructions regarding the provision of services in the event of a Conflict of Interest.
- 5.5 If the measures provided by the Intermediary are insufficient to avoid Conflicts of Interest, it is mandatory to disclose information about the Conflict of Interests to the Client before providing the service or not to provide the service.
- 5.6 The actions of Employees providing services to Clients are checked by the Compliance Officer of the Intermediary periodically in order to identify, avoid, manage, and / or disclose Conflicts of Interest.

## **2. Requirements for Employees**

- 5.7 Employees are prohibited from entering into or recommending entering into Financial Instrument purchase or sale transactions, the sole purpose of which is to receive commissions or other financial benefits, regardless of the best interests of the Client. This does not mean that the Intermediary does not have the right to enter into transactions with the Clients as a party to those transactions, but in cases where the Intermediary is a party to the derivative Financial Instruments transaction entered into by the Client, additional measures must be taken to manage Conflict of Interest situations. The most important of such measures is that the Intermediary's market risk must be managed by entering into mirror transactions with the full volume of transactions concluded with Clients or by other means by fully hedging against the risks posed by transactions concluded with Clients, and by entering into such hedging transactions with entities that are not a part of the Intermediary's group of companies. Only when the Intermediary does not have positions not covered by hedging instruments, the result of the transaction concluded with the Client is not significant for the Intermediary and therefore the interests of the Intermediary regarding the transaction concluded with the Client are not in conflict with the interests of the Client.
- 5.8 The same Employee does not have the right to enter into a transaction in the name and on the account of the Intermediary, as well as in his / her own name and on his / her own account, if the Client's



order was received for the same Financial Instrument, until the Client's order is executed, except in cases where the Intermediary is a party to the transaction which the Client intends to enter into.

- 5.9 Orders received from different Clients must be executed in the order based on the time when the orders were received, i.e., orders received at an earlier time are executed first.
- 5.10 If the interests of the Intermediary, the Employee, and the Client collide, priority must be given to the Client's interests, except when performing the Intermediary's risk management function (Clause 4.1.8 of this Policy). In the event of a Conflict of Interests, the Intermediary must clearly and comprehensibly disclose the content of such conflict to all interested parties and conclude the transaction that caused the conflict only when all parties do not object to it. The Clients are informed about the Conflict of Interest situation in cases where the Intermediary is the party to the transaction concluded by the Client, when concluding an agreement with the Intermediary to the Investment Services agreement regarding the conclusion of transactions for derivative Financial Instrument, and by signing such an agreement, the Clients express their consent to the operation of the Intermediary (conclusion of transactions with the Client) in this situation.

### **3. Requirements for the Managers of the Intermediary's Structural Units**

- 5.11 The manager of each structural unit of the Intermediary must strive to avoid the risk of a Conflict of Interest at the level of the structural unit led by him / her and to ensure that the interests of the Clients are always respected in a Conflict of Interest situation.
- 5.12 The manager of the relevant structural unit of the Intermediary must ensure that the Employees of the structural unit led by him / her are familiarised with the rules for avoiding and managing Conflicts of Interest described in this Policy and in other related Internal Documents of the Intermediary, as far as they are applicable to a specific structural unit of the Intermediary.
- 5.13 Each structural unit of the Intermediary, where Conflicts of Interest may theoretically arise, must ensure that:
- 5.13.1 the Employee of that structural unit would not consider issues on behalf of the Intermediary, when such Employee may have interests that are in conflict with the interests of the Intermediary and (or) the Clients;
  - 5.13.2 the Employee of that structural unit would not be involved in business operations on his / her own behalf or on behalf of a Third Party without obtaining the consent of the Head of the Intermediary's administration and (or) the manager of the relevant structural unit of the Intermediary in each individual case;
  - 5.13.3 the Employee of that structural unit who wishes to hold positions in other organisations in addition to his / her direct duties in the Group of Companies of the Intermediary (e.g., be a member of the supervisory board or the board, etc.), should disclose this fact and obtain consent of the Head of the Intermediary's administration and (or) the manager of the unit of the Intermediary for holding such positions;
  - 5.13.4 Employees of one structural unit of the Intermediary cannot exchange information with Employees of another structural unit of the Intermediary if there is a significant threat that the exchange of this information could harm the interests of one or more Clients;

