

RULES FOR THE PREVENTION OF CONFLICTS OF INTEREST

CBL NO009



Generally available information

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Document control

Version	Effective date	Amendments	Number of pages
1.0	01.11.2018.	New document.	8
2.0	27.07.2020.	General amendments.	10
3.0	29.09.2022.	Amendments were made in accordance with the conflicts of interest specified in the Group's Policy PO0028, incl. self-placement. The following was added to the Rules: <ul style="list-style-type: none">- section on the procedure for receipt of Market Sounding Information by CBLAM employees, procedure regulating when and how a statement is prepared in cases when a potential conflict of interest is detected (also prior signing a contract with the delegated service provider)	8

Organisational and administrative provisions

Purpose of the document

Establishment of a detailed and independent process of managing Conflicts of Interest at CBLAM subject to the Group's common system for the management of Conflicts of Interest within the area of investment services as well as the responsibilities of CBLAM employees and officials regarding the management of Conflicts of Interest.

Scope

The Rules have been developed in line with:

- Commission Delegated Regulation (EU) 2017/565,
- Commission Delegated Regulation (EU) 2017/593,
- Investment Management Companies Act (Ieguldījumu pārvaldes sabiedrību likums),
- the Law on Alternative Investment Funds and Managers thereof,
- Group's Policy PO0028 "Policy on the Prevention of Conflict of Interest Providing Investment Services",
- MAR,
- MAR Guidelines Persons receiving market soundings 2016/1477.

Matters related to the management of Conflicts of Interest in providing investment services, which are not covered by the Rules, are regulated by the Group's PO0028 "Policy on the Prevention of Conflict of Interest Providing Investment Services" or other internal regulations of the Group or CBLAM.

The procedure for checking personal transactions the CBLAM employees and officials and for assessing their compliance with the requirements for the prevention of Conflicts of Interest, is governed by Rules CBL NO0017 "Execution and Monitoring of Personal Transactions in Financial Instruments".

Terms, abbreviations

Bank – AS Citadele banka.

Benefits - fees, commissions, other monetary and non-monetary benefits which CBLAM pays to or receives from third parties in connection with the provision of investment services to the Client (including persons acting on behalf of such third parties).

CBLAM – CBL Asset Management IPAS.

CD – CBLAM Compliance Department.

Client – any natural or legal person who receives investment services at CBLAM.

Conflict of Interest – a situation in which different parties within the scope of their employment or through making decisions come to conflicting personal or economic interests.

Delegated Service – the service or services provided for in CBL NO016 "Rules for Delegation of Services"; insofar as it is applicable to the appointment of a depository (custodian bank, funds holder) of investment funds and investment plans, services of a

custodian bank/funds holder provided to investment funds and investment plans are also considered as Delegated Services within the meaning of CBL NO016 "Rules for Delegation of Services".

Employee – a CBLAM employee who has a contract of employment.

Financial Instruments/FI - financial instruments as defined in the Financial Instruments Market Act (Finanšu instrumentu tirgus likums) of the Republic of Latvia.

FMIL – Financial Instruments Market Act (Finanšu instrumentu tirgus likums).

Group – Bank, all branches of the Bank, as well as subsidiaries and associated companies that are subject to consolidation, which are engaged in the activity of providing Investment Services.

Inducements – any fee, commission, other monetary and non-monetary benefit within the meaning of Commission Delegated Regulation (EU) 2017/593.

Investment Advice – the provision of personal recommendations upon the Client's request or by CBLAM own initiative with respect to one or several FI transactions.

Investment Policy – mandatory provisions for managing a RMS or Client's Portfolio, including but not limited to a list of financial instruments where the Portfolio's assets are placed, their brief description, investment region/sector, investment periods and restrictions as well as other provisions.

