

**Information about TREATING OF CONFLICT OF INTERESTS, part of the RULES FOR INTERNAL ORGANIZATION OF INVESTMENT INTERMEDIARY KBC SECURITIES N.V. – BULGARIA BRANCH**

**IV. TREATING OF CONFLICT OF INTERESTS**

Art.22. the purpose of the present Rules is establishment, prevention and treating of conflict of interests, which could arise in the process of performing the Branch's activity.

Art.23. (1) Conflict of interests is situation, which arises when with the rendering of investment and other services by the Branch and cripple client's interests.

(2) In order to determine if there is a situation under par.1, the Bulgaria Branch reports if the Branch itself, a person, working on contract for it or a person, directly or indirectly connected with it through control, falls into one of the following hypothesis as a result of rendering investment and/or additional services or in some other way like:

1. has the possibility to realize financial profit or to prevent financial loss for the client's account;
2. has interest from the result of the rendered service to the client or from the executed deal for the client's account, which is different from the client's interest from this result;
3. has financial or other motivation to prefer the client's interest or group of clients to the interest of another client;
4. performs same activity as the client;
5. receives or will receive from a person, different from the client, benefits in connection with a service, rendered to the client, in the form of cash, goods or services in violation of art.14 from Ordinance 38 or different from the standard remuneration or commission for this service.

Art.24.The Bulgaria Branch enters the requirements in its activity for prevention the arising of conflict of interests, as follows:

a) the Branch does not accept orders for execution and does not take decisions for closing deals for house account or for the account of the client, in connection with the management of the client's portfolio, if in the specific case can be made reasonable conclusion, that they are creating conditions for arising of one of the following situations, indicated in art.23, par.2. In case that the Branch has accepted for execution order on the previous sentence or has taken the decision for closing deals for own account or for client's account, which portfolio is being managed by the Branch, is applicable the rule of sub-clause f) hereinafter.

b) The remunerations and the additional payments in favor of the employees of the Branch cannot be defined in a way, which leads to a conflict of interests, under art.23, par.2.

c) The Branch applies measures for prevention of misuse of internal information in the sense of Law on Measures against Market Abuse with Financial Instruments by its clients.

d) All employees of the Branch are obliged to keep the trade secret of the client of the Branch, not to divulge and not to use for own or other person's benefit the information, being a trade secret of the client, in the sense of art. 35 from the MiFIA.

e) The Branch performs additional control to the employees, including through requirement of information for related to them persons and executed additional activities, outside the Branch.

f) At the presence of conflict of interests, where there is a risk of affecting the interest of the clients of the Branch, the later has no right to render services of the client, without submitting information for the sources and the nature of the conflict situation, as well as the measures which will be taken, in order to be prevented the damaging of the interest of the clients.

g) The Branch introduces in its activity the so called "Chinese walls" – where organizational and technical barriers are being created between the different departments in the Branch, through which the flow of the internal information, to which these departments have access, is limited to a degree necessary for performance of the duties.

h) In case, that the conflict of interests cannot be prevailed through the established organizational and administrative measures, priorities have the interests of the client of the Branch. The Bulgaria Branch undertakes the necessary actions for the prevention of the damage of the client's interests, including through avoidance of the planned deal.

i) The Branch accepts and applies the rules for personal deals of the managers and other persons, working on contract for it.

j) In regards with the financial analyzers and persons, taken place in the preparation of investment investigations are applicable under art.42 from Ordinance 38.