- 5.13.5 Employees of that structural unit providing services to Clients whose interests may be in conflict with the interests of the Intermediary would be subject to separate control;
  - 5.13.6 the Employee Remuneration and Incentive System of that structural unit would not create conditions for Conflicts of Interest to arise. Employees may in no case be encouraged for transactions concluded with Clients, when the Intermediary is the other party to such a transaction;
  - 5.13.7 the Employee of one structural unit of the Intermediary could not have a negative influence on the work of the Employees of another structural unit of the Intermediary;
  - 5.13.8 the Employees of one structural unit of the Intermediary would not simultaneously or consistently participate in the provision of separate Investment Services or Additional Services without a reason, if such participation could harm the proper management of Conflicts of Interest;
  - 5.13.9 other possible measures would be taken to avoid Conflicts of Interest.
- 5.14 In the event that any structural unit of the Intermediary determines a real or potential Conflict of Interests that may substantially affect the interests of one of the Clients to whom Investment Services and (or) Additional Services are provided and when such a conflict is related to specific activities or positions at the Intermediary, the responsible employees of the structural unit of the Intermediary shall notify their line manager and the Compliance Officer about such a real or potential conflict, and the latter shall forward this to the Intermediary's managers within the scope of their competence.

#### **4. Requirements and Measures for Analysts in Preparing Investment Research and Marketing Reports**

- 5.15. For Financial Analysts involved in the preparation of Investment Research:
- 5.15.1. it is forbidden to exchange information with other employees or to control the exchange, when the exchange of information may harm the client's interests;
  - 5.15.2. it is forbidden to accept incentives from entities with substantial interests related to the object of Investment Research;
  - 5.15.3. it is forbidden to promise a favourable result of Investment Research;
  - 5.15.4. it is forbidden to participate in other related activities simultaneously;
  - 5.15.5. it is forbidden to trade on behalf of another person (including the Intermediary) or to enter into personal transactions in financial instruments to which the investment research relates, as long as the recipients of the investment research have a proper opportunity to use it. This prohibition does not apply in exceptional circumstances and with the prior approval of the Compliance Officer;
  - 5.15.6. it is forbidden for issuers, Associated Persons and any other persons to review the draft Investment Research prior to the release of the Investment Research information, for the purpose of verifying the accuracy of the factual statements included in the research or for any other purpose, if the draft includes a recommendation or target price.
- 5.16. The Intermediary applies the following measures to avoid Conflicts of Interest:
- 5.16.1. separate supervision: Financial Analysts are supervised by the head of the department and, if necessary, consulted by the Compliance Officer;
  - 5.16.2. absence of a direct link between the results of Investment Research and the salary of Financial Analysts;

- 5.16.3. limitation of improper influence: Financial Analysts act independently, are guided by legislations and their professional knowledge in the process of preparing Investment Research;
- 5.17. The provisions of this Section do not apply if the Intermediary distributes Investment Research / general recommendation prepared by another person to clients, if the following conditions are met:
  - 5.17.1. the person having prepared it is not a member of the group to which the Intermediary belongs;
  - 5.17.2. the Intermediary does not fundamentally change the recommendation;
  - 5.17.3. the Intermediary does not present the research as one's own research;
  - 5.17.4. the requirements applied to the person having prepared it (regarding the preparation of Investment Research and the management of Conflicts of Interest) are equivalent in the EU, whether the person having prepared it has prepared a Policy that sets such requirements.

## **5. Additional Requirements related to the Subscription or Distribution of Financial Instruments**

- 5.18. The provisions of this Section apply in cases where the Intermediary provides both consulting (advises companies on capital structure, industry strategy and related matters, advice and services related to corporate mergers and acquisitions) and financial instrument distribution services to the client-issuer.
- 5.19. Before accepting the authorisation of the client-issuer to manage the offer, the Intermediary indicates:
  - 5.19.1. various options for financing (e.g., by issuing shares or bonds) and an assessment of the amount of transaction fees associated with each option;
  - 5.19.2. the time and process for determining the offering price;
  - 5.19.3. the timing and process of submission of the offering;
  - 5.19.4. target investors (description of the target group) to whom, in the opinion of the Intermediary, Financial Instruments could be offered;
  - 5.19.5. the proposed distribution policy;
  - 5.19.6. the Intermediary's team of employees (position, department);
- 5.20. The Intermediary, who has accepted the authorisation of the client-issuer to manage the offering, records the operations related to the management of the offering (content and time of operations, responsible person / department).
- 5.21. When setting the offering price, the Intermediary seeks to ensure that the interests of other clients or the Intermediary are not supported in a way that conflicts with the interests of the client-issuer; avoids the situation where the employees of the Intermediary responsible for providing services to client-investors are directly involved in making decisions regarding financial consultations for client-issuers regarding the determination of the financial instrument offering price.
- 5.22. If it is obvious that the threat of harming the interests of the client-issuer is significant and the Intermediary cannot manage Conflicts of Interest, taking into account the client-issuer information provided to the Intermediary and (or) other significant information available to the Intermediary, the Intermediary does not assume the authority of the client-issuer to manage the offering).

