R U L E S
of
EXCHANGE TRADED FUND EF PRINCIPAL ETF

SECTION I
GENERAL PROVISIONS

General provisions

Art. 1. (1) *(Amend. decision of the BD dated 10 December 2021)* Exchange traded fund EF PRINCIPAL ETF is an open-ended collective investment scheme for investing in securities and other liquid financial assets, established and operating in accordance with the following basic regulations: The Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investments (LACISOUCI) and the regulations thereto, the Law on Public Offering of Securities (LPOS) and the regulations thereto, the Law on Financial Instruments Markets (LFIM) and the regulations thereto, the Law on Obligations and Contracts (LOC). EF Principal ETF is an actively managed exchange traded fund, managed in accordance with the objectives and policies of the collective investment scheme, the management of which does not monitor a specific indicator.

(2) *(Amend., decision of the BD dated 10 December 2021)*The Fund is a legal entity. EF PRINCIPAL ETF is a separate property for the purpose of collective investment of funds raised through public offering of shares, on the principle of risk allocation in transferable securities and other liquid financial assets under Art. 38 of the LACISOUCI, with a view to achieving the set investment objectives of the fund. Section XV Company of the LOC applies to it, with the exception of Art. 359, para. 2 and 3, Art. 360, Art. 362, art. 363, letters ‘c’ and ‘d’ and Art. 364, insofar as the law or these Rules do not provide otherwise.

(3) *(Amend., decision of the BD dated 10 December 2021)*The Fund is divided into shares. Its shares are dematerialized. The Fund’s shares may be bought and sold on a primary or secondary market, without being limited to a certain category of investors and / or for a certain minimum number of shares. The primary market is the market in which the Fund’s shares are issued or redeemed by the Fund itself. The secondary market is the regulated market on which the shares of the Fund are admitted to trading - BSE AD.

(4) The Fund is organised and managed by the Management Company ‘EF Asset Management’ AD in accordance with the Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investments (LACISOUCI) and the regulations concerning its application, the Law on Financial Instruments Markets, the Law on Obligations and Contracts and the other applicable legislation of the Republic of Bulgaria.

(5) *(Amend., decision of the BD dated 10 December 2021)*The Management Company has a permit for organization and management of the Fund, issued by the Financial Supervision Commission No. 526-DF / 17 August 2005, by which it is considered established

(6) *(Amend., decision of the BD dated 10 December 2021)* EF PRINCIPAL ETF is entered in the register under Art. 30, para. 1, item 4 of the Law on the Financial Supervision Commission.

(7) *(Amend., decision of the BD dated 10 December 2021)*In carrying out actions for management of the Fund and the activity related to the public offering on the secondary market (stock exchange trading) of the Fund's shares, as well as their issuance and redemption on the primary market, the Management Company acts on behalf and at the expense of EF PRINCIPAL ETF.

(8) The assets of the Fund shall be kept by a depository.

Definitions and abbreviations

Art. 2. *(Amend., decision of the BD dated 21 October 2019, Decision of the BD dated 10 December 2021 and decision of the BD dated 19 January 2023)* In these Rules the following words and expressions shall have the meaning as follows:

1. 'LACISOUCI':	Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investments
2. 'LPOS':	Law on Public Offering of Securities
3. 'LFIM':	Law on Financial Instruments Markets
4. 'Ordinance No. 44':	Ordinance No. 44 on the requirements for the activity of collective investment schemes, management companies, national investment funds, alternative investment funds and the persons managing alternative investment funds
5. 'the Fund', 'EF PRINCIPAL ETF'	Exchange Traded Fund EF PRINCIPAL EFT
6. 'The Management Company':	The Management company 'EF Asset Management' AD in the town of Sofia, which is a management company within the meaning of Art. 86 of the LACISOUCI
7. 'the Commission' or 'the FSC':	The Financial Supervision Commission of the Republic of Bulgaria
8. 'Depository':	A depository institution which fulfils the conditions and carries out the functions specified in Art. 34 of the LACISOUCI
9. 'Market-maker'	Investment intermediary meeting the requirements and fulfilling the functions under Chapter three 'a' of the LACISOUCI.
10. 'Vice President':	The Vice President of the Financial Supervision Commission, Head of the 'Investment Activity Supervision' Department
11. BSE AD:	'Bulgarian Stock Exchange' AD
12. 'The central depository':	'The Central Depository' AD, which is organised and carries out its activity in accordance with Art. 127 et seq. of the LPOS

13. 'The Prospectus':	The Prospectus for public offering of shares in the Fund
14. 'The valuation rules':	*(Amend., decision of the BD dated 31 January 2022)* The rules on portfolio valuation and determining the net asset value and the indicative net asset value of the Fund.
15. 'Working day':	A day which is a working one for the offices ('desks') where shares in the Fund are sold and redeemed, the term denoting the working time of the offices during such a day
16. 'Member State':	A Member State is a country which is a member of the European Union or another country which belongs to the European Economic Area.
17. 'Third country':	A third country is one which is not a member within the meaning of item 16.
18. 'Regulated market under Art. 152, para. 1 and 2 of the LFIM':	A regulated market is a multilateral system organised and/or managed by a market operator which meets or contributes to the meeting of numerous third parties' interests in the purchase and sale of financial instruments through the system and in accordance with the non-discretionary rules of the system, the result of which is the conclusion of a contract involving the financial instruments that are admitted to trading according to the system's rules and/or subsystems, the system being licensed and regularly operating in accordance with the requirements of the said Law and the acts concerning its application. A regulated market also denotes any multilateral system which is licensed and operative in accordance with the requirements of Directive 2014/65/EU of the European Parliament and of the Council.
19. 'Another regulated market':	A regulated market other than the one under Art. 152, para. 1 and 2 of the LFIM, which is regularly operating and is recognized and publicly available.
20. 'Transferable securities':	a) shares in companies and other securities that are equivalent to shares; b) bonds and other forms of securitised debt (debt securities); c) other transferable securities which give the right to acquisition of transferable securities by way of subscription or an exchange.
21. 'Money market instruments':	Money market instruments are those instruments which are usually traded on the money market, and are liquid ones and their value can be precisely determined at any point in time.
22. 'Tradable rights':	Rights within the meaning of § 1, item 3 of the Supplementary Provisions of the LPOS, i.e. securities giving the right to subscription for a certain number of new shares in connection with a decision made in favour of increasing the capital of a public company, and respectively, similar securities issued by foreign public companies.

23. 'NAV':	Net asset value of the Fund.
24. 'Indicative net asset value'	The indicative net asset value of the Fund. shows the indicative value of the assets of the Fund minus its obligations at a certain time of the day.

Name and logo

Art. 3. (1) *(Amend., decision of the BD dated 10 December 2021)* The name of the fund is Exchange Traded Fund EF PRINCIPAL ETF, The name is written in English language as follows: "EF Principal ETF".

(2) *(Amend., decision of the BD dated 10 December 2021)* The Board of Directors of the Management Company accepts the company sign of the Fund.

Management company data

Art. 4. (1) *(Amend., decision of the BD dated 15 March 2021)* The Fund is organised and managed by the Management Company 'EF Asset Management' AD having its registered seat and headquarters address as follows: town of Sofia 1592, 'Iskar' district, 43 Christopher Columbus Blvd., floor 5; mailing address: town of Sofia 1592, 'Iskar' district, 43 Christopher Columbus Blvd., floor 5, tel.: 02/9021 944; fax: 02 981 14 96 80; e-mail: office@efam.bg; webpage: www.efam.bg.

The Management Company has the following scope of activities:

1. Management of the activity of collective investment schemes, within the meaning of the Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investments Act (LACISOUCI);

2. management of investments, administration of shares, issued by mutual funds, respectively investment companies, including legal services and accounting services that are connected with the management of assets, requests for information about the investors, evaluation of assets and calculation of the price of the shares, monitoring the compliance with the statutory requirements, maintaining the register of shareholders, carrying out activity of management of a collective investment scheme originating from another Member State, distribution of dividends and other payments, emission, sale and redemption of shares, performance of contracts, record-keeping;

3. marketing services;

4. management in accordance with a concluded contract of a portfolio, including a portfolio of a collective investment undertaking, including financial instruments, at its own discretion, without special instructions by the client;

5. investment advice on financial instruments;

6. safe-keeping and administration of shares in collective investment undertakings;

7. management of the activities of sovereign wealth funds.

The management company has a licence for carrying out activity as a management company – Decision of the Commission No. 303-YD/4 May 2005 and No. 172-YD/8 March 2006, which include management of the activity of collective investment schemes, management of investments, administration of shares and marketing services. With Decision of the Financial Supervision Commission No. 861-YD/19 November 2020 the license has been extended issued to Management Company EF Asset Management AD with the additional services: management of the activities of sovereign wealth funds, management in accordance with a concluded contract of a portfolio, including a portfolio of a collective investment undertaking, including financial instruments, at its own discretion, without special instructions by the client, investment advice on financial instruments, safe-keeping and administration of shares in collective investment undertakings and is entered in the register of the Commission; the management company is also entered in the Register of Sofia City Court under company file No. 5568/2005. The Company is re-registered in the Commercial Register of the Registry Agency under EIK (unified identification number) 131422901.

(2) The management company has a one-tier system of governance, which comprises a Board of Directors.

Term

Art. 5. *(Amend., decision of the BD dated 10 December 2021)*The Fund is established for an unlimited period of time.

Activity of the Fund

Art. 6. (1) *(Amend., decision of the BD dated 10 December 2021)*The activity of the Fund consists in collective investment in transferable securities and other liquid financial assets – provided for in law – of pecuniary resources with a view to achieving the investment goals specified in Art. 7, this being carried out by the management company in compliance with the principle of distribution of the risk.

(2) *(Amend., decision of the BD dated 10 December 2021)*The money market instruments in which the fund invests must be liquid ones and it must be possible for their value to be precisely determined at any point in time.

(3) *(Amend., decision of the BD dated 10 December 2021)* The securities in which the Fund invests are as follows:

1. shares in companies and other securities which are equivalent to shares in companies;

2. bonds and other debt securities;

3. other transferable securities which give the right to acquisition of transferable securities through either subscription or an exchange.

Requirements regarding the assets in which the Fund invests

Art. 7. (1) *(Amend., decision of the BD dated 10 December 2021)* The securities in which the Fund invests must fulfil the following conditions:

1. the losses that the fund may suffer as a result of possessing them are limited by the amount of the price paid for them;

2. their liquidity does not affect the Fund's capacity for redemption of its own shares upon the request of its shareholders;
3. they have a reliable evaluation:
a) the securities admitted to trading or traded on a regulated market under Art. 38, para. 1, items 1 through 4 of the LACISOUCI have precise, reliable and regularly checked prices, which are provided either by the market or by evaluation systems that are independent of the issuers;
b) the securities under Art. 38, para. 2 of the LACISOUCI are evaluated on a regular basis and their evaluation is carried out on the basis of information submitted by the issuer, or on the grounds of a competent investment research;
4. there is appropriate information about them:
a) as for the securities admitted to trading or traded on a regulated market under Art. 38, para. 1, items 1 through 4 of the LACISOUCI, accurate and detailed information is regularly submitted as regards the market of the security or, where applicable, as regards the portfolio of the security;
b) as for the securities under Art. 38, para. 2 of the LACISOUCI, precise information is regularly submitted to the fund as regards the security or, where applicable, as regards the portfolio of the security;
5. they are transferable ones;
6. the acquisition thereof is in line with the investment objectives and/or the investment policy of the fund;
7. the risk associated with these securities is adequately laid down in the Rules on the risk management of the fund.

(2) *(Amend., decision of the BD dated 10 December 2021)* It is considered that the requirements set forth in para. 1, items 2 and 5 are applicable to those securities which are admitted to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the LFIM, or on another regulated market, or on an official market of a stock exchange, or on another regulated market in a third country, which is a regularly operating one and is recognized and publicly available, which is included in a list approved by the Commission on a proposal from the Vice-chairman, except where the fund has other information available, which brings about another conclusion.

(3) *(Amend., decision of the BD dated 10 December 2021)*The money market instruments in which the fund is allowed to invest are regarded as usually traded on the money market providing that they satisfy any of the following requirements:

1. upon their issuance, they have a maturity date that lies not more than 397 days ahead;

2. the remaining period until the maturity date thereof is not more than 397 days;

3. they are subject to regular adjustments of the earning capacity under the conditions of the money market, the said adjustments being made once in each 397 days at the least;

4. their risk profile, including their profile with regard to their credit risk and the risk associated with the interest rate, is in line with the risk profile of those financial instruments the maturity date of which corresponds either with the maturity date laid down in items 1 and 2 or with the adjustments of the earning capacity set forth in item 3.

(4) *(Amend., decision of the BD dated 10 December 2021)* The money market instruments in which the Fund is allowed to invest are those liquid money market instruments the sale of which requires limited expenses and an adequately short period of time in view of the obligation of the Fund to redeem its own shares upon the request of the shareholders.

(5) *(Amend., decision of the BD dated 10 December 2021)*Those money market instruments in which the Fund is allowed to invest are of a value which can be precisely determined at any point in time providing that there exist accurate and reliable systems of their evaluation, which satisfy the following requirements:

1. they make it possible for the fund to calculate the net value of its asset in accordance with the value at which the instrument forming part of the portfolio can be exchanged between informed parties that have given their consent under the normal competition conditions;

2. they are based either on market data or on evaluation models, including systems grounded on amortised values.

