

Approved
by the shareholders' extraordinary general
meeting of the “APRICOT CAPITAL”
Closed joint stock company
Executive Director Vachik Gevorgyan



11 October 2022

**“APRICOT CAPITAL”
CLOSED JOINT STOCK COMPANY
REGULATION
ON EXCLUSION AND PREVENTION OF CONFLICT OF
INTEREST**

YEREVAN 2022

1. GENERAL PROVISIONS

- 1.1. This regulation defines the process for implementing measures to prevent and exclude potential conflicts of interest with Customers arising from transactions conducted by the closed joint-stock company "APRICOT CAPITAL".
- 1.2. The primary objective of this regulation is to ensure:
 - 1.2.1. The interests of the company's customers over the personal interests of the company, its employees, or any individuals associated with the company, as well as other persons.
 - 1.2.2. A clear definition of the company's duty to engage with Customers honestly, impartially, and in good faith.
 - 1.2.3. The optimal execution of customer orders, with a clear definition of the corresponding obligations of the company.
- 1.3. The prevention and elimination of potential conflict of interest cases, as well as other risks related to them.

The concepts utilized in this regulation have the following meanings:

Security. The instruments specified in clauses 1-2, 5-7 of Article 3 of the Law,

Executive Director. The sole executive body of the company, responsible for the day-to-day management of the company's operations in compliance with the legislation of the Republic of Armenia and the company's charter,

Company. "Apricot Capital" closed joint-stock company,

Council. The governing body of the company responsible for supervising the overall management of the company within the scope of authority delegated by the legislation of the Republic of Armenia and the company's charter,

Customer. Any person or entity with whom the company currently has a contractual agreement for the delivery of investment and/or non-core services,

Investment services. The services specified in Part 1 of Article 25 of the Law,

Conflict of interest. one of the cases specified in Clause 2 of this Regulation,

Non-core services. The services outlined in Article 26 of the Law,

Order. In accordance with the interpretation used by the Company in its internal legal documents establishing the guidelines for delivering Investment and/or Non-core services, and/or within the Agreements governing the provision of Investment and/or Non-core services,

Tariffs. The rates for Investment and Non-core services, approved by the Executive Director or as per the agreements governing the provision of Investment and/or Non-core services, under which the Customer remunerates the Company for these services,

Law. The law of the RA on Securities Market,

2. POTENTIAL CONFLICTS OF INTEREST

- 2.1. The possible cases of conflict of interest arising within the framework of the provision of investment services are:
 - 2.1.1. Selling securities to the Customer from the company, its employees, or the company's own portfolio, as well as from the portfolios of other individuals, at a price exceeding the market rate, without considering the Customer's investment objectives and the fundamental terms of the orders submitted by the Customer to the company.
 - 2.1.2. Selling securities owned by the Customer to the company, its employees, or individuals associated with the company, as well as other persons, at a price that is less than the prevailing market value.
 - 2.1.3. Investing the Customer's funds in securities belonging to the company, the company's employees, and/or individuals related to the company, as well as other persons, under conditions that are clearly disadvantageous for the Customer (non-arms-length basis).
 - 2.1.4. Conducting transactions involving securities owned by the Customer for the benefit of the company, its employees, and/or the company itself, as well as other individuals, at prices that do not align with market rates or without considering the Customer's investment objectives, if from these transactions, the company, its employees, and/or the company itself, as well as other individuals, have gained or may gain a benefit to the detriment of the Customer.
 - 2.1.5. Pressuring the Customer or delivering advice that results in executed transactions favoring the interests of the company, its employees, or individuals associated with the company, as well as other parties, and where the Customer, consequently, incurs losses.
 - 2.1.6. Engaging in transactions that do not align with the Customer's interests or the risk tolerance familiar to the Company, with the intent to collect higher commission and additional fees from the Customer if the Customer had a reasonable opportunity to attain a comparable income with lower commission costs.
 - 2.1.7. Intentionally holding the Customer's funds in in the relevant accounts that are designated for investment for the purpose of utilizing these funds to conduct the Company's own active commercial operations.
 - 2.1.8. The utilization of work related information acquired by the Customer, possessing substantial significance and the potential to impact the pricing dynamics of the Securities Market, for the advantage of the company, its employees, or individuals associated with the company and/or the latter.
- 2.2. The list provided above is not comprehensive. The Company's investment activities may involve other instances of Conflict of Interest that are widely acknowledged in both local and international financial markets.

3. REQUIREMENTS FOR COMPANY EMPLOYEES TO PREVENT CONFLICTS OF INTEREST

- 3.1. When providing investment services, the employees of the Company endowed with pertinent authority are obliged to:
 - 3.1.1. To meet the standards outlined in the regulatory laws of the RA that oversee the relevant sector, and to observe the internal legal provisions of the Company,
 - 3.1.2. To prioritize the interests of the Company and the Company's Customers over their own interests and to avoid participating in transactions that could unjustifiably and evidently harm the interests of the Customer and/or the Company,
 - 3.1.3. To guarantee the protection of the interests of investors including customers, partners, and other market participants,
 - 3.1.4. Within the scope of their responsibilities, employees are required to report potential violations of RA legislation and internal company procedures, as well as operations in which the Company may be considered an interested party according to RA legislation, to their immediate director.

