

## PROCEDURE FOR THE IDENTIFICATION AND MANAGEMENT OF CONFLICTS OF INTEREST

### 1. SCOPE

This procedure is developed in order to ensure the proper functioning of the activities of the company Bucharest Stock Exchange (BVB) in a professional, transparent, efficient and impartial manner in its role as market operator and issuer of shares admitted to trading on its regulated market and benchmark administrator.

This procedure' aim is to contain guidelines for the identification and management of conflicts of interest and to support the current members of the Board of Directors as well as the potential ones to know the steps to be followed in the event of occurrence of a situation that can be qualified as conflict of interest, including the members of the management structure, members of the special commissions and committees within BVB and BVB employees and describes the issues of avoiding conflict of interest between BVB, its shareholders, members of the management structure, members of special commissions, members of the Advisory Committees, employees of the Company and regulated markets / alternative (multilateral) trading system managed by BVB.

Regarding the quality of benchmark administrator, BVB has implemented governance arrangements that include a clear organizational structure and a framework for identifying and preventing or managing potential conflicts of interest, while ensuring that, in the process of determining benchmarks, the judgment is independent and exercised correctly.

### 2. APPLICABILITY

This procedure applies to the members of the management structure, members of the special commissions, members of the Advisory Committees and employees of the Company.

This Procedure details:

- general obligations
- the non-exhaustive list of situations in which a conflict of interest may arise;
- the obligation of members of the management structure, employees, members of special committees / advisory committees to promptly disclose any circumstances that may result or have led to a conflict of

interest

- the consequences of non-compliance with the procedure.
- mitigation measures

### 3. DEFINITIONS AND ABBREVIATIONS

**1. conflict of interest** – means the situation or circumstance which may occur in the operational or decision making process, where the direct or indirect personal interest of the members of the management structure, employees, members of the special commissions, and members of the advisory committees within BVB is contrary to the entity's interest, so that it affects, or is likely to affect, their independence and impartiality in making decisions, professional judgment or the timely and objective fulfilment of their duties, or is likely to affect, by nature, the stability or integrity of the financial market.

**2. The members of the management structure** - Board members and Company Managers (persons who, according to the Bylaws, are authorized to manage and coordinate the daily activity of BVB and have the competence of engaging the company's liability respectively, the CEO and Deputy CEO)

**3. Employees – persons**

**4. Special commissions** – commissions without legal personality, having a consultative role and covering different areas specific to the activity of BVB

**5. Advisory committees** - bodies consisting of two or more Board members and having an advisory role for the Board of Governors.

### 4. REFERENCE DOCUMENTS

- Law no. 31/1990 on companies, republished, with subsequent amendments
- Law no. 126 regarding financial instruments;
- Regulation no. 13/2018 on trading venues;
- Regulation 2/2016 on the implementation of corporate governance principles by entities authorized, regulated and supervised by the FSA
- Regulation no. 5/2018 regarding issuers of financial instruments and market operations
- Regulation no. 1/2019 [regarding the management of operational risks generated by the informational systems used by the authorized/approved/registered entities that are regulated and/or supervised by the ASF](#)
- Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and

- Regulation (EU) No 596/2014
- The Bylaws of BVB
  - Rules of organization and functioning of BVB (ROF)
  - Corporate Governance Code of the BVB
  - Code of Ethics
  - Procedure on transactions with shares applicable to Board;
  - The procedure on transactions of BVB Managers in financial instruments issued by companies admitted to trading on regulated markets or traded on alternative trading systems administered by Bucharest Stock Exchange;
  - The procedure on transactions of employees with shares issued by companies admitted to trading on regulated markets or traded on multilateral trading systems administered by Bucharest Stock Exchange;
  - The procedure on the regime of privileged information.

## 5. STAGES AND RESPONSIBILITIES

### A. General dispositions

#### 1. Members of the Board of Directors

1.1. As many times as it is necessary and at least once a year, before March 31, each member of the Board of Governors shall notify the Board of Governors about the nature and extent of his/her interest or of his/her material relations, if:

- a) He/she is party to an agreement concluded with BVB;
- b) Is a member of the Board of Directors or of the supervisory board, as appropriate, of a legal person which is party to an agreement concluded with BVB;
- c) is having close links or a material relationship with a person that is party to an agreement concluded with BVB;
- d) he/she may influence the adoption of the decision in the meetings of the Board of Governors.