(6) *(Amend., decision of the BD dated 10 December 2021)* It is considered that the requirements set forth in para. 4 and 5 are applicable to those money market instruments which are admitted to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the LFIM, or on another regulated market, or on an official market of a stock exchange, or on another regulated market in a third country, which is a regularly operating one and is recognized and publicly available, which is included in a list approved by the Commission on a proposal from the Vice-chairman, except where the fund has other information available, which brings about another conclusion.

(7) The money market instruments under Art. 38, para. 1, item 9 of the LACISOUCI must be freely transferable and there must be appropriate information available about them, including information that is necessary for making the respective assessment of the credit risks associated with investing in these instruments.

Main investment objectives and strategy

Art. 8. (1) *(Amend., decision of the BD dated 10 December 2021)* EF PRINCIPAL ETF is an actively managed exchange traded fund, managed in accordance with the objectives and policies of the collective investment scheme, the management of which does not monitor a specific indicator. The main objectives of the Fund are an increase in the value of the investments of the holders of shares through realisation of the maximum possible income while assuming a moderate to a high risk and ensuring the liquidity of the investments of the holders of shares.

(2) The Fund invests predominantly in shares traded on a regulated market in Bulgaria. The Fund will also invest in debt securities and fixed income instruments, primarily with a view to maintaining the liquidity even at times of market upheavals.

(3) The investment strategy of the Fund provides for the realisation of capital profits from securities, income from dividends/share securities, as well as for current income from debt securities and other financial instruments. For achieving the investment objectives, a strategy of active management of the portfolio of securities, financial assets and monetary resources is implemented.

(4) In order to achieve its main investment objectives, the Fund applies appropriate strategies for protection against market risk, currency risk and other risks ('hedging'): transactions involving options, futures contracts, swaps and other derivatives.

Investment policy. Composition and structure of the assets

Art. 9. (1) (Amend., decision of the BD dated 10 December 2021) EF PRINCIPAL ETF has a moderate to a high risk profile, and for the purpose of achieving its investment objectives the Fund will adhere to a policy of investing mainly in shares. The Fund will invest in debt securities which have a potential for price growth as well as in fixed income instruments, mainly with a view to maintaining the liquidity even at times of market upheavals.

(2) *(Amend., decision of the BD dated 21 October 2019 and decision of the BD dated 10 December 2021)* The fund invests in:

1. shares in companies, tradable rights and other securities equivalent to companies' shares, which are admitted to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the Law on Financial Instruments Markets (LFIM) or traded on another regulated market in Bulgaria – up to 90% of the assets of the Fund;

2. shares in companies, tradable rights and other securities equivalent to companies' shares, which are admitted to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the Law on Financial Instruments Markets (LFIM) or traded on another regulated market in a Member State, as well as instruments admitted to trading on an official market of a stock exchange or traded on another regulated market in a third country, which is included in a list approved by the Commission on a proposal from the Vice-chairman – up to 90% of the assets of the Fund;

3. shares and units in other collective investment schemes and/or other undertakings for collective investment which comply with the conditions laid down in Art. 4, para. 1 of the LACISOUCI and have their registered seat in Bulgaria, or in another Member State, or in a third country, and fulfil the requirements set forth in Art. 38 para. 1, subpara. 5, item 'a' of the LACISOUCI, provided that, according to the Statutes and rules of these collective investment schemes, the latter are allowed to invest not more than 10 per cent of their assets in other collective investment schemes – up to 10% of the assets of the Fund;

4. deposits in credit institutions, which are payable on demand or can be withdrawn at any time, and have a maturity date not more than 12 months ahead; the credit institutions in a third country must abide by the rules and be subject to supervision, which the Commission on a proposal from the Vice-chairman counts as equivalent to those under the European Union law – up to 50% of the assets of the Fund;

5. a total of up to 90% of the assets of the Fund into:
a) securities and instruments on the money market, which are issued by the Republic of Bulgaria or by another Member State or by a third country;
b) instruments on the money market other than those traded on a regulated market, provided that the issue or the issuer of these instruments is subject to supervision with a view to ensuring protection for the investors or the deposits guaranteed by the Republic of Bulgaria or by another Member State, or issued or guaranteed by the Bulgarian National Bank, or by the central bank of another Member State, or by the European Central Bank, or by the European Union, or by the European Investment Bank, or by a third country, and in the cases of a federal state – by any of the members of the federal state, or by a public international organisation that at least one Member State is a member of;
c) securities and instruments on the money market issued or guaranteed by persons under item 'b' (excluding those under item 'a') and admitted to trading or traded on a regulated market under Art. 152, para. 1 and 2 of the LFIM or traded on another regulated market within the Republic of Bulgaria or another Member State, or admitted to trading on an official market of a stock exchange, or traded on another regulated market in a third country which is included in a list approved by the Commission on a proposal from the Vice-chairman;

6. *(Amend., decision of the BD dated 19 January 2023)* covered bonds and other debt securities issued by Bulgarian or foreign banks, which are admitted to trading or traded on a regulated market under Art. 152, para.1 and 2 of the LFIM or traded on another regulated market within the Republic of Bulgaria or within another Member State, or admitted to trading on an official market of a stock exchange, or traded on another regulated market within a third country, which is included in the list approved by the Commission on a proposal from the Vice-chairman – up to 40% of the assets of the Fund;

7. corporate bonds (apart from those under subpara. 6), other debt securities and instruments on the money market which are admitted to trading or traded on a regulated market under Art. 152, para.1 and 2 of the LFIM, or traded on another regulated market in Bulgaria – up to 60% of the assets of the Fund;

8. securities and instruments on the money market which are issued or guaranteed by regional or local authorities in the Republic of Bulgaria, or a Member State, or a third country, admitted to trading or traded on a regulated market under Art. 152, para.1 and 2 of the LFIM or traded on another regulated market in Bulgaria or another Member State, or admitted to trading on an official market of a stock exchange or traded on another regulated market in a third country, which is included in the list approved by the Commission on a proposal from the Vice-chairman – up to 60% of the assets of the Fund;

9. debt securities and instruments on the money market that are admitted to trading or traded on a regulated market under Art. 152, para 1 and 2 of the LFIM or traded on another regulated market in another Member State, or admitted to trading on an official market of a stock exchange, or traded on another regulated market in a third country, which is included in a list approved by the Commission on a proposal from the Vice-chairman – up to 60% of the assets of the Fund;

10. recently issued securities, provided that the terms and conditions of the issue comprise the assumption of an obligation to demand admittance – not later than one year following the issue thereof – for their being traded on 'Bulgarian Stock Exchange-Sofia' JSC or another official market of another stock exchange, or another regulated market, which is included in a list approved by the Commission on a proposal from the Vice-chairman – up to 60% of the assets;

11. other securities and money market instruments that are admissible in accordance with Art. 38, para. 1 of the LACISOUCI – up to 30% of the assets of the Fund;

12. other securities and money market instruments that are admissible by law, other than those specified in items 1 through 11 above, including those which are not admitted to trading and/or are not traded on a regulated market, inasmuch as that is allowed by law – up to 10 per cent of the assets of the Fund.

(3) *(Repealed, decision of the BD dated 12 April 2021)*

(4) *(Amend., decision of the BD dated 5 July 2021 and decision of the BD dated 10 December 2021)* The fund may not acquire precious metals and other commodities or certificates over them.

Other investment strategies and techniques. Repo transactions.

Art. 10. (1) The Fund is entitled to make use of techniques for effective management of a portfolio, these techniques being contracts of purchase or sale of financial instruments under the proviso for redemption of the financial instruments (repo transactions), providing that the transactions are appropriate from the economic point of view; and the risks associated therewith are adequately identified in the process of managing the risk, and on condition that they serve for achieving at least one objective from among the following ones:

1. reducing the risk;

2. decreasing the expenses;

3. generating additional revenues for the Fund, the risk level of the said revenue corresponding to the risk profile of the Fund and the rules on diversification of the risk;

(2) The use of repo transactions should not bring about a change in the investment objectives and restrictions or higher risks for the Fund, the said objectives, restrictions and risks being those specified in the Rules of the Fund.

(3) The fund may only include repo transactions in the event that the counterparties thereto are credit institutions or financial ones which are subject to prudential supervision on the part of a competent authority of a Member State or another state which is a party to the Convention on the Organisation for Economic Cooperation and Development.

(4) In its financial statements, the Fund provides specific information about all those financial instruments which are bought and, respectively, sold under repo transactions, disclosing the total amount of the contracts effective as at the date of drawing up the respective statement, and giving information about the contracts terminated during the reporting period.

(5) When contracting the repo transactions, the risk exposure of the Fund to each separate counterparty may not exceed 10 per cent of the assets of the counterparty if the latter is a bank under Art. 38, para. 1, subpara. 6 of the LACISOUCI and may not exceed 5 per cent of the assets of the counterparty in all other cases.

Art. 11. (1) *(Amend., decision of the BD dated 19 January 2023)* The Fund is entitled to contract repo transactions for the purchase of financial instruments under the proviso for their redemption by the seller at the price and within the term laid down in the contract between the two parties or reverse repo transactions, in compliance with the following restrictions:

a) the contract expressly provides for the possibility of its early termination by the Fund, in which case the Fund will buy back the loaned financial instruments, the subject of the contract, or receive back the full amount of money;

b) the Fund must ensure that the value of purchases under the repo transactions is at a level making it possible for the Fund to perform its obligations – at any point in time – to redeem its own shares and units upon the request of their holders.

c) the financial instruments which can be the subject of a repo transaction are the following ones:

1. money market instruments within the meaning of Art. 38, para. 1, subpara. 9 of the LACISOUCI;

2. bonds issued or guaranteed by a Member State or another state which is a party to the Convention on the Organisation for Economic Cooperation and Development, or the central banks of such states, or their local self governance bodies, or the European Central Bank, the European Investment Bank or a public international organisation where at least one Member State is a member of, as well as qualified debt securities which are issued or guaranteed by third countries having a credit rating not lower than the investment one awarded by a credit rating agency which is registered or certified in accordance with Regulation (EU) No. 1060/2009;

3. shares or units issued by a collective investment scheme which calculates the net asset value at least twice a week, and its registered seat or the registered seat of the company managing it is located either in a Member State or in another country which is a party to the Convention on the Organisation for Economic Cooperation;

4. bonds traded on a regulated market in a Member State or in another country which is a party to the Convention on the Organisation for Economic Cooperation, and the trading in the said bonds is sufficiently liquid;

5. shares traded on a regulated market in a Member State or in another country which is a party to the Convention on the Organisation for Economic Cooperation, on condition that these shares are included in the official index of the said market.

(2) *(Amend., decision of the BD dated 19 January 2023)* The Fund is entitled to contract repo transactions for the sale of financial instruments under the proviso for their redemption on the part of the Fund at the price and within the term specified in the contract signed by the parties; and on the maturity date the Fund must have sufficient resources available for paying the amount agreed for redemption of the financial instruments.

(3) *(New adopted by decision of the BD dated 19 January 2023)* Term repo transactions and reverse repo transactions, the duration of which does not exceed seven days, are considered transactions whose terms allow the Fund to buy back its shares at any time request of their holders.

Art. 11.a. *(New, decision of the BD dated 21 March 2017)* When contracting transactions involving off-exchange derivatives, the Policy on collaterals and reinvestment of cash collaterals of the Fund and the Policy on providing for losses from assets received as a collateral will be applied, in compliance with the requirements set forth in Art. 48a of Ordinance No. 44.

Investment restrictions

Art. 12. (1) The management company does not have the right to invest more than 5 per cent of the assets of the Fund in transferable securities or money market instruments that are issued by the same person.

(2) The management company is not allowed to invest more than 20 per cent of the assets of the Fund in deposits in one person under Art. 38, para. 1, subpara. 6 of the LACISOUCI.

(3) The risk exposure of the Fund to the counter party under a transaction involving derivative financial instruments traded off-exchange may not exceed 10 per cent of the assets in those cases where the counter party is a credit institution under Art. 38, para. 1, item 6 of the LACISOUCI, while in all the other cases it may not exceed 5 per cent of the assets.

(4) The management company is entitled to invest up to 10 per cent of the assets of the Fund into transferable securities or money market instruments that are issued by the same person, provided that the total value of these investments with persons in each one of which the Fund has invested more than 5 per cent of its assets does not exceed 40 per cent of its assets. The restriction under the first sentence shall not apply to the deposits in those credit institutions upon which prudential supervision is exercised, as well as to transactions with over-the-counter derivative financial instruments with these institutions. When calculating the total value of the assets under sentence one, the securities and the money market instruments under para. 6 and para. 18 are not taken into account.

(5) *(Amend., decision of the BD dated 12 April 2021)* Apart from the restrictions under paras 1 through 3 above, the total value of the investments of the Fund in transferable securities or money market instruments that are issued by the same person, together with the deposits with the said person, and the exposition to the said person arising as a result of transaction which involve derivative financial instruments traded off-exchange when, as a result of this combination the total value of these investments will exceed 20 per cent of its assets.

(6) The management company has the right to invest up to 35 per cent of the assets of the Fund in transferable securities and money market instruments that are issued by the same person, if the securities and money market instruments are issued or guaranteed by the Republic of Bulgaria, or by another Member State of the European Union, or by the regional or local authorities of a Member State, or by a third country or by a public international organisation that at least one Member State is a member of.

