

CONFLICTS OF INTEREST POLICY

SEPTEMBER 2019

COMPLIANCE DEPARTMENT

Table of contents	Pages
1. Introduction	2
2. Definitions	3
3. General Principles.....	6
3.1. Purpose	6
3.2. Regulatory Framework.....	6
3.3. Identified Conflicts of Interest.....	6
3.4. Record-keeping and reporting	9
3.5. Investment and Ancillary Services	10
4. Procedures and measures adopted to manage Conflicts	10
4.1. Confidential information and Chinese walls	10
4.2. Separate supervision	11
4.3. Remuneration policy	11
4.4. Inappropriate influence	11
4.5. Segregation of function	11
4.6. Gifts, entertainment and inducements	12
4.7. Corruption and bribes	13
4.8. Independence	13
4.9. Personal account dealing policy	13
4.10. Watch List and Restricted list.....	13
4.11. Disclosure	14
4.12. Declining to act	15
4.13. Corporate Finance and Underwriting	15
4.14. Allocation Policy.....	16
ANNEX 1: "CONNECTED PERSONS"	20
ANNEX 2: INSIDE INFORMATION	21
ANNEX 3: LIST OF FINANCIAL INSTRUMENTS	24

1. INTRODUCTION

1.1 GPB Financial Services Ltd (“GPBFS” or “the Company”) is authorized by the Cyprus Securities & Exchange Commission (“CySEC”) to offer investment services under license 113/10.

1.2 Pursuant to the Markets in Financial Instruments Directive (Directive 2014/65/EU) (“MiFID II”) and Regulation 2014/600/EU (“MiFIR”), GPBFS is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, prevent (where possible), escalate, manage and/or disclose, as a “mean of last resort”, conflicts of interest as part of the Company’s commitment to treat its Clients fairly and act on their best interest at all times.

1.3 The Policy sets out the manner according to which the Company will:

- Identify situations where actual (or potential) conflicts of interest may arise and can potentially result in a threat against the best interests of the Client;
- Adopt adequate procedures, mechanisms and systems to identify and manage such conflicts of interest;
- Develop procedures and systems to proactively prevent potential damage from any case of conflicts of interest; and
- Monitor on an on-going basis the effectiveness of the controls and measures established around the identification, prevention and disclosure of conflicts of interest.

1.4 If you would like further details on the Conflicts of Interest Policy, please contact our Compliance Officer mchrysostomou@gpbfs.com.cy at Crystalserve Business Center, 65 Spyrou Kyprianou, 2nd floor, Mesa Geitonia, CY-4003, Limassol, Cyprus; Tel: +357 25 055000 Fax: +357 25 055101.

1.5 It is noted that for the purposes of this Policy, the terms person(s), employees / staff members and members of Board of Directors (“BoD”) shall be always accompanied with the terms persons with close links / relevant persons / connected persons (as defined in Annex 1: “Connected persons”) / person closely associated.

1.6 Obligation to manage Conflicts of Interest:

- Under MiFID II / MiFIR, the Company is required to establish, implement and maintain an effective Conflicts of Interest Policy set out in writing which is appropriate to the size, organization, nature, scale and complexity of the Company’s business.
- A Conflicts of Interest Policy must specify the procedures to be followed and measures to be adopted in order to manage those conflicts of interest which have been identified by the Company. The Company takes all necessary administrative and organizational measures and establishes the necessary procedures / arrangements in order to prevent the occurrence of conflicts of interest or

resolve any existing conflicts of interest between the Company's various stakeholders, or between the Company's employees or Clients themselves.

2. DEFINITIONS

Client - means any natural or legal person to whom GPBFS provides investment or ancillary services.

Close links - means a situation in which two or more natural or legal persons are linked by:

- participation in the form of ownership, direct or by way of control, of at least 20% of the voting rights or capital of an undertaking;
- control which means the relationship between a parent undertaking and a subsidiary, in all the cases referred to in section 148 of Company Law and Article 22 (1) and (2) of Directive 2013/34/EU, or a similar relationship between any natural or legal person (Person) and an undertaking, any subsidiary of a subsidiary undertaking also considered to be a subsidiary of the parent undertaking which is at the head of those undertakings;
- a situation in which two or more natural or legal persons are permanently linked to one and the same person by a control relationship.

Director - means a member of the Board of Directors.

Financial instrument – means those instruments specified in Section C of Annex I of MiFID II. For more details, refer to **Annex 3: "List of Financial Instruments"**.

Inside information – means, in accordance with MAR, information of a '*precise nature*', which has '*not been made public*', relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a '*significant effect*' on the prices of those financial instruments. For more details, refer to **Annex 2: "Inside Information"**.

Insider dealing – arises where a person possesses inside information and uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned, possessed the inside information, shall also be insider dealing.

