Appendix No. **11**
to the Client Service Regulations

Brokerage Company “Rioni Capital”

NOTICE

on Risks Related to the Use of Insider Information and Market Manipulation

TBILISI
2025

This Notice on Risks Related to the Use of Insider Information and Market Manipulation (hereinafter – the Notice) constitutes an appendix to and an integral part of the Client Service Regulations (hereinafter – the "Regulations") of the brokerage company "Rioni Capital" (hereinafter – the Company).

This Appendix has been prepared on the basis of the Law of Georgia **"On the Securities Market"** and Order of the President of the National Bank of Georgia No. **180/04** of **7 October 2020 "On Approval of the Rule on Insider Trading, Unlawful Disclosure of Insider Information and Market Manipulation"**.

Introduction

By this Notice on the risks related to the use of insider information and/or market manipulation (hereinafter – the **Notice**), the Broker informs the Client that, in accordance with the Company's internal policies, the following actions are prohibited:

a) trading / attempted trading using insider information;
b) providing recommendations to a third party regarding insider trading or inducing a third party to engage in insider trading;
c) unlawful disclosure of insider information;
d) market manipulation / attempted market manipulation.

1. What constitutes insider information

a) information of a precise nature that has not been made public and that directly or indirectly relates to one or more securities or to one or more issuers thereof, and which, if made public, would be likely to have a significant effect on the price of such securities or related financial instruments;
b) in respect of a securities market intermediary or a person responsible for executing client orders — information provided by the Client to such intermediary or person, relating to the Client's pending orders concerning securities, provided that such information is of a precise nature, has not been made public, directly or indirectly relates to one or more securities or issuers thereof, and which, if made public, would be likely to have a significant effect on the price of such securities or related financial instruments.

2. What constitutes insider trading

Insider trading is the acquisition or disposal of securities, directly or indirectly, for one's own benefit or for the benefit of a third party, by a person in possession of insider information, using such information, in respect of the securities to which the insider information relates.
Insider trading shall also include the cancellation or modification of a trading order to acquire or dispose of securities, where the insider information relates to those securities and the order was placed before the person came into possession of the insider information.
An action shall be deemed to constitute providing a recommendation to a third party regarding insider trading or inducing a third party to engage in insider trading where a person in possession of insider information:
a) recommends to or induces a third party, on the basis of such information, to acquire or dispose of securities to which the insider information relates;
b) recommends to or induces a third party, on the basis of such information, to cancel or modify a trading order to acquire or dispose of securities, where the insider information relates to those securities.

The provisions of these Regulations apply to any person who possesses insider information in one of the following cases:

- the person is a member of the issuer's governing body;
- the person holds shares or an interest in the issuer's capital;

- the person has access to insider information in the course of performing labor, professional or other duties;
- the person has obtained insider information through criminal means.

3. What constitutes market manipulation

Market manipulation shall include the following actions:

a) entering into a transaction, placing an order or engaging in any other conduct that results in, or is likely to result in:
   • giving false or misleading signals as to the supply of, demand for, or price of securities;
   • securing the price of securities at an abnormal or artificial level;
b) entering into a transaction, placing a trading order or engaging in any other conduct that affects, or is likely to affect, the price of securities, where such conduct involves the use of a fictitious or misleading device or scheme or any other form of deception;
c) dissemination of information through mass media, including the Internet or other means, which results in, or is likely to result in, false or misleading signals as to the supply of, demand for, or price of securities, or securing the price of securities at an abnormal or artificial level, where the person disseminating the information knew or ought to have known that such information was false or misleading;
d) transmission of false or misleading information or provision of false or misleading data in relation to a benchmark, where the person transmitting such information or providing such data knew or ought to have known that such information or data was false or misleading, as well as any other conduct intended to manipulate the calculation of a benchmark.

4. Actions that do not qualify as insider trading

The mere fact that a person possesses or possessed insider information shall not, in itself, be deemed to mean that such person has used that information and thus engaged in insider trading, where one of the following conditions is met:

a) with respect to the securities to which the information relates, the person acts as a market maker or as a person authorized to act as a counterparty, and the acquisition or disposal of such securities is carried out lawfully in the ordinary course of that person's activities as a market maker or counterparty;
b) the person is authorized to execute an order on behalf of a third party and lawfully acquires or disposes of securities in order to execute such order, in the course of performing labor, professional or other duties incumbent upon that person.

The mere fact that a person possesses or possessed insider information shall not be deemed to mean that such person has used that information and thus engaged in insider trading, where the transaction for the acquisition or disposal of securities was executed in good faith, in the course of performing obligations incumbent upon that person, and not for the purpose of circumventing the prohibition on insider trading, provided that one of the following conditions is met:

a) the obligation arises from an order or contractual relationship that existed before the person came into possession of insider information;
b) the transaction was carried out in order to comply with obligations provided for by law or imposed by regulatory authorities.

