

**POLICY FOR CATEGORIZATION OF CLIENTS AS
PROFESSIONAL/NON-PROFESSIONAL AND ACCEPTABLE COUNTERPARTY
OF AVUS CAPITAL LTD.**

I. GENERAL PROVISIONS

Art. 1. (1) This policy defines the criteria and procedures of the investment intermediary when classifying his clients as professional, non-professional and the circumstances under which they can be classified as an eligible counterparty.

(2) This policy and procedures adopted and implemented by the INVESTMENT INTERMEDIARY pursuant to Art. 37, Para. 6 of the Law on Markets in Financial Instruments (LMFI).

(2) Clients are classified as professional or non-professional on their own initiative or on the initiative of the INVESTMENT INTERMEDIARY.

(3) When implementing the present policy by the INVESTMENT INTERMEDIARY the provisions of LMFI of shall be strictly followed incl. the appendix to Art. 36, Para. 1 of LMFI.

**Section II. PROFESSIONAL CLIENTS TO BE CONSIDERED AS SUCH WITH REGARD TO ALL
INVESTMENT SERVICES, INVESTMENT ACTIVITIES AND FINANCIAL INSTRUMENTS**

Art. 2 Under this policy, in relation to all investment services, investment activities and financial instruments as professionals shall be considered:

1. Persons who are required to be authorized to operate in the financial markets or whose activity in those markets is otherwise regulated by the national law of a Member State, irrespective of whether it is in compliance with Directive 2004/39/EC of the European Parliament and the Council, as well as persons authorized to carry out these activities, or otherwise governed by the laws of a third country, as follows:

1.1. credit institutions

1.2. investment intermediaries

1.3. other institutions subject to licensing or otherwise regulating

1.4. insurance companies (companies)

1.5. collective investment enterprises and their management companies

1.6. pension funds and pension insurance companies

1.7. persons whose business is trade on their own account with commodities or derivatives on commodities

1.8. legal entities that provide investment services or perform investment activities which consist only of trade on their its own account on markets in financial futures or options or other derivative financial instruments on the money market with the sole purpose of hedging positions in the markets for derivative financial instruments or trade on behalf of other members of those markets or make prices for them and which are guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such persons is assumed by clearing members of the same markets

1.9. other institutional investors

2. Large companies that meet at least two of the following conditions:

2.1. balance sheet - at least the BGN equivalent of EUR 20 million

2.2. net turnover - at least the BGN equivalent of EUR 40 million

2.3. own funds - at least the BGN equivalent of EUR 2 million

3 National and regional public authorities, public bodies which manage public debt, central banks, international, supranational institutions like the World Bank, International Monetary Fund, European Central Bank, the European Investment Bank and other similar international organizations.

Art. 3 The clients listed in this section of the present policy are classified as professionals on the initiative of the INVESTMENT INTERMEDIARY if they meet the requirements of Art. 2.

Section III. PROFESSIONAL CLIENTS AT THEIR REQUEST - CRITERIA AND PROCEDURES FOR THEIR CATEGORIZATION

Art. 4 (1) Under the current policy, clients, other than those referred to in Section I thereof, including state bodies and private individual investors, may require that the rules for of the INVESTMENT INTERMEDIARY, that provide a higher degree of protection clients, not apply to them and be treated as professionals.

(2) The persons referred to in the preceding paragraph shall meet at least two of the following categorization criteria:

1. during last year the person has made an average of 10 transactions with a significant volume on relevant market

2. the value of the investment portfolio, which includes financial instruments and cash deposits, is more than the BGN equivalent of EUR 500,000.

3. the person is employed or has been employed in the financial sector for at least one year on a position, which requires knowledge about the respective transactions and services.

Art. 5. (1) Pursuant to the present policy, on their own initiative (request) the clients listed in this section are classified and treated as professionals by the INVESTMENT INTERMEDIARY – in general or in relation to certain investment services or transactions, or type of transactions or investment product, if the following conditions are met simultaneously: the client meets the conditions set out in Art. 4, Para. 2 criteria and the procedure set out in Art. 6 of the present policy have been followed.

Art. 6. Clients under Art. 4, Para. 1 of the present policy who consider that they meet the requirements of Art. 4, Para. 2 submit a written request to the INVESTMENT INTERMEDIARY to be treated as professional clients in general or in relation to certain investment services or transactions, or type of transactions or investment product.

Art. 7. (1) The INVESTMENT INTERMEDIARY shall warn in writing the client under the previous article that when the INVESTMENT INTERMEDIARY performs services and activities it will not benefit from the respective protection and from the right to be compensated by the Fund for compensation of investors in financial instruments.

(2) The client under the previous paragraph shall declare that he is aware of the consequences under the preceding paragraph.