Market manipulation – shall comprise the following activities:

- a. entering into a transaction, placing an order to trade or any other behavior which:
 - i. gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances; or
 - ii. secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level;

,unless the person entering into a transaction, placing an order to trade or engaging in any other behavior establishes that such transaction, order or behavior have been carried out for legitimate reasons, and conform with an accepted market practice;

- b. entering into a transaction, placing an order to trade or any other activity or behavior which affects or is likely to affect the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances, which employs a fictitious device or any other form of deception or contrivance;
- c. disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances or secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading;
- d. transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behavior which manipulates the calculation of a benchmark.

Members of the Board of Directors (BoD)– means the Executive Directors and, Non-Executive Directors.

Multilateral Trading Facility (MTF) - means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract, as described in MiFID II.

Organized Trading Facility (OTF) - means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract, as described in MiFID II.

Personal transaction - means a trade in Financial Instruments effected by or on behalf of a Relevant Person, where at least one of the following criteria are met:

- The Relevant Person is acting outside the scope of the activities he carries out in his professional capacity;
- The trade is carried out for the account of any of the following persons:
 - a) The Relevant Person
 - b) Any Related Person, or a person with whom he has Close links or is Person closely associated with

- c) A person whose relationship with the Relevant Person is such that the Relevant Person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

Person closely associated – means, in accordance with MAR:

- a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law;
- b) a dependent child, in accordance with national law;
- c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or
- d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (a), (b) or (c) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

Relevant person – means, in relation to the Company, any of the following persons:

- a member of the board of directors, partner or equivalent, manager or tied agent/appointed representative (where applicable) of the Company;
- a member of the board of directors, partner or equivalent, or manager of any tied agent/appointed representative (where applicable) of the Company;
- an employee of the Company or of a tied agent/appointed representative, as well as any other natural person whose services are placed at the disposal and under the control of the Company, or a tied agent/appointed representative of the Company who is involved in the provision by the Company of Investment Services or/and the performance of Investment Activities;
- a natural person who is directly involved in the provision of services to the Company or to its tied agent/appointed representative under an Outsourcing arrangement for the purpose of the provision by the Company of Investment Services or/and the performance of Investment Activities.

Suspicious transaction or order (STOR) – means a suspicious transaction or order where there are ‘reasonable grounds’ to suspect it might constitute market abuse, such as insider dealing or market manipulation.

Unlawful disclosure of inside information – arises where an employee possesses inside information and discloses that information to any other person, except where the disclosure is strictly made in the normal exercise of an employment, profession or duties (on a need-to-know basis), and the recipient of the inside information is under a duty of confidentiality (e.g. an employment contract or a nondisclosure agreement).

3. GENERAL PRINCIPLES

3.1. PURPOSE

GPBFS has adopted a conflicts of interest policy which:

- Identifies circumstances which may give rise to conflicts of interest including risks of material damage to Clients' interests; and
- Sets out mechanisms and systems to be adopted by GPBFS in managing these conflicts.

This document is not intended to cover all eventualities and all circumstances that may be encountered.

3.2. REGULATORY FRAMEWORK

The Policy has been prepared in accordance with the following laws, regulations, directives and guidelines:

- Law which provides for the provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and other related matters (L. 87(I)/2017)
- Regulation (EU) No 600/2014 of the European Parliament and of the Council, of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MIFIR);
- Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MIFID II);
- Other laws, directives and circulars issued by CySEC from time to time.

3.3. IDENTIFIED CONFLICTS OF INTEREST

3.3.1. GPBFS has identified the following main types of conflict of interest applicable to them, in relation to the different areas the Company operates in:

- Acting for own account when dealing with a Client;
- Conflicts in agency dealings;
- Conflicts in dealing in any capacity;
- Conflicts associated with holding confidential information;
- Conflicts in corporate finance and capital markets;
- Conflicts arising out of the group structure;
- Conflicts arising out of the charges for fees and commissions;

- Conflicts arising in relation to inducements; and
- Conflicts arising from personal account dealing.

3.3.2. Under MiFID II, a conflict of interest may arise, where there is a conflict:

- between the interests of the Company, certain persons connected to it or a member of the Company's group and the interests of a Client;
- between the interests of two or more of the Company's Clients, to each of whom the Company owes a duty, where the conflict of interest might damage or adversely affect either of their respective interests.
- between the Company's employees, or between the Company and its employees;
- between the Company and a member of its Board of Directors (BoD) or the Company and a member of its Senior Management;
- between the Company and its Clients as a result of the various activities and roles of the Company in its capacity as a lender, provider of investment and ancillary services as well as proprietary trader.