Investment Research – within the meaning of those Rules, research or other information by which an investment strategy is recommended or suggested directly or indirectly with respect to one or more FI or issuers of FI, including any opinion on the current or future value or future price of such FI, and which is envisaged for the distribution channels or the general public, and with respect to which the following conditions have been fulfilled:

- a. It is designated as an Investment Research or otherwise reflected as an impartial or independent explanation of the matters included in the research;
- b. It is not a recommendation given to the Client in the course of providing Investment advice.

Investment Services – the investment services as defined in the Financial Instruments Market Act (Finanšu instrumentu tirgus likums) of the Republic of Latvia, which are provided by CBLAM, including i) Portfolio management and ii) Investment advice.

Management – placement, purchase, sale or any other treatment of the RMS or Client's portfolio, investing in any financial instruments in line with the Investment Policy inclusive.

Manager – a CBLAM official or an employee empowered to perform the RMS or Client's portfolio management.

MAR – Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. The document applies to the EEA.

OD - CBLAM Operational Division.

Official – Members of the CBLAM Management Board, RMS Managers as well as other persons empowered to issue instructions concerning the RMS assets or deal with them on behalf of CBLAM.

Personal Transaction – a transaction in FI effected by or on behalf of a CBLAM Relevant Person, where at least one of the following criteria is met:

- the transaction is carried out outside the scope of the professional activities of the above person;
- the transaction is carried out for the account of the above person;
- the transaction is carried out for the account of the spouse, dependent children of the above person or other relatives or any other persons who have close relations with the CBLAM Relevant Person or have shared the household with the Relevant Person for at least one year;
- the transaction is carried out for the account of a person in respect of whom the CBLAM Relevant Person has a direct or indirect economic interest in the outcome of the transaction, other than obtaining a fee for the execution of the transaction.

PMD – CBLAM Portfolio Management Division.

Policy – Group's policy PO0028 "Policy on the Prevention of Conflict of Interest Providing Investment Services".

Portfolio – the Client's or RMS funds in the cash account managed by CBLAM, including income from financial instruments and/or their management and financial instruments held in the financial instrument account opened with the Bank.

Portfolio management – an investment service which consists of managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more FI.

Recipient of management services /RMS – an investment fund, an alternative investment fund, a state-funded pension scheme investment plan or a pension plan established by private pension funds, established and/or managed by CBLAM.

Relevant Person:

- the Chairperson or a member of the CBLAM Management Board or the Council or any other person who on behalf of CBLAM takes significant decisions, creates civil obligations thereto;
- an employee of CBLAM as well as any other natural person whose services are placed at the disposal and under the control of CBLAM and who is involved in the provision of Investment Services and activities by CBLAM;
- a private individual who is directly involved in the provision of a delegated service to CBLAM when providing Investment Services.

RMS Management Service – management of investment funds, management of alternative investment funds, management of the assets of state-funded pension scheme and the assets of pension plans established by private pension funds.

Rules – these NO009 "Rules for the Prevention of Conflicts of Interest".

Share Certificate/SC - a transferable security that confirms the investor's participation in the investment fund and the rights arising from such participation. Within the meaning of these Rules, share certificates of the investment funds and alternative investment funds established by CBLAM.

Tied Agent - a natural or legal person, who on behalf of CBLAM promotes Investment Services to Clients or prospective clients, receives and transmits instructions or orders from the Client in respect of Investment Services or FI, places FI or provides Investment advice to Clients or prospective clients in respect of those FI or services.