4. PROTECTION OF CUSTOMERS' INTERESTS

- 4.1. In executing operations within the securities market, the Company adheres to the principles of impartiality, honesty, punctuality, and the mandatory notification of Customers regarding all transactions involving their securities and funds. The format and procedure for such notifications are determined by the legislation of the Republic of Armenia (RA) and the internal legal regulations of the Company.
- 4.2. When executing customer orders, the Company acts exclusively to safeguard the interests of the customer. In this regard, the relevant employees of the Company are obligated to:
 - 4.2.1. Avoid engaging in transactions that go against the interests of the Customer, particularly those whose primary or predominant purpose is to inflate the volume of commissions and other fees imposed by the Company on the respective Customer.
 - 4.2.2. When executing transactions based on customer instructions, in situations where apparent conflicts of interest arise, prioritize the clear interests of the customer above those of the company.
 - 4.2.3. Execute transactions in accordance with customer orders with a high level of professionalism and under optimal conditions.
 - 4.2.4. Execute transactions exclusively with Customers who have established agreements for Investment and/or Non-core services provision, ensuring compliance with both the regulatory framework of the Republic of Armenia (RA) and the internal legal guidelines of the Company.
 - 4.2.5. Charge commissions at the specified rates outlined in the tariffs.

5. MEASURES FOR AVOIDING CONFLICTS OF INTEREST

- 5.1. In the course of executing investment activities, the Company adopts the following measures to eliminate potential conflicts of interest among the Company, its employees, other individuals, and Customers:
 - 5.1.1. Transactions initiated by the company's employees, persons related to the company or other individuals, or customers, are executed following the procedures established by the legislation of the Republic of Armenia and the internal legal acts of the company.
 - 5.1.2. The company reserves the right to refrain from fulfilling a customer's order, provided prompt notification to the customer, in cases where order fulfillment contradicts the requirements of the legislation of the Republic of Armenia and/or the internal legal regulations of the company.
 - 5.1.3. The company's relevant employees are prohibited from conducting transactions for the company, orders from other employees, individuals associated with the company, or any other parties under similar terms, prior to fulfilling a customer's order—unless the execution of such a transaction serves the customer's interests and does not hinder the performance of their order. Every employee of the company should acknowledge that a conflict of interest may arise when their personal activities or interests conflicts with, interfere with, or have the potential to conflict with and interfere with their duties. Such conflicts may act as barriers to effective communication with other employees, managers, or customers, and may hinder cooperation
 - 5.1.4. Company employees are prohibited from abusing their position and authority within the company to pursue personal goals or utilize information acquired during the performance of their job duties for personal purposes. Company employees are work related information and the exchange of information between departments, as outlined by the legislation of the Republic of Armenia and the internal legal acts of the company.
 - 5.1.5. Within the company, the tasks of receiving orders submitted for transaction conclusion and executing the corresponding transactions based on the received orders have been distinctly segregated.
 - 5.1.6. Company employees are forbidden from providing advisory services to Customers regarding transactions in the securities market, where the primary or main objective is to create favorable conditions for transactions that serve their own interests or contravene the requirements of the Republic of Armenia legislation regarding the activities of persons providing investment services,
(the clause 5.1. were edited on 07.10.2022)
- 5.2. To avoid potential conflicts of interest between the Company and its Customers, the Company:
 - 5.2.1. has developed and endorsed specific procedures for the acceptance and execution of orders, along with the the accounting of completed transactions.
 - 5.2.2. has precisely specified and authorized the roles and responsibilities of its employees within their employment contracts, including measures of

accountability for failure to perform or inadequate performance of these designated functions.

- 5.2.3. is required to provide Customers with reports detailing transactions conducted with their securities and/or funds, adhering to the procedures and deadlines established by the legislation of the Republic of Armenia. The content of the information included in the reports submitted to the Customer is specified by the Investment and/or Non-core Services Provision agreements and the internal legal acts of the Company. However, it must meet, at a minimum, the information requirements outlined by the legislation of the Republic of Armenia.

(the clause 5.2. were edited on 07.10.2022)

6. FINAL PROVISIONS

- 6.1. Employees engaged in the provision of investment services undergo regular training on compliance with these regulations, along with other internal legal acts of the Company and the legislation of the Republic of Armenia. This training includes measures designed to prevent conflicts of interest.
- 6.2. All employees of the Company, regardless of their position, are obligated to abstain from actions, pursuits of personal interest, or relationships that conflict with the principles outlined in this regulation. Such actions or associations should neither contradict the interests of the Company nor be perceived as conflicting with them. This commitment is vital to ensure the impartial and honest performance of the employee's job duties.
- 6.3. This regulation does not cover instances in which conflicts arise or may potentially arise between a Customer of the Company and the Company, or a Customer who is not associated with the Company's employees.
(the 6.3. were edited on 07.10.2022)
- 6.4. Any employee of the Company who becomes aware of information about a conflict of interest arising or being possible during the provision of Investment and/or Non-core services is required to report this to their immediate supervisor. The supervisor, in turn, informs the individual responsible for internal audit within the Company.
(the 6.4. were edited on 07.10.2022)
- 6.5. Amendments and additions to these Regulations are approved by the Company's shareholders' meeting (if a board has not been formed in the Company) and enter into force upon approval by the meeting.
(the 6.35 were edited on 07.10.2022)