Art. 8 The INVESTMENT INTERMEDIARY shall take the necessary actions to ensure and be sure that the client under Art. 6 meets the requirements of Art. 4, Para. 2 of the present policy.

Art. 9. (1) Clients of the investment intermediary, classified as the professionals under the provisions of the present section are required to notify the investment intermediary of any change in the data served as the grounds for their categorization as professional clients.

(2) Pursuant to the present procedure and policy in the event that in the course of the activity carried out by the INVESTMENT INTERMEDIARY, the latter establishes that a client classified as professional under the provisions of the present section does not meet anymore the requirements under Art. 4, Para. 2 thereof under which he has been classified as a professional, the investment intermediary shall take the necessary measures to apply the higher degree of protection for that client.

Section IV. NON-PROFESSIONAL CLIENTS

Art. 10. Under this policy, "non-professional (retail) client" is a client who does not meet the requirements for professional set out in the present policy.

Section V. ELIGIBLE COUNTERPARTIES

Art. 11. Under the present policy, "eligible counterparty" means: an investment intermediary; credit institution, an insurance company, a collective investment scheme, a management company, pension fund, pension insurance company, other financial institutions, persons whose main business is trade on own account with commodities and / or derivative financial instruments on commodities - the exemption does not apply where such persons are part of a group whose principal activity is the provision of other investment services within the meaning of this Law and Directive 2004/39/EC of the European Parliament and of the Council and which is not provision of banking services under the Law on credit institutions and Directive 2006/48/EC of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions (recast); legal entities that provide investment services and / or perform investment activities that are expressed only in dealing on own account on markets in financial futures or options or other derivative financial instruments and money market only to hedge positions in the markets in derivative financial instruments, or trade on behalf of other members of those markets or make prices for them and which are guaranteed by clearing members of the same markets, when the responsibility for ensuring the performance of contracts entered into by such persons is assumed by clearing members of the same markets, governments, public bodies that manage public debt; central banks and international institutions, as well as legal entities from third countries if they wish to be treated as such.

Section VI. OTHER CONDITIONS FOR CLASSIFYING A CLIENT AS PROFESSIONAL, NON-PROFESSIONAL, ELIGIBLE COUNTERPARTY

Art. 12. (1) Under the present policy, clients shall have the right to request to be classified differently, which includes a professional client under section two of the present policy, for which right and the restrictions to their protection they shall be informed explicitly on a durable medium, by the application of the INVESTMENT INTERMEDIARY's General Terms and Conditions (in Art. 30 of the same).

(2) Pursuant to the present policy professionals under the second section thereof may benefit from a higher degree of protection which is provided to non-professional clients. Prior to the provision of

investment services the investment intermediary shall inform the professional client under the previous sentence, that based on the information received from the client, he shall be considered professional and with regard to him the rules for professional clients shall apply, unless the investment intermediary and the client agree otherwise.

(3) Pursuant to the present policy when a professional client under section two thereof, considers that he can no longer properly assess and manage the risks associated with investing in financial instruments, he may request a change in the terms of the contract concluded with the INVESTMENT INTERMEDIARY in order to receive a higher degree of protection for which right he shall be informed by the INVESTMENT INTERMEDIARY.

(4) Pursuant to the present policy a higher level of protection under the preceding paragraph shall be provided upon written agreement between the INVESTMENT INTERMEDIARY and the client under section two, which shall explicitly specify the services, activities, transactions, financial instruments or other financial products in respect of which the client will be provided a high level of protection and ensures that the client would not be considered a professional for the purposes of the regime applicable to the activities of the INVESTMENT INTERMEDIARY.

Art. 13. (1) Every client classified as eligible counterparty in accordance with the present policy and LMFI may explicitly require not to be considered as such entirely or just for a particular transaction.

(2) Pursuant to and in compliance with this policy the INVESTMENT INTERMEDIARY on its own initiative or upon request of the client may:

1. classify as professional or non-professional a client who otherwise would be classified as an eligible counterparty under Para. 1, item 29 of LMFI and Art. 11 of the present policy.
2. classify as a non-professional a client, which considers himself professional under of Section two of the present policy.

Art. 14. (1) Pursuant to the present policy if the person classified as an eligible counterparty requests not to be treated as such and the INVESTMENT INTERMEDIARY agrees, that person shall be treated as a professional client unless he has specifically requested to be treated as a non-professional client.

(2) Where an eligible counterparty explicitly requests to be treated as a non-professional client, the provisions of Art. 12, Para. 3 and 4 of the present policy, respectively Art. 36, Para. 2-5 of LMFI shall apply.

FINAL PROVISIONS

Sole paragraph. This policy was adopted by decision of the Managers dated 22 December 2010.