## **VI. DATA STORAGE**

- 6.1 In accordance with the procedure established by legislations and internal documents, the Intermediary stores and regularly updates data and information about the Investment Services and Additional Services provided by the Intermediary or on behalf thereof and the investment activities carried out, which caused (or may cause, if the provision of services has not yet been completed) a Conflict of Interest, which may harm the interests of one or more Clients. The storage of such information is also ensured at the level of the relevant structural divisions of the Intermediary.
- 6.2 Information about the provided Investment Services or Additional Services, which caused or may cause (if the provision of the service has not yet been completed) Conflicts of Interest, as well as records of all reports and notifications regarding established or possible Conflicts of Interest, must be saved as provided for in the Internal Documents of the Intermediary for no less than 10 years after the Conflict of Interest was identified.

## **VII. DISCLOSURE OF CONFLICTS OF INTEREST**

- 7.1 Disclosure of information about the Conflict of Interest to the client is a measure of last resort when the measures to avoid Conflicts of Interest established by the Intermediary are insufficient to reliably ensure that the threat of any harm to the client's interests would be prevented.
- 7.2 When disclosing information to the Client, it is clearly indicated that the measures to avoid Conflicts of Interest established by the Intermediary are insufficient to reliably ensure that the threat of damage to the Client's interests would be prevented, as well as the actions taken to reduce the risk of Conflict of Interest.
- 7.3 If a Conflict of Interest arises and none of the measures to avoid the Conflict of Interest applied by the Intermediary are effective and the Conflict of Interest situation still exists, the Intermediary must clearly, comprehensibly (taking into account the Client's understanding of the Financial Instrument markets) and in writing (against signature) inform the Client about the Conflict of Interests that has arisen, as well as about the market price of Financial Instruments, which was determined by Financial Instruments last before starting to provide Investment Services and (or) Additional Services. The Client may be informed by submitting information about the Conflict of Interest in the form set out in the Annex No. 1 to this Policy to him / her for signing or in another way (e.g., in the contract concluded with the Client), if information about Conflicts of Interest is clearly highlighted, the Client's attention is drawn to it, and the Client acknowledges his / her awareness of such information and consent to the provision of Investment Services in the event of a Conflict of Interest situation by confirming this with a separate signature. Information about the Conflict of Interests may be transmitted to the Client by telephone, if it is recorded and can be presented as evidence.
- 7.4 The disclosure of the Conflict of Interest must include informing the Client not only about the existence of the Conflict of Interest, but also about the content and source of the Conflict of Interest, in addition to the possible negative consequences for the Client's interests and the benefits that the Intermediary or other Persons receive or may receive as a result of such Conflict of Interest also indicated to the Client.
- 7.5 Prior noting in the agreement for the provision of Investment Services or in related documents by the Client that he / she did not object (if he / she did not object) to the Intermediary providing Investment Services for certain Financial Instruments in the event of Conflicts of Interests, shall not be considered sufficient and appropriate notification about the Conflict of Interests to the Client, if the information specified in Clause 7.4 of the Policy is not provided at the same time.
- 7.6 The Investment Service can only be provided if the Client clearly expresses his / her consent to the provision of the Investment Service in the event of a Conflict of Interest.

- 7.7 The Employee having noticed circumstances that, in his / her opinion, may cause a Conflict of Interest that may have a significant impact on the Client's interests, must report this to his / her line manager and the Compliance Officer, who must then forward this to the managers of the Intermediary according to their competence.

