

INSTRUCTIONS AND EXPLANATIONS OF OBLIGATIONS AND RESPONSIBILITIES OF INTERNAL PERSONS, HOLDERS OF CLASSIFIED INFORMATION

IN RELATION TO THE REQUIREMENTS OF
LAW AGAINST MARKET ABUSE WITH
FINANCIAL INSTRUMENTS /LMAFI/

Chapter 1

GENERAL

I. Scope of the Law Against Market Abuse With Financial Instruments / LMAFI / and addressees

1. Actions and transactions falling within the scope of the law are:

- the actions performed on the territory and outside the territory of the Republic of Bulgaria regarding financial instruments admitted to trading on a regulated market in the Republic of Bulgaria or for which admission to trading on such a market is requested
- actions committed on the territory of the Republic of Bulgaria with financial instruments admitted to trading on a regulated market in a Member State or for which a request for admission to trading on such market has been submitted;
- the prohibitions under this Law shall not apply to transactions concluded in connection with the buy-back of shares or the stabilization of financial instruments in relation to a public offering, if they are carried out under the conditions and regulations set forth in an ordinance.

2. Financial instruments subject to the law are those admitted to trading on a regulated market in the Republic of Bulgaria or a Member State or for which admission to trading on such a market is requested, including when the transactions with these financial instruments are conducted outside the regulated market.

II. Inside information within the meaning of the law

1. Definition

The provisions of Art. 4, para. 1 of LMAFI, inside information is specific information which is not publicly disclosed, related directly or indirectly to one or more issuers of financial instruments or to one or more financial instruments, and which if publicly disclosed can materially affect the price of these financial instruments or the cost of related derivative financial instruments. This information shall include any information which:

- indicates facts or circumstances which have occurred or may be reasonably expected to occur in the future and is sufficiently specific to conclude about its possible effect on the price of the financial instruments or related derivative financial instruments;
- commonly used by investors when deciding to invest in a financial instrument.

It should be borne in mind that inside information is also specific information communicated by a client related to the client's orders, which are not yet executed with regard to the persons who execute orders regarding financial instruments - investment intermediaries, their brokers and other employees which directly or indirectly relate to one or more issuers of financial instruments or to one or more financial instruments and which, if disclosed to the public, may have a material effect on the price of those financial instruments or the price of related derivative financial instruments.

2. Facts and circumstances considered to be inside information

The law does not list exhaustively all facts and circumstances which can be considered insider information and states that the matter will be regulated by a separate Ordinance. Following the entry into force of such an Ordinance, internal persons who have inside information in respect to Sirma Group Holding JSC will be fully informed of their responsibilities and obligations.

III. MANIPULATION OF THE FINANCIAL INSTRUMENTS MARKET

1. Definition

- According to the provisions of Art. 6. para. 1 of LMAFI, manipulation of the market of financial instruments is:
- making transactions or submitting orders which create or are likely to create false or misleading insights into the demand, supply or price of financial instruments, or which determine, through the actions of one person or through joint actions by two or more persons, the cost of one or several financial instruments at an unusual or artificial level;
- executing transactions or submitting orders using fake means or other forms of fraudulent actions;
- dissemination through the media, including via the Internet or any other means of information that creates or is likely to create false or misleading insight into financial instruments, including the dissemination of rumors and false or misleading news, when the person who distributes the information, knows or is required to know that the information is false or misleading.

2. Manipulative actions and transactions are:

- the actions of one person or the joint actions of two or more persons to provide a position that affects the demand or supply of financial instruments that lead directly or indirectly to their price or the creation of other unfair market conditions
- the conclusion of transactions in financial instruments at the closing of the trading session on the regulated market, which leads to misleading investors acting on the closing prices;
- expressions of opinion about financial instruments or their issuer through the mass media, including via the Internet, when positions in these financial instruments have been previously identified and subsequently benefited from the impact of the opinion expressed on the price of those financial instruments without publicly disclosed this conflict of interest;
- other actions and transactions through which the market of financial instruments under para. 1.

Chapter II

PROHIBITION OF INSIDER DEALING AND FINANCIAL INSTRUMENTS MARKET MANIPULATION

I. General prohibition

It is forbidden to manipulate the financial instruments market.

1. Natural person

The law prohibits any person who possesses inside information as a result of his membership of the Board of Directors of his participation in the capital or votes in the General Meeting of Shareholders of the access to the information due to his service, profession or duties or the acquisition to use this information by acquiring or transferring or attempting to acquire or transfer for its own account or for another's account, directly or indirectly, the financial instruments to which it relates information.

2. Legal persons

When the person referred to in item 1 is a legal person, the prohibition on the use of inside information shall also apply to any natural person involved in the decision to enter into a transaction for the account of the legal person.

3. Exceptions

The prohibition under item 1 does not apply to transactions concluded in execution of the required obligations to acquire or transfer financial instruments when these liabilities have arisen before the person has inside information.

II. Special prohibitions

1. Prohibition of disclosure of information

Persons referred to in items 1 and 2 shall be prohibited from disclosing the inside information of another person unless it is disclosed in the normal exercise of their service, profession or duties.

2. Prohibition of recommendations or persuasion

The persons referred to in items 1 and 2 are forbidden to recommend or persuade another person, on the basis of internal information, to acquire or transfer financial instruments to which this information relates.

3. Scope of the prohibitions for other persons

- The prohibitions also apply to any other person who possesses inside information if he knows or is required to know that this information is internal.
- The prohibitions also apply to financial instruments that are not admitted to trading on a regulated market in the Republic of Bulgaria or in another Member State but whose value depends on financial instruments admitted to trading on such markets.