3.3.3. Examples of Conflicts of Interest may include:

3.3.3.1. Between the Company and its employees or between the Company's employees

- an employee simultaneously performs executive and controlling functions which might allow performing functions with the purpose of deriving a personal benefit;
- an employee's interest in the outcome of an activity or endeavor differs from the Company's interest;
- an employee simultaneously takes a position at the Company, at the Company's Client (when the Company provides its products or services) or at the Company's counterparty (when the Company purchases goods, works or services);
- an employee exceeds his / her functions as set out by his / her employment agreement with the purpose of deriving personal or any other benefit;
- an employee receives a financial or other significant benefit as a result of the employee's position at the Company that is inappropriate in nature.
- Interests of a certain employee that could impair his or her judgment or objectivity in carrying out his / her duties and responsibilities to the Company;
- an employee interferes with the due and timely performance by another employee of his/her functions with the purpose of deriving personal benefit.

- an employee promotes delivery of services which are no longer in the best interests of the Company with the purpose of deriving personal benefit.

3.3.3.2. Between the Company or its employees with the Company's Clients

- Interests of a certain Client are preferred to those of another Client with the purpose of deriving personal benefit by an employee;
- Interests of a certain employee are preferred to those of a Client with the purpose of deriving personal benefit by such employee;
- A monetary or non-monetary inducement is received from a person other than the Client in relation to a service provided to a Client;
- The Company wishing to make investment for its own account in financial instruments in which Clients/counterparties are also seeking to invest;
- The Company is trading for own account in an instrument which is issued by a Client;
- A conflict of interest may arise between the Company, an employee of the Company and a Client if the employee recommends or advises the Client to purchase products or services developed by the Company's shareholder, Gazprombank JSC ("the Bank") ('In-house products'), including recommending these ahead of products or services developed by third parties, because the impartiality of the Bank's advice or recommendation may be impaired by the desire on the part of the employee to generate higher revenues for the Bank.

3.3.4. According to the provisions of this Policy, for the purpose of identifying the types of conflict of interest that arise or may arise, in the course of providing a service, the existence of which may pose a material risk of damage to the interests of a Client, the Company is required to take into account whether the Company or a person:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- has a financial or other incentive to favor the interest of a Client or group of Clients over the interests of another Client;
- carries on the same business as the Client;
- receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

- has a financial or other incentive to favor the sale of a particular product or service to the Client which is not in the best interest of the Client;
- engages or attempts to engage in insider dealing and misuse of inside information, recommends that another person engages in insider dealing or induces another person to engage in insider dealing and market manipulation with the purpose of deriving personal benefit or benefit of the Company or a Client/ third party.

3.3.5. In addition to the above-mentioned types of conflicts of interest, a non-exhaustive list of the types of situations where conflicts may arise, including conflicts in relation to the provision of investment and ancillary services the Company may provide and the Company's employees need to be aware of, are listed below:

- Extension of credit to directors, members of the BoD, employees which could jeopardize the financial status or otherwise the confidence in the Company's operations;
- Personal business interests and private investments of heads of the departments, members of the BoD, other employees;
- Provision to the Company of goods and services by heads of the departments, members of the BoD, other employees;
- Where the Company provides or may provide different services to the same Client;
- Whereas a result of excessive or lavish gifts or entertainment provided to an employee, such employee's judgment is improperly influenced, or the employee engages in improper conduct;

3.4. RECORD-KEEPING AND REPORTING

The Compliance Officer maintains and regularly updates a record of the kinds of investment or ancillary service or investment activity carried out by or on behalf of the Company, in which a conflict of interest entailing a material risk of damage to the interests of one or more Clients has arisen or, in the case of an ongoing service or activity, may arise.

The Company is committed to full transparency in its activities and in doing so, logs all relevant failures in the processes and perceived / potential / actual Conflicts of Interest, are recorded on the Company's Conflicts of Interest Register.

It is the responsibility of the Compliance Officer to prepare and distribute to the Company's Senior Management a written report referring to the record of services or activities giving rise to detrimental conflicts of interest, on an ad-hoc basis and at least annually. The Conflicts of Interest Register is also maintained by the Compliance Officer.

3.5. INVESTMENT AND ANCILLARY SERVICES

- 3.5.1. Conflicts of interest might arise as a result of the offering of investment and ancillary services to Clients by the Company and acting, in parallel, as proprietary trader. The Company employs several measures to mitigate any conflicts of interest that could arise from the provision of the investment and ancillary services for which it has a license from CySEC to provide, as these are shown on the Company's website (<https://www.gpbfs.com.cy/services/>)