(7) *(Repealed, decision of the BD dated 12 April 2021)* The investment restrictions under paras 1 through 6 may not be combined ones. The total value of the investments of the Fund in transferable securities or money market instruments issued by the same person, together with the deposits with the said person, and the exposition to the said person arising as a result of transaction which involve derivative financial instruments traded off-exchange as set forth in paras 1 through 6 and para 18 may not exceed 35 per cent of the assets of the Fund.

(8) *(Amend., decision of the BD dated 12 April 2021)* Those companies which are included in the same group for the purposes of drawing up a consolidated financial statement in accordance with the established accounting standards are regarded as one person in those cases where the restrictions set forth in paras 1 through 7 and para 18 apply.

(9) The total value of the investments in transferable securities or money market instruments that are issued by the companies within the same group may not exceed 20 per cent of the value of the assets of the Fund.

(10) *(Amend., decision of the BD dated 10 December 2021)* The Fund cannot acquire more than:

1. ten per cent of non-voting shares that are issued by one person;

2. ten per cent of the bonds or other debt securities that are issued by one person;

3. twenty-five per cent of the shares in the same collective investment scheme or another undertaking for collective investments which fulfils the requirements set forth in Art. 4, para. 1 of the LACISOUCI;

4. ten per cent of the instruments on the money market that are issued by one person.

(11) The management company is allowed to invest no more than 10 per cent of the assets of the Fund in shares of the same undertaking for collective investments under Art. 38, para. 1, subpara. 5 of the LACISOUCI, regardless to whether or not the said undertaking has its registered seat in a Member State, abiding by the additional conditions and restrictions regarding the total amount of such investments, as laid down in Art. 8, para. 2, item 3.

(12) *(Amend., decision of the BD dated 12 April 2021)* The restrictions laid down in this Section shall not apply where the exercised rights concern subscription and ensue from transferable securities and instruments on the money market which form part of the assets of the Fund.

(13) In the event of a violation of the investment restrictions, this violation being due to reasons beyond the control of the management company or resulting from the exercise of rights to subscription, the management company shall give priority to bringing the assets of the Fund in line with the investment restrictions, giving consideration to the interests of the shareholders, doing so through sales transactions not later than six months following the commitment of the violation. In these cases it is within 7 days following the commitment of the violation that the management company shall have to notify the Commission, providing information about the reasons for the violation and the measures taken for the remedy thereof.

(14) The total value of the Fund's exposition relating to the derivative instruments may not exceed the net value of its assets.

(15) The Fund has the right to invest in derivative financial instruments while abiding by the restrictions set forth in paras 7 through 9 and on condition that the total exposure to the basic assets does not exceed the investment restrictions under paras 1 through 9.

(16) (Amend., decision of the BD dated 12 April 2021) In those cases where the Fund invests in index-based derivative financial instruments, these instruments are not combined for the purposes of the investment restrictions laid down in paras 1 through 15

(17) *(Amend., decision of the BD dated 19 January 2023)* In those cases where transferable securities or money market instruments contain an embedded derivative instrument, the exposure of the Fund to the said derivative instrument is taken into consideration when calculating the total exposure under para. 14. When a total return swap is carried out or an investment is made in other derivative financial instruments with similar characteristics, Art. 45 – 49 LACISOUCI.

(18) (New, adopted through a decision of the BD dated 12 April 2021 and amend., decision of the BD dated 19 January 2023) The management company has the right to invest up to 25 per cent of the assets of the Fund in covered bonds. The total amount of the investments under the first sentence in excess of the limit under Paragraph 1 for exposures to an individual issuer may not exceed 80 per cent of the assets of the collective investment scheme.

Restrictions on the activity of the Fund

Art. 13. (1) *(Repealed, decision of the BD dated 12 April 2021)* The Management Company acting on account of all collective investment schemes or other collective investment undertakings managed by it may not acquire on behalf of the Fund voting shares which would enable it to exercise significant influence over the management of an issuing body. Significant influence within the meaning of sentence one shall exist in the cases of holding 20 per cent or more of the votes in the general meeting of an issuer, which shall be set in accordance with Articles 145 and 146 of the Public Offering of Securities Act.

(2) In those cases where the Management Company or the Depositor act at the expense of the Fund, they do not have the right to grant loans or stand surety for third parties.

(3) Regardless of the restrictions laid down in para. 2, the Management Company and the Depository are entitled to acquire transferable securities, money market instruments or other financial instruments under Art. 38, para. 1, items 5, 7, 8 and 9 of the LACISOUCI in those cases where the value thereof has not been paid up in full.

(4) (Amend., decision of the BD dated 5 July 2021) In those cases where the management company or the depository act at the expense of the Fund, they do not have the right to enter into a contract of short selling.

Other conditions regarding the performance of investment activity

Art. 14. *(Amend., decision of the BD dated 10 December 2021)(Amend., decision of the BD dated 10 December 2021)* In the event of inconsistency between the provisions of Arts 8 through 10 of these Rules and any subsequent amendments to the LACISOUCI and the regulations concerning the application thereof in relation to the requirements and restrictions concerning the composition and structure of the investments and the activity of the Fund, the new regulatory provisions shall apply on condition that they are more restrictive than the provisions of the Rules. In these cases the Management Company brings the Rules of the Fund in line with the regulatory changes within the shortest reasonable period of time.

SECTION II

FUND'S PROPERTY AND SHARES

Divisibility of the property of the Fund

Art. 15. (1) *(Amend., decision of the BD dated 10 December 2021)* The Management Company separates its own property from the property of the fund and draws up separate financial statements regarding its own property.

(2) *(Amend., decision of the BD dated 10 December 2021)*The Depository separately accounts for the pecuniary resources and the other assets of the Fund, and separates the non-cash assets of the Fund from its own assets.

(3) *(Amend., decision of the BD dated 10 December 2021)* The Management Company and the Depository are not liable to their creditors with the assets of the Fund. The creditors of a member of the fund do not have the right to direct their claims against the assets of the Fund.

Net asset value

Art. 16. (1) *(Amend., decision of the BD dated 10 December 2021, 31 January 2022, 19 January 2023 and* 29 December 2025, effective 1 January 2026*)* EF PRINCIPAL ETF is obliged to fulfill the following special requirements under Art. 82a of Ordinance No. 44:

1. The minimum net asset value of the Fund may not be less than EUR 50,000 and shall be reached within 30 days of the approval of this prospectus;
2. After the expiration of the 30-day period, the Fund announces the accumulated amount of the net asset value on its website and notifies the FSC;
3. Within 30 days after reaching the minimum amount of assets of EUR 50,000, the Management Company submits an application for admission of the Fund's shares to trading on a regulated market.

As of the date of these rules, the net asset value of the Fund is above the minimum required amount under Art. 82a, para. 1 of Ordinance No. 44 out of EUR 50,000. After approval by the FSC of the Prospectus for Admission to Trading of BSE AD of the Fund's shares, the Management Company within 30 days will submit an application for admission of the Fund's shares to trading on BSE AD and the Fund will comply with the requirements of BSE AD related to trade in their shares. In case the Fund is not admitted to trading, it deletes from its name the designation “exchange traded fund” and applies Art. 82a, para. 3, second sentence of Ordinance No. 44.

(2) *(Amend., decision of the BD dated 10 December 2021 and 31 January 2022)* The net asset value of the Fund is calculated by the Management Company under the control of the Depository in compliance with the Rules for portfolio valuation and determination of the net asset value and the indicative net asset value of the Fund. The net asset value of the Fund for the purposes of determining the issue price and the redemption price is calculated by way of subtracting the value of liabilities from the value of all assets of the fund. The liabilities, denominated in foreign currency, are calculated at the official exchange rate of the Bulgarian National Bank (BNB), this rate being determined the previous day and announced on the day of measurement. The net asset value per share is equal to the net asset value of the fund divided by the number of the shares of the fund. The net asset value and the net asset value per share of the fund are determined each working day.

(3) *(Amend., decision of the BD dated 10 December 2021)* The net asset value of the Fund is increased or decreased in accordance with the change in the number of shares issued and redeemed, and in accordance with the changes in the market value of the investments of the Fund and its liabilities.

Shares

Art. 17. (1) *(Amend., decision of the BD dated 10 December 2021)* According to § 1, item 4 of the Supplementary Provisions of the LACISOUCI, the shares of the Fund are financial instruments issued by the Fund, which show the rights of their holders upon its assets. All shares of the Fund grant equal rights to their holders. The Fund's shares may be bought and sold on a primary or secondary market, without being limited to a certain category of investors and / or for a certain minimum number of shares.

(2*) (Amend., decision of the BD dated 10 December 2021 and 29 December 2025, effective 1 January 2026)* The nominal value of each share of the property of the Fund is EUR 0.51 (zero euros and fifty-one euro cents).

(3) In return for the shares bought, the investors make contributions in cash.

(4) *(Amend., decision of the BD dated 10 December 2021 and 31 January 2022)* The Fund issues and redeems only whole shares. The Fund does not issue partial shares.

(5) The number of shares of the Fund is changed as a result of their sale or redemption and is not limited to a minimum or a maximum number.

Procedure for borrowing financial resources on the part of the mutual fund

(Amend., decision of the BD dated 5 July 2021)

Art. 18. (Amend., decision of the BD dated 5 July 2021) In those cases where they act at the expense of the Fund, the Management Company and the Depository do not have the right to take out loans.

(2) *(Repealed, decision of the BD dated 5 July 2021)*;

(3) *(Repealed, decision of the BD dated 5 July 2021)*;

(4) *(Repealed, decision of the BD dated 5 July 2021)*;

(5) *(Repealed, decision of the BD dated 5 July 2021)*;

(6) *(Repealed, decision of the BD dated 5 July 2021)*;

(7) *(Repealed, decision of the BD dated 5 July 2021)*;

(8) *(Repealed, decision of the BD dated 5 July 2021)*;

(9) *(Repealed, decision of the BD dated 5 July 2021)*.

Issue price

Art. 19. *Repealed by decision of the BD dated 10 December 2021)*

Indivisibility

Art. 20. (1) *(Amend., decision of the BD dated 10 December 2021 and 31 January 2022)* The Fund issues to the primary market and redeems only whole shares. The Fund does not issue partial shares.

(2) *(Amend., decision of the BD dated 10 December 2021 and 31 January 2022)* When the share belongs to several persons, they exercise the rights under it jointly by appointing a proxy. The said person must have been authorized by way of an explicit written Power of Attorney notarized in accordance with the law.

Register of shareholders

Art. 21. *(Amend., decision of the BD dated 10 December 2021)* The book of shareholders of the Fund is kept by the Central Depository. The transfer of shares of the Fund is regarded as made at the time of entering the shares in the Central Depository, namely, in their transferee's subaccount at the account of the Management Company or of a licensed investment intermediary. The rights over these shares is certified by way of a registration document (depository receipt) which is issued by the Central Depository in the name of their owner, the said document being received upon the request of the investor either through the Management Company or through the investment intermediary.

Transfer of shares

Art. 22. *(Amend., decision of the BD dated 10 December 2021)* Shares of the Fund are transferred freely, without any restrictions or conditions, providing that the requirements of the operating legislation concerning the disposition with dematerialised financial instruments are complied with.

Net asset value of the mutual fund and net asset value per share. Methods of evaluation of assets and liabilities

Art. 23. (1) *(Amend., decision of the BD dated 10 December 2021)* The net asset value of the Fund and the net asset value per share are calculated each working day under the conditions and in accordance with the procedure set forth in the operating legislation, these Rules, the Prospectus and the valuation rules set forth in para. 2. The net asset value of the Fund is calculated by the Management Company under the Depository's control. The Depository guarantees the accuracy of the net asset value of the Fund and the net asset value

per share, the issue value and the redemption price, by checking and comparing the data submitted by the Management Company with the data from the registers of the Depository.

(2) *(Amend., decision of the BD dated 31 January 2021)* The Management Company adopts Rules on portfolio valuation and determining the net asset value and the indicative net asset value of the Fund, these Rules laying down the principles and methods of evaluation of assets, as well as the organizational system of the said activity.

(3) When calculating the net asset value, accruals are accounted for the remuneration amounts due to the Management Company, and the other expenses in accordance with the regulatory requirements and the contracts entered into.

(4) *(Amend. by decision of the BD dated 31 January 2021)* The net asset value of the Fund is equal to the aggregate of the carrying value of all the assets of the Fund, decreased by the aggregate of the carrying value of all the liabilities. The net asset value per share is equal to the net asset value divided by the number of outstanding shares of the Fund. The carrying value of the assets and liabilities is determined in accordance with the Rules on portfolio valuation and determination of the net asset value and the indicative net asset value of the Fund. The liabilities, denominated in foreign currency, are calculated at the official exchange rate of the Bulgarian National Bank (BNB), this rate being determined the previous day and announced on the day of measurement.

(5) The evaluation of assets of the Fund is carried out upon the initial acquisition (recognition) at acquisition price, which also includes the expenses on the acquisition. The subsequent evaluation of assets of the Fund is carried out at fair value.