1.2. The requirement to notify is applicable to a member of the Board of Governors if he/she is or should be aware that an agreement in which he/she has a material interest had been closed or is to be closed or in the situation that on the agenda of a meeting are being debated and approved topics towards which the respective member is in a conflict of interest.

1.3. A member of the Board of Governors has a material interest or is in a conflict of interest in any situation which refers to his/her personal or his family's patrimony or interests (spouse, relatives and in-laws up to the 2nd degree, inclusively) and which is in a direct or indirect connection with the market operator's activity. This situation may refer to the conclusion, interpretation, execution or disputes related to legal deeds in which BVB is or is going to be part of, as well as any aspect related to an issue that falls under the Board of Governors competence. This situation may refer also to property transfer deeds with a

value higher than 10% of the value of BVB net assets which are to be concluded by BVB, when the member of the Board of Governors shall request the Board of Governors to obtain the approval of BVB Extraordinary General Meeting of Shareholders. At the same time, each member of Board of Governors will publicly notify any transaction with shares issued by BVB, provided the transaction is a result of the exercise of an option granted by the BVB Share Option Plan as approved by the Extraordinary General Meeting of Shareholders, irrespective the value of the transaction.

1.4. A member of a Board of Governors having a material interest or is in a material relationship or who is in a conflict of interest shall not participate in the related debate and shall not vote for any of the issues for which he/she is in a conflict of interest; however he /she shall be considered present for voting quorum purposes.

1.5. Conflict of interests can be brought to the attention of the President of the Board by any other member of the Board of Governors who is aware of this, pointing out the reasons on which the concerned referral is grounded. In this case, the Board of Governors shall decide, by vote of the majority of the members, on the existence of a conflict of interests.

1.6. When the President is in a conflict of interest situation towards an issue included on the agenda of the meeting, he will not be present when debating the issue and the meeting shall be conducted by one of the two vice-presidents.

1.7. When a member of the Board of Governors does not declare a conflict of interest:

- BVB, any shareholder of the BVB or ASF may request to the court the repeal of any contract in which the member has an undeclared material interest;
- ASF may request BVB the cancellation of the decision adopted by the Board of Governors and the replacement of the member of the Board of Governors.

1.8. Any member of the Board of Governors, who, when performing his/her job, has fair reasons to consider that a transaction with financial instruments is performed based on inside information or might be considered a market manipulation action according to the law and A.S.F. regulations or takes into possession of information Regulation of Organization and Operation of Bucharest Stock Exchange regarding a possible breach of A.S.F regulations and/or law, has the obligation to immediately notify this situation to the market operator and A.S.F.

1.9. Members of the Board of Governors are not allowed to:

- make use of their position and/or confidential/inside information gained performing their duties in order to obtain personal advantages;
- act in such a way as to jeopardize or be considered as jeopardizing or imply a situation which might jeopardize the regulated markets and multilateral trading systems operated by BVB;
- claim or receive, for him/her or other persons, money, gifts, goods, benefits or other advantages for performing the activities related to his/her duties or BVB object of activity or creating advantages to

- persons with whom he/she has an official relationships on BVB behalf;
- perform projects and/or use BVB assets and personnel for projects that do not represent BVB interests or for personal or third parties purposes.

**1.10** Each member of the Board of Governors shall be personal liable, from administrative, civil or criminal standpoint, as the case, according to A.S.F. regulations, Law 31/1990 and Law 126/2018 for breaching the provisions on conflict of interest and also for injury brought to BVB due to the cancellation of legal deeds in which the respective Board member had an undeclared interest/conflict of interests or behaved opposite to those provided.

## **2. Managers of the Company (CEO and Deputy CEO)**

2.1. As many times as it is necessary and at least once a year, before March 31, Managers shall notify the Board of Governors of BVB about the nature and extent of his/her interest or of his/her material relations, if:

- a) they are parties to a contract concluded with BVB;
- b) they are members of the board of Directors or of the supervisory board, as appropriate, of a legal person which is party to a contract concluded with BVB;
- c) they have close links or a material relationship with a person that is party to a contract concluded with BVB;
- d) they may influence the adoption of the decision in the meetings of the Board of Governors.

2.2 The requirement to notify is applicable to the Manager if he/she is or should be aware that a contract in which he/she has a material interest had been closed or is to be closed as well as in cases where he/she becomes aware that he/she is going to face a situation of conflict of interest.

**2.3.** BVB Managers must avoid any action/inaction that might draw the application of the legal provisions on unfaithful competition or criminal liability.

