

Protocol of the sole proprietor of the capital of "Varchev Finance" Ltd.

Today 23.02.2018 (February twenty third two thousand and eighteen) at 10 o'clock on the address of management of IB "Varchev Finance" Ltd., Varna ("The company") - Varna, blvd. "Vladislav Varnenchik" № 186, office 4.035, the undersigned Biser Simeonov Varchev in the My capacity of sole proprietor of "Varchev Finance" Ltd. I took the following decisions:

1. I accept Policy of execution of orders in the most favorable conditions for the client, as the above revokes the Policy of execution of client orders in the client's interest, accepted by the sole proprietor of the capital with a decision from 26.01.2012.

POLICY of execution of orders in the most favorable conditions for the client

I. Goal

1. The following policy includes actions and procedures, accepted by Investment Broker "Varchev Finance" Ltd. (IB, The company) for executing client orders with the most favorable conditions for the client.
2. The policy applies for all clients of the IB

II. Execution of orders with the most favorable conditions for the client

1. The essence of the term "execution of orders with the most favorable conditions for the client" ("the best execution") is expressed in executing the client's order by the IB, with undertaking all sufficient steps for receiving the best result possible for the client, keeping in mind price, expenses, speed, possibility of execution and settlement, size, character and any other consideration, corresponding the execution of the order.
2. If there's a specific instruction from a client, IB executes the order, following this specific instruction and this way he ensures execution of the order with the most favorable conditions for the client.
3. Accomplishing the best execution is considered as quality performance and is not defined just based on one or part of the criteria listed above, but if IB did reasonable effort to determine the best price for the client, according the conditions in the order, the size of the expenses, the possibility of execution as well as all other circumstances, related with the execution of the order, is considered that the same has concluded his

responsibility to execute the client's order with the most favorable conditions.

4. When IB concludes an order from an unprofessional client, the best possible execution is defined based on the overall presentation, which is the price of the financial instrument and the expenses, related with the execution, that include all expenses carried by the client and directly related with the execution of the order, including the fees at the place of accomplishment, fees for clearing and settlement, as well as other fees, paid to third parties, related with the execution of the order.

5. When there's more than one competing places for execution of the order for a given financial instrument, to be evaluated and compared the results for the client, that could be reached by execution of the order at any of the places of execution, IB keeps in mind its own commissions and expenses for execution of clients' orders at any of the places of execution.

6. In connection with its responsibilities with the current policy, the company contains the highest possible standards for honesty and propriety when executing the clients' orders and always considers the clients' interest.

7. When the IB signs a contract, it introduces the clients with the content of the Policy including enough details and provides understandable information about the way it will execute clients' orders, as it requires in advance the respective confirmation from every client for that.

8. IB executes the clients' orders according the policy and is obligated to notify the clients about any changes in it.

III. Factors for the best execution

1. Defining how, when and where IB to execute client's order, requires complicated and profound appraisal and taking a decision, that has to be conformed with many factors, including:

a/ Factors with extreme priority, as follows:

- instructions for the client

b/ Factors, related to the parameters and nature of the execution, as follows:

- conditions of the order (price, quantity, volume, term, expenses);
- possibility of execution and settlement;

- speed of execution.

c/ Factors, related to the place of execution, as follows:

- relation with the according systems for clearing and settlement;
- mechanisms for temporary cease or stop of trading;
- actions based on preset schedule;
- any other important consideration, as a factor, used to choose a place for execution.

2. If a respective order is submitted by an unprofessional client, the accent when executing and reaching the best result will be on the price, expenses and minimal remuneration for the broker, while for professional clients the aim will be related mostly with the strict following of the conditions, defined by the factors above in 1.

3. According the current Policy, IB ensures conditions for the best execution of clients' orders, based on the information, that is known by the IB at the moment of execution.

IV. Criteria for the best execution

1. The relative importance of the factors listed above will be defined by the IB and will be based on its trade experience and appraisal, in the context of the available market information at the very moment and keeping in mind the criteria for the best execution, regarding:

- characteristics of the client, including categorization;
- characteristics of the client's order, including when the order is related with a deal for financing with securities
- characteristics of the financial instruments, that are object of this order;
- characteristics of the places of execution, to which the order could be directed.

2. Based on the appliance of the factors, principles and criteria for the best execution IB will choose the best place for execution of the specific client's order

V. Exceptions of the principle "the best execution"

The principle "the best execution" is not applicable or is modified in its application when there's:

- an order of execution on quotation, when the client wants or accepts quoted price and doesn't require from the IB to look for a better execution;
- highly structured and adjusted for the client transactions like financial instruments on over-the-counter market, corresponding the specific needs of the client, for which the market doesn't provide a comparable alternative;
- transactions, that can be done only on one market, on the condition, that the order that the client submitted is related to only one specific market;
- direct access to a market - when the client has a direct access to a market through a portal provided to him by the IB and every particular case when the IB connects the client with strictly defined market or markets
- specific instructions from a client, that IB has to fulfill and with which is accomplished the requirement for the best execution.