4. PROCEDURES AND MEASURES ADOPTED TO MANAGE CONFLICTS

4.1. CONFIDENTIAL INFORMATION AND CHINESE WALLS

- 4.1.1. GPBFS' employees are under a general duty to respect the confidentiality of Client information and not pass it on or use it inappropriately. In certain particularly sensitive areas, GPBFS has adopted more specific procedures (commonly known as "Chinese walls") to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more Clients.
- 4.1.2. A Chinese Wall is an arrangement whereby information - price sensitive, commercially sensitive, or other confidential information (such as those relating to strategy or trade secrets or covered by a confidentiality undertaking) that may cause a conflict of interest. This is achieved by:
- A physical barrier restricting the flow of information between employees, which is monitored and enforced;
 - Restricted access to documents and information, including electronic documents;
 - Where documents and papers relating to conflict of interest needs to be destroyed, they must be shredded and properly disposed of;
 - shall conflict of interests need to be disclosed to parties outside the Chinese Wall, prior approval needs to be sought from the Compliance Officer and the relevant parties must be informed as to the sensitive nature of the information given to them;
 - Prohibition and restriction of certain communications between employees;
 - Acknowledgements by employees of receipt of policies of conflicts of interest;
 - Separate management and supervision of employees on different sides of the Chinese Wall.
- 4.1.3. GPBFS has implemented Chinese walls around the following business areas:
- Reception and transmission and execution of Client orders;
 - Dealing on Own Account;

- Underwriting financial instruments and/or placing financial instruments on a firm commitment basis;
- Safekeeping and administration of financial instruments, including custodianship and related services;
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings.

4.1.4. Persons located within a Chinese wall are prohibited from inappropriately passing information to those outside the wall, except with the approval of GPBFS's Compliance Officer where it is appropriate to the service being provided to the Client. Persons located outside a Chinese wall are not permitted access to information held within the Chinese wall, other than in exceptional cases.

4.2. SEPARATE SUPERVISION

4.2.1. Where appropriate, persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company, may be subject to separate supervision.

4.3. REMUNERATION POLICY

4.3.1. The Company recognises that remuneration is a factor that may influence the conduct of its employees. In this respect, the Company has established a Remuneration Policy and procedures which set out appropriate governance to prevent remuneration structures which may incentivise an employee to act contrary to his/her responsibilities, regulatory requirements, or the Company's code of business conduct and ethics.

4.3.2. GPBFS's Remuneration Policy seeks to ensure the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

4.4. INAPPROPRIATE INFLUENCE

4.4.1. GPBFS has adopted a general principle that no employee may exert or threaten to exert inappropriate influence over another employee whether that other person works within the same business area.

4.5. SEGREGATION OF FUNCTION

4.5.1. Where appropriate, GPBFS will take steps to prevent and control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest. In such a case, the Company will segregate the duties that could give rise to conflicts if carried out by the same individual. Such instances will be recorded in the conflicts of interest register maintained by the Compliance Officer and will indicate the employee, position, services which give rise to the conflict, duration of the segregation of functions etc.

4.6. GIFTS, ENTERTAINMENT AND INDUCEMENTS

- 4.6.1. A conflict of interest may arise where an employee receives or offers a gift or entertainment that constitutes an inappropriate incentive. It is the Company's policy not to permit the offering or acceptance of gifts or entertainment by an employee unless it is reasonable, proportionate and for a legitimate business purpose.
- 4.6.2. Where applicable, employees must obtain the Compliance Officer's pre-approval for gifts and entertainment, whereas an approval will not be granted in case such gifts and entertainment is seen to give rise to an actual or potential conflict of interest, or it is inappropriate in nature or otherwise breaches any of the Company's policies / procedures.
- 4.6.3. Employees are prohibited from offering, giving, soliciting or accepting an inducement, gift or benefit if it is likely to materially conflict with any duty that the employee or GPBFS owe to its Clients. Relevant inducements include inducements received by GPBFS or its employees from Clients and third parties as well as inducements given by GPBFS or its employees to other GPBFS's employees, Clients and third parties.
- 4.6.4. In case where the Company, decides to proceed with obtaining/receiving investment research from a third party, it shall be ensured that the provision of research by third parties to the Company shall not be regarded as an inducement if it is received in return for either of the following:
- a) direct payments by the Company out of its own resources;
 - b) payments from a separate research payment account controlled by the Company, provided the following conditions relating to the operation of the account are met:
 - the research payment account is funded by a specific research charge to the Client;
 - as part of establishing a research payment account and agreeing the research charge with their Clients, Companies set and regularly assess a research budget as an internal administrative measure;
 - the Company is held responsible for the research payment account;
 - the Compliance Officer of the Company will regularly assess the quality of the research purchased based on robust quality criteria and its ability to contribute to better investment decisions.
 - c) Regarding point (b) above, where a Company makes use of the research payment account, it shall provide the following information to Clients:
 - before the provision of an investment service to Clients, information about the budgeted amount for research and the amount of the estimated research charge for each of the Clients;
 - annual information on the total costs that each of the Client has incurred for third party research.
- 4.6.5. Any commissions, fees or monetary or non-monetary benefits must comply with the inducements requirements as laid down in MiFID II (Article 24(9)), i.e. the payment or benefit:

- should be designed to enhance the quality of the relevant service to the Client; and
- should not impair compliance with GPBFS's duty to act honestly, fairly and professionally in accordance with the best interest of its Clients.