2.4. a) The BVB Managers willing to additionally take also for another public or private position, including member of a Board of Directors, Supervisory Board, Management Board or manager as defined by the Law 31/1990 or to run his/her own business, has to inform in writing the BVB Board of Governors in this respect, prior to take the position as shareholder/associate/administrator/manager. The information shall include at least the following aspects:

- a) name of the entity;
- b) entity headquarter and object of activity;
- c) type of work to be performed and estimated working period.

b) The BVB Managers shall notify to the BVB Board of Governors whenever a change of the data included in the information mentioned at letter a) occurs.

2.5. The BVB Manager has a material interest or is in a conflict of interest in any situation which refers to

his/her personal or his family's patrimony or interests (spouse, relatives and in-laws up to the 2nd degree, inclusively) and which is in a direct or indirect connection with the market operator's activity. This situation may refer to the conclusion, interpretation, execution or disputes related to legal deeds in which BVB is or is going to be part of, as well as any aspect related to an issue that falls under the BVB Managers competence.

2.6. When the BVB Manager does not declare a conflict of interest:

- BVB, any shareholder of BVB or ASF may request to the court the repeal of any contract in which the Manager has an undeclared material interest;
- ASF may request BVB the cancellation of the decision adopted by the Manager.

2.7. The BVB Managers, their spouses or relatives, as well as their second grade affinities inclusively, may not be shareholders, member of the management structure, members of the board of directors/supervisory board, employees and financial auditors to another market operator.

2.8. BVB Managers may not be managers/members if the management body of a company whose financial instruments are admitted to trading on regulated market or alternative (multilateral) systems operated by BVB, as well as managers/members of Management body of a central depository or a central counterparty.

2.9. BVB Managers do not have the right to recommend or suggest to any other person to sell or purchase financial instruments.

9. BVB Managers, who, when performing his/her job, has fair reasons to consider that a transaction with financial instruments is performed based on inside information or might be considered a market manipulation action according to the law and A.S.F. regulations or takes into possession of information Regulation of Organization and Operation of Bucharest Stock Exchange regarding a possible breach of A.S.F regulations and/or law, has the obligation to immediately notify this situation to the Board of Directors and A.S.F.

10. BVB Managers are not allowed to:

- make use of their position and/or confidential/inside information gained performing their duties in order to obtain personal advantages;
- act in such a way as to jeopardize or be considered as jeopardizing or imply a situation which might jeopardize the regulated markets and alternative trading systems operated by BVB;
- claim or receive, for him/her or other persons, money, gifts, goods, benefits or other advantages for performing the activities related to his/her duties or BVB object of activity or creating advantages to persons with whom he/she has an official relationships on BVB behalf;
- perform projects and/or use BVB assets and personnel for projects that do not represent BVB

interests or for personal or third parties purposes during the working hours.

### **3. Company's employees**

**3.1.** BVB employees must avoid any action/inaction that might draw the application of the legal provisions on unfaithful competition or criminal liability.

**3.2.** Any BVB employee willing to additionally take also for another employer a public or private remunerated position, including the one as member of a Board of Directors, Supervisory Board, Management Board or director as defined by the Law 31/1990 or to run his/her own business, has to inform in writing the BVB CEO in this respect, prior to take the position as employee/shareholder/associate/administrator/manager.

The information shall include at least the following aspects:

- name of the entity;
- entity headquarter and object of activity;
- type of work to be performed and estimated working period.

The employee shall notify to the BVB CEO whenever a change of the data included in the information aforementioned occurs.

**3.3.** In case a BVB employee takes an additional another position with another employer or runs his/her own business, the respective employee will perform these activities complying with the procedures regarding conflict of interest avoidance, applicable legal provisions and regulations in force, as well as the Ethics Code.

**3.4.** BVB may request to its employee not to perform any business or take new positions outside BVB if:

- a) he/she is an employee having special duties or a management position or
- b) this situation may influence the employee's efficiency and weaken his/her ability to fulfill the duties within BVB or
- c) this situation is likely to generate a conflict of interests with BVB

**3.5.** BVB employees may perform teaching, researching or publishing activities if these are not forbidden by law and subject to observing the provisions above. In this case, the respective employees shall be exclusively liable for the adequacy of their articles, presentations, studies, investment strategies or courses referring to the financial instruments. Any article, presentation, study, investment strategy or course of this type shall be presented by the author to BVB CEO prior to make it public.

**3.6.** For their teaching or publishing activity, BVB employees are not allowed to use confidential or inside information, make comments on certain pending disputes or in which BVB is part of, or to make comments on BVB pending regulations.