General provisions

1. CBLAM shall in line with its size and organization as well as the nature, scale and complexity of its business perform all the necessary measures to identify the circumstances which constitute or may give rise to a Conflicts of Interest in providing Investment Services, inter alia, identify and prevent Conflicts of Interest which might arise as a result of third party inducements or remuneration policy or other incentives, in order to prevent and manage them in the future.
2. CBLAM has established an internal organizational structure, which maximally diminishes the probability of arising of a Conflicts of Interest. The structural units performing activities, which may give rise to a Conflicts of Interest, are mutually distinct and independent.
3. CBLAM shall ensure that the same employee performs only one of the following duties;
 - 3.1. Management of the financial instruments owned by CBLAM and execution or delegation of the tasks related thereto;
 - 3.2. Management of the Clients' portfolios and the RMS portfolios and execution or delegation of the tasks related thereto;
 - 3.3. Recording of transactions in financial instruments.
4. The CBLAM employees, within the scope of their employment, shall observe the highest standard of ethical conduct set in Group's P00017 "Code of Ethics" as well as act with due care in providing services to its Clients and RMS.
5. CBLAM shall make sure that there is no direct link between the remuneration or benefits of the CBLAM employees mainly engaged in one activity and the remuneration of other CBLAM employees mainly engaged in another activity, if in relation to such activities any Conflicts of Interest may arise.
6. To make a Conflicts of Interest arising less likely, pursuant to the provisions of CBL N00017 "Execution and Monitoring of Personal Transactions in Financial Instruments", CBLAM shall limit the possibility of its employees and officials to execute Personal Transactions in Financial Instruments.
7. To ensure that the Clients and RMS receive fair treatment and quality services, the CBLAM employees shall always take care of the Clients' and RMS interests as well as follow the principles of equal treatment and fair allocation of FI between the Clients and/or RMS, as defined in CBL P0004 "Transaction Execution Policy" approved by CBLAM.
8. The CBLAM officials, employees and Relevant Persons shall be prohibited from disclosing information about Clients or RMS managed by CBLAM or services to be provided which is classified as confidential and/or may harm the interests of one or more Clients.
9. CBLAM shall ensure that the employees engaged in the provision of Investment Services or FI manufacturing possess the necessary knowledge to fulfil their obligations.
10. Each CBLAM employee shall inform their direct manager and the CBLAM Operational Division responsible for monitoring of compliance at CBLAM on each identified or potential Conflicts of Interest. The Operational Division shall summarise the information on the potential Conflicts of Interest and submit it to the Chairperson of the CBLAM Management Board.
11. If reporting to the direct manager or to the Operational Division is not possible or advisable, the employee shall inform of the Conflict of Interest only the Chairperson of the CBLAM Management Board or under the procedure for reporting on any violation of the Group's internal regulations in accordance with P00017 "Code of Ethics" and the Group's internal regulations governing the application of a disciplinary punishment.
12. If an employee identifies a situation which can be classified as a potential Conflicts of Interest, they shall send the mentioned information to their direct manager and to the Operational Division to the e-mail address: compliance@cbl.lv for a detailed assessment of the respective circumstances; the employee shall also be entitled to request an explanation regarding any matter related to the Conflicts of Interest from the Operational Division or the Compliance Department.
13. Where it is found that the organizational and administrative arrangements established by CBLAM for managing Conflicts of Interest, including the measures for the prevention, management of Conflicts of Interest specified in the Statement on the Conflict of Interest, are not sufficient to ensure, with reasonable assurance, that risks of damage to the interests of the Clients and/or RMS will be prevented, the Management Board of CBLAM shall make relevant decisions necessary for ensuring that the interests of the Clients and/or RMS are preserved.
14. The procedure for acceptance of gifts is determined in P00017 "Code of Ethics" approved by the Group as well as other internal regulations of the Group.

Identification of conflicts of interest

15. In providing the Investment Services and RMS Management Services, a Conflicts of Interest may arise:
 - 15.1. between CBLAM un its Clients or RMS managed by CBLAM;
 - 15.2. between a CBLAM official, manager, another employee and the Client and/or RMS;
 - 15.3. between the CBLAM Tied Agent and the Client and/or RMS;
 - 15.4. between a person who exercise a direct or indirect control over CBLAM and the Client and/or RMS;