These are documented in this Policy and reflected in the inducements arrangements.

- 4.6.6. Any inducement over EURO 200 or equivalent, which has prior been approved by the Compliance Officer shall be registered in the Register of Gifts and Inducements maintained by the latter.

4.7. CORRUPTION AND BRIBES

- 4.7.1. Soliciting, offering, paying or accepting bribes are not acceptable behaviors by the Company. Company's employees are not allowed to solicit, accept, offer, promise or pay a bribe, either directly or through a third party.

4.8. INDEPENDENCE

- 4.8.1. The Company ensures that its employees are carrying on investment business in such a way so as to act in the best interests of the Client at all times and to ignore any conflicting interest of GPBFS or of the relevant employees to the extent that the same would conflict with such duty to the Client.

4.9. PERSONAL ACCOUNT DEALING POLICY

- 4.9.1. All employees of GPBFS are subject to a personal account dealing policy, which imposes certain restrictions, approval procedures and reporting requirements in relation to personal account dealing. The personal account dealing policy requires employees to disclose all personal dealing and, in some cases, receive prior approval for personal account transactions. Employees are required to avoid any personal account transactions that may place them in conflict with the interests of either Clients or GPBFS.

4.10. WATCH LIST AND RESTRICTED LIST

4.10.1. Watch List

GPBFS maintains a Watch List, which enables the Compliance and Risk Management functions to closely scrutinize and monitor the business activities and cancel or amend any orders concerning a financial instrument of companies / issuers on the Watch List. Regardless of whether a Financial Instrument is placed on the Watch List, the Chinese Walls procedures must be strictly observed until either the "inside" information has been disclosed publicly by the Company or broadly disseminated.

4.10.2. Restricted List

GPBFS also maintains a Restricted List. Unlike the Watch List, the Restricted List provides the mechanism to communicate and apply any restrictions that may relate to certain business activities.

Except where GPBFS receives an unsolicited agency order in securities on the restricted list, no member of staff may, either for the Company's account, or their own personal account deal in any security included on the restricted list.

The Restricted list includes varying levels of limitations based on legal, regulatory and business reasons. It may include all an issuer's outstanding securities or certain classes of such securities. The Company places issuers under restriction from time to time for various reasons, for example:

- A material transaction in which the Company is involved in has been generally disclosed and the Company is in possession of, or may obtain, material (i.e. IPO, mergers, bankruptcies, legal filings, projected earnings etc.), non-public information concerning the securities issuer (thus putting it in the position of someone capable of insider trading); or
- The Company is engaged with the issuer on non-public activity, such as underwriting activities or other distribution of the issuer's securities.

Restricted list is maintained by the Compliance Officer. Any person may request the inclusion of an issuer or security in the restricted list where they consider it is appropriate that dealings in the relevant security would be inappropriate in the light of an assignment taken on by GPB FS. The final decision rests with the Compliance Officer. The restricted list is circulated to all employees on a regular basis.

4.11. DISCLOSURE

- 4.11.1. GPB shall ensure that disclosure of conflicts to Clients is used only as “means of a last resort”, where the organizational or administrative arrangements made by GPBFS to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to Client interests will be prevented, GPBFS will clearly disclose the general nature and/or sources of conflicts of interest to the Client before undertaking business on its behalf.
- 4.11.2. The disclosure to Clients shall be made in a durable medium and include sufficient detail and a specific description of the conflicts of interest that arise in the provision of investment and/or ancillary services, taking into account the nature of the Client to whom the disclosure is being made. The description shall explain the general nature and sources of conflicts of interest, as well as the risks to the Client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks. The disclosure shall also clearly state that the organizational or administrative arrangements made by GPBFS to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to Client interests will be prevented. This is to enable the Client to take an informed decision with respect to the service in the context of which the conflict of interest arises.
- 4.11.3. As mentioned above, in case of a disclosure where the existing organizational or administrative arrangement are not considered enough to manage and mitigate any conflict, the notification / disclosure shall also include the steps taken by the Company to mitigate those risks before undertaking business on its behalf. Such mitigation procedures may include:
- Full internal investigation within the Company by the Compliance Officer of the conflicts arisen, as well as any proposal of suggested remedial or disciplinary actions;
 - Four-eye principle supervision by the Company's executive management, and/or Board of Directors, if considered necessary; or
 - Investigation by an external independent body (i.e. internal/external auditors).

- 4.11.4. Over-reliance on disclosure of conflicts of interest are considered a deficiency under MiFID II and appropriate controls and measures are followed to identify the conflicts prior to disclosure. Measures in place include of information barriers or physical separation of certain departments.

Specifically, in relation to conflicts of interest, the rules on underwriting and placing require that: GPBFS shall identify all potential conflicts of interest arising from other activities of the Company, or group, and implement appropriate management procedure.