The mere fact that a person uses their own knowledge to make decisions on the acquisition or disposal of securities shall not be regarded as the use of insider information when acquiring or disposing of such securities.

5. Obligations of the issuer

The issuer is obliged to immediately disclose insider information relating to it in such a manner as to enable the public to carry out a complete, accurate and timely assessment of such information.

6. Examples of insider information

6.1. significant changes in the value of the issuer's assets;
6.2. destruction or disposal of the issuer's material assets or property;
6.3. insolvency of significant debtors of the issuer;
6.4. significant increase or decrease in the value of financial instruments included in the issuer's investment portfolio;
6.5. transactions relating to the issuer's capital and liabilities or breach of covenants determined by the issuer in relation thereto;
6.6. assumption of new obligations, including issuance of debt securities or other types of financial instruments;
6.7. restructuring of obligations to commercial banks or other creditors, or cancellation of credit lines;
6.8. matters related to an increase or decrease of the issuer's charter capital;
6.9. adoption of relevant decisions in this regard;
6.10. adoption by the issuer of significant decisions regarding repurchase of its own shares or other transactions with publicly offered securities;
6.11. the issuer's operating results;
6.12. merger, division or other form of reorganization;
6.13. acquisition or disposal by the issuer of a significant stake in another enterprise or other assets;
6.14. implemented or planned changes in various areas of business activities;
6.15. including expansion/reduction of existing business areas or entry into a new line of business or exit therefrom;
6.16. implementation of innovative products or processes;
6.17. obtaining new licenses, patents, registered trademarks;
6.18. restructuring or reorganization having a significant impact on the issuer's assets and liabilities, financial position or profit and loss;
6.19. termination/cancellation of contracts with major suppliers or clients, or breach of their terms;
6.20. changes in control of the issuer or in agreements relating to control;
6.21. changes related to the issuer's governing bodies;
6.22. change of the issuer's auditors or persons/experts providing services critical to the issuer's activities, or other significant changes related to such services;
6.23. changes related to the issuer's investment policy;
6.24. significant legal disputes;
6.25. filing of an application in connection with insolvency/bankruptcy proceedings;
6.26. liquidation of the issuer or adoption of a decision on liquidation.

7. Examples of market manipulation

- execution of transactions for the acquisition or disposal of securities that do not result in a change of the beneficial owner of the securities or transfer of market risk in relation to such securities; as well as transactions where a change of beneficial ownership and transfer of market risk occur only between persons acting by mutual agreement (this does not include repo transactions and securities lending/borrowing);
- entering into transactions or placing orders on a stock exchange or other trading platform by creating fictitious market activity, which may result in the generation of false signals regarding the price of securities, or supply of or demand for securities. For example, placing order(s) at prices different from previous order(s) (lower or higher), where there is no intention to execute such order(s);

- acquisition or disposal of securities at market close for the purpose of influencing the closing price of such securities;
- entering into transactions or placing orders for the purpose of maintaining the price of securities at an artificial (abnormal) level;
- maintaining a dominant position in the supply of or demand for securities, the result of which is direct or indirect fixing of the price for acquisition or disposal of securities, or creation of other unfair trading conditions in relation to the same securities or related financial instruments;
- continuous prevention of a decline in the price of securities in order to satisfy credit ratings, covenants or other hedging-related objectives;
- purchase or sale of large volumes of securities at the end of a month, quarter or any other reporting period for the purpose of improving valuation of an investment portfolio or securities;
- acquisition of securities on the basis of an initial offering followed by acquisition of such securities on the secondary market by a person or a group of persons acting by mutual agreement, for the purpose of increasing their price so as to enable resale of securities acquired on the primary market on the secondary market at a higher price.

8. Internal monitoring

The Broker conducts monitoring of Clients' trading activity for the purpose of identifying signs of use of insider information or market manipulation.
Suspicious transactions may be restricted or blocked, and relevant information may be submitted to the National Bank of Georgia within the framework of market surveillance procedures.

9. Client notification

The Client is informed that the use of insider information, market manipulation or attempted market manipulation constitutes a violation of the legislation of Georgia and may result in administrative and criminal liability in accordance with the Law of Georgia **"On the Securities Market"** and the regulation approved by Order of the President of the National Bank of Georgia No. **180/04** dated **7 October 2020** **"On Approval of the Rule on Insider Trading, Unlawful Disclosure of Insider Information and Market Manipulation"**.

Everything stated above is intended to recommend that the Client carefully consider, taking into account the Client's investment objectives and financial capabilities, whether the risks related to the use of insider information and market manipulation are acceptable to the Client.
This Notice is intended to assist the Client in assessing such risks and the consequences of such operations.
The Client must ensure that the above information is clear and, if necessary, obtain clarification from Rioni Capital or from a consultant specializing in the relevant matters.