**3.7.** BVB employees may not be shareholders, administrators, employees, censors, financial investment

services agents, representatives of the internal control department or auditors of a BVB client such as Member to BVB trading system.

**3.8.** BVB employees may not be administrators, employees, censors, , representatives of the internal control department or auditors to the issuers of financial instruments admitted to trading on the regulated markets or multilateral trading systems operated by BVB.

**3.9.** BVB employees may be shareholders of issuers of financial instruments admitted to trading on the regulated markets and multilateral trading systems operated by BVB, including to issuers which are also Members to BVB trading system, by observing the procedure issued by the CEO in this regard and subject by the Compliance Department endorsement.

**3.10.** BVB employees do not have the right to recommend or suggest to any other person to sell or purchase financial instruments.

**3.11.** BVB employees do not have the right to disclose to any person, except when this is part of their tasks, any inside information obtained during or following the fulfillment of their duties.

**3.12.** Any BVB employee, who when performing his/her duties has to complete activities related to a subject to which he/she has a personal interest, has the obligation to immediately notify this situation to his/her supervisor. In case the conflict of interests is attested, the supervisor shall decide to replace the concerned employee and allocate those activities to another one.

**3.13.** Any BVB employee, who, when performing his/her job, has fair reasons to consider that a transaction with financial instruments is performed based on inside information or might be considered a market manipulation action according to the law and A.S.F. regulations or takes into possession of information regarding a possible breach of A.S.F regulations and/or law, has the obligation to proceed immediately according to the provisions of the BVB Code of Ethics and the Procedure on whistleblowing.

**3.14.** BVB Employees are not allowed to:

- make use of their position and/or confidential/inside information gained performing their duties in order to obtain personal advantages;
- act in such a way as to jeopardize or be considered as jeopardizing or imply a situation which might jeopardize the regulated markets and multilateral trading systems operated by BVB;
- claim or receive, for him/her or other persons, money, gifts, goods, benefits or other advantages for performing the activities related to his/her duties or BVB object of activity or creating advantages to persons with whom he/she has an official relationships on BVB behalf;
- perform projects and/or use BVB assets and personnel for projects that do not represent BVB



interests or for personal or third parties purposes during the working hours.

#### **4. Members of the Special Commissions**

**4.1.** Special Commissions members who are in a conflict of interests regarding one of the subjects included in the agenda of the meeting shall refrain from debates and voting. Non-observance of this obligation may raise civil and criminal liability of the concerned member if by his/her deed a prejudice was brought to BVB or Board of Directors.

**4.2.** The conflict of interests is declared by each member of the Special Commission at the beginning of the meeting, acknowledged by the Special Commission and mentioned within the meeting minutes.

**4.3.** The members of the Special Commission must keep the full confidentiality of the data and information they acquire in exercising their duties.

**4.4.** Members of Special Commission are not allowed to use the confidential information acquired during their performance within the Special Commission, to make them public or to facilitate their publication for their own or third parties advantages.

**4.5.** The members of the Special Commission shall undertake by signing an agreement before the effectual exercise of their mandate the obligation to keep confidentiality, as well as to declare the conflict of interests situations.

#### **5. Members of the Advisory Committees**

**5.1.** Members of the Advisory Committees who are in conflict of interest regarding one of the subjects included on the agenda shall refrain from debates and voting. Non-observance of this obligation may raise civil and criminal liability of the concerned member if by his/her deed a prejudice was brought to BVB or Board of Directors.

**5.2.** The conflict of interest is declared by each member of Advisory Committee at the beginning of the meeting, acknowledged by the Advisory Committee and mentioned within the meeting minutes.

### **B. EXAMPLES OF CONFLICT OF INTEREST SITUATIONS APPLICABLE TO MEMBERS OF THE MANAGEMENT STRUCTURE**

Below are examples of situations that may generate conflicts of interest. Thus, identifying the situations that may lead to conflicts of interests of the member of the management structure covers at least the following:

- a) is or was within the BVB: a shareholder with a holding that attains or exceeds 5% of the voting rights of the BVB, a person with a managerial role, otherwise associated directly with a shareholder whose participation reaches or exceeds 5% of the voting rights;
- b) is employed or has been employed for the past 18 months in an executive position by the BVB or another entity of the group;
- c) is or has been, for the past 18 months, a representative of an entity that provides or has provided BVB advisory or advisory service or other entity in the group or employee significantly associated with the

service provided;

d) the member of the management structure is or has been in the last 18 months: a shareholder whose holding reaches or exceeds 5% of BVB's voting rights; member of the management structure of a listed company on one of the markets managed by BVB;

(e) is, or has been, a significant supplier or customer of a market operator or other entity in the group, is a director or otherwise associated, directly or indirectly, with a supplier or a significant customer;

f) has or has had any other significant contractual relationship with a market operator or other entity in the group other than the relationship as a member of the management structure.