In cases where the Company cannot manage a conflict of interest by way of implementing appropriate procedures, the Company shall not engage in the operation. While GPBFS provides execution services as well as carrying out underwriting and placing activities, the Company shall ensure adequate controls are in place to manage any potential conflicts of interest between these activities and between their different Clients receiving those services.

4.12. DECLINING TO ACT

- 4.12.1. GPBFS may decline to act where it believes that there is no other practicable way of ensuring that the Client would be treated fairly.

4.13. CORPORATE FINANCE AND UNDERWRITING

- 4.13.1. GPBFS currently outsources the investment services of Underwriting and Services Relating to Underwriting, as well as the ancillary service of Corporate Finance, to Gazprombank JSC (the “Bank”).
- 4.13.2. The services of Underwriting and Corporate Finance are outsourced to the relevant departments of the Bank which deal only with the specific services either on the equity or the fixed income products. The departments have different heads and different employees.
- 4.13.3. The employees of the Underwriting and Corporate Finance departments guarantee the confidentiality of non-public information, concerning the specific issue, distribution or listing and the prevention of their use by other persons or departments of the Company without a special permission. In particular, it is prohibited for the employees of the said department to provide any information concerning the underwriting or disposal of financial instruments, in which the Company participates as Underwriter or Advisor, to any other departments of the Company.
- 4.13.4. When the Company provides advice on corporate finance strategy and the service of underwriting or placing of financial instruments, shall, before accepting a mandate to manage the offering, have arrangements in place to inform the issuer Client of the following:
- the various financing alternatives available with the Company, and an indication of the amount of transaction fees associated with each alternative (i.e. loans or extension of credit facilities shall be included if appropriate and offered by the Company);
 - the timing and the process with regards to the corporate finance advice on pricing or placing of the offer;

- details of the targeted investors, to whom the Company intends to offer the financial instruments (i.e. at least by per type of client, for example long-term or short-term investors, size, and nature of investor (e.g. pension funds, sovereign wealth funds, hedge funds and private clients), and country);
- Company's arrangements to prevent or manage conflicts of interest that may arise where the Company places the relevant financial instruments with its investment Clients or with its own proprietary book.

4.13.5. The following information/relevant documentation is relevant in relation to Gazprombank JSC, as the group entity to whom the above services are being outsourced:

- Information about how the recommendation as to the price of the offering and the timings involved is determined.
- Information send to the issuer Client about any hedging or stabilization strategies the Company intends to undertake with respect to the offering, including how these strategies may impact the issuer Clients' interests.
- Evidence confirming that during the offering process all reasonable steps were taken, in order to keep the issuer Client informed about developments with respect to the pricing of the issue.
- When placing financial instruments, the Company shall establish, implement and maintain effective arrangements to prevent recommendations on placing from being inappropriately influenced by any existing or future relationships.

4.14. ALLOCATION POLICY

4.14.1. The policy, which is not currently held as a separate document, ensures that allocations made as part of its placing process do not result in the Company's interests being placed ahead of the interests of the issuer Client, by setting out the process for developing allocation recommendations. The policy aid in preventing:

- Conflicts of interests that arise where persons responsible for providing services to its Clients are directly involved in decisions about recommendations to the issuer Client on allocation,
- Recommendations on placing from being inappropriately influenced by any existing or future relationships.

4.14.2. The allocation process and applicable criteria the Company prioritizes as part of its allocation policy, are as follows:

Investor characteristics:

1. Perceived intentions of the investor as a long-term and "Buy and Hold" holder (such as Asset Managers/ Insurance Companies/ Pension Funds/ Central Banks), including indications from past conduct;

2. The size of an investor's order (both absolutely and relative to the investor's portfolio). Small index or other "buy and hold" orders may get a higher percentage allocation or a full fill;
3. Issuer requirements or preferences with respect to investor profile or geographical distribution;
4. Investors who participated in the roadshow meetings or calls;
5. Investors who have supported similar transactions of this sector / geography.

Investor behaviour:

1. Price leadership from an early stage of book building & timing into the book - among a similar type of investor, a higher allocation ratio to investors that contributed to the momentum of the book with leadership and early involvement;
2. Investors who the bookrunners reasonably expect to be longer term holders of the instruments;
3. Visibility on the nature of the end investor (e.g. for Private Bank order);
4. Investors that support a broad mix of investors to aid the establishment of an orderly secondary market;
5. Any conditions to commitment e.g. preferred tranches, currencies, minimum transaction amount, structural requirements etc;
6. Any relevant precedent set by way of previous experience with the investor.