- 15.5. between the CBLAM Clients;
 - 15.6. between the RMS managed by CBLAM;
 - 15.7. between the Clients and the RMS managed by CBLAM;
 - 15.8. between the entities within the Group and the Client;
 - 15.9. between a CBLAM Relevant Person and the Client and/or RMS;
 - 15.10. between a CBLAM Relevant Person and the entities within the Group;
 - 15.11. between CBLAM and the delegated service provider,
 - 15.12. between CBLAM and the provider of market sounding information (possible if clients' portfolios already contain FI from other issues of the same issuer).
16. A Conflicts of Interest between the persons specified in Paragraph 15 hereof may arise in the following circumstances:
 - 16.1. CBLAM manages the Portfolios of two or more Clients and/or RMS at the same time and makes a decision on the transactions in the Portfolio;
 - 16.2. CBLAM or its employee or official executes, or is planning to execute, a Personal Transaction in FI in parallel with an order for execution of a transaction on a transaction in the Portfolio of the Client or RMS in respect of the same FI;
 - 16.3. the FI purchase/sale transactions are carried out between Client's/RMS Portfolio and the Group's/CBLAM FI portfolio;;
 - 16.4. a Group entity receives Benefits from third parties or makes payments to third parties in connection with the Investment Services provided by CBLAM;
 - 16.5. a CBLAM employee, an official or a Relevant Person possesses inside information about the financial position of the Client's or the RMS Portfolio, which can affect the price of FI they hold;
 - 16.6. a CBLAM employee or official discloses inside information communicated as part of market sounding;
 - 16.7. a Group entity as a manager of the investment fund selling the certificates of the investment funds to increase the commissions for the management services, which depend on net asset value of the RMS Portfolio;
 - 16.8. The Bank, which exercises the functions of a distributor, custodian and broker of the Portfolios of the Clients and RMS, is interested in increasing the assets in the Portfolios of the Clients and RMS.
 17. In the course of providing Investment Services or RMS Management Services to the Client, the following circumstances shall be considered when a CBLAM employee or official:
 - 17.1. is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
 - 17.2. has an interest in the outcome of a service provided to the Client or RMS, which is not in the best interests of the Client or RMS;
 - 17.3. has an interest to act in favour of another Client or RMS rather than in favour of the particular Client or RMS;
 - 17.4. carries out the same activities in the interests of both RMS and the Client or in the interests of such a group of Client that is RMS;
 - 17.5. receives or will receive from another person a remuneration, in the form of cash or other services, for the Management Services provided to RMS which is not the standard fee for such services;
 - 17.6. offers Share Certificates of RMS established by CBLAM to the Clients and/or RMS or they hold Share Certificates of RMS established by CBLAM;
 - 17.7. offers FI the issuer of which is a Group entity or a Group's Client to the Clients and/or RMS or they hold such FI;
 - 17.8. uses inside information received as part of market sounding

Inducements and benefits _____

18. This section includes provisions regarding the receipt of Benefits in the course of providing to the Clients independent Investment Advice or Portfolio Management Service by CBLAM.
19. In the course of providing independent Investment Advice and/or Portfolio Management Services, CBLAM shall not accept any monetary Benefits.
20. In the course of providing independent Investment Advice and/or Portfolio Management Services, CBLAM shall not accept any non-monetary Benefits, except for the following acceptable minor Benefits:
 - 20.1. Information or documentation regarding the Financial Instrument or Investment Service which is general in nature or personalized for a Client and which is not considered to be an Investment Research within the meaning of the Policy or thereof;
 - 20.2. Third party's written material, which is not an Investment Research within the meaning of the Policy or thereof and which is ordered and paid for by a corporate issuer or a potential issuer to facilitate a new emission, or if a third party has contractual liabilities to the issuer and the issuer pays to it for the development of such material on a regular basis on the condition that the said relationship is explicitly disclosed in the material and the material is made available to all investment brokerage firms or credit institutions who wish to receive it or to general public concurrently;