VI. Applied field of the Policy by types of instruments

The current Policy is applicable in regard to all types of financial instrument, in reference with which IB provides investment services and activities under **Art.6,(2) and Art.3 from MFIs**, according to the applied field of the executed activity.

VII. Places of execution

1. IB executes the clients' orders at one of the following places of execution:

- Regulated market;
- Multilateral trading system (MTS);
- Organized trading system (OTS);
- Systematic participant;
- Market-maker;
- Other provider of liquidity or subject, that executes in third country function, similar to the functions executed by any of the subjects above.

2. IB can execute clients' orders outside the places of execution or outside the places for trade, and in these cases informs in particular its clients about this option and receives their consent before stepping into execution of the orders.

3. When IB suggests to its clients to choose a place of execution, is provided specific, clear and not misleading information, so that the client doesn't choose one place of execution over another, only based on the price policy, applied by the Broker.

4. At the moment of composing the current Policy, Varchev Finance executes its clients' orders at the following places of executions , that provide the investment broker to accomplish the best execution of the clients' orders and to get the best possible result for the client:

4.1. Stocks, shares of companies for communal investment, exchange-traded funds (ETF), indexes, debt securities (bonds and government securities) allowed to trade on regulated market in Bulgaria:

- “Bulgarian Stock Exchange – Sofia” JSC - executes the orders directly on the markets, organized by "BSE - Sofia" JSC, according the Rules of the activity of "BSE - Sofia" JSC.
- Outside of the place for trade (Over-the-counter market) - directly as the opposite side is other investment broker, or client of Varchev Finance, or directly with Varchev Finance, acting for its own account, in its own discretion and on condition that the client is informed in advance and gave an explicit content for this, and will be accomplished the best execution for the client.
- Through multilateral trading system (MTS) - indirectly, as Varchev Finance submits the order of execution from its contracting parties, that directly or through a broker are members of such a system. When the financial instrument, that the specific client's order is about, is traded simultaneously on regulated market and multilateral trading system, and there's an absence of explicit directions from the client about the place of execution, Varchev finance will define it according the current Policy.

With execution of orders from an unprofessional client or professional client the best execution is defined by the price and expenses for the execution. Varchev Finance considers the total amount, that the client will receive or pay, that includes the price of the financial instrument and all expenses, related with the execution of clients order, including fees for place of execution, fees for clearing and settlement, as well as other fees and remunerations, payable to third parties, related with execution of the order. The costs of execution of "BSE - Sofia" JSC are shown in the Tariff of Varchev Finance.

The possibility of execution is appraised considering the nature of the order - size, validity, price and existence of enough liquidity. In the sense of the current article "enough liquidity" means the existence of such demand, or supply (depending on the nature of the order) of the specific financial instrument, the client's order is about, by which the respective order can be immediately executed, and according the appraisal of Varchev Finance the eventual execution wouldn't lead to deformation of the demand, or respectively the supply.

When evaluating the place of execution is considered the speed of execution, the possibility of settlement and other aspects of the deal like for example the accomplished supervision over the trade, as far as they matter to accomplishing the best possible result for the client.

Financial instruments allowed to trade on "BSE - Sofia" JSC are traded by their real value (not using a margin). The sides of the deal acquire all rights and obligations for the financial instruments (property and non-property). The one who acquires the financial instruments is obligated to pay the full price of the financial instruments with the included in the price of the deal fees and commissions for "BSE - Sofia" JSC and Varchev Finance, according the Tariff of Varchev Finance. The one who transfers the financial instruments has a right to get the full value of the financial instruments, object of the deal, reduced with the due fees and commissions to "BSE - Sofia" JSC and Varchev Finance, according the Tariff of Varchev Finance. Transferring of the financial instruments is done by depository institution - Central depository with a settlement that is with a date two days after the date of signing the deal on the market.

4.2. Contracts for over-the-counter derivatives - contracts for difference (CFD) - CFD on stocks, CFD on commodities, CFD on currencies, CFD on indices and other derivative instruments.

Regarding the trade of these financial instruments, traded on over-the-counter market, Varchev Finance executes orders by being a side in every deal and acts as a place of execution for all orders. The deal is signed directly between the client and Varchev Finance on an individual basis with previously negotiated conditions. The financial instruments, bought by the client through the platforms, provided by Varchev Finance are issued by Varchev Finance on the client's account in the respective platform. With opening positions in these instruments after explicit order of the client is looking for the best result from a deal on over-the-counter market. There's no alternative place of execution.

Varchev finance is obliged to implement the conditions of fair definition of prices of its products according the regulatory requirements and good practices. Depending on the strategy and policy of Varchev Finance, if there's restrictions by law or such enforced by

supervisory organs, it's not mandatory all products to be available for unprofessional clients.