4.14.3. During the placing process, conflicts of interest may arise between the Company's own interests and the interests of the issuer Client or the Company's investment Clients. For example:

- in cases where there is more demand for shares than supply in an offering, it may be in the interests of the Company to allocate securities to its own proprietary trading group, before allocating securities to its investment Clients;
- the Company may pursue its own interests in how it facilitates the distribution of the offering. For example, the Company may favor investment Clients that are likely to conduct future trading business with the Company over other investment Clients, or by allotting securities to existing investment Clients to increase the chance of securing future investment mandates;
- the Company may favor its own interests over those of its investment Clients by being selective or unclear in the information it provides about the issue, for example to control the demand for a placing to the benefit of the Company.
- an allocation made to incentivize the payment of a large amount of fees for unrelated services provided by the Company ("laddering"). For example, very high rates of commissions paid to the Company by an investment Client, or an investment Client providing very high volumes of business at normal levels of commission as compensation for receiving an allocation of the issue;

- an allocation made to a Client's senior executive or a corporate officer of an existing or potential issuer Client, in return for corporate finance business awarded to the Company ("spinning"); and
- an allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from the Company by an investment Client.

4.14.4. It is also important that the issuer Client understands the process the Company takes when determining the placing and the timings involved. GPBFS should invite the issuer Client to participate in the placing process so that its interests can be considered. One way to do this could be for the Company to obtain the issuer Client's agreement to its proposed allocation policy for the transaction.

4.14.5. The policy sets out the process for developing allocation recommendations and is provided to the issuer Client before agreeing to undertake any placing services and evidence of this should be maintained in the Company's records. The policy shall set out relevant information that is available at that stage, about the proposed allocation methodology for the issue.

4.14.6. GPBFS shall involve the issuer Client in discussions about the placing process in order for the Company to be able to understand and take into account the Client's interests and objectives. The Company shall obtain the issuer Client's agreement to its proposed allocation per type of Client for the transaction in accordance with the allocation policy and evidence of this should be maintained in the Company's records.

4.14.7. In addition to the above, GPBFS should have a process to record allocation decisions at material stages in the allocation process. In particular, the final allocation made to each investment Client shall be clearly justified and recorded. The complete audit trail of all steps in the underwriting and placing process should be made available upon CySEC's request.

4.14.8. Records of allocations decisions should include:

- a) The overarching allocation policy of GPBFS in force at the time of the commencement of the service;
- b) The Company's initial discussion with the issuer Client and the agreed proposed allocation per type of investment Client;
- c) The content and timing of allocation requests received from each investment Client with an indication of their type;
- d) Where relevant, any further discussion and instructions or preferences provided by the issuer Client, or GPBFS itself, on the allocation process, including any emerging in light of allocation requests received from investment Clients;
- e) The final allocations registered in each individual investment Client's account.

4.14.9. GPBFS shall provide a justification for the final allocation made to each investment Client. For this purpose, a justification should explicitly provide detailed reasoning behind the final allocation unless the Company can evidence that such detail has been provided through records maintained at stages (a-e) in the allocation process above. Particular care should be given to justifications to any investment Clients that appear in either of the following two rankings of the final allocation:



- investors that receive a final allocation in the top 20% of the total allocation ranked by investor in descending order of size of allocation to each investor; or
- investors that receive a final allocation in the top 20% of the total allocation ranked by investor in descending order of the percentage allocation granted to each investor divided by the percentage bid by each investor (i.e. the relative extent to which each investor has their order reduced in the final allocation).

ANNEX 1: “CONNECTED PERSONS”

In accordance with the “Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms” a “group of connected persons” means:

- a) Two or more natural or legal persons who, unless it is shown otherwise, constitute a single risk because one of them, directly or indirectly, has control over the other or others; or
- b) Two or more natural or legal persons between whom there is no relationship of control as described in point (a) but who are to be regarded as constituting a single risk because they are so interconnected that, if one of them were to experience financial problems, in particular funding or repayment difficulties, the other or all of the others would also be likely to encounter funding or repayment difficulties.

The interests of the persons listed below are connected in such a manner that they are considered as one person and constitute a single risk. These cases should not be considered as exhaustive:

- a) An individual borrower / director of GPBFS and/or his/her spouse and minors,
- b) An individual borrower / director of GPBFS and a partnership or joint venture or other business association or enterprise in which the individual borrower / director of GPBFS or his/her spouse and minors is a partner or a member or director or has control in any other way,
- c) An individual borrower / director of GPBFS and a company in which the individual borrower / director of GPBFS is a manager or has a material interest either on his/her own or together with his/her spouse and minors or together with any partners,
- d) A borrower being a legal entity and its holding company, their subsidiaries or fellow subsidiaries or associated companies or other entities, which have a material interest in the said borrower.