### **C. Organizing the BVB regarding the avoidance / prevention / management of conflicts of interest in the matter of administration of benchmarks**

BVB evaluates annually both at the organizational level and at the level of managing the benchmarks where / if there are conflicts of interest and where there is the potential for a conflict of interest.

1. The activity of administration, respectively that of supervision of the benchmarks are ensured / fulfilled / performed separately from other activities within BVB. Comprehensive information regarding the governance system and the activities regarding the administration / supply and supervision of the benchmarks can be found in the Regulation on the organization and functioning of the Company, as well as in the manuals of the benchmarks.

2. BVB develops, exploits and manages in a transparent manner the data regarding the benchmarks provided and the methods and methodologies applied. To this end, it publishes or makes available the following information:

a. the key elements of the methodology used by BVB for each benchmark provided and published and, where applicable, for each family of benchmarks provided and published;

b. details regarding the internal evaluation procedure and the approval of a certain methodology, as well as the frequency of this evaluation;

c. the consultation procedure in case of any proposal for a substantial change in the BVB methodology, as well as the justification for this change, including a definition of what constitutes a substantial change and the circumstances in which BVB will indicate the term in which it will notify users about any such changes;

d. the principles underlying the publication or disclosure of all existing or potential conflicts of interest to users of a benchmark and the relevant competent authority, including conflicts of interest resulting from ownership or control of the administrator;

e. if necessary, an explanation of how the key elements of the methodology set out in point (a) reflect the factors of the "EU MSG benchmark aligned with the Paris Agreement" for each benchmark or family of

benchmarks.

#### **D. ASSESSMENT OF INDEPENDENCE AND OBJECTIVITY (INDEPENDENT THINKING)**

When assessing the independence and objectivity of the members of the management structure, the Board of Governors assesses whether they are in conflict of interest insofar as they may prevent their ability to carry out their tasks independently and objectively.

The Board of Governors will assess each situation on a case-by-case basis, taking into account at least the following: the position of the member, interests of the company, materiality (both quantitative and qualitative) of the conflict and its ability to influence the independence and objectivity of the member of the management structure.

#### **E. SURVEILLANCE AND CONTROL**

1. To supervise and prevent the members of the BVB Board, the managers of the Company, the members of the Special Committees / Advisory Committees and the BVB employees to violate the legislation in force concerning the market operators and the internal rules, including those regarding the conflict of interest, and to minimize the risk of non-fulfilment of BVB's obligations as a market operator, the BVB establishes and maintains the compliance function, which is carried out independently.

2. The activity of preventing the violation by the members of the BVB Board, Company managers and BVB employees of the provisions of this Procedure shall be based on the information held by the Compliance Officer and the information provided by the BVB departments.

3. In order to manage any potential conflict of interest, members of the management structure, members of special commissions / advisory committees and all employees are required to comply with BVB policies, procedures and regulations, including those relating to conflicts of interest, the Code of Ethics, confidentiality and reporting violations.

4. The compliance with the provisions of this procedure is performed through the Internal Audit Department, which will report directly to the Board of Governors.

The control framework is proportional to the level of conflicts of interest identified, to the discretionary powers

exercised in the process of providing the benchmark and to the nature of the input data of the benchmark.

## 6. HISTORY OF THE PROCEDURE

Code/Editon/ Revision	No/ date Decision	Date of entry into force	Author	Summary of amendments
CJ & DCI/1.0	Board of Governors decision no. 61/13.12.2016	13.12.2016	CJ	Initial procedure
CJ/2.0	Board of Govenors Decision no. 29/13.05.2019	13.05.2019	CJ	Alignment with the new template of the BVB procedures; alignment with the legal applicable framework (regulation 1/2019)
CJ/2.1	Board of Governors Decision no. 25/07.04.2020	Applicable as of registration of BVB as benchmark administratio n		Alignment with the Regulation (UE) 1011/2016

## 7. MONITORING AND REVIEWING THE PROCEDURE

The procedure is reviewed by the Board of the Governors at least once a year.

The procedure is published on the Company's website at <http://www.bvb.ro/> Reference Documents.