- 20.3. Participation in conferences, workshops and other training events in the field of benefits and characteristics of a particular Financial Instrument or Investment Service;
- 20.4. Participation in road shows paid by a corporate issuer which are also available to investment units of other banks and investment brokerage firms or general public;
- 20.5. Hospitality manifestation with a reasonable de minimis value, for example, food and beverages, flowers, souvenirs, books, representation items, during working meetings or conferences, workshops, training or marketing events;
- 20.6. Other minor non-monetary Benefits which are justified and proportionate, can improve the quality of the services provided to the Client and to the extent that they are likely not to affect the CBLAM conduct in such a manner that it would harm the interests of the Client(-s).
21. The Management Board of CBLAM shall be entitled to introduce additional provisions for the receipt of minor non-monetary Benefits.
22. In the course of providing independent Investment Advice and/or Portfolio Management Services, CBLAM shall only accept an Investment Research produced by a third party in exchange for direct payments from its own resources which shall not be considered to be Inducements.
23. CBLAM does not produce any Investment Research.
24. The provisions laid down in Paragraph 22 shall not apply to the provision of MRS Portfolio management services.

Measures to prevent conflicts of interest_____

25. The Investment Services and RMS Management services shall be performed by CBLAM Employees, who are not involved in decision-making related to proprietary trading activities conducted by CBLAM.
26. The remuneration of the CBLAM Managers is not linked to the performance of the Clients' and/or RMS Portfolios under management.
27. If the funds in the MRS Portfolios or Client's Portfolios managed by CBLAM are intended to be invested in the Financial Instruments issued by a Group entity, it shall be openly communicated through including the respective information in the Investment Policy applicable to the particular RMS or the Client.

Measures to prevent and manage Conflicts of Interest for transactions in FI manufactured by CBLAM

28. CBLAM is considered to be a manufacturer of FI with regard to share certificates (SC) of the investment funds (RMS) under its management.
29. In the course of manufacturing FI – Share Certificates of RMS, CBLAM shall assess whether the SC do not lead to a situation which may have an adverse impact on end Clients.
30. Considering that CBLAM RMS SC can be included in the Clients' and/ or RMS Portfolios, every year CBLAM shall:
 - 30.1. assess the target market intended for each RMS SC and determine the distribution strategy to ensure that the transactions in RMS SC are carried out for the benefit of the Client and/or RMS;
 - 30.2. review the list of significant SC-related risks disclosed in the RMS Key Investor Information;
 - 30.3. ensure that all the SC distributors have an access to information about the SC of RMS established by CBLAM, including, but not limited to, information on performing transactions in SC and the respective target market;
 - 30.4. apply a reduced management fee for the Clients' Portfolio investments in the SC of RMS established by CBLAM, the amount of which is comparable to the amount required for covering the actual expenses of administrating the Client's Portfolio.
31. Taking into account that the Investment Policies approved by the Clients and RMS may provide that the funds will be invested in the FI – RMS issued by CBLAM, CBLAM shall inform the Client and/or RMS of the alternatives concerning the inclusion of the above FI in the Portfolio and the related risks.
32. The Key Investor Information of RMS established by CBLAM, which also presents information on the RMS risk and reward profile, charges and preferred investment period, is publicly available on the CBLAM website at www.cblam.lv; the procedure for its preparing and updating is established in the following documents: CBLAM CBL INS003 "Instruction for Identification of Risk Category and Disclosure thereof in the Key Investor Information" and CBL INS004 "Instruction for Identification of Charges and Disclosure thereof in the Key Investor Information".
33. The CD together with RMS shall review the information on the SC target market and the distribution strategy conformity with the identified target market at least on an annual basis; the respective information shall be maintained on the CBLAM website at <http://www.cblam.lv/lv/investment-funds/>.