(6) The subsequent evaluation of the securities of the Fund is carried out at fair value in the event that the latter can be determined, as follows:
1. *(Amend., decision of the BD dated 19 January 2023)* the fair value of government securities issued by the Republic of Bulgaria within the country and traded on trading venues with an active market is calculated:
- at the bid price upon the market closure for the day on which the valuation is carried out, announced in an electronic price information system;
- at the bid price upon the market closure for the last working day, announced in an electronic price information system, in case the trading venue is not open on the day on which the valuation is carried out.
1.1. In the event that the price is calculated on the grounds of gross prices submitted by the licensed primary dealers, it is directly used for the revaluation. Where the price is a net one, on the grounds of the interest characteristics and the interest rate coupon it is transformed into gross value and is used for the revaluation.
1.2. *(Amend., decision of the BD dated 19 January 2023)* In the event that it is impossible to apply item 1, the fair value is determined in the following way:

- in the event that no transactions involving them are contracted for the day to which it is carried out the evaluation, the fair value of transferable securities and money market instruments admitted to trading or traded on trading venues is determined at either the closing price or another similar indicator which is made public by the trading venues, the said price or indicator being the one of the closest day of the 30 days' period preceding the day to which it is carried out the evaluation.

- in the event that no trading is carried out on trading venues on days which are working ones for the country, the fair value of transferable securities and money market instruments admitted to trading or traded on trading venues is the closing price on the day of the last trading session preceding the day to which it is carried out the evaluation. In the event that no transaction is contracted on the day of the last trading session preceding the day to which it is carried out the evaluation, the fair value of these instruments is determined at either the closing price or another similar indicator which is made public by the trading venues, the said price or indicator being the one of the closest day of the 30 days' period preceding the day to which it is carried out the evaluation.

When evaluating bonds and other forms of securitised debt (debt securities), the interest accrued for the respective days is taken into account as well.

1.3 *(Amend. by decision of the BD dated 31 January 2021)* Where it is impossible to apply any method from among those described in para. 6, item 1, item 1.1 or item 1.2, it is necessary to apply the method of discounted cash flows, using the formula shown in 2.1, item 'h' of the Rules on portfolio valuation and determining the net asset value and the indicative net asset value of the Fund. The discount rate can be calculated in any of the following ways:

a) the current earning capacity until the maturity date of the securities, this capacity depending on the interest characteristics described in the Prospectus or the Memorandum of the respective issue;

or, where the above is inapplicable, the following method is used:

b) the calculations are grounded on the prices of the latest issues with the respective maturity, which the licensed primary dealers are obliged to quote. These most recent issues with the respective maturity are hereinafter called for short 'primary issues'. Those issues the price of which must be determined are called 'the issues sought'.

For the purpose of calculation, the prices of the primary issues are determined in accordance with para.6, item 1.

2. *(Amend., decision of the BD dated 19 January 2023)* The fair value of securities and money market instruments issued by the Republic of Bulgaria, and the fair value of those securities and money market instruments which are issued by another Member State or a third country and are traded on trading venues with an active market is determined as follows:

a) at the bid price upon the market closure on the day of evaluation, the said price being made public through the price information electronic system;

b) in the event that the foreign market is closed on the day of evaluation – at the bid price upon the market closure on the last working day, the said price being made public through the price information electronic system;

c) in those cases where the price calculated on the grounds of items a) through b) is a gross price, the latter is directly used for the revaluation. Where the price is a net one, on the grounds of the interest characteristics and the interest rate coupon it is transformed into gross value and is used for the revaluation;

d) in the event that it is impossible to apply the ways described in items 'a' through 'b', the evaluation is carried out using the method under item 1.3.

3. The fair value of Bulgarian and foreign shares and rights admitted to trading or traded on regulated market or another trading venue is determined

a) at the average weighted price of those transactions involving the said shares and rights which were contracted during the current working day, the said price being made public through the trading system or the stock exchange bulletin, providing that the total amount of the transactions involving them that were contracted in the course of the day is not lower than 0,02 per cent of the amount of the respective issue.

b) in the event that it is impossible for the price to be determined in accordance with the procedure set forth in the preceding item, the price of the shares and, respectively, the price

of the rights is determined as the arithmetic mean of the highest bid price of those orders which are valid as at the time of closing the market on the day of evaluation, and the average weighted price of those transactions involving the respective securities which were contracted during the said day. The price is only determined in accordance with this procedure if there are transactions contracted and bid-price orders placed.

c) in the event that it is impossible to apply item 'a', the price of the shares and, respectively, the price of the rights is equal to the average weighted price of those transactions involving the said shares or rights which were contracted during the most recent day – within the 30 days' period preceding the day of evaluation – on which such transactions were contracted. In those cases where during the preceding period of 30 days there was an increase in capital or an issuer's stock split, or payment of a dividend was announced, the average weighted price under the first sentence is adjusted by the capital increase ratio, or, respectively, by the stock split ratio, or by the amount of the dividend providing that the most recent day – within the 30 days' period preceding the day of evaluation – on which such transactions were contracted precedes the day after which the holders of shares do not have any more the right to participate in the increase of capital, or, respectively, the stock split day or the day after which the holders of shares have no more rights to a dividend.

d) in those cases where it is impossible to apply the evaluation methods described in items 'a' through 'c', as well as in the cases of shares that are not traded on active regulated markets, the subsequent evaluation is carried out by way of subsequent application of the following methods:
- the method of net carrying value of assets,
- the method of price/profit ratio of similar companies,
- and - the method of discounted net cash flows.

4. The subsequent evaluation of shares in collective investment schemes under Art. 38, para. 1, item 5 of the LACISOUCI, including the cases of temporary suspension of redemption, is carried out at the latest redemption price that has been made public until the end of the day preceding the day of evaluation.

5. The subsequent evaluation of derivative financial instruments is carried out in accordance with the procedure set forth in item 3.

6. The subsequent evaluation of Bulgarian and foreign bonds admitted to trading or traded on active regulated markets in the Republic of Bulgaria, and the subsequent evaluation of Bulgarian bonds admitted to trading or traded on active regulated markets in Member States is carried out at the average weighted price of transactions involving them that are contracted during the last working day and are made public through the trading system providing that the amount of transactions involving them for the day is not below 0,01 per cent of the amount of the respective issue.

In those cases where it is impossible for the price to be determined in accordance with the procedure set forth in item 6, the subsequent evaluation of bonds is carried out at the average weighted price of those transactions involving them which were contracted during the most recent day – within the 30 days' period preceding the day of evaluation – on which such transactions were contracted.

7. *(Amend., decision of the BD dated 19 January 2023)* The subsequent evaluation of Bulgarian and foreign securities admitted to trading or traded on active regulated markets that are regularly operating, recognized and publicly available:

a) at the latest price of a transaction involving them which is contracted on the respective market on the last working day;

b) in the event that it is impossible to apply the evaluation method described in letter 'a', the evaluation is carried out at the latest price of a transaction involving them which is contracted within the last 30 days' period;

8. The subsequent evaluation of derivative financial instruments the underlying asset of which is securities admitted to trading or traded on regulated markets abroad, which are regularly operative, recognized and publicly available, is carried out in accordance with items 7.

(7) In those cases where no trade is carried out on a regulated market on days which are working ones for the country, as well as in those cases where the trade in certain securities is temporarily suspended, the subsequent evaluation of the securities admitted to trading on a regulated market is assumed to be equal to the evaluation that is valid for the day of the latest trade session. In the event of subsequent evaluation of bonds in accordance with the first sentence, the interest accrued for the respective days is taken into account as well.

(8) The rule under para. 7 shall not apply in those cases where no trade sessions are held on the regulated market for more than 5 working days.

(9) The rule under para. 7 shall also apply in those cases where no trade session is held on the regulated market because the day is not a working one in the respective country, although it is a working one in the Republic of Bulgaria.

(10) *(Amend. by decision of the BD dated 31 January 2022)* Those securities and financial instruments which cannot have their fair value determined in accordance with the procedure set forth in para. 6, items 1 through 8, as well as those which are not admitted to trading on regulated markets are evaluated at their fair value calculated in accordance with the principles and methods laid down and described in detail in the Rules approved by the Vice President regarding portfolio valuation and determining the net value and indicative net asset value of the Fund.

(11) Bank deposits, cash available, pecuniary resources in current accounts and short-term receivables are evaluated as at the day of evaluation as follows:

1. fixed-term deposits – at their nominal value;

2. cash available – at its nominal value;

3. demand deposits – at their nominal value;

4. short-term receivables that do not have a fixed interest rate or income – at their cost;

5. short-term receivables that have a fixed interest rate or income – at their cost.

(12) *(Amend. by decision of the BD dated 31 January 2022)* The subsequent evaluation of those money market instruments which are admitted to trading or traded on a regulated market is carried out in accordance with para. 6, items 7. In the event that it is impossible to apply para. 6, items 7, the value is determined in accordance with the principles and methods laid down and described in detail in the Rules approved by the Vice President regarding portfolio valuation and determining the net asset value and the indicative net value of the assets of the Fund.

(13) *(Amend., decision of the BD dated 29 December 2025, effective 1 January 2026)* The financial assets denominated in currency other than are restated in their EUR equivalent, using the reference exchange rates of the euro to foreign currencies published by the Bulgarian National Bank (BNB) on its website, valid for the day to which the valuation relates.

(14) The value of liabilities is equal to the aggregate of the carrying values of short-term and long-term liabilities as shown in the balance sheet. The liabilities denominated in a foreign

currency are calculated in accordance with the official rate of exchange of the BNB valid as at the date of evaluation. The evaluation of liabilities is carried out in accordance with the International Accounting Standards and the accounting policy of the Fund.

(15) *(New, adopted by decision of the BD of 19.01.2023)* A coefficient of zero is used for the fair value of financial instruments of companies that have been declared bankrupt, accordingly it is assumed that their fair value is zero.

(16) *(Previous paragraph 15, adopted by decision of the BD of 19.01.2023)* Each working day the Management Company announces the issue price and the redemption price of the shares in an appropriate way from among those specified in the Prospectus for public offering of the shares of the Fund.

(17) *(Previous paragraph 16, adopted by decision of the BD of 19.01.2023)* In the event of inconsistency between the paragraphs above and any subsequent changes in the regulations concerning the calculation of the net asset value of the mutual fund, the new regulatory provisions are applied as from their entry into force. In these cases the Management Company brings the Rules of the Fund in line with the regulatory changes within the shortest reasonable period of time.

The indicative net asset value and indicative net asset value per share

Art. 23a. *(New, adopted thorough a decision of the BD of 10 December 2021 and amended by a decision of the BD of 31 January 2022)* (1) Indicative net value of the Fund's assets shall be calculated and published by BSE AD for each day in which the Fund's shares are traded on a regulated market at least twice during the session for the day. For this purpose, the Management Company enters into an agreement with the market operator on a regulated market on behalf and for the account of the Fund. In the absence of such an agreement, the indicative net asset value of the Fund shall be published by the Management Company on its website in the Fund section. The indicative net asset value of the Fund gives an idea of the net asset value of the Fund, based on the latest data on the Fund's asset prices at the time the indicative net asset value of the Fund is calculated.

(2) The Management Company shall provide to BSE AD upon concluded agreement under para. 1 with the regulated market, data on the structure of the Fund's portfolio, on the volume of instruments held from each position, on the amount of funds in the Fund, as well as on the number of issued shares confirmed by the Fund's Depository for the previous business day. When calculating the indicative net asset value of the Fund BSE AD or the Management Company, when no agreement has been concluded with BSE AD for calculating and publishing the indicative net asset value, updates the asset prices in the Fund's portfolio, leaving unchanged the level of all other elements of the Fund's balance sheet. The indicative net asset value of the Fund is calculated on the basis of information available during the stock exchange session or during part of the stock exchange session on the current value of the Fund's assets.

(3) The indicative net asset value per share is not the price per share at which shares may be subscribed or redeemed on the primary market, or the price at which shares may be bought and / or sold at the BSE AD.

Sale and redemption of shares at a primary market
(Title amend., decision of the BD dated 10 December 2021)

Art. 24. (1) *(Amend., decision of the BD dated 10 December 2021)*The primary market is the market in which the Fund's shares are issued or redeemed by the Fund itself. The Fund is obliged to constantly issue and sell shares to investors on the primary market at an issue value based on the net asset value. The cases of exception are those of temporary suspension of the issue of shares and those of redemption of shares of the Fund. The issue price at which the orders for purchase of shares of the Fund on the primary market are executed is calculated each working day and is valid for the day on which it is calculated.

1. Those orders for purchase of shares which are received until 16 h are executed at the issue price determined on the working day following the date of the order.
2. *(Amend., decision of the BD dated 31 January 2022)* Those orders for purchase of shares which are received later than 16 h. are executed at the issue price determined two working days after the date of the order.

The Management Company executes the order for purchase of shares on a primary market up to the amount deposited by the investor, the said amount being divided by the fixed issue price per share, thus calculating the number of shares acquired, and the number of purchased whole shares is rounded down to the smaller integer.

