

**POLICY FOR EXECUTION OF CLIENT ORDERS FOR TRANSACTIONS  
WITH FINANCIAL INSTRUMENTS**

## **I. GENERAL PROVISIONS. APPLICABLE FIELD**

### **1. General terms**

1.1 The BenchMark Finance policy for execution of orders for trading with financial instruments has been prepared in accordance with Art. 84 and Art. 86 of the Financial Instruments Markets Act and Chapter III, Sections 5 and 6 of Commission Delegated Regulation 2017/565 supplementing Directive 2014/65 / EU of the European Parliament and of the Council regarding the organisational requirements and conditions under which the investment intermediaries operate and regarding the giving of definitions for the purposes of that Directive.

1.2 This Policy sets out the rules and procedures that BenchMark Finance and its employees follow to ensure the best execution for client orders, and to ensure that BenchMark Finance takes all reasonable steps to obtain the best possible result for the client.

1.3 By applying this policy, BenchMark Finance guarantees that, with respect to the investment services and activities performed at the expense of clients, BenchMark Finance will act honestly, fairly and as a professional in accordance with the best interest of its clients, following the good commercial practice.

1.4 With this document BenchMark Finance provides its clients with the relevant statutory mandatory information under Financial Instruments Markets Act and Delegated Regulation (EU) 2017/565 on its policy for execution of client orders. BenchMark Finance may not execute orders at the expense of a client and provide services to him if the client has not read this Policy in advance and has not given his prior consent to it.

1.5 BenchMark Finance provides the client with the Policy, together with the other documents, which he must read before signing a contract. By signing a contract, the client declares that he has read and accepts the application of this Policy. The Policy itself is provided and is constantly available to all clients and potential clients on the website of the investment broker [www.benchmark.bg](http://www.benchmark.bg).

1.6 BenchMark Finance notifies its clients of any change in this Policy through a notice published on its website. It is considered that the clients have given their prior consent to the current policy, as well as subsequent changes and additions to it, if they do not express to BenchMark Finance their explicit disagreement with the policy, respectively with the changes made within it, within 3 days from its publication, respectively from the publication of the changes in it, on the website of the investment intermediary [www.benchmark.bg](http://www.benchmark.bg).

1.7 For the purposes of this Policy, "**venue**" means a regulated market, a Multilateral trading facility, an Organized trading facility, a systematic participant, a market maker, another liquidity provider or entities performing functions in a third country that are similar to the functions performed by the abovementioned legal entities.

1.8 By accepting this policy, the client expressly agrees to BenchMark Finance to execute orders submitted by him outside of trading venues. When executed outside a trading venue the investment firm informs the client that the counterparty's risk may be increased, as well as the reduced probability of execution, speed, settlement, which may generally increase the overall risk of the transaction.

1.9 With this policy, BenchMark Finance notifies its clients in advance that their orders regarding contracts for differences (CFDs) and over-the-counter derivatives through the MetaTrader 4/5 electronic platforms will be executed off-site (off-market, multilateral trading

facility, or an Organized trading facility). By signing a contract, the client declares that he gives his explicit consent for his CFD trading orders to be executed outside the trading venue.

1.10 BenchMark Finance does not provide algorithmic trading systems to its clients. BenchMark Finance provides its clients with direct electronic access (DEA) to a trading venue on the Bulgarian Stock Exchange and the regulated market and MTF organized by it.

1.11 A client may make reasonable and proportionate requests to the investment firm for information about its policies and rules, as well as the procedure for their revision, BenchMark Finance shall respond clearly and within a reasonable time to the requests made.

## 2. Client

2.1 BenchMark Finance classifies its clients as professional, non-professional and eligible counterparties in accordance with BenchMark Finance's Client Categorization Rules and Policy

2.2 All BenchMark Finance clients are treated equally regardless of their categorization.

2.3 This Policy applies to the orders of all clients of BenchMark Finance - non-professional clients, professional clients and eligible counterparties.

## 3. Scope

3.1 BenchMark Finance and its employees follow this policy in all cases when a client order is executed, except in the cases when the client is identified as eligible counterparty under the Client Categorization Rules and has not requested to be treated differently, or has given specific instructions for the execution.

3.2 The policy applies for the following investment services:

3.2.1 Acceptance and transmission of orders in relation to one or more financial instruments, including the intermediation of transactions with financial instruments at the expense of the clients;

3.2.2 Execution of orders on behalf of clients;

3.2.3 Execution of financial deals on behalf of a client in connection with a client portfolio managed by BenchMark Finance.

3.3 BenchMark Finance executes the order following the specific instructions set by the client, and for those factors that BenchMark Finance has no instructions from the client, the best execution in the best interest of the client is followed. Following the instructions, BenchMark Finance fulfills its obligation to act towards achieving the best result for its clients.

3.4 If, at the discretion of BenchMark Finance, the special order of the clients deviates significantly from the market situation, BenchMark Finance may, where it is in the client's interest, apply this Policy and execute the order by not complying with the client's instructions.

**3.5 The Client should bear in mind that the specific instructions given by him may prevent BenchMark Finance from taking the necessary actions to achieve the best result in executing client orders in accordance with this Order Execution Policy.**

## 4. Financial instruments

4.1 (Amended by a decision of the Board of Directors dated 29.11.2021) BenchMark Finance

adopts and executes orders for the following financial instruments to which this implementing policy applies: shares, units of collective investment undertakings, exchange traded funds and exchange traded bonds (ETFs, ETNs), indices, debt securities (bonds and money market instruments), depositary receipts, rights, warrants, compensatory notes and vouchers and other instruments admitted to a trading venue (regulated market, Multilateral trading facility MTF and Organized trading facility OTF), contracts for differences (CFDs) - CFDs on stocks, CFDs on commodities, CFDs on currencies, CFDs on indices, CFDs on metals, CFDs on cryptocurrencies and other OTC derivative instruments. A description of the products offered by BenchMark Finance and the risks associated with them can be found on the broker website [www.benchmark.bg](http://www.benchmark.bg).

## II. EXECUTION FACTORS. PRINCIPLES FOR DETERMINING PLACES FOR EXECUTION

### 5. Factors for executing client orders in the best interest of the client

5.1 BenchMark Finance assesses the relative importance of the following factors in order to achieve the best execution of client orders:

- Price of the financial instrument
- Costs related to the execution of the order
- Order size
- Speed of execution
- Probability of execution and settlement
- Type and nature of the order
- Other factors related to the execution of the order

5.2 **Price:** The price which the client will receive or will pay for the execution of his order is a paramount factor for satisfying the criteria for ensuring the best execution of client orders and for obtaining the best possible result for the client. The price of the financial instruments is determined on the basis of the "bid" and "ask" offers and is influenced by the pricing process for the specific place of execution.

5.3 **Costs:** All costs that are directly related to the execution of the order, incl. place of execution fees, clearing and settlement fees, as well as other fees and charges payable to third parties linked to the execution of the order. Usually the costs are decisive for the choice of location for the execution of customer orders. BenchMark Finance does not have the right to determine and collect commissions in a way that unfairly differentiates the places of execution.

5.4 **Size:** The size of a client order is usually directly related to the price of the financial instruments and the transaction costs (for example, an order that is for a volume that is larger than the normal market size). Apart from the price, the size of the client's order is of special importance for the speed and probability of execution.

5.5 **Speed of execution:** This is the time interval from the submission of an eligible order to the confirmation of its execution from the place of execution. BenchMark Finance makes every effort to execute any order as early as possible, which is usually possible on the most representative market for a particular financial instrument. Taking this factor into account enables the client to make the most of the movement on the market, which is in his/her best

interest as well. The speed of implementation can be especially important in cases of high market volatility and rapid changes in instrument prices.

**5.6 Probability of execution and settlement:** This refers to the probability that an order submitted by the client will be fully executed at a given place of execution. In illiquid financial instruments or illiquid markets, the probability of execution is a significant factor. **The Secured settlement** concerns the timeliness of the transaction, without delay, can be an important factor, especially in the case of large-volume orders, as well as in the case of orders submitted by a professional client. Depending on this, and to the extent that BenchMark Finance is aware of the further intentions and goals of the specific client, this factor may gain significant weight in meeting the criteria to ensure the best execution of client orders and to obtain the best possible result for the client.

**5.7 Nature of the order:** The characteristics of the client's order can have a significant impact on the choice of place of execution, in order to achieve optimal price and speed. For example, an order that has unusual characteristics such as an extended or shortened settlement period, its execution may differ from the way a standard order is executed. In this regard, the characteristics of the client's order can have a significant impact on the choice of place of execution, in order to achieve optimal price and speed.

**5.8 Other factors:** These include, without being fully listed, clearing systems, possible future costs of storing financial instruments subject to a specific order, tax liabilities, etc. BenchMark Finance evaluates the relevance of these factors to the extent that the customer is aware of them at the time the order is executed.

## **6. Significance of the factors**

6.1 The relative importance of the performance factors in each case is determined by the following criteria:

- the characteristics of the client, including whether he/she is identified as a non-professional or professional client;
- the characteristics of the client's order, including whether the order is linked to a securities financing transaction or, for example, the ability of the execution of the order to have an impact on the market;
- the characteristics of the financial instruments which are subject to the order - such as liquidity and the presence of a regulated market or other trading venue;
- the characteristics of the execution venues to which the order may be directed for execution (in cases when BenchMark Finance does not act as the sole execution venue and counterparty to the transactions). The characteristics of the place of execution may, for example, be related to the characteristics of the sources of liquidity that are available to BenchMark Finance at a given place of performance.

6.2 When executing an order submitted by a non-professional client, the best execution of the order and the achievement of the best possible result for the client is determined by the total value of the transaction, including the price of the financial instrument and the costs related to execution.

6.3 Execution costs include all costs that are directly related to the execution of the order, including fees at the place of execution of orders, clearing and settlement fees, as well as other fees paid to third parties involved in the execution of the order.

6.4 In order to be achieved the best possible result for the client in the cases where more than one competitive execution venue exist and for the assessment and the comparison of

the results that could be achieved for non-professional client for the execution of the order on each of the execution venues, mentioned in this Policy, that are appropriate for the execution, the commission of BenchMark Finance and the expenses for the order execution on each of the possible trading venues are taken into account. The speed, probability of execution, settlement, size, nature of the order may have an advantage over the cost and the cost of execution, only insofar as they are a tool for achieving the best possible result from the non-professional client point of view.

6.5 For execution of orders which are submitted by professional clients, in most cases, the costs will also be decisive for achieving the best result for the client. However, BenchMark Finance will evaluate the importance of the factors on a case-by-case basis.

6.6 In assessing whether the best execution is achieved, BenchMark Finance does not consider its standard fees that should be paid by the client, regardless of how the order is executed.

6.7 When executing orders or when deciding to trade OTC products, including individual products, BenchMark Finance verifies the correctness of the price offered to the customer by collecting market data used in the price evaluation of that product and, if possible, by comparing it with similar products. or comparable products.

## **7. Principles for determining the places for execution of client orders**

7.1 Client orders are executed mainly on a trading venue - regulated market, Multilateral trading facility (MTF) or Organized trading facility OTF, or off-site (OTC market).

7.2 Based on an assessment of the performance factors and performance criteria, BenchMark Finance may select one or more performance locations. Client orders can be executed outside the trading venue, including the cases where BenchMark Finance trades for its own account by buying and selling financial instruments at prices determined by it.

The used places may include:

- Regulated market
- Multilateral trading facility (MTF)
- Organized trading facility (OTF)
- Liquidity provided by BenchMark Finance or other liquidity providers
- If the infrastructure of the financial instruments market allows, client orders may also be executed against a systematic participant or market maker

7.3 BenchMark Finance may not structure or accrue its commissions in a manner that unfairly discriminates against order execution venues. BenchMark Finance shall take all measures not to discriminate against the execution venues, except on the basis of the execution factors relevant to the order in question.

7.4 BenchMark Finance is not entitled to receive remuneration, discount or non-monetary benefit for submitting an order to a specific trading venue or for executing an order, if in this way it violates the requirements for managing conflicts of interest, disclosing information to the client, rules for providing independent investment advice, restrictions on the receipt of commissions and benefits, the assessment of appropriate service, the terms of the contract, the rules for the creation and offering of financial instruments. (Art. 84, para. 1 - 3, Art. 65, para. 1, item 7, Art. 70 - 74, Art. 76 - 82 and Art. 99 of FIMA - Financial Instruments Markets Act).

7.5 If BenchMark Finance applies different fees depending on the venue, the investment firm explains these differences in sufficient detail to enable the client to understand the advantages and disadvantages associated with choosing a single venue.

**7.6 BenchMark Finance warns that any specific instructions from the client may prevent the investment firm from taking the measures provided for and applied in this Policy to achieve the best possible results in the execution of these orders in relation to the elements covered by these instructions.**

7.7 Financial instruments for which execution is possible only in one execution venue is considered that by executing in this place, BenchMark Finance has achieved the best result for the client.

7.8 BenchMark Finance may transfer a client order for execution to its counterparties, which directly or through a broker are members of a respective trading venue or execution venue to which BenchMark Finance does not have direct access, acting in accordance with the best interests of its customers and this Policy.

7.9 BenchMark Finance also complies with the requirements of this Policy when providing a portfolio management service and executing orders, on behalf and for the account of the client whose portfolio it manages, including when transmitting them to its counterparties.

7.10 BenchMark Finance may execute client orders on a non-regulated (OTC) market directly with another investment broker, with a BenchMark Finance client or directly with BenchMark Finance acting on its own account. In accordance with the regulatory requirements, BenchMark Finance informs its clients about this possibility and is obliged to obtain the prior consent of its clients before proceeding with the execution of their orders outside the trading venue. This consent may be given in the form of principle consent, as well as in the form of consent in respect of individual transactions. For the cases of execution of orders of clients outside the trading place, which are described in this Policy, it is considered that BenchMark Finance has received the prior consent of its clients to be executed outside the trading place.

7.11 BenchMark Finance notifies the client in advance of all significant parameters of the transaction, which may be concluded outside the trading venue in execution of the client's order. When the client submits an order for concluding a transaction with a contract for differences or with foreign currency on a margin basis, or with another financial instrument, which is not allowed to trade on a regulated market, through an electronic trading system, the client is considered to be notified of all essential parameters of the transaction.

7.12 When executing client orders, BenchMark Finance uses such execution venues for each of the classes of financial instruments offered by the broker, which allow it to permanently achieve the best execution of orders and to obtain the best possible result for the client.

### **III. PLACES FOR EXECUTION OF CLIENT ORDERS**

We provide information on the execution venues that the investment firm relies on for each class of financial instruments offered by BenchMark Finance to execute orders from retail, professional clients and eligible counterparties, including the relative importance of execution factors depending on the nature of the various financial instruments presented by classes according to the classification in Annex I of Commission Delegated Regulation (EU) 2017/576.

## **8. Execution of client orders regarding financial instruments admitted to a trading venue - regulated market, MTF or OTF**

8.1 (Amended by a decision of the Board of Directors dated 29.11.2021) BenchMark Finance provides execution of client orders regarding financial instruments admitted to trading on a regulated market, MTF or OTF, as follows: equity instruments - shares and depository receipts; debt instruments - bonds and money market instruments; government securities; exchange traded products - exchange traded funds, exchange traded bonds and exchange traded goods (ETF, ETN, ETC); other instruments traded on the trading venue - rights, warrants, compensatory notes and vouchers, indices and others admitted to trading on a regulated market, MTF or OTF.

With regard to these instruments, BenchMark Finance provides its clients, categorized as non-professional, professional or eligible counterparty, with the opportunity to perform in the following places:

- (Amended by a decision of the Board of Directors of 29.11.2021) Regulated market and Multilateral trading facility - SME Beam Growth Market, organized by the Bulgarian Stock Exchange AD (BSE). Instruments admitted to a regulated market on the BSE cannot be traded on the MTF - SME Beam Growth Market, and vice versa. BenchMark Finance executes the orders directly in compliance with the relevant Trading Rules of the Bulgarian Stock Exchange, applicable to a regulated market or to MTF SME Growth Market Beam. With regard to most instruments admitted to trading on the regulated market and MTFs organized by the BSE, these trading venues are the only place of execution. The advantage of the markets organized by BSE as a place of execution is related to their physical location on the territory of the Republic of Bulgaria, trade on both markets organized by BSE is carried out through the trading platform of Deutsche Börse - T7® and there is no difference in the rules. of trading, financial instruments are traded continuously on the same schedule of trading sessions in both markets, which greatly facilitates consumers. Another very important advantage is the introduced favorable tax regime and tax reliefs in terms of personal income and capital gains of legal entities, realized by disposing of financial instruments in these markets, which are not subject to taxation. With regard to trade in the SME Beam Growth Market, it should be clarified that the tax relief applies for the period from 01.01.2021 to 31.12.2025.

The better commission policy of these performance sites compared to foreign ones should also be taken into account. Given the fact that the BSE trades financial instruments issued mainly by Bulgarian companies, this allows for the execution of client orders in the amount specified by the client, and the price of these instruments is formed on the same market where they will be bought or sold. There are also instruments that are traded only on the BSE, such as compensatory instruments, and this is the only place to execute orders with them. BenchMark Finance offers its clients an electronic trading platform, providing direct electronic access (DER) for the execution of their orders on the BSE. Thus, the implementation of the BSE is with significant speed, high probability of implementation, easy access at any time during working hours on the regulated market and MTFs organized by the BSE.

- (New with a decision of the Board of Directors dated 29.11.2021) Multilateral trading facility - MTF BSE International, organized by the Bulgarian Stock Exchange AD (BSE). BenchMark Finance executes the orders directly in accordance with the Trading Rules of the Bulgarian Stock Exchange. The instruments admitted to MTF BSE

International are traded through the T7® trading platform of the German market operator Deutsche Borse and follow the same trading rules as those on the BSE Main Market. The instruments are admitted ex officio by the BSE on the basis of expected interest from investors. All instruments on the MTF BSE International market have a registered market maker - Tradegate AG, which makes their liquidity extremely high. The transactions are carried out on the basis of the purchase and sale orders entered by the exchange members and the quotations of the market makers. The main advantage of MTF BSE International as a place of performance is that it provides an opportunity for local investors to diversify their portfolios with financial instruments issued by some of the most famous and liquid companies in the world. Customers can take advantage of real-time quotes for all instruments admitted to the market, which are practically identical in price to those listed on major European stock exchanges. Clients who have invested in financial instruments purchased on the MTF BSE International market can exercise all their rights under the instrument by receiving guaranteed rights upon merger, acquisition or division of the issuer, as well as cash or dividends in shares. Dividends are received directly on the client's account with the investment intermediary. BenchMark Finance's e-trading platform, providing direct electronic access (DER) for the execution of BSE orders, offers customers direct uninterrupted access to the MTF BSE International market at any time according to the schedule of the trading session in this market.

- Off-site trading (OTC) market - directly as a counterparty is another investment intermediary, or a client of BenchMark Finance, or directly with BenchMark Finance, acting at its own expense, at its discretion and provided that the client is notified in advance and explicitly consent to this, and the best performance will be achieved for the customer.
- (Amended by a decision of the Board of Directors dated 29.11.2021) Multilateral trading facility (MTF) - not directly, as BenchMark Finance transmits the execution order from its counterparties, which are members of such a system directly or through a broker. When the financial instrument to which the specific client order relates is traded on both a regulated market and a multilateral trading facility, and in the absence of explicit instructions from the client on the place of execution, BenchMark Finance will determine it in accordance with this Policy.
- With regard to orders for Bulgarian government securities issued by the Ministry of Finance, BenchMark Finance executes orders on the BSE and on the Multilateral trading facility, as well as on the interbank market. BenchMark Finance executes orders for transactions in government securities issued by other countries on a multilateral trading facility.

8.2 (Amended by a decision of the Board of Directors of 29.11.2021) The relative importance of the factors according to the classification of financial instruments in Annex I of Commission Delegated Regulation (EU) 2017/576 for execution in equity trading of shares and depositary receipts admitted to trading on a regulated market or MTF on the BSE is determined according to the liquidity / coverage quotation step as follows:

- At a liquidity quote step / ranges 5 and 6 (at least 2,000 trades per day) from the most significant to the least significant factor, as follows: 1. Price; 2. Speed / speed of execution; 3. Costs; 4. Size; 5. Settlement / probability of execution; 6. Any other individual characteristics and considerations related to the execution of the order.

- At liquidity quote step / ranges 3 and 4 (from 80 to 1,999 trades per day) from the most significant to the least significant factor, as follows: 1. Price; 2. Size; 3. Speed / speed of execution; 4. Costs; 5. Settlement / probability of execution; 6. Any other individual characteristics and considerations related to the execution of the order.
- At a quotation step for liquidity / ranges 1 and 2 (from 0 to 79 trades per day) from the most significant to the least significant factor, as follows: 1. Size; 2. Price; 3. Settlement / probability of execution; 4. Speed / speed of execution; 5. Costs; 6. Any other individual characteristics and considerations related to the execution of the order.

8.3 The relative importance of performance factors in trading in debt instruments - bonds and money market instruments, from the most significant to the least significant factor, as follows: 1. Price; 2. Size; 3. Speed / speed of execution; 4. Settlement / probability of execution; 5. Costs; 6. Individual characteristics and considerations related to the execution of the order.

8.4 The relative importance of performance factors in trading in exchange-traded products - exchange-traded funds, exchange-traded bonds and exchange-traded commodities (ETF, ETN, ETC), indices admitted to trading on the BSE, from the most significant to the least significant factor as follows: 1. Price; 2. Size; 3. Speed / speed of execution; 4. Settlement / probability of execution; 5. Costs; 6. Individual characteristics and considerations related to the execution of the order.

8.5 (Amended by a decision of the Board of Directors of 29.11.2021) The relative importance of the factors for execution in trading with other instruments traded on the trading venue - rights, warrants, compensatory notes and vouchers and others admitted to trading on a regulated market or MTF , from the most significant to the least significant factor, as follows: 1. Price; 2. Size; 3. Speed / speed of execution; 4. Settlement / probability of execution; 5. Costs; 6. Individual characteristics and considerations related to the execution of the order.

8.6 The relative importance of the factors for performance in trading in government securities from the most significant to the least significant factor, as follows: 1. Price; 2. Size; 3. Speed / speed of execution; 4. Settlement / probability of execution; 5. Costs; 6. Individual characteristics and considerations related to the execution of the order.

8.7 When executing orders of a non-professional client or a professional client, in principle the best execution is determined by the price and the costs of execution. BenchMark Finance takes into account the total amount that the client will receive or pay, which includes both the price of the financial instrument itself and all costs associated with the execution of the client's order, incl. fees for the place of execution, fees for clearing and settlement, as well as other fees and fees payable to third parties related to the execution of the order. The costs for implementation on the BSE are specified in the BenchMark Finance Tariff.

8.8 The probability of execution is assessed taking into account the nature of the order - size, validity, price and the availability of sufficient liquidity. "Sufficient liquidity" means the existence of such demand or supply (depending on the type of order) of the specific financial instrument to which the client order relates, where the relevant order can be executed immediately, and in BenchMark Finance's discretion would lead to a distortion of demand and supply, respectively.8.9 When assessing the place of execution, the speed of execution, the probability of settlement and other aspects of the transaction, such as the supervision of the trade, insofar as they are important for achieving the best possible result for the client.

8.10 (Amended by a decision of the Board of Directors dated 29.11.2021) The financial instruments admitted to trading on the BSE - regulated market and the multilateral trading facilities - Growth Market of MTF Beam and MTF BSE International are traded at their real value. The parties to the transaction acquire all rights and obligations under the financial instruments (property and non-property). The acquirer of the financial instruments is obliged to pay the full value of the financial instruments together with the fees and commissions for BSE and BenchMark Finance included in the value of the transaction, according to the BenchMark Finance Tariff. The transferor of the financial instruments is entitled to receive the full value of the financial instruments, subject of the transaction, reduced by the due fees and commissions of BSE and BenchMark Finance, according to the Tariff of BenchMark Finance. The transfer of financial instruments is performed by a depository institution, which may be Central Depository AD or another depository institution in which the instruments are registered, with settlement, which is two days after the date of concluding the transaction on the BSE. If the transaction is exceptionally concluded outside the trading venue, on the OTC market - directly between the parties, the transfer of financial instruments is made in the depository institution with a settlement of one day.

8.11 BenchMark Finance provides an opportunity for direct electronic access (DEA) to a trading venue on the BSE through the electronic trading system BG Trader. When providing DEA, BenchMark Finance has effective control systems and mechanisms that ensure compliance with the following requirements:

8.11.1. performs assessment, as well as regular review of the assessment of customers whether the service is appropriate and appropriate for them;

8.11.2. customers using the service may not exceed the relevant pre-set trading thresholds and credit limits;

8.11.3. the investment intermediary duly monitors the trading performed by the clients using the service by automatically blocking, revoking client orders, stopping flows of client orders, temporarily terminating or denying services to a client of DEA in the cases provided by the regulations and rules of the trading venue;

8.11.4. Risk control mechanisms shall not allow transactions that may create risks for the investment firm, lead to market disruptions, or transactions that are contrary to Regulation (EU) N° 596/2014 or the rules of place of trade.

8.11.5. Monitors the concluded transactions in order to establish violations of the requirements, illegal trade or behavior that may be related to market abuse and for which it notifies the FSC.

8.12 Due to the specifics of the electronic trading platforms (such as the electronic trading system BG Trader), which are accessed via the Internet, it is possible that technical malfunctions may occur both in the hardware and software used by BenchMark Finance and in the hardware used by the client. products and systems or access devices. It is also possible for communication failures to occur, leading to delays or non-arrival of orders, or to execution, respectively non-execution of already submitted orders, as well as to inability to access trading platforms and others.

## **9. Execution of client orders on OTC derivative contracts - CFDs - CFDs on stocks, CFDs on commodities, CFDs on currencies, CFDs on indices, CFDs on metals, CFDs on cryptocurrencies and other derivatives**

9.1 BenchMark Finance provides execution of client orders on OTC derivative contracts - difference contracts (CFDs) - CFDs on shares, CFDs on commodities, CFDs on currencies, CFDs on indices, CFDs on metals, CFDs on cryptocurrencies and other OTC derivatives. With respect to these instruments, BenchMark Finance is a counterparty and the only place to execute the orders of its clients, categorized as non-professional, professional or acceptable counterparty, as all orders are executed outside the trading venue, only on the OTC market.

9.2 With regard to trading in these financial instruments traded on the OTC market, BenchMark Finance executes the orders by being a counterparty to each transaction. The transaction is concluded directly between the client and BenchMark Finance on an individual basis under pre-agreed terms. The financial instruments purchased by the client through the MetaTrader 4 and 5 platforms are issued by BenchMark Finance.

9.3 The relative importance of performance factors in OTC derivative trading - CFDs for all types of CFDs offered by BenchMark Finance regardless of the type of CFD, from the most significant to the least significant factor, as follows: 1. Price; 2. Size; 3. Speed / speed of execution; 4. Probability of performance; 5. Costs; 6. Individual characteristics and considerations related to the execution of the order.

It is important to note that in certain circumstances, BenchMark Finance may prioritize the best execution of high volume orders at a time of high volatility and / or low liquidity, the speed and / or probability of execution that may take precedence over cost and performance costs factors.

9.4 In connection with the execution of clients' orders for trading in over-the-counter CFD derivatives, there is no alternative place for execution, therefore the due fees and commissions may not vary depending on the client or the place of execution, BenchMark Finance does not receive from third parties ( which are in themselves places of execution) payments and incentives, and does not receive remuneration, discount or non-monetary benefit for the transfer of a client order to a specific place of trade or place of execution of orders. BenchMark Finance charges its clients only the fees specified in the Tariff of BenchMark Finance, which states the value of all benefits received by the intermediary.

9.5 Consequences and risks for the clients from the fact that BenchMark Finance executes orders for trading with contracts for differences (CFD) outside the trading place:

BenchMark Finance is the place of execution and counterparty to each transaction and therefore the client's trading opportunities are limited to the availability of BenchMark Finance's own liquidity;

the prices at which it is traded are determined (quoted) by BenchMark Finance and not by a counter-interest of another client;

the execution time of the client's orders may vary, there is no specific or fixed time in which BenchMark Finance commits or should execute orders received from clients;

the prices (quotations) offered by BenchMark Finance may differ from the prices (quotations) elsewhere for the performance of the respective contracts for differences (CFD);

there is a potential conflict of interest, BenchMark Finance gains from the trading volumes that the client has realized, as the investment intermediary realizes a profit in situations where the client loses funds;

the instruments offered for trading are not transferable and the client cannot move them to another investment intermediary or to another place for trading;

the trading rules that apply to the OTC market are different from the trading rules that apply to the trading venue.

9.6 As the only place to execute the orders of its clients, BenchMark Finance generates independently and provides the prices (quotations) at which the difference contracts (CFDs) are traded on the OTC market. The prices (quotations) offered by BenchMark Finance are not linked to and may differ from, the prices (quotations) elsewhere for the performance of similar or similar contracts for differences (CFDs). BenchMark Finance fulfills the conditions for fair pricing of its products in accordance with regulatory requirements and good practices.

9.7 Depending on the strategy and policy of BenchMark Finance, in cases of regulatory restrictions or those imposed by supervisory authorities, not all products may be available to non-professional customers.

9.8 For each individual transaction, the client receives a quote from BenchMark Finance via the electronic trading platform or by telephone, in compliance with the general requirements for communication between BenchMark Finance and the client. When the client requests a price, BenchMark Finance always quotes bilaterally - price "buy" and price "sell". When the client intends to buy a financial instrument, he confirms the "sell" price and vice versa, if he wants to sell an asset, he confirms the "buy" price provided to him by BenchMark Finance.

9.9 BenchMark Finance forms its prices (quotations) independently by combining and / or comparing the quotations published by one or several independent information sources. For this purpose, BenchMark Finance has access to the published data on the prices (quotations) of at least one information source: liquidity provider and / or quotation provider, investment intermediary, stock exchange, market maker or other specific place where the underlying asset is traded. or a derivative of the relevant financial instruments.

9.10 Depending on factors such as unusual market conditions, the size of the order or the type of order, the relevant financial instrument may receive a price in part or in full and / or the execution of the order may be delayed in processing, which may affect the price at which the order is executed, and this can be both for the benefit and to the detriment of the client. BenchMark Finance strives to use procedures that minimize the risk of delays, however, in case of force majeure, during important news and other events and factors that may have or affect the relevant market, BenchMark Finance would not maintain normal liquidity in the same volumes. The possible effects of the influence of these factors are unpredictable and therefore cannot be specified in the current policy. In such situations, it is possible to significantly expand the spreads compared to the usual and when submitting market, limited, stop or other types of orders to conclude deals at prices significantly different from those that would be concluded under normal market conditions, as and at prices different from the one last seen by the client for the financial instrument in the platform or at a price different from the one visible to the client at the time of submitting the order.

9.11 BenchMark Finance may not provide quotations if there are circumstances in which transactions cannot be made on the respective markets. Providing CFDs with underlying assets, stocks, indices, futures, exchange traded funds, futures on energy commodities (oil, natural gas) and other exchange traded assets may sometimes not be possible within the first 15 (fifteen) minutes of opening or before the closing of the stock exchange session or in case of sharp fluctuations and lack of sufficient liquidity, the spread between the "buy" and "sell" prices may be relatively wider than the usual quotation.

9.12 When executing an order submitted by the client, when there are sharp fluctuations in market quotations, as well as when opening or closing the relevant markets for the underlying instruments (including the so-called "gap"), BenchMark Finance can execute the client's order, including limited orders, OCO, conditional, limited or stop orders at a price significantly different from the one indicated in the order, respectively from the one visible to the client at the moment of submitting the order (including the so-called "slippage") or an order, OCO, condition, limit or stop price can not be met.

9.13 In real-time trading, it is possible, in view of the technological time for transmission of the order, the quotations of certain financial instruments to change in the period between the submission of the order by the client and the receipt of the order by BenchMark Finance. In this case, BenchMark Finance can execute the order on the quotation available at the time of its execution.

9.14 Clients need to be aware that as a issuer of contracts for differences (CFDs) and other derivative financial instruments, the only place to execute client orders and a counterparty in terms of trading with them, BenchMark Finance is not bound by a specific or fixed time for execution of client orders.

9.15 BenchMark Finance does not have information about the exact moment when the customer has submitted his order through the MetaTrader 4/5 customer terminal of the electronic device used by the customer (computer, tablet, mobile smartphone, etc.), as such information does not enter the servers of the MetaTrader 4/5 platform. BenchMark Finance has information about the client's order from the moment the order is received in the system of BenchMark Finance / the servers of the MetaTrader 4/5 platform.

In this regard, customers should keep in mind that the main reason for delaying the receipt of customer orders is the quality of the customer's Internet connection and / or the technical characteristics of the communication devices used by the customer. The time may vary depending on the speed of the internet connection, the internet provider, the technical characteristics, incl. hardware and software, determining the power, stability and reliability of the communication devices used by the customer, through which he has access to the Internet and to trading platforms (computer, mobile smartphone, tablet, etc.), the Internet route through which his connection passes, the physical location of the client and other technical reasons independent of BenchMark Finance.

9.16 In the servers of MetaTrader 4/5, respectively in the offered trading platforms MetaTrader 4/5, with which BenchMark Finance operates, the deviation function is not used in case of discrepancy between the buy or sell price of the financial instrument at the moment of receiving the order and the respective price. the financial instrument at the time of execution of the order.

9.17 BenchMark Finance strives to execute customer orders as quickly as possible after their entry into the servers of the MetaTrader 4/5 platform, but nevertheless during low liquidity Client execution policy for financial instrument transactions 14 and / or high volatility and / or depending on the type of financial instrument and / or the current server load and the flow of orders arriving at the same time, the execution time of client orders in the servers may vary and the investment intermediary may not be able to maintain the same speed and / or liquidity / probability of execution as usual. Such market conditions cannot be foreseen and can occur at any time of the day, which will lead to an extension of the execution time of orders for an indefinite period of time. It should be borne in mind that delays in the

execution of customer orders may have a negative effect on the balance of customer trading accounts, which may lead to a shortage of funds and the closure of positions.

9.18 Clients should be aware that when they submit orders and / or their orders enter the BenchMark Finance system / the servers of the MetaTrader 4/5 platform and / or their orders are executed in the last minutes of the business hours of the Friday trading session or before a holiday day off, in the first minutes after the market opens on Monday or after national holidays, in the minutes around midnight when a swap is charged on the positions, these periods are characterized by low liquidity and slowly renewing quotes, therefore the execution time increases compared to the time for which customer orders are usually executed during the rest of the time (several hours earlier, for example).

9.19 In case BenchMark Finance starts offering to its clients and quoting prices for certain financial instruments during extended working hours, outside the working hours of the respective trading session where the underlying asset is traded, BenchMark Finance will inform its clients in advance about the conditions under which it provides extended working hours trading, the risks associated with this and will draw up a list on its website of those instruments for which it offers trading on the relevant extended working hours.

9.20 Due to the specifics of the electronic trading platforms accessed via the Internet, technical malfunctions may occur both in the hardware and software products and systems used by BenchMark Finance and in the hardware and software products used by the customer. Communication failures may also occur, leading to delays or non-arrival of orders, or to execution, respectively non-execution of already submitted orders, as well as to inability to access the trading platforms and others.

9.21 BenchMark Finance seeks to quote the spread levels indicated on the intermediary's website, however, during low liquidity and / or high volatility, the investment firm may not be able to maintain the same spread levels that it normally quotes. Such market conditions cannot be foreseen and can occur at any time of the day, which will lead to widening spreads over a period of time. It should be borne in mind that wider spreads may have a negative effect on the balance of clients' trading accounts, which may lead to a shortage of funds and the closure of positions.

9.22 BenchMark Finance has the right, in its sole discretion, to suspend trading or add new financial instruments to trading platforms by notifying customers in advance. In the event of suspension of trading of a financial instrument, BenchMark Finance has the right to close all existing customer positions at prices at the time of closing. Notifications for suspension of trading in certain instruments or the addition of new trading instruments may be made by means of a message on the trading platform, an email, a telephone call to the email address and / or telephone number provided by the client, or via news uploaded on the BenchMark Finance website.

9.23 The client's position in contracts for differences (CFDs) - CFDs on stocks, CFDs on commodities, CFDs on currencies, CFDs on indices, CFDs on metals, CFDs on cryptocurrencies and other OTC derivative instruments may be officially closed:

9.23.1 When trading in a underlying CFD asset is discontinued at at least one place of performance where it is traded;

9.23.2 When the relevant execution venue prohibits the underlying asset for trading, and in connection with this prohibition an additional requirement arises to close all positions on that

asset, BenchMark Finance has the right to close the client's positions in CFD on this asset, with all current gains and losses being credited to the customer's account.

9.23.3 For positions in CFDs on shares, in cases of emergencies concerning and in relation to the company on whose shares the CFD instrument is based, such as:

- a) The company falls into insolvency or is declared bankrupt.
- b) Offers for acquisition, merger or amalgamation have been made with regard to the company or during the duration of the client's position in the CFD a transaction has been made for acquisition, merger or amalgamation of the company-issuer of the shares on which the CFD is based.
- c) The company issuing the shares has publicly announced information about a split of the shares or consolidation of the par value of the shares (reverse split).
- d) The company has announced a decision or intention to freely transfer or distribute an additional number of shares in the name of current shareholders in the form of a bonus due to an increase in capital with realized profit or the issuance of a new issue, which is distributed only among shareholders.
- e) The Company has announced a decision to transfer or issue in the name of the existing shareholders of securities entitling to receive a guaranteed dividend or liquidation quota, additional or new rights, warrants or entitlement to transfer, purchase, subscribe or receive shares at a price lower than the market.
- f) Any event similar to the above, leading to a change in the number of shares, issuance of new shares or special rights, split / division of shares in the capital, change in free float of shares or an event with a concentrating effect on the market capitalization of securities of the company whose capital is the underlying asset of the CFD.

When the underlying assets of an issue become subject to any of the events mentioned above and in case the client has open positions in CFDs based on them, BenchMark Finance reflects this change in accordance with the market rules of the respective market and the tax legislation of the country where the underlying assets are traded. This change will be considered effective on the date set by BenchMark Finance. However, in each of the above situations, BenchMark Finance has the right to close the CFD positions issued on the client's account, based on shares of the issuing company, by setting a closing date and price at its discretion.

9.23.4 In case of CFD positions on maturing futures contracts, in case the client does not close its positions before the maturity of the futures, BenchMark Finance officially closes the client's positions at the prices available at the time of closing and cancels all submitted orders related to trading with this CFD with underlying asset maturing futures.

9.23.5 In case of introduction of restrictions on the positions of clients (limits), when at the discretion of BenchMark Finance limits of the positions of the client/s are set in order to limit the risk for the clients or for BenchMark Finance or to limit the amount of the margin (guarantee amount), BenchMark Finance may require clients to limit the number of open positions in certain instruments and in case the client does not comply with this requirement, BenchMark Finance may at its discretion close one or more positions of the client.

9.23.6 In the event of a dispute regarding actions taken pursuant to this agreement, BenchMark Finance has the right to close part or all of the client's open positions, to reduce

the size of the client's open positions, not to execute an order already placed, and not to accept an order opening new positions until the dispute is resolved.

9.23.7 In case of shortage of free funds securing the client's positions in the cases under item 9.29 of this policy. In case the available funds on the client's account are insufficient to secure the margin (guarantee amount) determined by BenchMark Finance on its website for the client's open positions, BenchMark Finance may, at its discretion, officially close one, several or all open positions of the client immediately without notice.

9.23.8 In case of non-compliance by the client with a margin call and / or if the client opens a position, as a result of which the margin (guarantee amount) on his account becomes insufficient to secure his positions, BenchMark Finance may at its discretion close one, several or all open positions of the client immediately without notice.

9.23.8 In the event of another situation, explicitly specified in the contract or the General Terms and Conditions of BenchMark Finance.

9.24 In the event that during the duration of an open position in a CFD, trading in the futures, stocks or indices on which the CFD is based is restricted or prohibited for a certain period of time or completely prohibited, the value of the client's position is estimated at the time before of this restriction or prohibition. BenchMark Finance reserves the right at any time during the period of restriction or prohibition to change the value of the CFD at its sole discretion, doing so in good faith and in accordance with prevailing market ratios. If this restriction or prohibition lasts more than 1 (one) business day, BenchMark Finance has the right to close the respective CFD by setting a price and closing date.

9.25 When trading CFDs on cryptocurrencies, customers should be aware and keep in mind that in the case of cryptocurrency, which is the underlying asset for a CFD offered by BenchMark Finance, the so-called fork may occur. A fork is a change in the cryptocurrency protocol in which the blockchain is divided into two or more parts. In this case, the clients of BenchMark Finance should be familiar with and take into account the following circumstances:

a) BenchMark Finance is not obliged to notify its customers in the event of an expected occurrence and / or incidental occurrence of a fork.

b) In the event of a cryptocurrency fork, BenchMark Finance may suspend trading in the relevant CFDs on cryptocurrencies indefinitely.

c) BenchMark Finance explicitly points out that in the case of a cryptocurrency fork, the market of the respective cryptocurrency, respectively the CFD market on this currency, can become highly volatile. Fork on a particular currency can affect and cause high volatility in the market of other cryptocurrencies.

d) In the event of a fork in which none of the branched blockchains has yet been terminated, BenchMark Finance will base the CFD on the relevant cryptocurrency on the chain with which the majority of users agree, with BenchMark Finance retaining the right to determine the chain with which the majority agrees. users and on which it will offer CFDs.

e) In the event of a fork in which the two chains continue to coexist as separate cryptocurrencies, BenchMark Finance is not obliged to offer CFDs on the new cryptocurrency, nor does it undertake in any way to debit or credit customers' accounts with CFDs on newly created ones. cryptocurrencies or with their respective cache equivalent in another currency.

9.26 Trading CFDs on stocks, CFDs on commodities, CFDs on currencies, CFDs on indices, CFDs on metals, CFDs on cryptocurrencies and other OTC derivatives is carried out against a guarantee amount or it is "margin trading". This type of trading uses the so-called "leverage", which is a "lever" mechanism and multiplies both profits and losses as relatively small market movements can have a large effect on customer positions. Trading in these financial instruments provides the opportunity and allows investment in leverage, whereby BenchMark Finance, in compliance with regulatory requirements and market practices, requires its customers to provide a guarantee for possible losses. As a result, the deposited funds representing a guarantee ("margin") on open positions may be completely exhausted. The margin / guarantee amount provided by the client, which secures his positions and is in his trading account, is measured as a percentage of the transaction value.

**Example 1:** If for a given instrument the required margin rate is 10% and the client opens a position for USD 20,000, then the blocked margin (guarantee amount) for the open position will be USD 2,000. Although the blocked margin of the client is only USD 2,000, his exposure is the same as it would be if the instrument were not traded on a margin, ie USD 20,000.

**Example 2:** If a client opens a position of 2000 CFDs on a share, with an initial margin rate of 20% and a base share price of USD 5, the amount to be blocked on the client's account will be  $USD\ 5 \times 2000 \times 20\% = USD\ 2000$ . The leverage effect, in this case 1/20% (1:5), will result in a notional contract value of  $USD\ 5 \times 2000 = USD\ 10,000$ . This means that for every cent a change in price (a change in price from USD 0.01) of the base share, the value of the CFD changes by USD 20. For example, if the client has a long position and the price of the base share increases by one cent (0.01), then he will make a profit of USD 20. However, if the price of the base share decreases by one cent (0.01), then the client will realize a loss of USD 20.

The amount of the guarantee amount / margin, expressed as a percentage, for the different types of instruments is indicated on the website of BenchMark Finance. In determining the amount of the guarantee amount both for the client and for the financial instrument, BenchMark Finance complies with the requirements set by the Financial Supervision Client execution policy for financial instrument transactions 18 Commission (FSC), the European Securities and Markets Authority (ESMA) and / or or by the supervisory authorities of other Member States of the European Union, if any.

9.27 In case of change of the regulatory requirements and / or in case of setting new requirements by FSC, ESMA and / or supervisory authorities of other Member States of the European Union, BenchMark Finance changes the amount of the minimum required guarantee amount, both for certain financial instruments and for individual customers. In this case, BenchMark Finance immediately notifies the client by sending a message to the e-mail address provided by the client and / or contacts him by phone at the contact telephone number provided by the client and / or sends a message to the trading platform itself and reflects the change in the electronic trading platform.

9.28 BenchMark Finance may, at its sole discretion, change the amount of the minimum required guarantee amount, both for certain financial instruments and for individual orders and / or positions or accounts of the client in the following cases:

a) in case of large and sharp fluctuations in the market of these financial instruments or of the underlying instruments for the respective CFD;

- b) in the event of important economic and / or political events;
- b) other circumstances affecting trading in those financial instruments;
- c) when the total amount of the balances on the client's account / accounts and the positions opened by him exceeds the limits acceptable for BenchMark Finance;
- d) in case of need to protect the rights of BenchMark Finance under the contract.

In case of such a change, BenchMark Finance immediately notifies the client by sending a message to the e-mail address provided by the client and / or notifies him by phone on the contact telephone number provided by the client or in the trading platform itself and reflects the change in the electronic trading platform.

9.29 When trading on a margin, the client must monitor the amount of his current balance and free cash in his trading account. When the client accumulates losses from open positions or has opened too many or in a large volume of positions, the free funds on the account decrease and at some point it is possible that the account does not have the necessary cash guarantee to maintain open positions. **The shortage of the current balance (free funds) may lead to official closing of positions, whereby BenchMark Finance may close partially or completely all positions opened by the client at prices determined by BenchMark Finance.**

Up-to-date information on the level of utilized margin, the current balance and the amount of the free trading margin is available for each client in the "Trading" module in the platform used by him and / or the client can receive at any time by phone by contacting BenchMark Finance the telephone numbers listed on the intermediary's website.

In all cases of official partial or complete closure of the positions opened by the client, the client cannot contest the price levels of the transactions for closing his positions by BenchMark Finance.

9.30 BenchMark Finance reserves the right, in its sole discretion or to protect the client's interests, to set limits, limit the amount of the margin (guarantee amount) and / or take other measures it deems appropriate to control the client's ability to trades, such as setting maximum size and price of orders, determining the maximum amount of the total exposure of a client, control over orders submitted at a price that differs significantly from the prevailing market price, as well as any other measures.

BenchMark Finance may take the measures under the previous sentence and in cases where this is required by the requirements of applicable law, decisions of the FSC, ESMA and / or supervisory authorities of other Member States of the European Union.

Such limits or other measures may be amended, added or removed without prior notice to the customer, except when imposing limits on the amount of the margin (guarantee amount) when BenchMark Finance notifies the customer in the manner described above.

#### **IV. SUBMISSION AND EXECUTION OF CLIENT ORDERS. COMBINATION OF CLIENT ORDERS. RESTRICTED POLICY APPLICATION**

##### **10. Submission and execution of client orders**

10.1 BenchMark Finance makes transactions with financial instruments at the expense of the client under the best conditions and BenchMark Finance makes efforts to achieve the best

performance. BenchMark Finance concludes transactions with financial instruments at the expense of clients in accordance with the orders submitted by them.

10.2 BenchMark Finance accepts orders for transactions in financial instruments, which are submitted personally by the client or his competent representative. In the case of clients - legal entities - by a duly authorized representative. When submitting orders on the spot at BenchMark Finance office, they are accepted only in the offices, entered in the register kept by the FSC. The orders are submitted with content, according to the normative requirements.

10.3 Passing of an order through a representative is done only in the office of the intermediary and if the representative presents a notarized power of attorney, which contains representative authority to perform disposition of financial instruments and a declaration that the financial instruments - subject to sale or exchange, are not blocked in the depository institution, no pledge or attachment has been established on them, and the transaction does not constitute a covert purchase or sale.

10.4 The Client is being informed about:

- current policy;
- the financial instruments and the risks associated with them;
- the places of execution of the deals;
- for the costs and fees of the dela;
- where the client's assets (financial instruments and money) can be stored, by whom they can be stored and what is the responsibility of that person.

10.5 When the client submits an order for deals with financial instruments through the electronic platforms, offered by BenchMark Finance, or by phone, it is considered that the client has been notified of all significant parameters of the deals.

10.6 Orders for trading with financial instruments can be submitted at an office of BenchMark Finance, via an electronic trading platform, by telephone or by e-mail. Orders by phone and e-mail are submitted only to the telephone numbers indicated on the website of BenchMark Finance, respectively e-mail addresses. When orders are submitted by telephone, BenchMark Finance must record the conversation with the client. When the order is submitted by another remote method, BenchMark Finance stores on electronic media the data provided by the client in connection with the order.

10.7 BenchMark Finance accepts and executes orders of clients also through electronic trading platforms offered by it, which provide the client with access to a certain place of execution. BenchMark Finance provides, through a trading platform, direct electronic access (DEA) to a regulated trading venue on the BSE in respect of all financial instruments, admitted to trading at that location. BenchMark Finance uses MetaTrader 4/5 trading platforms for trading derivatives - contracts for differences (CFDs), traded outside the trading venue, on the OTC market, in respect of which BenchMark Finance is a counterparty and the only place to execute the orders of customers. The access to the electronic trading platforms and the entry of orders by the client is carried out by means of an username and a password.

10.8 BenchMark Finance provides the client with a signed copy of the accepted order, when the order is submitted and accepted at the office of the investment intermediary. The orders, submitted in the electronic platforms, are kept in the platform itself, the confirmations for

their execution are received by the client automatically in the platform immediately with the execution of the client's order.

10.9 According to the regulations, BenchMark Finance **has no right** to execute and does not execute a client's order, if it finds that the financial instruments - subject of the sale order, are not available on the client's account, except when this is legally permissible for certain cases (e.g. short sales), or are blocked in a depository institution, as well as if a pledge has been established or a lien has been imposed on them, or the transaction - subject of the order, represents a covert purchase or sale of financial instruments/compensatory instruments.

BenchMark Finance may execute an order, upon submission of which it subsequently establishes that the financial instruments subject to the sale order are not available on the client's account, when BenchMark Finance otherwise ensures that the financial instruments subject to sale will be delivered on the settlement date of the transaction.

BenchMark Finance will execute an order in respect of financial instruments that are pledged when the acquirer is notified of the pledge and has explicitly agreed to acquire the pledged financial instruments and there is the explicit consent of the pledgee in the Special Pledges Act (SPA). cases, or if the pledge is established on a set within the meaning of the SPA.

10.10 BenchMark Finance **may refuse** to execute a client's order, if the client declares or the intermediary subsequently finds that the client has inside information about the financial Client execution policy for financial instrument transactions 21 instruments to which the order relates or about their issuer, if the financial instruments are traded on a regulated market.

When submitting an order, in case of the financial instrument is traded on a trading venue, the client must declare if:

- a) The financial instruments/compensatory instruments - subject of the order for sale/exchange, are/are not blocked in the depository institution where they are kept, a pledge has been/has not been established on them, a/has not been seized.
- b) Has/does not have inside information about the financial instruments to which the order relates and about their issuer, if the financial instruments are traded on a regulated market.
- c) The deal- subject of the order, does not represent/represents a covert purchase or sale of financial instruments/compensatory instruments.

The refusal to submit a declaration is certified by a signature of the client when the order is submitted on paper.

10.11 BenchMark Finance requires a client, who submits an order to purchase financial instruments, to provide it with the funds necessary to pay for the transaction - subject of the order, when submitting the order, unless the client certifies that he will fulfill his obligation to pay. If the rules of the place of execution, where the deal will be executed, allow the deal execution, in which the payment of financial instruments is not made simultaneously with their transfer, the investment intermediary may not require payment from the buyer with the express written consent of the seller. This applies accordingly to other transfer transactions with financial instruments.

10.12 At the moment of submitting the written orders, respectively immediately after receiving the orders submitted remotely, they are registered in the system of BenchMark Finance, assigning them a unique serial number. Orders, submitted through an electronic

trading platform, are automatically registered in the BenchMark Finance system. The orders are executed in accordance with the provisions of the specific contract, this Policy, the General Terms and Conditions of BenchMark Finance, applicable to the contracts with clients and the rules for trading on the respective market. Execution is performed in the order of registration of orders in the system of BenchMark Finance, except when the characteristics of the order or the prevailing market conditions make this impossible, or the interests of the client, according to this Policy, require otherwise.

10.13 BenchMark Finance informs the non-professional client about any significant difficulty, related to the correct execution of the orders, immediately after learning of the difficulty.

10.14 BenchMark Finance enters the orders for transactions with financial instruments for its own account in the manner and order for client orders. In this way, BenchMark Finance pursues an effective policy to prevent conflicts of interest with its clients.

10.15 When two or more orders to sell or exchange of financial instruments are identical in their parameters and for any of them the check for the availability of financial instruments is delayed for reasons outside BenchMark Finance (for example for financial instruments with a trustee), BenchMark Finance will not consider such an order to be identical to the others and Client execution policy for financial instrument transactions 22 will execute them, in the order of their submission and validation, even if these orders are submitted later in time.

## **11. Grouping (merging) of orders**

11.1 BenchMark Finance executes customer orders and orders for its own account individually. In certain cases, BenchMark Finance may combine client orders and those for its own account with other client orders, provided that:

- a) the aggregation of orders and transactions will not be to the detriment of any of the clients, whose orders are merged;
- b) it is made known to all customers, whose orders are combined, that the merger may have consequences, which are detrimental to the particular order, and
- c) the order allocation policy set out below is established and effectively implemented.

11.2. In the event that upon entering the place for execution of a joint order, the counteroffer is changed and the combined offer is executed in several parts and at different prices or even partially executed, the previously submitted individual client order shall have priority

11.3 BenchMark Finance will not distribute the concluded transactions in execution of a joint order in a way that is to the detriment of the clients.

11.4 BenchMark Finance combines its orders with client orders in order to minimize administrative costs and time, when the initial subscription of shares, or the admission to trading of financial instruments on the spot for execution for the first time, the allocation procedure in case of re-subscription provides for proportionality, for all investors.

11.5 BenchMark Finance has the right to combine its own and client's orders, in the cases when it will be able to prove reasonably and indisputably that without the merger it would not be able to execute the client's order under such favorable conditions for him, or that it would not be able to fulfill. In this case, BenchMark Finance can distribute the concluded transaction proportionally between itself and the client.

11.6 Except for the cases under the previous two points, when BenchMark Finance has combined a client order with a transaction for its own account and thus the combined order is partially executed, the investment intermediary will distribute the transactions for the client's account with priority. BenchMark Finance has no right to redistribute transactions for its own account, executed jointly with client orders, when this is to the detriment of the client.

11.7 BenchMark Finance may combine orders for transactions with financial assets, which are submitted on behalf and for the account of portfolios of clients, which it manages. Such consolidated order is treated as an individual client order and is executed, respectively combined with other client orders and orders for own account of BenchMark Finance according to this Policy, and in its partial execution the financial assets are always distributed proportionally in order to ensure equality of clients, whose portfolios BenchMark Finance manages.

11.8 BenchMark Finance does not execute an order of a client or a transaction for its own account combined with an order of another client when it comes to orders for trading in CFDs on the OTC market, as in this case BenchMark Finance is the only place to execute orders and is the counterparty to each transaction. In view of this, the Policy does not contain rules concerning the preservation of the client's interest in the cases of merging (grouping) and distribution of orders for trading in CFDs on the MetaTrader 4/5 platforms.

11.9 When the investment intermediary charges receivables from two or more participants in a transaction in accordance with Article 24 (9) of Directive 2014/65 / EU and its implementing measures, the investment intermediary informs its clients of the value of all monetary and non-monetary benefits, received by the intermediary.

BenchMark Finance acts as a counterparty to the transactions of clients with OTC derivatives, contracts for differences (CFD) on the OTC market, therefore BenchMark Finance does not accrue receivables from two or more participants in a transaction in accordance with Art. 24 (9) of MiFID II does not receive non-monetary benefits as an intermediary and the value of all monetary benefits that it receives as an intermediary are specified in the BenchMark Finance Tariff of Fees and Commissions.

## **12. Cases where the best execution policy has a limited position**

### 12.1 Specific instructions

12.1.1 A Client may request from BenchMark Finance to execute his order in accordance with specific instructions - both in full and separately. BenchMark Finance will follow the client's instructions as much as possible. However:

- When the specific instructions of the client lead to higher implementation costs, BenchMark Finance will pay these additional costs by charging them as fees to the client. In this case, BenchMark Finance will notify the client of the changed fees before accepting the execution order.
- When the specific instructions of the client are in conflict with the normal work processes, BenchMark Finance will give priority to the specific instructions. This can lead to a different result when executing the customer's order.
- When there is no conflict, BenchMark Finance will continue to follow this implementation policy.

12.1.2 In the case of specific instructions from the client (eg indication of the place of execution of the order), BenchMark Finance respects its obligation for best execution to the client's order and to take all sufficient steps to obtain the best possible result for the client, following exactly the client's instructions and executing the client's order in accordance with them. This Policy is not applicable to performance factors, specified by the customer and BenchMark Finance will execute customer orders in accordance with the instructions submitted by the customer and the customer acts at his own risk and responsibility for the performance factors specified by him. For factors for which no instructions have been submitted by the client, BenchMark Finance will apply this Policy.

**The client should keep in mind that the special instructions submitted by him may prevent BenchMark Finance from taking the necessary actions to achieve the best result in the execution of client orders in accordance with the current order execution policy for this part of the order to which the instructions refer.**

## 12.2 Stop-out closure

12.2.1 In the event of an official closing of positions, BenchMark Finance seeks to immediately close, terminate or cancel all or part of the client's positions. BenchMark Finance has the discretion and personal judgment on how to perform automatic closing of positions in order to release additional margin and reach the margin requirement levels, including personal judgment regarding the execution of the order, the amount of instruments, aggregation, the determination of the priority of the positions (in what order to be closed) and at what prices to perform the closing of the client's positions.

12.2.2 In case of official closing of positions and/or sale of financial instruments to the client in order to cover a negative cash balance on one or more accounts of the client, accumulated as a result of transactions, concluded by the client or provided investment or additional services under Art. 6 of Financial Instruments Markets Act. In cases of official closing of positions, the client unconditionally agrees with the price levels at which BenchMark Finance has closed its positions and the closing of the client's positions in financial instruments is carried out at the discretion of BenchMark Finance at current market prices and in compliance with the current policy.

12.3 Execution at a highly volatile market, which leads to a number of risks associated with performance in a volatile market. Clients should be aware of the following risks, associated with market volatility, especially in the vicinity of the opening or closing of a standard trading session.

12.3.1 Execution of the order at a significantly different price from the quotation of the offer or from the last reported (quoted) price at the time of acceptance of the order or the price

visible from the client (quotation), as well as partial execution or execution of large orders in several transactions at different prices.

12.3.2 The prices at the opening of the market may differ significantly from the prices at which the market closed during the previous session.

12.3.3 The opening price coincides with the closing price or falls into a “gap” in the case of a closed market. In this case, when the market is opened, the client orders will be executed at the first possible market price, which is unpredictable, as there may be a significant widening of the spreads, compared to the usual and when submitting market, limit, stop or other types of orders to be concluded at prices, significantly different from those, set by the client.”

12.3.4 Market volatility is one of the factors that can lead to the execution of an order. When there is a large volume of orders on the market, imbalances can occur, as well as delays in execution. This means that more time is needed to execute pending orders. Such delays are usually due to the excessive number and size of orders to be processed, the speed, with which current quotations are provided (or information on the last price, when selling instruments), the limitations related to the technical capacity of the systems, the Internet Client execution policy for financial instrument transactions 25 connection or devices, used by the customer or applicable to a trading venue or an execution venue, as well as those of BenchMark Finance and other financial institutions.

#### 12.4 Use and transmission of information

BenchMark Finance may access and use and/or provide its counterparties with information about customer orders, positions, trade and other data analyzes in the form of general anonymous and aggregated data. This anonymous and aggregated data can be used for market information, analytical materials, risk management strategies, creating a target market for products and services, providing liquidity and other products and services of BenchMark Finance. The nature of the anonymous and aggregated data provided may differ from that provided to other counterparties in terms of quantity, scope, methodology or otherwise and may be changed without notice to customers.

#### 12.5 With regard to prices

When trading over-the-counter derivatives on the OTC market, offered by BenchMark Finance, clients trade at a price, quoted by BenchMark Finance. There are a number of factors that can be used to construct a derivative price and they vary, depending on the asset class traded, the nature of the market, the characteristics and terms of the transaction and any particular market or credit risks. BenchMark Finance applies a standard method for determining the price/quotation of the offered derivatives to ensure that the price/quotation at any time is always considered to be a fair and best price that the client can receive.

## **V. FINAL PROVISIONS**

### **13. Policy check and updates**

13.1 BenchMark Finance monitors the effectiveness of this Policy and the quality of execution of customer orders and, when necessary, takes measures to eliminate identified irregularities.

13.2. BenchMark Finance conducts an annual review of this policy, as well as any significant changes that may affect the ability of BenchMark Finance to provide the best results for the execution of customer orders when using the execution venues included in this politics.

13.3 BenchMark Finance presents in accordance with Art. 85 of Financial Instruments Markets Act announcing annually by April 30 on its website summarized information and reports on the first five places for execution of orders in terms of volume of transactions in the previous year and the quality of execution for each class of financial instruments for the previous year according to the requirements of Delegated Regulation 2017/576.

13.4 As a place of execution of orders for certain financial instruments (CFDs) and a market maker of financial instruments traded on the BSE, BenchMark Finance publishes on its website [www.benchmark.bg](http://www.benchmark.bg) up-to-date data on the price, costs, speed of execution and the probability of implementation, according to the content, format and frequency of information provided in Delegated Regulation 2017/575.

## **14. Final provisions**

14.1 This policy is provided to clients in Bulgarian and English, and is constantly available to all clients and potential clients on the website of the investment intermediary [www.benchmark.bg](http://www.benchmark.bg) Upon request, BenchMark Finance may provide this policy to another durable medium. BenchMark Finance notifies its clients of any change in this Policy through a notice published on its website.

In case of discrepancies in the texts of the provisions of the two languages, the text of the respective provision in Bulgarian shall prevail. By concluding a contract, the client declares that he agrees to use the Policy in one of the two available languages and will not require translation into a language other than Bulgarian and English.

14.2 BenchMark Finance considers that the clients have given their preliminary consent to the current policy, as well as subsequent changes and additions to it, if they do not express their explicit disagreement with the policy, respectively with the changes made in it, within 3 days of publication. respectively, from the publication of the changes in it, on the website of the investment intermediary [www.benchmark.bg](http://www.benchmark.bg).

14.3 This Policy is adopted on the basis of Art. 86, para. 1 of the Markets in Financial Instruments Act and Art. 65, par. 5 of Delegated Regulation (EU) 2017/565. This policy repeals the current Client Order Execution Policy, adopted by a decision of the Board of Directors of BenchMark Finance on May 16, 2018.

14.4 This Policy has been adopted by a decision of the Board of Directors of BenchMark Finance, according to the minutes of a meeting held on 29.01.2021 and is in force since 02.02.2021, amended and supplemented by a decision of the Board of Directors, according to the minutes of a meeting held on November 29, 2021 and is effective from December 3, 2021.

### **List of execution venues:**

- Bulgarian Stock Exchange AD - licensed trading venue. Implementation of the regulated market (Main Market) and multilateral trading facilities organized by the BSE - Beam SME Growth Market and MTF BSE International.
- BenchMark Finance AD - counterparty and liquidity provider for derivatives transactions - CFDs, traded outside of a regulated market.