Measures to prevent and manage Conflicts of Interest related to Group entities

34. CBLAM shall be aware that CBLAM concurrently or successively involves various structural units of **AS "Citadele banka"** in various activities of providing the Portfolio management services to the Clients and RMS, which may give rise to a Conflict of Interest between the Clients, RMS and their investors, CBLAM and the Bank, including:
 - 34.1. Distribution services;
 - 34.2. Custodian services;
 - 34.3. Client account holding services, incl. FI accounts;
 - 34.4. Brokerage services.

35. Prior to the involvement of the Bank in the provision of the services specified in Paragraph 34, CBLAM shall have verified that the Bank has functionally and hierarchically separated its other duties and responsibilities from those of a custodian; the potential Conflicts of Interest at the Bank shall be supervised pursuant to the Group's Policy and internal procedures, and both the Clients of the Bank and CBLAM as well as the RMS investors shall be aware of them.
36. Taking into account that CBLAM is the manager of the assets of the Group entity **AS CBL Atklātais Pensiju fonds** (hereinafter – also the Pension Fund), to prevent Conflicts of Interest CBLAM shall:
 - 36.1. Ensure that at least one third of or two persons in the Management Board or the Council of the Pension Fund (depending on which of the above figures is smaller) are not CBLAM employees involved in decision-making on managing the assets of the Pension Fund's pension plans;
 - 36.2. Ensure that a Member of the Council and the Management Board of the Pension Fund who is also a CBLAM employee at the same time, in performing their duties withdraw from decision-making on transactions of the Pension fund;
 - 36.3. Restrict access of the CBLAM employees to the information on the Portfolios of the pension plans established by the Pension Fund which is not necessary for carrying out their duties and which gives rise or is likely to give rise to a Conflict of Interest;
 - 36.4. Ensure that the CBLAM employees directly involved in managing the assets of the pension plan of the Pension Fund are not employees of the Pension Fund at the same time.
37. Taking into account that CBLAM is the manager of the assets of the Group entity **AAS CBL life** (hereinafter – also the Insurance Company), to prevent Conflicts of Interest CBLAM shall ensure that the Insurance Company's Portfolios, including the assets covering technical provisions, are managed with due care and ensuring the best possible results and execution of transactions pursuant to the CBLAM PO004 "Transaction Execution Policy".

Exercise of voting rights arising from holding the financial instruments in the Client's and/or RMS portfolio.

38. CBLAM shall handle the assets in the Clients' and/or RMS Portfolios and exercise the rights attached thereto in its own name on behalf of the Clients and/or RMS only in the interests of the Clients and/or the RMS investors and pursuant to the Investment Policy and investment objectives agreed by the Client and/or RMS.
39. CBLAM can exercise the voting rights attached to the FI which are included as assets in the Clients' and/or RMS Portfolios without a consent of the Clients and/or RMS investors, inter alia, CBLAM shall be entitled, on behalf of the Clients and/or RMS, to participate in the shareholders' and bondholders' meetings with voting rights, apply for and/or waive the rights attached to financial instruments, perform any activities required for exercising the rights attached to FI or defence and protection of the interests of the Clients and/or RMS on behalf of the Clients and/or RMS.
40. When in the course of providing Investment Services a possibility of a Conflict of Interest is recognised, CBLAM may request the Clients to issue an order or authorisation for making a decision on using the rights attached to FI, also on participation in corporate events. The provisions shall apply to the pension plans of the Pension Fund under the management.
41. Before exercising the FI voting rights, the Manager shall inform the OD of the need for exercising the voting rights attached to the FI included in the Clients' and/or RMS Portfolios by sending the respective information to the e-mail address: compliance@cbl.lv.
42. If the OD does not suspect a potential Conflict of Interest and if required, the OD shall ask the Legal Department to prepare the necessary documents giving authorisation to represent the Clients and/or RMS. The authorisation documents issued to the Manager shall be registered in the CBLAM electronic register of powers of attorney at: CAM - CBLAM OD - CBLAM OD\Pilnvaras. Where no authorisation documents are required, the OD or the CD shall send the respective conclusion to the Manager's e-mail address.
43. The Managers shall be aware of and understand Conflicts of Interest arising from exercising of the voting rights on behalf of the Clients and/or RMS.
44. CBLAM shall ensure that more than one CBLAM employee is entitled to make decisions on the management of the Portfolio of every Client and/or RMS, which allows avoiding Conflicts of Interest with regard to relations of the particular CBLAM employee with, for example, Relevant Persons of the issuer of FI included in the Portfolio.