(2) *(Amend., decision of the BD dated 10 December 2021 and 31 January 2022* The Fund is obliged, at the request of the shareholders, to redeem its shares at a price based on the net asset value of one shares, except in cases of suspension of redemption under Art. 26 of these Rules. The redemption price at which the orders for redemption of shares of the Fund are executed is calculated each working day. A prerequisite for redemption is that the shares are purchased on the primary market. The Management Company keeps a register of orders and transactions for subscription of shares on the primary market and will accept redemption orders only up to the amount of shares subscribed by the shareholder on the primary market by the Fund itself. Another important condition precedent to the redemption is to have the shares kept in a customer's subaccount of the shareholder at the account of the Management Company in Central Depository AD. In the event that the shares are kept in a customer's subaccount of the holder of shares at the account of an investment intermediary, a redemption is only possible after transferring the said shares from the customer's subaccount at the investment intermediary into the customer's subaccount of the shareholder to the account of the Management Company in Central Depository AD.

1. Those orders for purchase of shares which are received until 16 h. are executed at the redemption price determined on the working day following the date of the order.
2. *(Amend., decision of the BD dated 31 January 2022)* Those orders for purchase of shares which are received later than 16 h are executed at the price determined two working days after the date of the order.

(3) *(Amend., decision of the BD dated 10 December 2021)* The calculation of the net asset value of the fund and the net asset value per share is carried out in accordance with the procedure set forth in Art. 23 of these Rules. In the event of calculation of the net asset value per share, the issue price and the redemption price are rounded to the nearest four decimal places.

(4) *(Amend., decision of the BD dated 10 December 2021)* It is not later than the end of each working day on which calculation was carried out of the NAV per share, the issue price and the redemption price of the shares of the Fund that the Management Company announces

these data at all those 'desks' where orders for sale and redemption of shares are accepted and contacts with the investors take place, and on the Internet site of the management company, as well as at the Internet site of The Bulgarian Association of Asset Management Companies (BAAMC).

(5) *(Amend., decision of the BD dated 10 December 2021 and 31 January 2022)* The minimum order amount for the purchase of the Fund's shares on the primary market is 10,000 shares. The minimum amount of the order for redemption of shares of the Fund on the primary market is 25,000 shares.

(6) *(Amend., decision of the BD dated 10 December 2021)* The sale and the redemption of shares of the Fund is carried out by the Management Company on behalf of and at the expense of the Fund at the issue price or the redemption price valid on the first working day following the day on which the written request is made.

(7) *(Amend., decision of the BD dated 10 December 2021)* All the orders for sale and, respectively, for redemption of shares of the Fund that are received on the same day, are executed at the same value.

(8) *(Amend., decision of the BD dated 10 December 2021)* The sale of shares of the fund on a primary market is carried out not later than the 7th day following the date on which the order was placed. The redemption of shares of the Fund is carried out not later than the 10th day following the date on which the order was placed.

(9) *(Amend., decision of the BD dated 10 December 2021)* Where a mistake has been made in the course of calculation of the net asset value per share, and as a result thereof the issue price is overstated by more than 0,5 (zero point five) per cent of the net asset value per share, the Management Company is obliged to reimburse the difference to the investor that has bought the shares at an overstated issue price, the amount for this reimbursement being provided from the financial resources of the Fund, and the reimbursement must take place within a period of 10 days after the mistake is found, except where the investor has acted in bad faith.

Where a mistake has been made in the course of calculation of the net asset value per share, and as a result thereof the issue price is understated by over 0,5 (zero point five) per cent of the net asset value per share, the Management Company is obliged to reimburse, at its own expense, the difference to the Fund within a period of 10 days after the mistake is found.

Where the mistake that has been made does not exceed 0,5 (zero point five) per cent of the net asset value per share, the Management Company takes measures required for both avoiding any mistakes in the course of calculation of the net asset value per share and sanctioning those officials who are at fault.

These rules also apply to those cases where a mistake has been made in the course of calculation of the net asset value per share and as a result of it the redemption price per share is either understated or overstated.

(10) *(Amend. by decision of the BD dated 31 January 2022)* In the event of introduction of an additional rate (the issue price per share exceeding the net asset value per share by the amount of the expenses on the sale of shares) and, respectively, in the event of introduction

of a discount (the redemption price per share being below the net asset value per share by the amount of the expenses on the redemption of shares), or in the event of a change in the additional rates and/or discounts introduced, the Management Company notifies the shareholders and the other investors in an appropriate way specified in the Prospectus, doing so immediately after the changes in the Rules of the Fund are approved by the Vice President. The obligation under the preceding sentence is performed not later than the day following the day on which the approval of the changes is made known.

(11) The Management Company suspends the sale of shares in those cases where the redemption of shares of the Fund is temporarily suspended. In the said cases the suspension of the sale of shares continues as long as the temporary suspension of the redemption continues.

(12) It is immediately after taking the decision regarding it that the Management Company notifies the shareholders of the Fund of the suspension of the sale/the redemption, this notification being given at the places ('desks') for sale and redemption, as well as through a publication made in the way specified in the Prospectus, and via the Internet.
(13) In the event of resumption of the sale/the redemption, the Management Company announces the issue price and the redemption price on the day preceding the resumption.

Obligations of the Management Company in the sale of shares on the primary market and redemption of shares acquired on the primary market

(Title amend., decision of the BD dated 10 December 2021)

Art. 25. (1) *(Amend., decision of the BD dated 10 December 2021)* When performing its activity of sale and redemption, the Management Company:

1. ensures the use of a network of offices ('desks') where the orders for sale and redemption of shares are accepted and the contacts with shareholders in the fund take place, and provides the conditions for acceptance, and accepts the said orders each working day;
2. opens subaccounts of the Fund's shareholders at its own account with the Central Depository;
3. accepts orders from the investors each working day, the content of the said orders being in compliance with the one specified in the regulations concerning the purchase and redemption of shares of the Fund;
4. each working day, it submits to the Central Depository the information required under the Rules, which is necessary for the settlement of the contracted transactions involving the Fund's shares sold/redeemed;
5. each working day, it sends to the depository the calculated net asset value, the net asset value per share, the issue price and the redemption price of shares of the Fund, as well as the whole information related to the calculation thereof, including the number of those shares sold and redeemed the settlement of which has been completed;
6. immediately considers all the statements, opinions and recommendations of the depository that have been made or given by the latter in the course of performance of its functions;

7. not later than the end of the working day, it enters into the accounts all those transactions and operations that have been carried out at the expense of the Fund;
8. performs any other legal and factual actions relating to the sale and the redemption of shares in accordance with the operating legislation, these Rules and the Prospectus of the Fund.

(2) *(Amend., decision of the BD dated 10 December 2021)* The Management Company is obligated:

1. to receive the payments made by the investors and/or to deposit the pecuniary resources received in cash for the sale of shares of the Fund into the bank account that has been especially opened with the depository for this purpose, doing so not later than the end of the next working day;
2. to carry out the transactions of sale of shares of the Fund within a period not longer than 7 days following the date on which the order was placed, and to carry out the transactions of redemption of shares of the Fund within a period not longer than 10 days following the date on which the order was placed;
3. to carry out the purchase of shares of the Fund at the first issue price which is made public following the day on which the order was placed, and to carry out the redemption at the first redemption price which is made public after the day on which the order was placed;
4. all those orders for purchase and, respectively, for redemption of shares of the Fund received within the same day are carried out at the same price, the latter being the next issue price and, respectively, the next redemption price that has been made public.
5. *(new, adopted by decision of the BD dated 19.01.2023)* submission of orders for the purchase or repurchase of shares of the Fund through a proxy is permissible only if a notarized power of attorney is presented, which contains representative authority to carry out management or dispositional actions with financial instruments;
6. *(new, adopted by decision of the BD dated 19.01.2023)* The management company keeps the original power of attorney under para. 3, respectively a notarized copy thereof. If the power of attorney has multiple effects, the management company keeps a copy of it, certified by the power of attorney and by the person accepting the order. The certification is carried out by affixing the inscription "true to the original", date and signature of the persons.
7.

Terms and procedure for temporary suspension of the redemption

Art. 26. (1) *(Amend., decision of the BD dated 10 December 2021)* It is upon decision of the Management Company that the fund may temporarily suspend the redemption of its shares, doing so in extraordinary cases only – where the circumstances require it and the suspension is justifiable in view of the interests of the investors, this including the following cases:

1. where the contracting of transactions is terminated or suspended or subject to restrictions on a regulated market on which more than 20 per cent of the assets of the Fund are listed or traded, and the temporary suspension lasts for the time during which the contracting of transactions is suspended or restricted;

2. where it is impossible to properly assess the assets or the liabilities of the Fund, or the Management Company is unable to undertake acts of disposition with the assets of the Fund without injuring the interests of the investors, and the temporary suspension lasts for the time of the said impossibility;

3. if a decision has been made in favour of dissolution or transformation through merger or takeover of the Fund, and the temporary suspension lasts for the period from the time the decision is made until the time the procedure is completed;

4. in the event of imposition of restrictions on the activity of the Fund or presence of some other similar reason, which either makes it impossible for the Management Company to manage the Fund or creates a possibility of the shareholders' interests being injured;

5. in the event of denunciation of the contract with the Depository due to culpable conduct on the part of the latter as well as in the case of imposition of restrictions on the activity of the latter, which either bring about impossibility of performance of his obligations under the contract of depository services or may injure the interests of the shareholders of the Fund.

(2) *(Amend., decision of the BD dated 10 December 2021)* The Management Company immediately suspends the sale of shares in those cases where the redemption of shares of the Fund is temporarily suspended. In these cases the suspension of public offering lasts as long as the temporary suspension of the redemption lasts and, respectively, as long as the period by which the temporary suspension of the redemption of shares is extended.

(3) The Management Company notifies the Commission and the Depository of its decision not later than the end of the working day, and notifies them of the resumption of redemption not later than the end of the working day preceding the resumption. The Management Company notifies the shareholders of the Fund of the suspension of redemption and, respectively, of the resumption thereof, doing so immediately after taking the respective decision, by announcing the latter in the way specified in the Prospectus. The Management Company announces on its Internet site the decision regarding the suspension of the redemption and, respectively, of the resumption thereof.

(4) In the event that an extension of the period of temporary suspension of the redemption of shares is necessary, the Management Company notifies the Commission and the Depository, doing so not later than 7 days prior to the expiry of the deadline initially set. Where the suspension period is shorter than seven days, including those cases in which the redemption is suspended due to technical reasons, the Management Company gives its notifications under the preceding sentence not later than the end of the working day preceding the date on which the redemption was supposed to be resumed.

(5) Those orders which are placed after the final announcement of the redemption price, prior to the initial date of the period of temporary suspension are not executed. The Management Company reimburses the amounts to the investors that have placed orders for the purchase of shares or units, transferring the amounts either to their bank account or to the cash desk of the company not later than the end of the working day following the day on which the decision regarding the suspension of the issue of shares was made.

(6) The redemption is resumed by the Management Company upon the expiry of the deadline set in the decision regarding the suspension of redemption and, respectively, in the decision regarding the extension of the period of suspension of the redemption. The notification of the resumption is given in accordance with the procedure set forth in para. 3. The issue price and the redemption price after the resumption of redemption must be made public on the day preceding the resumption.

Terms and conditions for issuance and sale of shares on the secondary market

Art. 26a. *(New, adopted through a decision of the Board of Directors of 10 December 2021)* (1) The secondary market is the regulated market on which the shares of the Fund are admitted to trading - BSE AD.

(2) The minimum number of shares that can be purchased by one person on BSE AD is 1 (one) share. There is no limit to the maximum number of shares that can be purchased by one person.

(3) The trading with the shares of the Fund of BSE AD will be carried out in accordance with the Regulations for the activity of the Bulgarian Stock Exchange AD and the Regulations of the Central Depository AD. After after admitting the Fund's shares to trading on the BSE AD, any investor who wishes to acquire or sell shares of the Fund is required to enter into an investment services agreement with a licensed investment intermediary and to submit an order for purchase or sale, by filling in all the necessary documents in accordance with the requirements of the selected investment intermediary and the requirements of the regulations.

(4) *(Amend. decision of the BD of 31 January 2022)* The investment intermediary shall not be entitled to execute a client's order if it finds that the shares - subject of the sale order, are not available on the client's account or are blocked in a depository institution, as well as if a pledge has been established or a lien has been imposed on them. The prohibition under the previous sentence, in respect of an order for the sale of shares that are not available on the client's account, does not apply in cases where the investment intermediary otherwise guarantees that the financial instruments subject to sale will be delivered on the day of settlement of the transaction.

(5) The shares of the Fund may be subject to a pledge within the meaning of the Law on Special Pledges, as well as to a financial collateral agreement with the provision of a pledge within the meaning of the Law on Financial Collateral Contracts. The prohibition under para. 4 shall not apply to pledged financial instruments in the following cases:

1. the acquirer has been notified of the established pledge and has expressly agreed to acquire the pledged financial instruments, there is an explicit consent of the pledgee in the cases provided by the Law on Special Pledges;
2. the pledge is established on a set within the meaning of the law on Special Pledges.

(6) In case the restrictive circumstances specified in para 4 are not present, the investment intermediary is obliged to enter the client's order in the trading system of BSE AD. Upon concluding a transaction, the investment intermediaries - parties to the transaction, shall perform the necessary actions for registration of the transaction with the Central Depository. The Central Depository registers the transaction within two days of its conclusion (T+2) if the necessary securities and funds are available and there are no other obstacles to this and updates the book of the Fund's shareholders.

(7) Payments under the concluded transactions shall be made in accordance with the conditions of the selected investment intermediary and in accordance with the standard procedures for settlement of stock exchange transactions - of the type "Delivery against payment" through the Central Depository. After the completion of the settlement, the Central Depository credits the client sub-account of the investor-buyers with the shares purchased by them. Certificates of ownership of the shares may be requested for issuance by

the Central Depository through the investment intermediary whose services the investor uses.