4. Administrative criminal liability and property sanctions for violation of prohibitions

- Any person who commits or admits the committing of an offence under the provisions of Articles 8 to 11 of LMAFI shall be fined in the amount from BGN 20,000 to BGN 50,000 if the act does not constitute a crime.

In case of a repeated offence, the fine is from BGN 50 000 to BGN 100 000.

Chapter III

DISCLOSURE OF INFORMATION BY THE COMPANY

I Obligation to notify inside information

1. Addressees of provisions

Sirma Group Holding is obliged to notify the Commission of the inside information about directly related to the company information.

2. Failure to comply with notification obligations

- Any person who commits or admits the committing of an offence under provisions for non-observance of the notification obligations shall be liable to a fine from BGN 200 to BGN 1000.
- In case of a repeated offence, the fine is from BGN 500 to BGN 2 000.

3. Content of the information referred to in item 1

The information under item 1 may not contain false, misleading or incomplete data.

4. Failure to comply with the content of the information

- Any person who commits or admits the committing of an offence under provisions of the preceding paragraph shall be fined from BGN 2000 to BGN 5000.
- In case of a repeated offence, the fine is from BGN 5,000 to BGN 10,000.

5. Deadlines for notification and content of notifications

- The obligation, to notify inside information, is performed by the company immediately, but not later than the end of the business day following the day of the decision or the acquired information of the relevant circumstance.
- The Commission shall make the received information publicly available through the kept register under Art. 30, para. 1, item 3 of the Financial Supervision Commission Act. The provisions of Art. 99 of the Law on Public Offering of Securities shall be applied respectively, within the term under para. 3 the company shall inform and submit to the regulated market the inside information.
- The issuer cannot combine the provision of inside information under para. 1 by presenting marketing information about its business in a manner that might mislead.
- The issuer shall be obliged to notify the Commission about any significant change in the inside information that has been made public, immediately but no later than the end of the following business day, respectively the acquired information about the changes

6. Failure to meet notification deadlines

- Any person who commits or admits the committing of an offence of the notification deadlines shall be fined from BGN 200 to BGN 1000.
- In case of a repeated offence, the fine is from BGN 500 to BGN 2 000.

7. Annex on Financial Instruments admitted to trading on a regulated market

In case that the financial instruments of the issuer have also been admitted to trading on a regulated market in another member-state, or the issuer has applied for admission to trading on such market, the issuer shall do its best to disclose the information simultaneously at all places, where the financial instruments are admitted to trading.

8. Postpone the presentation of information

- The issuer may postpone for a certain period of time the disclosure of inside information according if such disclosure may prejudice the issuer's legitimate interests, provided that this is not likely to mislead investors and that the issuer is able to keep its confidentiality
- The issuers shall inform in writing the Commission of the postponement within the term under, stating the reasons that necessitated the postponement, the time in which the information shall be provided to the Commission, as well as the measures taken for keeping the information's confidentiality.
- After the expiry of the term, as well as in the cases where the confidentiality of the information has been violated, the issuer must disclose the inside information.

9. Non-compliance with the provisions on postponement of information and non-disclosure of information after an extended period of time.

- Any person who commits or admits the committing of an offence under the preceding paragraph shall be fined from BGN 2000 to BGN 5000.
- In case of a repeated offence, the fine is from BGN 5,000 to BGN 10,000.

10. Obligations to disclose inside information that has already been disclosed to a third party.

- Whenever an issuer, or a person acting on its behalf or for its account, discloses any inside information to any third party in the normal exercise of his employment, profession or duties, the issuer must make public disclosure of that information, simultaneously with its disclosure, if it is deliberate or immediately after its disclosure, if it is not deliberate.
- This shall not apply if the person, receiving the information owes a duty of confidentiality based on a law, on regulation, on articles of association or on a contract.

11. Failure to comply with the obligation to disclose inside information that has already been disclosed to a third party

- Any person who commits or admits the committing of an offence of the preceding paragraph shall be fined from BGN 200 to BGN 1000.
- In case of a repeated offence, the fine is from BGN 500 to BGN 2000.

Chapter IV

DISCLOSURE OF INFORMATION ON TRANSACTIONS OF PERSONS, DISCHARGING MANAGERIAL RESPONSIBILITIES

I. Scope

1. Natural persons

Persons discharging managerial responsibilities within an issuer and persons closely associated with them, shall notify in writing the Commission of the transactions concluded for their own account with shares issued by the issuer that have been admitted to trading on a regulated market, with derivative or other financial instruments linked to those shares if within one calendar year the total amount of the transactions concluded exceeds BGN 5 000.

2. Failure to meet disclosure information obligations

- Any person who commits or admits the committing of an offence of the preceding paragraph shall be fined from BGN 200 to BGN 1000.
- In case of a repeated offence, the fine is from BGN 500 to BGN 2000.

II. Notification

1. Term

The Commission shall be notified within 5 working days of the transaction's conclusion, if it exceeds the BGN 5 000 within one year. The Commission shall make public the received information by the register kept by it under Art. 30 para 1 item 3 of the Financial Supervision Commission Act.

2. Content

- the full name of the person, discharging managerial responsibilities within the issuer, or the full name of the person, closely associated to him;
- reasons for responsibility to notify;
- business name of the issuer;
- description of the financial instruments, subject of the transaction;
- nature of the transaction (e.g. acquisition or disposal);
- date and place of conclusion of the transaction;

- price and number of the financial instruments, subject of the transaction.

The present instructions and explanations have been prepared in relation with the requirements of the Law against Market Abuse with Financial Instruments by the Board of Directors of Sirma Group Holding, adopted by Protocol No. 4 from 20.11.2015. The disclosure of the internal persons with the requirements is assigned to the Executive the Director and the Investor Relations Director, as an fundamental part of the instructions and explanations are the Law Against Market Abuse with Financial Instruments and its implementing instruments.