Information for clients and potential clients _____

45. In accordance with the provisions of the Group's policy "Policy on the Prevention of Conflict of Interest Providing Investment Services", prior to starting the provision of Investment Services, on a durable medium (<http://www.cblam.lv/lv/portfolios/protection-investors-interests/>) CBLAM shall explicitly inform the Client of the nature or sources of Conflicts of Interest (description of the Policy on the Prevention of Conflict of Interest Providing Investment Services) as well as of the measures to be carried out by CBLAM for mitigating the above risks.
46. CBLAM shall ensure that the information provided in Paragraph 45 is prepared considering the characteristics of the Client and it contains sufficient data, on the grounds of which the Client may make decisions concerning the Investment Service regarding which a Conflict of Interest arises.
47. CBLAM shall ensure the disclosure of those circumstances which cause a Conflict of Interest between CBLAM as the Manager of the Client's Portfolio between the interests and obligations of the Bank as the Client's account holder and the executor of transactions, which should be carried out in respect to the Client.
48. Before the circumstances specified in Paragraph 47 are disclosed to the Client, CBLAM shall consider the appropriate prevention and management of the mentioned conflicts of interest. Notwithstanding the fact that CBLAM discloses

information on Conflicts of Interests, CBLAM shall be obliged to maintain and implement effective organisational and administrative measures.

49. CBLAM shall ensure that the full text of the Policy approved by the Group is available to the Clients upon request.

Procedure for CBLAM employees on receiving Market Sounding information

50. Market sounding is communication of information to one or more potential investors, prior to the announcement of a transaction, in order to gauge interest of potential investors in a possible transaction (if any) and its conditions, such as potential size or pricing, which is performed by:

50.1. a) issuer;

50.2. b) a secondary offeror of a financial instrument, when the transaction is different from normal trading in terms of volume or value and uses a sales method for its execution based on a preliminary assessment of the possible interest of potential investors;

50.3. c) emission allowances market participant;

50.4. d) a third party acting on behalf of or on upon instruction of the person referred to in subparagraphs a), b) or c).

51. CBLAM does not conduct and does not receive Market Sounding Information within the meaning of Article 11 of MAR, except in cases where the receipt of Market Sounding Information is necessary in Clients' interests. In this case, the provisions of Paragraphs 52 to 57 of the Rules apply.

52. Upon receiving Market Sounding Information, CBLAM applies the approach established by the Group and acts as follows:

52.1. In the case mentioned in Paragraph 51 of these Rules, the Manager has the right to submit to the Management Board of CBLAM and the Operational Division (OD) a request to receive Market Sounding Information, which is sent to the e-mail address of the Chairman of the Management Board Name.Surname@cbl.lv and to the OD to compliance@cbl.lv. The OD registers the request and makes sure that the request meets the Market Sounding criteria.

52.2. In the event that the OD determines that the request does not meet the Market Sounding criteria, it makes a corresponding mark in the register and informs the person who submitted the request and the Chairman of the Management Board of CBLAM about it.

52.3. In the request for receiving Market Sounding Information, the provider of Market Sounding Information, FI, the reasons for participating in the process of receiving Market Sounding Information and the employee who is planned to be assigned to receive Market Sounding Information shall be specified.

53. The Management Board of CBLAM examines the issue of the need to receive Market Sounding Information at its meeting and makes a decision to reject or approve the receipt of Market Sounding Information.