### VIII. INCENTIVE MEASURES

- 8.1 The Intermediary is prohibited from paying or accepting payment or commission of any kind, also the Intermediary is prohibited from providing or accepting any non-monetary benefits, when this is related to the Investment Services and (or) Additional Services provided to the Client, except for:
- 8.1.1 a fee, commission, or benefit of a non-monetary nature that is paid or provided to the Client or a person acting on behalf of the Client or when it is paid or provided by the Client or a person acting on behalf of the Client;
  - 8.1.2 a fee, commission, or benefit of a non-monetary nature that is paid or provided to a Third Party or a person acting on behalf of a Third Party, or where it is paid or provided by a Third Party or a person acting on behalf of a Third Party, if the following conditions are met:
    - 1) detailed information about such a fee, commission or other benefits, their nature and size or, if the size of the benefit cannot be determined, information about the method of calculating the size of the benefit is comprehensibly, accurately, and clearly disclosed in writing to the Client before starting the provision of the relevant Investment Service or Additional Service. The Intermediary has the right to disclose the basic conditions of agreements regarding fees, commission, or non-monetary benefits to the Client in writing in the form of a summary, but only if the Intermediary undertakes to disclose additional related information upon the Client's request;
    - 2) the purpose of the payment of a fee or commission or the provision of non-monetary benefits is to improve the quality of the relevant service provided to the Client, to provide additional benefits and does not violate the Intermediary's duty to act in the best interests of the client;
  - 8.1.3 appropriate fees, such as reimbursement of custodian expenses, transaction and settlement fees, maintenance fees, legal representation and other fees, which create conditions or are necessary for the provision of Investment Services or Additional Services and which by their nature cannot be in conflict with the Intermediary's duty to act in good faith, fairly and professionally and in the best interests of the Clients.
- 8.2 All agreements within the Intermediary, including payment or benefit agreements with Third Parties, must be made in writing, reviewed and agreed in advance with the Head of Administration of the Intermediary. All such agreements with the relevant documentation must be kept in accordance with the procedure established in the Internal Documents of the Intermediary.
- 8.3 The Board of the Intermediary has approved and the Intermediary follows the Employee Compensation Policy in its activities, which details the rules aimed at ensuring that the Remuneration System applied by the Intermediary promotes reliable and effective risk management, contributes to the prevention of potential Conflicts of Interest and does not encourage the Intermediary's employees to take risks unacceptable to the Intermediary, as well as which would ensure compliance with the principles of protection of Clients' interests during the provision of services by the Intermediary.

- 8.4 In the specified cases, the Intermediary may pay or receive payments, provide or receive non-monetary benefits from Third Parties:
- 8.4.1 for finding potential clients, collecting documents or data, approval, formalising relations with clients, support – to agents, delivery intermediaries, etc. – a one-time fee or a part of the remuneration paid to the Intermediary by the found client;
  - 8.4.2 for the distribution by collective investment entities (investment funds) – from the managers of collective investment entities – a part of the distribution and / or management fee, taking into account the documents of the establishment of a specific collective investment entity and the conditions of the agreement with the management company;
  - 8.4.3 for the organisation and execution of the issue of shares, bonds of public limited companies and private limited companies – from the issuers, general organisers of the issue, etc. – a one-time fee or a percentage of the amount of the issue.
- 8.5 The Client has the right to receive information about the specific amount received or paid by the Intermediary to a Third Party, when it is not possible to indicate the exact amount in advance.
- 8.6 When receiving payments from Third Parties, the Intermediary, at one's own discretion or by taking into account the terms of a specific agreement with the client, provides one or more additional benefits to the investor, when required by legislations or the provisions of concluded agreements:
- 8.6.1 dependent general or dependent personal recommendation is provided;
  - 8.6.2 transfer of information prepared by Third Parties (general recommendation, research, insights, investment ideas);
  - 8.6.3 a periodic assessment of the suitability of the client's investment is carried out;
  - 8.6.4 reports with additional information or functionality are provided (on investments, investment results, incurred expenses, etc.), facilitating the client to assess his / her investments and make investment decisions regarding investments;
  - 8.6.5 providing information about new potentially suitable investment opportunities.

## **IX. INTERNAL CONTROL OF THE INTERMEDIARY**

- 9.1 The Compliance Officer prepares and constantly updates, and the Board of the Intermediary approves, a list of Financial Instruments associated with a potential for causing a Conflict of Interest within the course of providing Investment Services or concluding transactions. All Employees who provide Investment Services to Clients or persons who have the right to enter into transactions on behalf of the Intermediary must be familiarised with this list.
- 9.2 The Compliance Officer shall constantly monitor those transactions of Financial Instruments associated with a potential for causing a Conflict of Interest, and must immediately inform the Head of the Intermediary's administration and the internal auditor in writing about the recorded violations of the established procedure.
- 9.3 The Compliance Officer shall review the Policy once a year (and more often if necessary) to ensure the effectiveness of the Policy, so that the necessary changes are made to the Policy, if needed.