ANNEX 2: INSIDE INFORMATION

According to Market Abuse Regulation 596/2014 (“MAR”), inside information means information which:

- i. relates, directly or indirectly, to particular instruments or issuers;
 - ii. is of precise nature;
 - iii. has not been made public; and
 - iv. if it were made public, would be likely to have a significant effect of those instruments.
- Information is of a **precise nature** when two tests are met:
- a. It relates to (i) existing facts or circumstances or (ii) facts or circumstances that may be reasonably expected to occur, and
 - b. The information is specific enough to draw a conclusion about the possible effect of those facts or circumstances on the price of the issuer’s publicly traded financial instruments.

➤ **Not made public**

Information is viewed as non-public if it has not been widely disseminated to the public through a press release. A reasonable period of time must elapse after dissemination for the public to digest the information. For the purpose of this policy, the Company considers one business day after the company’s widespread release of information a reasonable time, unless indicated otherwise.

➤ **Significant effect**

Information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments of the issuer if it were made public. This is considered to be the case if a reasonable investor would be likely to use that information as part of the basis of his or her investment decision (*‘reasonable investor test’*).

➤ **Public disclosure of inside information**

The Company shall inform the public as soon as possible of inside information which directly concerns the Company and may, on its own responsibility, delay disclosure to the public of inside information provided that the following conditions are met:

- i. immediate disclosure is likely to prejudice the legitimate interests of the Company;
- ii. delay of disclosure is not likely to mislead the public; and
- iii. the Company is able to ensure the confidentiality of that information.

Examples of inside information

Although the importance of an individual event or set of circumstances can only be appreciated on a case-by-case basis, information about the following events or sets of circumstances may be deemed to represent inside information in, but not limited to, the following situations:

A. Accounting data

- 1) Processing/approval of accounting data for the period, including pre-closing accounting data.
- 2) Release by the auditing firm of a qualified or adverse opinion or a statement that it is not possible to express an opinion on the financial statements for the period.
- 3) Significant changes in the value of assets.

B. Forecast data

- 1) Processing/approval of forecast data or quantitative objectives for future operations.

C. Transactions involving equity capital and bonds. Dividends

- 1) Transactions involving treasury shares or other listed financial instruments.
- 2) Stock-based compensation plans or other financial instruments for management or employees.
- 3) Capital increases and/or bond issues (including convertibles) for funding purposes. Other capital transactions or warrant issues.
- 4) Changes in the rights attached to listed financial instruments.
- 5) Distribution of dividends or changes in dividend policy.

D. Strategic transactions

- 1) Purchase or sale of significant assets, including transactions completed via the contribution of assets. This includes the purchase or sale of equity investments, other assets or lines of business.
- 2) Entry into, or withdrawal from, a business sector.

E. Special corporate transactions

- 1) Restructuring and re-organization with effect on the balance sheet, income statement or financial position.
- 2) Mergers or spin-offs.

F. Changes in senior decision-makers, owners of capital, auditing firm

- 1) Appointment or resignation of members of the administrative or control bodies, or changes in the executives with strategic responsibilities.
- 2) Changes in the control structure or in any agreements.
- 3) Resignation of the auditing firm. Replacement of the auditing firm.

G. Agreements, transactions other significant events

- 1) Conclusion, amendment or termination of significant contracts or agreements. Significant orders, cancellations or change orders received from customers. Technological innovations. Completion of processes relating to intangible assets, such as inventions, patents or licenses.
- 2) Significant transactions, especially if atypical or unusual, arranged with related parties.
- 3) Damage to or deterioration of significant assets.
- 4) Insolvency of significant debtors or suppliers with which a contract of particularly significant value has been signed.
- 5) Revocation of facilities (lines of credit) by financial institutions.
- 6) Opening or settlement of particularly significant legal disputes.
- 7) Situations justifying a winding-up or liquidation.
- 8) Applications, requests for admission to or the issue of measures for the implementation of court-supervised procedures.

ANNEX 3: LIST OF FINANCIAL INSTRUMENTS

GPB-Financial Services Limited is a Cyprus-based investment firm, regulated by the Cyprus Securities and Exchange Commission under license number 113/10. The license permits the following core and noncore investment services:

Core Investment Services

- Reception and transmission of orders related to one or more financial instruments
- Execution of orders on behalf of clients
- Dealing on own account
- Underwriting financial instruments and/or placing financial instruments on a firm commitment basis
- Placing financial instruments on a non-firm commitment basis

Non Core Investment Services

- Safekeeping and administration of financial instruments, including custodianship and related services
- Granting credits or loans to one or more financial instruments where the firm granting the credit or loan is involved in the transaction
- Advice to undertakings on capital structure, industrial strategy and related matters and advice, and services relating to mergers and the purchase of undertakings
- Foreign Exchange services when related to the provision of investment services
- Services related to underwriting

Financial instruments according to Section C of Annex I of MiFID II

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of a default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities, that can be physically settled provided that they are traded on a regulated market, a MTF, or and OTF, except for wholesale energy products traded on an OTF that must be physically settled;

7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in paragraph 6 of this Part and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF or an MTF;
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC.