

BUSINESS CONTINUITY POLICY OF INVESTMENT BROKER INTERCAPITAL MARKETS AD

I. GENERAL PROVISIONS

This policy ("Policy") is adopted on the basis of the Markets in Financial Instruments Act (MFIA) and Art. 30 - 32 of Commission Delegated Regulation (EU) 2017/565.

II. General provisions, policy objectives

Art. 1 The Investment broker INTERCAPITAL MARKETS AD establishes, implements and maintains an adequate business continuity policy, which aims to ensure, in the event of interruption of the operation of certain systems or procedures, the protection of basic information and functions, as well as the maintenance of services and activities or, where this is not possible, the timely recovery of the information and functions and the timely resumption of their services and activities.

III. Scope of critical and important operational functions

Art. 2 In connection with Art. 3 the operating function shall be considered critical or important if a deficiency or failure to fulfil that function would significantly infringe the firm's continued compliance with the terms and obligations relating to its authorization or other obligations under MFIA or its financial performance, or the stability or continuity of its investment services or activities.

(2) Without prejudice to the status of any other function, the following functions shall not be considered critical or important for the purposes of paragraph 1:

(a) providing the investment broker with advisory services or other services that do not form part of the brokers' investment activities, including the provision of legal advice to the broker, training of the broker's staff, billing services, and the security of the brokers' premises and staff;

(b) the purchase of standardized services, including market information services and the provision of price information.

IV. Outsourcing of critical and important operational functions

Art. 3 (1) The investment broker may outsource one or more critical or important functions, but it should be borne in mind that outsourcing arrangements established by the broker should meet certain conditions.

(2) Outsourcing of investment services or activities or critical and important functions may constitute a substantial change in the conditions for the authorization of an investment broker. If such outsourcing arrangements are concluded after the investment broker has been authorized, those arrangements should be notified to the Financial Supervision Commission within the statutory time limits.

Art. 4. The investment broker shall ensure that it takes appropriate measures to avoid undue additional operational risk when it relies on a third party to perform operational functions critical to the continuous and satisfactory provision of services to clients and to carry out investment activities. The outsourcing of important operational functions to a third party may not be carried out in such a way as to materially impair the quality of internal control and the supervisory authority's ability to monitor the performance of all the duties of the investment broker.

Art. 5 The Investment broker INTERCAPITAL MARKETS AD, when assigning critical and important operational functions to external contractors, remains fully responsible for the performance of its obligations under MFIA and complies with the following conditions:

- (a) in outsourcing the Board of directors to INTERCAPITAL MARKETS AD does not delegate its responsibility;
- (b) the obligations of the investment firm towards its clients are maintained and remain unchanged;
- (c) the investment firm continues to fulfil and fulfil the conditions relating to its authorization;
- (d) none of the conditions under which the investment firm's authorization was granted shall be removed or modified.

Art. 6 The Investment broker INTERCAPITAL MARKETS AD exercises due care and diligence in concluding, implementing or terminating any arrangement for outsourcing critical or important operational functions to a service provider and takes the necessary steps to ensure the fulfilment of the following conditions:

- (a) the service provider has the capabilities, capacity, sufficient resources and appropriate organizational structure to enable the performance of the assigned functions and all the authorizations required by law for the reliable and professional performance of the assigned functions;
- (b) the service provider performs the outsourced services effectively and in accordance with applicable laws and regulatory requirements, and to that end the investment firm has established methods and procedures for assessing the performance by the service provider and for an ongoing review of the services provided by that provider;
- (c) the service provider duly supervises the outsourced functions and adequately manages the risks associated with the outsourcing;
- (d) appropriate measures shall be taken if there are grounds for believing that the service provider may not perform the functions effectively and in accordance with applicable laws and with regulatory requirements;
- (e) the investment firm effectively supervises the outsourced functions and manages the outsourcing risks and, to that end, the investment firm maintains the necessary expertise and resources to effectively supervise the outsourced functions and manage those risks;
- (e) the service provider shall disclose to the investment broker any development which may have significant implications for its ability to perform the assigned functions effectively and in accordance with applicable laws and with regulatory requirements;
- (g) where necessary, the investment broker may terminate the outsourcing arrangement without prior notice where termination is in the interest of its clients, without prejudice to the continuity and quality of service of its clients;
- (h) the service provider cooperates with the competent authorities supervising the activities of the investment broker in relation to the outsourced functions;
- (i) the investment broker, its auditors and the Financial Supervision Commission have effective access to data relating to the outsourced functions as well as to the relevant business premises of the service provider where this is necessary for the exercise of effective controls in accordance with this Article, and the competent authorities shall be able to exercise those access rights;
- (j) the service provider protects any confidential information relating to the investment broker and its clients;

(k) the investment broker and the service provider shall establish, implement and maintain a disaster recovery emergency plan and periodic testing measures for data archiving systems where necessary in view of the function, service or activity to be outsourced.

(l) the investment broker has taken measures to maintain the continuity and quality of the functions or services assigned and upon termination of the award, by transferring the outsourced functions or services to another third party or by performing them by the broker itself.

Art. 7 The respective rights and obligations of INTERCAPITAL MARKETS AD and the service provider shall be distributed clearly and set out in a written agreement. In particular, the investment broker shall guarantee its right to issue instructions and terminate the agreement, its right to receive information, as well as its right to carry out checks and the right of access to the accounting records and to the premises. The agreement shall ensure that the service provider may perform outsourcing to third parties only with the written consent of the investment broker.

Art. (8) Where the investment broker and the service provider are members of the same group, the investment broker must be able, for the purposes of complying with this Article, to take into account the extent to which the firm controls the service provider or has the ability to influence its activities.

Art. 9 INTERCAPITAL MARKETS AD shall provide the Financial Supervision Commission, upon request, with all the necessary information in order to enable the authority to verify that the performance of the assigned functions complies with the requirements of MFIA and its implementing regulations.

Art. 10 In the event that INTERCAPITAL MARKETS AD decides to assign functions related to a portfolio management investment service provided to clients to a service provider established in a third country, the intermediary will ensure that the service provider is authorized in its country for the provision of that service and is subject to effective supervision by a competent authority in that third country, and that there is an appropriate cooperation agreement between the competent authority of the investment broker and the supervisory authority of the service provider.

V. BUSINESS CONTINUITY IN UNFORESEEN CIRCUMSTANCES OR EVENTS

Art. 11 The activity may be influenced by a number of events such as:

- (1) power failure;
- (2) natural disasters or disruption of infrastructure;
- (3) equipment defect;
- (4) security attacks such as computer viruses and other malicious code;
- (5) Service Department (DoS) attacks;
- (6) loss of critical information;
- (7) events arising from the macroeconomic environment which the IB cannot manage, control and cannot influence;
- (8) other internal and external threats.

Art. 12 Business continuity is much more than recovery after a crash. It means identifying dependencies and enabling the activity to continue to function.

Art. 13 The business continuity management underlines the importance of:

- (1) an understanding of the continuity and preparedness needs and the need to establish policy and continuity management objectives;
- (2) implementation and control and measures to manage the overall risks of continuity of the organization;
- (3) monitoring and reviewing the implementation and effectiveness of the continuity management system;
- (4) continuous improvement based on objective measurements.

Art. 14 The risks that may affect the continuity of the Intermediary's business shall be continuously assessed. Depending on the risk, the Board of Directors shall promptly take immediate measures to continue the work process, some of which are, but not limited to:

- (1) The servers and computers of the brokers on which the trading plates are installed are equipped with a device with a continuity of electrical equipment supply;
- (2) implemented antivirus software;
- (3) hosting the software product Commans broker on a server hired by a specialized company (Dathicum), which ensures continuity of the server's operation and connection to the Internet;
- (4) enabling all employees to work from alternative jobs where necessary;
- (5) the staff in the Warsaw branch are trained to perform part of the posts performed at the head office in Sofia;
- (6) use of software products that allow employees to access information securely from different locations (Microsoft Office 365, Blackberry Workspaces, Commans Broker)
- (7) maintaining bank accounts and depositary services in banks in at least two different countries (Bulgaria and Poland), allowing payments and transactions in financial instruments to be made even in the case of a day off in one of the two countries.
- (8) remote customer service, complying with the regulatory requirements for this, without affecting the process of operation;

VI. FINAL PROVISIONS

§ 1. The Board of Directors of the investment broker shall, annually by 31 January each year, review and evaluate the compliance of this Policy with the services and activities provided by the investment broker, and in case of incompleteness and/or need to improve the internal organization shall adopt amendments and additions to the Policy. Notwithstanding the requirement of the preceding sentence, the management body shall adopt amendments to this Policy upon finding that there is a need to do so.

§ 2. The Management Body of the IB may issue orders and instructions on the implementation of this Policy.

§ 3. This Policy was adopted on 31.03.2020 by decision of the members of the Board of Directors of INTERCAPITAL MARKETS AD.