VII. General rules of accepting and execution of clients' orders

1. According the ordinance of **Art. 87, (1) from MFIs**, IB executes immediately, fairly and clearly the accepted clients' orders, including by keeping the order of incoming of similar orders.

2. There's no uniting of clients' orders, except:

- unification of the orders won't be harmful for any of the clients, whose orders are being united;
- IB has explained to every client, whose order is being united, that unification could be unprofitable for the client referencing a specific order;
- IB adheres to the accepted procedures for dividing the orders, accepted by IB.

3. In case of sold by a customer limited order with subject securities, allowed to trade on a regulated market or traded on other place for trade, that order isn't executed immediately according the acting market conditions, IB must, except when the client expressly gives other orders, to ease the earliest possible execution of the given order, by announcing it publicly, by submitting the order of execution on regulated market or MTS, publishing it by provider of services for reporting information, established in a member country, so that the order can be executed easily as soon as the market conditions allow it. Exception from the above is possible only if the client expressly gives other instruction to the IB.

4. IB, in accordance to the requirements of the best execution, as soon as possible executes the orders of its clients, except when this will clearly be disadvantageous for the clients.

5. When there's a possibility the IB to execute the client's order outside of the place for trade, this happens only if the Broker has notified in advance the client and the latest has given an explicit consent about that. The consent could be principled or about specific deals.

6. In the cases of doing activities to accept and submit orders related to one or more financial instruments, including intermediation for signing deals with financial instruments, as well as execution of orders in favor of the clients, IB can sign deals with

acceptable versus parties, without having to adhere to the requirements of this Policy about the specific deals or the respective additional service, directly related with a deal.

7. In condition, that a technical malfunction arises, that obstructs the usage and appliance of all possible methods of ensuring to the client execution with the best conditions, IB executes the client's order with the best conditions possible at the moment.

8. If a client requires, IB has to prove, that it has executed the orders according the current policy.

VIII. Instructions for the client.

1. IB always executes its clients' orders in accordance with the instructions given from the client.

2. In the cases when a client requires his order to be executed under defined conditions, that are not in accordance to the principles of the best execution, the same has to point his desirable way of execution clearly and unambiguously, before the execution of the order. In this case IB explicitly warns the client, that all his special instructions could interfere with taking the necessary actions for accomplishing the best result when executing an order.

3. With specific instructions from the client, IB executes the order, following these instructions. For the part of client's instructions, that isn't enough detailed and for the components of execution, that are not explicitly defined by the client, are applicable the general principles of the current Policy.

IX. Execution when **managing a portfolio**

1. In the cases when managing a wallet, IB adheres to its obligation to act according the best interest of its clients and when it submits or sends orders for execution to other persons (subjects of execution) about decisions it has made about deals with financial instruments in favor of its clients.

2. IB undertakes all sufficient actions for accomplishing the best possible result for its clients, respecting the approximate importance of the factors in p.III via the criteria in p.IV.

3. IB is not obliged to undertake the provided measures, as it follows specific instructions from the client when placing an order or submitting order to other person for execution.

4. IB provides appropriate information to its clients about itself and the subjects chosen for execution.
5. When the IB chooses other subjects for execution, the same summarizes and announces publicly, yearly, for every range of financial instruments, the first five investment brokers by traded volumes, that it has submitted or placed clients' orders for execution during the last year, and information about the quality of the received execution. The information has to be in accordance with the information, published in accordance with the technical standards developed by **Art. 27, (10), "b" from Directive 2014/65/ EU**.
6. With a demand from a client IB provides information about the subjects, whose orders are being submitted or placed for execution.

X. Final provisions

1. Before beginning to provide services, including execution of clients' orders, IB provides its client, on a permanent bearer or on its webpage, on the condition that are respected the conditions of **Art. 3, (2) from Regulation (EU) 2017/565**, information about the current Policy.
2. The manager of the company, yearly, until January 31st, revises and evaluates the accordance of the Policy with the executed services and actions, and if there's a shortcoming or necessity of improvement of the rules for execution with the most favorable conditions for the client, he accepts changes and additions to it. Apart from this requirement, when in the practice are being detected inaccuracies, whose overcoming requires changes or additions to this Policy.
3. A revision of 2. is done with every essential change, that could affect on the availability of IB to constantly provide the best results for execution of clients' orders by using the places of execution, that are included in the policy of execution of orders.
4. With every change and update of the Policy, the IB notifies its clients, including and/if it publishes the updated version on its webpage. For clients that don't have permanent access to internet, the updated version will be provided on paper bearer.
5. The current Policy is accepted by "Varchev Finance" Ltd. with a decision from 23.02.2018 and revokes the Policy of execution client's orders in the best client's interest, accepted by the sole proprietor of the capital with a decision from 26.01.2012.