(8) The investors owe fees for concluding transactions with shares of the Fund of BSE AD. They are determined in accordance with the tariffs of the respective investment intermediaries through which the transactions are carried out, standard commissions and fees, as well as in accordance with the fees of BSE AD, the Central Depository and others. Investment intermediaries provide their clients with comprehensive information on the costs and fees of transactions with shares of the Fund in accordance with regulatory requirements and contracts with clients. It is also possible for investors to incur obligations to pay fees for keeping the Fund's shares in a depository institution.

(9) The shares of the Fund are offered for secondary trading on BSE AD freely to all interested parties without restrictions in the categories of investors - professional, non-professional and institutional, and without pre-emption rights.

(10) As part of the registration of the shares of the Fund on BSE AD there is an obligation to designate one or more members of the regulated market as market-makers to provide prices at which the shares of the Fund can be bought or sold on the stock exchange. Market-makers must comply with the requirements of BSE AD and the regulations applicable to this market, as well as all additional requirements and conditions set forth in the Market-maker contract with the Management Company.

(11) Shares purchased on the secondary market may not be redeemed by the Fund. Investors have to buy and sell shares on the secondary market with the help of an investment intermediary and may owe fees for this. In addition, investors may pay more than the current net asset value when buying shares on the secondary market and receive less than the current net asset value when selling them.

Other ways to transfer the Fund's shares beyond those specified in these rules

Art. 26б. *(New, adopted through a decision of the BD dated 10 December 2021)* (1) The shares of the Fund can also be traded over-the-counter (the so-called OTC market), through a licensed investment intermediary - a member of the exchange. When concluding transactions with the Fund's shares on a non-regulated market, the respective investment intermediary shall make public information about this transaction in accordance with the requirements of the current regulations.

(2) The transfer of ownership of shares of the Fund in cases of donation and inheritance is carried out through a licensed investment intermediary operating as a registration agent.

Reinvestment of the Fund’s income

Art. 27. (1) *(Amend., decision of the BD dated 10 December 2021)* The fund shall not distribute any income – this being also valid for the income under the Fund’s annual financial statements certified by a registered auditor – among the holders of its shares.

(2) *(Amend., decision of the BD dated 10 December 2021)* The Management Company reinvests the income of the Fund under para. 1 in the activity of the latter with a view to increasing the net asset value of the Fund in the best interests of the holders of shares of the Fund.

(3) *(Amend., decision of the BD dated 10 December 2021)* It is allowed for the income of the preceding year to be reinvested – either in full or in part – into the activity of the Fund and be accounted for in one of the following ways:

1. in the retained earnings of previous years;
2. in the 'Reserve Fund';
3. for covering losses from previous years.

SECTION III
RIGHTS OF SHAREHOLDERS

Rights of the investors in the Fund

Art. 28. (1) Each share gives equal rights to its holder.

(2) *(Amend.,decision of the BD dated 15 October 2018 and 10 December 2021)* Each share gives its holder the right to the respective portion of the property of the Fund, this including the events of its liquidation, the right to redemption , the right to information and the right to lodge a complaint.

(3) *(Repealed by decision of the BD dated 31 January 2022)*

The right to redemption

Art. 29. (1) *(Amend., decision of the BD dated 10 December 2021)* Each investor in the Mutual Fund is entitled – during the working time of the sales desks – to request that the shares he/she holds should be redeemed by the Fund under the conditions laid down in these Rules and the Prospectus, except for those cases where the redemption is suspended in accordance with the provisions of the law or these Rules.

(2) The request for redemption may only concern the shares held by the investor or a part thereof.

(3) *(Amend., decision of the BD dated 31 January 2022)* The redemption of shares is carried out at a price equal to the net asset value per share.

(4) The orders for redemption of shares are executed within a period not longer than 10 days following the date on which the order was placed, at the first redemption price that has been made public after the day on which the order was placed.

The right to liquidating dividend

Art. 30. (1) Each holder of shares of the Fund has the right to a portion of the property of the Fund in the event of a liquidation of the latter, the said portion corresponding to the shares held.

(2) The said right can be exercised as much as, after satisfying the creditors of the Fund, there still is property remaining for distribution.

(3) In the event that the property remaining after repayment of the liabilities to the creditors of the Fund is insufficient for paying the shares of all the investors, the latter shall be satisfied proportionately to the shares held.

The right to information

Art. 31. (1) *(Amend., decision of the BD dated 19 January 2023)* Each holder of shares is allowed to receive public information regarding the activity of the Fund, this being information contained in these Rules, the Prospectus of the Fund, the key information document under REGULATION (EU) No 1286/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), as well as information relating to the Management Company.

(2)) *(Amend., decision of the BD dated 19 January 2023)* The Prospectus, the key information document and the latest published annual and 6 months' statements of the Fund are submitted free of charge to each investor that is willing to get acquainted with them in connection with taking an investment decision.

(3) The information is made available to the investors and the shareholders via the Internet page of the Management Company, and at the office of the latter, as well as at the places (desks) at which the sale and the redemption of shares of the Fund is carried out. In the event that the investors make such a request, the Management Company submits a free paper copy of the information.

Right to complaint

Art. 31a. *(New, adopted through a decision of the BD dated 10 December 2021)* The conditions and the procedure for filing complaints by investors are regulated in the Policy for accepting and processing complaints of Management Company EF ASSET MANAGEMENT AD, available on the website of the Management Company. www.efam.bg.

SECTION IV

ORGANISATION AND MANAGEMENT OF THE FUND

General provisions

Art. 32. (1) *(Amend., decision of the BD dated 10 December 2021)* The Management Company organises the Fund by way of adopting and updating these Rules, the Prospectus, the evaluation rules, the Rules on risk management as well as any other acts that are necessary for the Fund's structure and operation, and performs other organisational actions as well.

(2) *(Amend., decision of the BD dated 10 December 2021)* The Management Company manages the Fund by making the necessary decisions connected with its organisation, operation and dissolution, as well as with the current operational management of the Fund. The decisions under the preceding sentence are made by the Board of Directors of the Management Company.

(3) *(Amend., decision of the BD dated 10 December 2021)* The investment decisions regarding the assets of the Fund are made by the investment consultant of the management company.

Representation of the Fund

Art. 33. (1) *(Amend., decision of the BD dated 10 December 2021)* The Fund is represented before third parties by the persons representing the Management Company who act on behalf of the Management Company, stating that they act in the name of and at the expense of the Fund.

(2) The management company, the members of its Board of Directors and its investment consultant shall act in the best interests of all the holders of shares in the Fund and are obliged to treat them fairly.

Fund management functions

Art. 34. (1) The Management Company is obliged to manage the activity of the Fund by doing the following:

1. raising pecuniary resources through public offering of shares (sale of shares of the Fund);

2. investing the pecuniary resources thus raised into transferable securities and/or other eligible liquid financial assets, including fixed-income instruments;

3. redemption of shares of the Fund.

(2) *(Amend., decision of the BD dated 10 December 2021)* The Management Company sells and redeems shares of the Fund on a primary market and provides a network of 'desks' (offices) for contacting the investors and performing the said actions.

(3) Those functions of the Management Company which are connected with investing the pecuniary resources that have been raised include an analysis of the market of financial instruments, formation of a portfolio of securities and other liquid financial assets, a revision of the portfolio thus formed and an evaluation of its efficiency.

(4) In the course of carrying out its activity under para. 1, the Management Company calculates the NAV per share, the issue price and the redemption price of shares of the Fund under the control of the depository, and maintains accounting records, takes care of the recording and book-keeping, and performs any other similar obligations.

(5) The management company manages the advertising and marketing activity of the mutual fund and gives information about the Fund on its Internet site.

(6) The management company also carries out any other activities that are necessary in connection with the lawful operation and dissolution of the Fund.

(7) In the course of carrying out the activity of managing the mutual fund, the management company is obliged to implement the investment policy with a view to achieving the investment objectives of the Fund, and to abide by the investment restrictions provided for in law, in these Rules and in the Prospectus, as well as to comply with the valuation rules, the Rules on risk management and the other internal acts of the Fund.

(8) The management company is allowed to enter into a contract, delegating to a third party the functions and actions under Art. 86, para. 1 of the LACISOUCI, fulfilling the conditions of Art. 106, para. 1, items 1 through 8 of the said Law. Where the delegation of functions and actions concerns the management of the investments, the following additional requirements must be fulfilled as well:

1. the delegation must take place in compliance with the criteria for redistribution of the investments, these criteria being set by the management company;
2. the third party to which the functions are delegated must be licensed or registered for the purposes of management of assets and must be subject to supervision as regards the fulfilment of the requirements concerning the carrying out of its activity;
3. cooperation must be ensured between the Commission and the body exercising the supervision over the third party in those cases where the delegated functions concern the management of the investments of a person from a third country.

(9) *(New, adopted through decision of the BD of 19 January 2023)* The When the management company delegates portfolio management functions to a third party, it should ensure that the third party complies with the independence requirements under Art. 45 years, with a view to preventing dependence and excessive influence from the stress tests carried out by the third party.

(10) *(New, adopted through decision of the BD of 19 January 2023)* As for those matters which are not explicitly regulated in these Rules, it is the provisions of the LACISOUCI, the ordinances regarding its application and the other relevant regulatory acts that apply.

(10) *(Previous para. 9, amended by decision of the BD of 19 January 2023)* As for those matters which are not explicitly regulated in these Rules, it is the provisions of the LACISOUCI, the ordinances regarding its application and the other relevant regulatory acts that apply.

Art. 43a *(new, adopted by decision of the BD of 19 January 2023)* (1) All marketing communications to investors must be clearly labeled as such, accurate, clear and not misleading. Any marketing message, including an invitation to purchase shares of the Fund, cannot contain false or misleading information, as well as information that contradicts the information contained in the Prospectus and in the main information document under Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for bundled retail investment products and insurance-based investment products (the Key Information Document). Marketing communications related to the Fund's activity, including public statements, interviews and presentations of the members of the Board of Directors of the Management Company and other persons working under a contract for the Management Company, as well as marketing communications about the Fund's activity prepared and distributed by third parties persons used by the management company for marketing purposes must be pre-approved by the Head of Regulatory Compliance.

(2) The solicitation of investors in the Fund by telephone calls is only permissible on the basis of pre-prepared information that is approved and fully complies with the Guidelines on Marketing Communications under the Regulation on the Cross-Border Distribution of Funds (ESMA34-45-1272). A record of the telephone conversation is prepared and stored for a period of at least 5 years, which is provided to the investor or the vice-chairman upon request.

(3) For all marketing communications to investors, the management company complies with the requirements of Art. 4, paragraphs 1 - 3 of Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 to facilitate the cross-border distribution of undertakings for collective investment and to amend regulations (EU) No. 345/2013, (EU) No. 346/2013 and (EU) No. 1286/2014 (OB, L 188/55 of 12 July 2019), ("Regulation (EU) 2019/"156"), and ESMA's guidelines on the implementation of Art. 4, paragraph 1 of Regulation (EU) 2019/1156, for which the FSC has decided to apply them pursuant to Article 13, Paragraph 1, Item 26 of the Law on the Financial Supervision Commission. Pursuant to Article 4, Paragraphs 1 – 3 of Regulation (EU) 2019/1156 The management company guarantees that:

1. All marketing communications addressed to investors are recognizable as such and describe in an equally visible manner the risks and benefits of purchasing shares from the Fund;

2. All information included in marketing communications is correct, clear and not misleading.

3. Marketing communications containing specific information about the Fund do not contradict or reduce the significance of the information contained in the prospectus referred to in Article 68 of Directive 2009/65/EO or in the main information document for investors referred to in Article 78 of the said Directive.

4. All marketing communications inform about the existence of a prospectus and the availability of the main information document for investors. These marketing communications specify where, how and in what language investors or potential investors can obtain the prospectus and key investor information document and provide hyperlinks to those documents or their website addresses.

(4) Marketing communications shall specify where, how and in what language investors or potential investors may obtain a summary of investor rights and provide an electronic

hyperlink to such summary, which shall include, where appropriate, information on access to the collective redress mechanism at the level of EU and at national level, in case of litigation.

(5) *(Amend., decision of the BD dated 17 February 2023)* The marketing communications shall also contain clear information that the management company may decide to terminate the marketing arrangements of its collective investment undertakings in accordance with Article 93a of Directive 2009/65/EC.

(6) In relation to marketing messages, additional requirements defined in Art. 81 and 82 of Ordinance No. 44.

Decisions of the management company regarding the activity of the Fund

Art. 35. (1) In the course of carrying out its functions under Art. 34, the management company makes decisions regarding any matters connected with the organisation, the performance of activity and the dissolution of the Fund, including:

1. making amendments and supplements to these Rules, the Rules on portfolio valuation, the Rules on risk management and the other internal acts, as well as those regarding the updating of the Prospectus of the Fund;
2. concluding, controlling the performance of, suspending and denouncing the contracts with the depository and those investment intermediaries which execute the investment orders relating to the management of the portfolio of the Fund;
3. appointing and discharging the registered auditors of the Fund;
4. drawing up the annual financial statements of the Fund and approving them after their certification by the registered auditors;
5. determining the net asset value of the Fund, the NAV per share, the issue price and the redemption price of its shares, doing this each working day;
6. taking decisions regarding temporary suspension/resumption of the redemption and extending the period of time set for temporary suspension of the redemption, in accordance with the conditions and procedure set forth in these Rules;
7. *(Repealed, decision of the BD dated 5 July 2021)*;
8. taking decisions relating to transformation and dissolution of the Fund;
9. appointing liquidator/s in the event of occurrence of grounds for dissolution of the Fund.