54. In the event that a decision is made to confirm the necessity of receiving Market Sounding Information, at least the following shall be stated in the decision of the Management Board:

54.1. the issuers involved in receiving Market Sounding Information and FI that were subject to the prohibition on the use of inside information and their inclusion in the Restricted list (Restricted list – a list of FI with which persons related to CBLAM are not entitled to conduct Personal Transactions, unless otherwise stated in the Rules);

54.2. the special conditions, which stipulate that if during the course of receiving Market Sounding Information it was revealed that inside information contains information on other issuers and the FI subject to the prohibition of inside information, the recipient of Market Sounding Information shall immediately notify the OD, indicating the need to include these FI in the Restricted list and convene a meeting of the Management Board on additional restrictions on transactions;

54.3. the e-mail that may be used to receive Market Sounding Information to manage the flow of information within CBLAM and between Group/CBLAM employees;

54.4. the structural unit of CBLAM responsible for training of the employee who will receive Market Sounding Information and the deadline for conducting the training.

55. The appropriate storage of the documentation and information obtained in the course of receiving Market Sounding Information is the responsibility of the CBLAM employee who receives the Market Sounding Information.

56. CBLAM does not conduct transactions with the issuers and FI identified by the recipient of the Market Sounding Information until the time when the Management Board of CBLAM, at the initiative of the recipient of Market Sounding Information, has made a decision that the received Market Sounding Information is no longer inside information.

57. Inside information is information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments.

Monitoring and control of conflicts of interest _____

58. If a possible conflict of interest is detected (including before signing the contract with the delegated service provider), the CD draws up a statement describing the situation of the possible conflict of interest and measures to prevent/manage it. Statements are stored in the MS Teams directory with limited access rights: *CAM - CBLAM OD - CBLAM OD\Interesu konflikti\Akti*.

59. The CD shall maintain an electronic Register of Conflicts of Interest located in the MS Teams restricted access directory at: *CAM - CBLAM OD - CBLAM OD\Interesu konflikti\Akti \ Interesu konfliktu notikumu registers.xls*, where information on the

potential Conflicts of Interest identified by CBLAM, which can significantly harm the interests of one or several Clients and/or RMS and/or CBLAM, are stored .

60. The CD shall prepare a quarterly Compliance Report (*MIS Report; Annex to MIS Report: Article 13. List of AML/Compliance/Sanctions related sections (free format report)*) and submit it to the Management Board of CBLAM and the Compliance Sector of the Bank; the Report shall include information on the potential Conflicts of Interest identified by CBLAM during the reporting period.
61. The OD together with the CD shall prepare an annual Report on Compliance Risk Management, including disclosure of the identified Conflicts of Interest, and submit it to the Management Board and the Council of CBLAM.

Binding documents _____

62. Group's PO0017 "Code of Ethics".
63. Commission Delegated Regulation (EU) 2017/565.
64. Commission Delegated Regulation (EU) 2017/593, FITL.
65. Investment Management Companies Act (Ieguldījumu pārvaldes sabiedrību likums).
66. Alternative Investment Funds and Their Managers Act (Alternatīvo ieguldījumu fondu un to pārvaldnieku likums).
67. Group's PO0028 "Policy on the Prevention of Conflict of Interest Providing Investment Services".
68. Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. The document applies to the EEA.
69. MAR Guidelines Persons receiving market soundings 2016/1477.
70. CBL NO0017 "Execution and Monitoring of Personal Transactions in Financial Instruments".
71. CBL NO016 "Rules for Delegation of Services".
72. CBL PO004 "Transaction Execution Policy".
73. CBL INS003 "Instruction for Identification of Risk Category and Disclosure thereof in the Key Investor Information".
74. CBL INS004 "Instruction for Identification of Charges and Disclosure thereof in the Key Investor Information".
75. FCMC Regulation No. 161 "Recommendations for Identifying Inside Information".