(2) The decisions under para. 1 are made by the management company on the terms and conditions and in accordance with the procedure set forth in its Statutes.

(3) *(Amend., decision of the BD dated 12 April 2021 and decision of the BD dated 05 July 2021)* Any change in the Rules of the fund, the valuation rules and the Rules on risk management, or a change in the contract regarding depository services, as well as a replacement of the depository or of the

management company is allowable only after the approval by the Vice President of the Financial Supervision Commission.

(4) *(Amend., decision of the BD dated 10 December 2021)* The transformation and termination of the Fund shall be carried out with the permission of the Commission. The persons appointed as liquidators shall be approved by the Commission.

Prohibitions in respect of the management company

Art. 36. *(Amend., decision of the BD dated 10 December 2021)* **The Management Company is not allowed:**

1. 1. to carry out activity beyond the investment objectives and strategy of the Fund as described in these Rules and the Prospectus;
2. 2. to receive income in the form of discounts from the commission remuneration of those investment intermediaries through which its orders are executed, or to receive other income or non-cash incentives in those cases where this gives rise to a conflict of interests or violates the obligation of the management company to equally treat and conduct due diligence into the interests of the persons and funds the activity or portfolio of which it manages;
3. 3. to submit untruthful or misleading information, including information about the composition, the value and the structure of assets in the Fund's portfolio, as well as information about the state of the market of financial instruments;
4. 4. to use the assets of the Fund for objectives which contravene the law, or the application acts, or these Rules or the Prospectus of the Fund.
5. to incur expenses at the expense of the Fund, which contradict the provisions of the LACISOUCI and the acts on its implementation.

Remuneration of the management company

Art. 37. (1*) (Amend.,decision of the BD dated 3 October 2018, 9 October 2019, of 15 March 2021 and of 31 January 2022)* The annual remuneration of the management company amounts up to 1.50 (one point fifty) per cent of the average annual net asset value of the Fund. The management company is allowed to decline a part of this remuneration.

(2) The remuneration under para. 1 accrues each working day. It is at its own discretion that, on certain days, the management company is allowed not to provide any remuneration or to provide remuneration that is lower than the allowable one.

(3) The daily remuneration accrued during the month is paid to the management company in the aggregate for the whole month, on the first working day of the following month.

(4) (Repealed by decision of the BD dated 21 October 2019)

Fees and other expenses borne by the fund

Art. 38. (1) *(Amend., decision of the BD dated 10 December 2021)* Apart from the remuneration of the Management Company specified in Art. 37, the operating expenses of the Fund also comprise:

1. all expenses for the establishment of the Fund, including fees of the Commission for issuing a permit for organization and management of the Fund, fee of the Central Depository for registration of the Fund shares, fee of BSE AD for admission to trading of Fund shares, fee of BSE for calculation of indicative net asset value and indicative net asset value per share, as well as consultants' remuneration;
2. the remuneration of the depository – in accordance with the contract signed with the depository;
3. the remuneration of the market-maker– in accordance with the contract signed with the market-maker;
4. the remuneration and the fees payable to the investment intermediaries, banks, the Central Depository and other similar ones connected with investing the assets of the fund;
5. the remuneration payable to the auditors for certifying the annual financial statements of the fund, the expenses on advertising and marketing the Fund, as well as those for contacts with the investors, the current fees on supervision, membership and other similar ones payable to the Commission, the Bulgarian Stock Exchange and other regulated markets, as well as those payable to the Central Depository and other government bodies and institutions connected with the activity of the Fund;
6. the expenses on transactions involving financial instruments and, in the event of revaluation of investments in financial instruments – the expenses on foreign exchange rate losses and the extraordinary expenses that are not incurred through the fault of the officials, as well as any other expenses determined in accordance with the procedure set forth in law;
7. other costs specified in these Rules as being at the expense of the Fund, court costs and other expenses connected with the protection of the interests of the shareholders in the fund, as well as other extraordinary expenses connected with the activity of the Fund.

(2) The management company reimburses the expenses made for the Fund under para. 1 by deferring them in an appropriate way in the best interests of the Fund, providing that the minimum net value of its assets under Art. 9 of the LACISOUCI has been achieved.

(3) In those cases where the management company invests assets of the Fund in shares of collective investment schemes and/or other undertakings for collective investment that are managed – directly or by delegation – either by the same management company or by another company with which the management company is connected through common management or control, or through direct or indirect participation, the management company or the other company do not have the right to collect fees for the sale and redemption at the expense of the assets of the Fund.

Restrictions on the expenses borne by the Fund

Art. 39. The management company is not entitled to collect fees which are not provided for in these Rules.

Expenses borne by the investors

Art. 40. (1) The management company does not include in the issue price of the purchased shares any additional rate for the purpose of covering the expenses on the sale.

(2) The management company does not reduce the redemption price of the shares with a discount for the purpose of covering the expenses on the redemption.

(3) *(Repealed by decision of the BD dated 9 May 2018)*

(4) *(New, adopted through decision of the BD of 10 December 2021)* The investors owe fees for concluding transactions with shares of the Fund of BSE AD. They are determined in accordance with the tariffs of the respective investment intermediaries through which the transactions are carried out, standard commissions and fees, as well as in accordance with the fees of the regulated market, the Central Depository and others. Investment intermediaries provide their clients with comprehensive information on the costs and fees of transactions with shares of the Fund in accordance with regulatory requirements and contracts with clients. It is also possible for investors to incur obligations to pay fees for keeping the Fund's shares in a depository institution.

(5) *(New, adopted through decision of the BD of 10 December 2021)* Other specific expenses for investors related to trading with shares of the Fund of BSE AD.

Confidentiality

Art. 41. (1) The members of the Board of Directors of the management company, the employees thereof as well as any other persons working for the management company under a contract do not have the right to disclose, except where they are authorized accordingly, or to make gains for either themselves or other persons from any facts or circumstances concerning the account balance and the operations involving the accounts of the fund, the same being also valid for any other facts and circumstances which constitute a trade secret and came to their knowledge in the course of performing their official and professional obligations.

(2) *(Amend.,decision of the BD dated 12 April 2021)* Apart from the Commission, the Vice President and the authorized officials of the administration of the Commission for the purposes of their supervisory activities and within the framework of their inspection order, and the regulated market – for the purposes of their control activity and within the ordinance related to the check – the management company is only allowed to give information under para. 1 in the following cases:

1. with the consent of its client;
2. in accordance with the procedure set forth in Part Two, Chapter Sixteen, Section IIIa of the Taxation and Social Security Procedure Code; or
3. by a decision of the court that is rendered on the terms and conditions and in accordance with the procedure set forth in Art. 91, paras 2 and 3 of the Law on Financial Instruments Markets.

4. *(New, adopted through a decision of the BD dated 12 April 2021)* The Management Company shall provide the director of the National Investigation Service, the Chairperson of the State Agency for National Security or the Secretary General of the Ministry of Interior with information regarding balances and movements in the accounts of the companies with over 50 per cent state and/or municipal participation.

5. *(New, adopted through a decision of the BD dated 12 April 2021)* Outside the cases under items 1 - 4, the Management Company shall provide information under para. 1 by the order of art. 91, para. 6 of MFIA.

Responsibility of the management company

Art. 42. *(Amend., decision of the BD dated 10 December 2021)* The management company is held responsible to the shareholders in the fund for any damages sustained by them as a result of non-performance of the obligations on the part of the management company, including incomplete or incorrect performance as well as a failure to perform in due time in those cases where the latter is due to reasons for which the Company is held responsible.

Replacement of the management company

Art. 43. (1) *(Amend., decision of the BD dated 31 January 2022)* Replacement of the Management Company is carried out after approval by Vice President in cases when :

1. the Financial Supervision Commission revokes the licence of the management company or imposes restrictions on its activity, these restrictions making it impossible for the management company to fulfil its obligations to the Fund and being able to infringe on the interests of the investors;
2. the General Assembly of the management company makes a decision according to which the activity of the latter will be terminated;
3. the management company is declared bankrupt.

(2) In the event that any of the circumstances specified in para. 1 is present, the management company immediately submits to the depository all the available information and documentation connected with the management of the Fund. Until entering into a contract with another management company or transformation of the Fund through merger or takeover, it is the depository that manages the Fund, by way of exception, for a period not longer than 3 /three/ months.

(3) *(Amend., decision of the BD dated 31 January 2022)* The Vice President approves another management company on the terms and conditions and in accordance with the procedure set forth in Chapter Five, Section I of Ordinance 44.

SECTION V
DEPOSITORY

Requirements to the depository

Art. 44. (1) A depository can be any bank which fulfils the requirements set forth in Art. 35, para. 1 of the LACISOUCI. A depository may as well be an investment intermediary meeting the requirements of Art. 35, para. 2 of the LACISOUCI.

(2) The management company and the depository should as well satisfy the following requirements:

1. no one can be a member of the governing body of the management company and a member of the governing body of the depository at the same time;
2. no one can be a member of the governing body of the management company and an employee of the depository at the same time;
3. no one can be a member of the governing body of the management company and an employee of the depository at the same time;
4. where the governing body of the management company is not charged with supervisory functions within the company, no more than one third of those members of the body of the company who are charged with supervisory functions can be at the same time members of the governing body, or of the body charged with supervisory functions, or be employees of the depository;
5. in those cases where the governing body of the depository is not charged with supervisory functions within the depository, no more than one third of those members of the body of the depository who are charged with supervisory functions can be at the same time members of the governing body of the management company, or of the body of the management company charged with supervisory functions, or be employees of the management company.

(3) (Amend., decision of the BD dated 5 July 2021) In those cases where it acts at the expense of the Fund, the depository does not have the right to take out loans.

(4) in those cases where the depository acts at the expense of the Fund, the depository is not entitled to provide loans or stand surety for third parties.

(5) a the depository is not entitled to offset its receivables against the Fund at the expense of either the pecuniary resources entrusted to the depository or the financial instruments of the Fund.

Functions of the depository. Rules on determining the remuneration of the depository

Art. 45. Art. 45 (1) The dematerialised financial instruments held by the Fund are registered with a depository institution within the meaning of § 1, item 79, letter ‘b’ of the Supplementary Provisions of the LFIM, while the other assets of the Fund are kept by the depository, the latter making all payments at the expense of the Fund. In the event that the depository is an investment intermediary, the pecuniary resources are kept under the conditions of Art. 93 of the LFIM.

(2) The depository:

1. exercises control over the determination – on the part of the management company – of the net asset value, the issue price and the redemption price of the shares of the Fund;

2. ensures that the emission, the sale, the redemption and the cancellation of shares of the Fund is carried out in accordance with the LACISOUCI, the acts concerning its application and these Rules;
3. ensures that the value of the shares of the Fund is calculated in compliance with the provisions of the LACISOUCI, the acts concerning its application and these Rules;
4. carries out regular checks on consistency of those accounts maintained by the management company and the depository which relate to the assets of the collective investment scheme, including the accounts maintained by the third person in the cases under Art. 37a of the LACISOUCI;
5. ensures that all the pecuniary resources from transactions involving assets of the Fund's portfolio are transferred in due time in favour of the Fund;
6. ensures that the income of the Fund is distributed in accordance with the LACISOUCI, the acts concerning its application and these Rules;
7. ensures that the collection and use of the income of the Fund are carried out in accordance with the law and these Rules, and monitors whether the remuneration of the management company is calculated and paid in accordance with the law and the Rules of the Fund and whether the restrictions on the expenses borne by the Fund are respected, the said restrictions being laid down in these Rules;
8. undertakes acts of disposition with the Fund's assets entrusted for safekeeping in those cases where authorized persons have given such instructions and the said instructions do not contravene the law, or these Rules or the contract relating to depository services;
9. reports at least once a month to the management company in connection with the assets entrusted and the operations carried out involving the said assets, this including the submission of a complete list of the assets of the collective investment scheme not later than the 5th day of the next month;
10. in the event of revocation of the licence for carrying out the activity, as well as in the event of dissolution or the management company being declared bankrupt, the depository performs management actions for a period not exceeding three months until a contract is concluded with another management company or the Fund is transformed through merger or takeover providing that an approval of either the replacement of the management company or the transformation of the Fund is obtained from the Financial Supervision Commission;
11. monitors the cash flows of the Fund, which includes monitoring whether all the payments made by the investors or on their behalf and at their expense upon the subscription for shares in the collective investment scheme are received and recorded in the accounts which:

1. are open in the name of the Fund or in the name of the management company acting on behalf of and at the expense of the Fund, or in the name of the depository acting on behalf of and at the expense of the Fund;
2. are open with a central bank, or a bank licensed in accordance with the procedure set forth in the Law on Credit Institutions, or a bank licensed in a Member State, or a bank that has received authorisation in a third country, and
3. are managed in accordance with Art. 35a, para. 5 of the LACISOUCI.

12. The depository manages the pecuniary resources of the collective investment scheme doing as follows:

1. the accounting records are maintained and the accounts are drawn up in a way which makes it possible for the Fund's assets held to be immediately differentiated from the assets held for another customer, and from the depository bank's own assets;

2. the accounting records are maintained and the accounts are drawn up in a way which ensures their correctness;

3. regular checks are implemented on the compliance between the accounts that are drawn up by the management company and the depository regarding the assets of the Fund. In the cases under Art. 37a of the Law on the Activity of Collective Investment Schemes and Other Undertakings for Collective Investments (LACISOUCI) the compliance with the accounts drawn up by the third party must also be checked;

4. the necessary measures are adopted for ensuring that all those monetary resources of the Fund which are deposited with a third party can be clearly distinguished from the pecuniary resources of the depository bank as well as from the monetary resources of the said third party, this being due to the individual accounts of the holders drawn up by the third party, or via equivalent measures resulting in the same level of protection;

5. the necessary measures are implemented for ensuring that the pecuniary resources of the Fund in the accounts with a person under para. 4, item 2 of the LACISOUCI are kept either in an individual account or in accounts separately from all the accounts for keeping the pecuniary resources of the person in the name of which the assets of the collective investment scheme are kept;

6. appropriate organisation is introduced and the necessary actions are taken for minimizing the risk of loss or decrease in the amounts as a result of abuse, fraud, poor management, improper maintenance and keeping of accounting records, this including the cases of negligent conduct;

13. As far as the financial instruments of the Fund are concerned, the depository:

1. keeps all those dematerialised financial instruments which are entered in the financial instruments account opened and maintained by the depository, as well as any other financial instruments that can be physically delivered to the depository (financial instruments held in custody);

2. ensures that all the dematerialised financial instruments are entered in the financial instruments account opened and maintained by the depository in accordance with the requirements set forth in Art. 35a, para. 5 of the LACISOUCI, in separate accounts opened in the name of the management company, which acts on behalf of and at the expense of the collective investment scheme, in a way making it possible for them to be identified, at any point in time, as financial instruments of a certain collective investment scheme.

3. *(New, adopted by decision of the Board of Directors dated 19. January 2023)* checks whether the management company has adopted and introduced procedures for conducting stress tests for the Fund's liquidity.

(3) in the course of performing its obligations, the Depository acts independently and only in the best interests of all the shareholders in the Fund.

(4) The Depository is held liable to both the Fund and the holders of shares of the Fund for any damages caused by the depository or a third person under Art. 37a of the LACISOUCI in the event of a loss of financial instruments held in custody. The Depository is not held liable for the said losses in case of proving that they result from an external event which is beyond the depositor's control and the consequences of which are inevitable regardless of the measures taken for preventing against them. The Depository is held liable to both the Fund and the holders of shares of the Fund for any other damages sustained by them which are caused as a result of negligence or wilful non-

performance of the obligations laid down in the LACISOUCI on the part of the depository, or members of the management or the supervisory bodies of the latter.

(5) The Depository separately accounts for the pecuniary resources and the other assets of the Fund, and separates the non-cash assets of the Fund from its own assets. The depository is not held liable to its creditors through the assets of the Fund. The creditors of the depository are entitled to satisfaction from the shares held by the depository in the Fund.

(6) The remuneration payable to the Depository, the fees and the commission that the latter is allowed to receive are laid down in the contract signed with the Depository. The amount of the remuneration payable to the depository must be based on the customary remuneration for work of the same nature and amount, and the market conditions within the country. The remuneration payable to the Depository may be determined as a fixed amount for a certain period and/or as fees and commission for certain operations specified in either the tariff of the Depository or the contract with the depository, for instance: fees and commission for the maintenance and management of financial instruments accounts, money transfers, control over the calculation of the net asset value of the Fund.

(7) The contract with the Depository is concluded in accordance with the requirements and restrictions laid down in law.

(8) *(New one, decision of the BD dated 21 March 2017, amend., decision of the BD dated 12 April 2021)* The depositary may not delegate to third parties the functions specified in Art. 35a, para. 3 - 6 of the LACISOUCI. The Depository is allowed to enter into a contract through which it delegates to third persons the functions specified in Art. 35a, paras 7 and 8 of the LACISOUCI in the event that the conditions laid down in Art. 37a, paras 2 through 7 of the LACISOUCI are fulfilled.

Replacement of the depository

Art. 46. (1)*(Amend. decision of the BD dated 31 January 2022* A replacement of the depository is only allowable after receiving the approval of the Vice President, on the terms and conditions and in accordance with the procedure set forth in the operating legislation.

(2)*(Amend. decision of the BD dated 31 January 2022)* The contract with the Depository can be terminated by the Management Company at the expense of the Fund with a three months' prior notice given after the approval of the replacement of the Depository, the said approval being obtained from the Vice President.

(3)*(Amend. decision of the BD dated 31 January 2022)* The Board of Directors of the Management Company is obliged to file with the Vice President the documents necessary for the approval of the replacement of the depository, doing so immediately after becoming

aware that the depository no more fulfils the requirements set forth in Art. 35 of the LACISOUCI.

(4)*(Amend. decision of the BD dated 31 January 2022)* The contract with the depository lays down the specific deadlines, conditions, and procedure for the transfer of the assets of the Fund to another depository, in accordance with a contract signed with the latter, after the approval of the Vice President of the replacement of the depository and the expiry of the respective prior notice.

SECTION VI

MARKET - MAKERS AND CASES OF SUSPENSION OF TRADING ON THE SECONDARY MARKET

(New, adopted through a decision of the BD dated 10 December 2021)

Market-makers

Art. 46a. *(New, adopted through a decision of the Board of Directors of 10 December2021)* (1) The Management Company shall select and conclude a contract with at least one Market-maker for providing a stock exchange price on the regulated market on which the shares of the Fund are traded- BSE AD.

(2) Market-makers must comply with the requirements of BSE AD and the regulations applicable to their activity, as well as all additional requirements and conditions set forth in the contract with the Management Company.

(3) The market-maker shall render to the Fund the following main services:

1. To provide constant "buy" and "sell" quotes for the Fund and thus to ensure that the stock exchange value of the Fund's share does not differ significantly from their value determined on the basis of the net asset value;
2. The market-maker of the Fund maintains "buy" and "sell" quotes in a maximum price range of 5% of:

1. at opening auction: from the last declared net asset value (if determined daily) or from the last declared indicative net asset value for the previous day, calculated at closing prices, if no net asset value was declared for that day;
2. in the phase of continuous trade: from the last declared indicative net asset value.

3. The market - maker has the right to update the price and the volume of his quotations at any moment of the trading session, as well as in the time intervals before its beginning and after its end, during which the introduction of orders is allowed;
4. Upon suspension of the redemption and / or suspension of the issuance of shares of the Fund, the obligations of the Market Maker to maintain quotations "buy" and / or "sell" on a regulated market are eliminated until the resumption of these procedures.

Suspension of trade on the secondary market

Art. 46б. *(New, adopted through a decision of the BD of 10 December 2021)* (1) The Management Company shall submit a motivated request to the regulated market, where the shares of the Fund are traded, for suspension of the trading with the shares of the Fund, when:

1. On a regulated market where a significant part of the assets of the Fund are listed or

traded, transactions are terminated or suspended or subject to restrictions. The regulated market suspends trading in the Fund's shares and notify the Commission immediately;

2. In all cases in which the issuance and redemption of shares on the primary market is temporarily suspended - for the period of suspension;

3. By the end of the business day, the Management Company shall notify the Commission, the Depository and the regulated market on which the Fund's shares are traded of the suspension of redemption in order for the regulated market to suspend trading in the Fund's shares on the secondary market.

(2) The trading with shares of the Fund, suspended by the order of par. 1 shall be resumed at the request of the Management Company, notifying the Commission, and the resumption of trade shall begin no later than one working day after the termination of the conditions for suspension of trade.

SECTION VII

DISCLOSURE OF INFORMATION

(Former Section VI, the numbering was changed by Decision of the BD dated 10 December 2021).

Statements and other information

Art. 47. (1) The Management Company submits to the Financial Supervision Commission an annual report and a six months' report covering the first 6 months of the financial year, and submits any other important information, in accordance with the deadlines provided for in the law, and the conditions and requirements regarding the minimum content of the information disclosed.

(2) The Management Company Makes public the information about the Fund under para. 1 in the way specified in the Prospectus and the document of key information for the investors.

(3) In addition to the six months' and the annual reports, the Management Company also submits to the Financial Supervision Commission the additional information required by virtue of an Ordinance.

(4) It is not later than the 10th day of the month following the reporting one that the Management Company submits to the Financial Supervision Commission the monthly balance sheet of the Fund and information about the amount and structure of investments in the portfolio by issuers and types of securities.

(5) *(New, adopted through a decision of the BD dated 21 March 2017)* It is not later than the 10th day of the respective month that the Management Company publishes on its Internet site summary information about the structure of the portfolio of the Fund as at the last day of the preceding month, the said information necessarily containing data about the percentage of those assets of the Fund which are invested in the various types of financial instruments.

SECTION VIII

TRANSFORMATION AND DISSOLUTION

(Former Section VII, the numbering was changed by Decision of the BD dated 10 December 2021).

Transformation

Art. 48. (1) The Fund may be transformed by way of merger or takeover, following the permission of the Financial Supervision Commission.

(2) The Fund may not be transformed into an undertaking for collective investments which is not a collective investment scheme within the meaning of the LACISOUCI.

(3) The transformation of the Fund is carried out through a decision of the Board of Directors of the management company and after the Financial Supervision Commission has given its permission.

(4) In the event of transformation of the Fund, the provisions that apply are those of Chapter Fourteen, Section I, III and IV of the LACISOUCI and Chapter Four, Section I of Ordinance No. 44.

(5) The transformation of the Fund is carried out in accordance with the procedure and conditions set forth in an Ordinance.

Dissolution

Art. 49. (1) The Fund is dissolved under the following circumstances:

1. by decision of the Board of Directors of the Management Company;
2. in the event of revocation of the authorization of the Management Company for organizing and managing the Fund;
3. in those cases where within a period not exceeding three months after revocation of the licence, or dissolution, or the Management Company being declared bankrupt, there is no new management company elected or the Fund has not been transferred by way of merger or takeover.

(2) It is within a period of 14 days following the day on which the grounds for dissolution of the Fund arise that the Management Company is obliged to file with the Financial Supervision Commission an application for the issue of permission for dissolution.

(3) The dissolution of the Fund is carried out in accordance with the procedure and conditions set forth in an Ordinance.

(4) *(Amended, decision of the BD dated 19 January 2023)* The persons not having the right to be appointed as liquidators are those members of the Board of Directors of the Management Company or other persons who have worked for the Management Company regarding whom a systematic violation of the LACISOUCI, or the POSA, or the MFIA, the

repealed Law on companies with a special investment purpose, the Special Purpose Investment Companies and Securitisation Companies Act and the Law on Implementation of the Measures against Market Abuse with Financial Instruments Act or the acts on their implementation, as well as the regulations applicable in the field of capital markets of the European Union.

(5) (*Amended, decision of the BD dated 19 January 2023)* In the event of dissolution of the Fund, the obligations of the liquidator and the protection of the creditors of the Fund are governed by Art. 267, Art. 268, paras 1 and 3, Art. 270, Art. 271 and Art. 273 of the Commercial Law, the functions of a governing body under Art. 270, para. 2 and Art. 272, para. 4 of the Commercial Law being carried out by the Management Company. The announcement of the invitation in the commercial register in accordance with Art. 267, ex. second of the Commercial Law is carried out on the account of the management company

Originals

Art. 50. These Rules are signed in 1 (one) original in Bulgarian language.

CONCLUDING PROVISIONS

§1. All those matters which are not explicitly regulated by these Rules shall be governed by the provisions of the LACISOUCI, the Law on Obligations and Contracts, the LFIM and the other applicable legislation.

§2. In the event of inconsistency between the provisions of these Rules and any imperative provisions of a regulatory act, it is the latter that shall apply, without its being necessary to introduce a change in the Rules, except where that is explicitly provided for in either the regulatory act or these Rules. In the cases under the preceding sentence, the Management Company shall take timely measures for bringing these Rules in line with the regulatory acts and the changes therein, respectively.

§3. These Rules are adopted on 17 April 2013 by the Board of Directors of the management company 'EF Asset Management' AD and supersede the Rules adopted by the BD of the Management Company on 9 September 2005, having their latest amendments made on 28 May 2012, and take effect after the approval of the Financial Supervision Commission.

§4. These Rules are amended through decisions of the Board of Directors of the management company 'EF Asset Management' AD dated 29 December 2016, 10 February 2017, 21 March 2017, 22 March 2018, 9 May 2018, 3 October 2018, 15 October 2018, 9 October 2019, 21 October 2019, 15 March 2021, 12 April 2021, 5 July 2021, 10 December 2021, 31 January 2022, 19 January 2023, 22 February 2023 and 29 December 2025, effective 1 January 2026, and take effect after the approval by Vice President of the Financial Supervision Commission.

For EF Asset Management AD, acting on behalf and at the expense of the Exchange-traded fund EF PRINCIPAL ETF:

_____

/Ivan Konstantinov Ovcharov,
Executive Director/

_____

/Ivelina Ivaylova Ivanova,
Procurator/